

NO. D-1-GV-08-001478

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
v.	§	
	§	
Guardian Fidelity Title Company, Ltd.,	§	TRAVIS COUNTY, TEXAS
Guardian Fidelity Title CLR, LLP,	§	
Guardian Fidelity Title NWR, LLP,	§	
Guardian Fidelity Title KTB, Ltd.,	§	
Guardian Fidelity Title SB Ltd., and	§	
Guardian Fidelity Title DFT, Ltd.	§	
	§	
Defendants.	§	419th JUDICIAL DISTRICT

FINAL REPORT AND APPLICATION TO MAKE FINAL DISTRIBUTION

TO THE HONORABLE JUDGE OF THIS COURT:

CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver (“SDR”) of Guardian Fidelity Title Company, Ltd., *et al.*¹ (“Guardian”), files this *Final Report and Application to Make Final Distribution* (the “Application”), and in support respectfully shows the Court as follows:

I. INTRODUCTION

1.1 The SDR requests this court to accept its financial reports, approve its final report of claims, and authorize a final distribution of assets held by the Guardian receivership estate (“Guardian Receivership”). In conjunction with this Application, the SDR files its final financial reports for the Guardian Receivership. Following the distribution, the SDR will submit a final accounting and an application to discharge the Receiver and the SDR and terminate this proceeding.

¹ Guardian Fidelity Title Company, Ltd., Guardian Fidelity Title CLR, LLP, Guardian Fidelity Title NWR, LLP, Guardian Fidelity Title KTB, Ltd., Guardian Fidelity Title SB Ltd., and Guardian Fidelity Title DFT, Ltd., each and collectively in liquidation.

II. AUTHORITY

2.1 Statutory Authority

The SDR files this Application pursuant to Texas Insurance Code section 443.258, which provides for the Court's approval of a report of claims, section 443.302, which provides for the Court's approval of a distribution, and section 443.016(a), which requires the filing of financial reports. The SDR is authorized to file this Application under Texas Insurance Code section 443.154(a). Unless otherwise indicated, all statutory references herein are to the Texas Insurance Code.

2.2 Reference to Master

The subject matter of the Application has been referