

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served on all interested parties in accordance with the Texas Rules of Civil Procedure and TEX. INS. CODE ANN. § 443.007(d) this 15th day of March 2010.

Mr. Tom Collins, Special Master
by serving his Docket Clerk, Ms. Jean Sustaita
Texas Department of Insurance
333 Guadalupe, Tower III, 5th Fl., MC-305-1D
Austin, Texas 78701
VIA FACSIMILE: 512/490-1023
Email: jean.sustaita@tdi.state.tx.us

Ms. John Walker
Ms. Leanne Layne
Ms. Rachel Giani
Texas Department of Insurance
P.O. Box 149104
Austin, Texas 78714
VIA FACSIMILE: 512/490-1023
VIA FACSIMILE: 512/475-1843
Email: john.walker@tdi.state.tx.us
Email: leanne.layne@tdi.state.tx.us
Email: rachel.giani@tdi.state.tx.us

Ms. Karen Pettigrew, Asst. Attorney General
Attorney General's Office – Financial Litigation
P.O. Box 12548
Austin, Texas 78711-2548
VIA FACSIMILE: 512/477-2348
Email: karen.pettigrew@oag.state.tx.us

Mr. James E. Davis, Atty for Southern Star Title
Locke, Lord, Bissell & Liddell, L.L.P.
100 Congress Avenue, Suite 300
Austin, Texas 78701
VIA FACSIMILE: 391-4708
Email: jdavis@lockelord.com

Mr. Bruce McCandless
Mr. Burnie Burner
Mitchell, Williams, Selig, Gates & Woodyard
106 E. 6th Street, Suite 300
Austin, Texas 78701
VIA FACSIMILE: 512/322-0301
Email: bmccandless@mwlaw.com
Email: bburner@mwlaw.com

Mr. Randall W. Hill
Hill & Villarreal, P.C.
719 S. Shoreline, Suite 300
Corpus Christi, Texas 78401
VIA FACSIMILE: 361/883-0612
Email: rhill@hvlegal.com

Mr. Darryl Lemke
Bank of South of Texas
506 E. Dove Avenue
McAllen, Texas 78504
VIA FACSIMILE: 956/664-0954
Email: darryl.lemke@bankofsouthtexas.com

Mr. Edmundo O. Ramirez, Atty for R. Ibanez
Ellis, Koeneke & Ramirez
1101 Chicago
McAllen, Texas 78501-4822
VIA FACSIMILE: 956/682-0820
Email: eor@ekrattorneys.com

Brian E. Riewe

Brian E. Riewe

R-543

**Southern Star Title Company, LLC, in Receivership
Statement of Expenses**

**For Period Ending
02/28/10**

	Total Dec	Total Jan	Total Feb	Total Quarter
SDR				
Jennifer Ramsey, PC				
SDR	0.00	0.00	450.00	450.00
SDR	0.00	13,191.75	7,546.50	20,738.25
Paralegal	0.00	1,003.50	94.50	1,098.00
Attorney	0.00	937.50	975.00	1,912.50
Paralegal	0.00	75.00	202.50	277.50
Clerk	0.00	450.00	0.00	450.00
Expenses	0.00	713.19	634.88	1,348.07
Total SDR Billing	0.00	16,370.94	9,903.38	26,274.32
SDR Subcontractors - Legal				
Brian E Riewe, PC				
Attorney	562.50	0.00	1,440.00	2,002.50
Attorney	525.00	0.00	17,300.00	17,825.00
Paralegal	1,128.00	0.00	6,336.00	7,464.00
Paralegal	5.00	0.00	30.00	35.00
Attorney	9,537.50	0.00	39,550.00	49,087.50
Expenses	295.99	0.00	1,708.69	2,004.68
Total Billing	12,053.99	0.00	66,364.69	78,418.68
Shackelford Melton & McKinley				
Attorney	0.00	5,980.00	5,500.00	11,480.00
Expenses	0.00	332.09	76.83	408.92
Total Billing	0.00	6,312.09	5,576.83	11,888.92
Total Legal Subcontractors	12,053.99	6,312.09	71,941.52	90,307.60
SDR Subcontractors - Other				
Balboa Services, Ltd Co				
Accountant	527.00	1,385.50	1,113.50	3,026.00
Accountant	157.50	409.50	420.00	987.00
IT Administrator	100.00	0.00	0.00	100.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	784.50	1,795.00	1,533.50	4,113.00
The Warren Group				
Accountant	0.00	0.00	3,675.00	3,675.00
Accountant	0.00	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	0.00	0.00	3,675.00	3,675.00
Total Other SDR Subcontractors	784.50	1,795.00	5,208.50	7,788.00

Receivership Service Providers

Wells Fargo	0.00	0.00	0.00	0.00
Texas Treasury	10.10	0.00	0.00	10.10
Mitchell Williams Long Burner	144.00	0.00	0.00	144.00
Arrow Business Printing	0.00	385.80	0.00	385.80
Legal Partners, LP	0.00	1,171.50	1,445.93	2,617.43
Kirk Watson			2,000.00	
Total Other	154.10	1,557.30	3,445.93	3,157.33

Liquidation Oversight Allocation

RLO Allocation	0.00	2,080.60	2,431.22	4,511.82
Special Master's Fees	0.00	60.00	0.00	60.00
Total RLO & SM Expense	0.00	2,140.60	2,431.22	4,571.82
Total Expenses	12,992.59	28,175.93	92,930.55	132,099.07

R-543 Southern Star Title Company, LLC, in Receivership
Statement of Net Assets

For the Period Ending
02/28/10

Line		02/28/10
Cash		
1	Cash - Unrestricted	272,429
Investments		
2	Short-Term Investments	
3	Bonds, Preferred Stocks & Common Stocks	
4	Investments in Subsidiaries, Controlled or Affiliated Entities	490,208
	Allowance for Collectability	(489,626)
5	Mortgage Loans	
6	Real Estate	
7	Policy Loans	
8	Other Invested Assets	
Reinsurance		
9.1	Reinsurance Recoverables on Paid Losses & LAE	
9.1A	Allowance for Reinsurance on Paid Losses & LAE	
9.2	Reinsurance Recoverables on Unpaid Losses & LAE	
9.2A	Allowance for Reinsurance on Unpaid Losses & LAE	
9.3	Reinsurance Recoverables on UEP & Contingent Commissions	
Receivables		
10	Salvage & Subrogation Recoveries	
11	Premiums Due & Accrued from Agents & Policyholders	
12	Receivable from Parents, Subsidiaries & Affiliates	
13	Accrued Investment Income	
14	Receivable from Guaranty Associations - Early Access Payments	
Other Assets		
15.1	FF&E	2,500
15.2	Prepaid Expenses	
16	Other Assets	
Restricted Assets		
17.1	Restricted - Statutory Deposits	
17.2	Restricted - Funds held by or deposited with Reinsured Companies	
17.3	Restricted - Separate Accounts & Protected Cell Accounts	
17.4	Restricted - Other	
18	Total Unrestricted Assets	275,511
19	Total Restricted Assets	0
19A	Net Assets not Categorized	
20	Total Assets	275,511

R-543

**Southern Star Title Company, LLC, in Receivership
Statement of Net Assets**

**For the Period Ending
02/28/10**

NOTES

Ref No.

4 This item represents a \$582.00 note to an employee Cynthia Garcia and a \$489,626.05 escrow shortage with the obligation going to Ibanez. An allowance has been set up for the \$489,626.05 owed by Ibanez. This amount is in litigation and may reflect only a portion of the total due from him. This entry is based on the amount the company booked pre-receivership and the SDR is investigating the entry and the amount may subsequently be adjusted based on the results of that investigation.

15.1 This item is an estimate of the value of computer equipment

R-543

**Southern Star Title Company, LLC, in Receivership
Changes in Net Assets**

**For Period Ending
02/28/10**

Line		Qtr Ending 11/30/09	Qtr Ending 02/28/10	Change
Cash				
1	Cash - Unrestricted	20,245	272,429	252,184
Investments				
2	Short-Term Investments			0
3	Bonds, Preferred Stocks & Common Stocks			0
4	Investments in Subsidiaries, Controlled or Affiliated Entities	576,823	490,208	(86,615)
	Allowance for Collectability	(576,241)	(489,626)	86,615
5	Mortgage Loans			0
6	Real Estate			0
7	Policy Loans			0
8	Other Invested Assets			0
Reinsurance				
9.1	Reinsurance Recoverables on Paid Losses & LAE			0
9.1A	Allowance for Reinsurance on Paid Losses & LAE			0
9.2	Reinsurance Recoverables on Unpaid Losses & LAE			0
9.2A	Allowance for Reinsurance on Unpaid Losses & LAE			0
9.3	Reinsurance Recoverables on UEP & Contingent Commissions			0
Receivables				
10	Salvage & Subrogation Recoveries			0
11	Premiums Due & Accrued from Agents & Policyholders			0
12	Receivable from Parents, Subsidiaries & Affiliates			0
13	Accrued Investment Income			0
14	Receivable from Guaranty Associations - Early Access Payments			0
Other Assets				
15.1	FF&E	2,500	2,500	0
15.2	Prepaid Expenses			0
16	Other Assets			0
Restricted Assets				
17.1	Restricted - Statutory Deposits			0
17.2	Restricted - Funds held by or deposited with Reinsured Companies			0
17.3	Restricted - Separate Accounts & Protected Cell Accounts			0
17.4	Restricted - Other			0
18	Total Unrestricted Assets	23,327	275,511	252,184
19	Total Restricted Assets	0	0	0
19A	Net Assets not Categorized			0
20	Total Assets	23,327	275,511	252,184

4 Difference represents funds recovered from Roy Ibanez by Receiver

R-543

**Southern Star Title Company, LLC, in Receivership
Statement of Net Liabilities**

**For Period Ending
02/28/10**

Line		02/28/10
1	Secured Claims	18,099
2	Special Deposit Claims	
Administrative		
3	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	90,999
	Liquidation Oversight & Special Master's Fees	2,431
	Unsecured Loans	403,000
4	Administrative Claims - Guaranty Assns	
	Claims Paid	
	Reserves	
5	LAE - Guaranty Assns	
	Claims Paid	
	Reserves	
Loss Claims		
6	Loss Claims - Guaranty Assns	
	Loss Claims Paid	188,210
	Reserves	
7	Loss Claims - Other	
	Loss Claims Paid	
	Reserves	
8	LAE - Other	
9	Unearned & Advance Premium Claims (Non Assessable Policies) - GA	
10	Unearned & Advance Premium Claims (Non Assessable Policies) - Other	
18	Unearned Premium Claims (Assessable Policies) - GA	
Other Creditors		
11	Federal Government Claims	145,741
12	Employee Claims	6,027
13	General Unsecured Creditor Claims (Other than Reinsurance Related)	125,886
14	Ceded Reinsurance Related Unsecured Claims	
14.1	Assumed Reinsurance Related Unsecured Claims	
15	State & Local Government Claims	
	State & Local Governments/Attorneys	176
	State & Local Governments - Penalties	
16	Late Filed Claims - Unexcused	
17	Surplus Notes	
19	Unearned Premium Claims (Assessable Policies) - Other	
20	Shareholder Claims	165,145
21	Other Liabilities	
	Interest	
	Other	410,244
22	Total Liabilities	1,555,957
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(1,280,446)
	Total Liabilities & Equity	275,511

R-543

**Southern Star Title Company, LLC, in Receivership
Statement of Net Liabilities**

**For Period Ending
02/28/10**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

- 4 \$403,000 is balance of loans from abandoned property fund
- 6 This item represents payments by TTIGA on escrow Shortage
- 20 Funds due Santo Andrei Investments
- 21 This item is comprised of Escrow funds and payment due TTIGA for

R-543

Southern Star Title Company, LLC, in Receivership
Changes in Net Liabilities

For Period Ending
02/28/10

Line		Qtr Ending 11/30/09	Qtr Ending 02/28/10	Change
1	Secured Claims	18,099	18,099	0
2	Special Deposit Claims			0
Administrative				
3	Administrative Claims - State/Receiver			0
	Special Deputy Receiver, Subcontractors Fees & Expenses	15,614	90,999	75,385
	Liquidation Oversight & Special Master's Fees	1,821	2,431	611
	Unsecured Loans	178,000	403,000	225,000
4	Administrative Claims - Guaranty Assns			0
	Claims Paid			0
	Reserves			0
5	LAE - Guaranty Assns			0
	Claims Paid			0
	Reserves			0
Loss Claims				
6	Loss Claims - Guaranty Assns			0
	Loss Claims Paid	187,710	188,210	500
	Reserves			0
7	Loss Claims - Other			0
	Loss Claims Paid			0
	Reserves			0
8	LAE - Other			0
9	Unearned & Advance Premium Claims (Non Assessable Policies) - GA			0
10	Unearned & Advance Premium Claims (Non Assessable Policies) - Other			0
18	Unearned Premium Claims (Assessable Policies) - GA			0
Other Creditors				
11	Federal Government Claims	145,741	145,741	0
12	Employee Claims	6,027	6,027	0
13	General Unsecured Creditor Claims (Other than Reinsurance Related)	125,886	125,886	0
14	Ceded Reinsurance Related Unsecured Claims			0
14.1	Assumed Reinsurance Related Unsecured Claims			0
15	State & Local Government Claims			0
	State & Local Governments/Attorneys	176	176	0
	State & Local Governments - Penalties			0
16	Late Filed Claims - Unexcused			0
17	Surplus Notes			0
19	Unearned Premium Claims (Assessable Policies) - Other			0
20	Shareholder Claims	165,145	165,145	0
21	Other Liabilities			0
	Interest			0
	Other	410,744	410,244	(500)
22	Total Liabilities	1,254,962	1,555,957	300,996
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(1,231,634)	(1,280,446)	(48,812)
	Total Liabilities & Equity	23,327	275,511	252,184

3 Represents APF Loan

R-543 Southern Star Title Company, LLC, in Receivership
Sources & Uses of Cash

For Period Ending
02/28/10

Line	Qtr Ending Feb-10
Income	
1 Premium Receipts	0
2 Settlements	86,615
3 Policy Loan Receipts	0
4 Proceeds from Sale of Real or Personal Property	0
5 Reinsurance Recoveries	0
6 Salvage & Subrogation Recoveries	0
7 Agents' Balances Received	0
8 Collection of Affiliate Receivables	0
9 Recovery of Taxes Previously Paid	0
10 Other Receipts	225,100
11 Total Operational Receipts	311,715
12 Interest & Dividend Receipts	32
13 Net Cash Provided by Investment Activities	0
14 Total Cash Receipts from Investment Activities	32
15 Total Cash Receipts	311,747
Operational Expenses	
16 Deputy Receiver & Consulting Fees & Expenses	20,083
17 Employee Salaries, P/R Taxes & Employee Benefits	0
18 Rent, Office & Other Facility Expenses	0
19 Legal Fees & Expenses	28,332
20 Accounting & Auditing Fees & Expenses	7,687
21 SGA - Administration Expenses other than LAE	0
22 Ancillary Administration Expenses	3,451
23 Other Disbursements	10
24 Total Operational Disbursements	59,563
Investment Expenses	
25 Investment Expenses	0
26 Purchase of Invested Assets	0
27 Total Disbursements for Investment Activities	0
Claims Paid	
28.1 Losses/Benefit Payments - SGA	0
28.2 Losses/Benefit Payments - Non SGA	0
28.3 Losses/Benefit & LAE Payments - Special Deposits	0
29.1 LAE Payments - SGA	0
29.2 LAE Payments - non SGA	0
30 Early Access Payments	0
31 Reinsurance Payments	0
32 Total Cash Distributions	0
33 Total Cash Disbursements & Distributions	59,563
34 Net Increase(Decrease) in Cash	252,184
35 Cash at Beginning of Period	20,245
36 Cash at End of Period	272,429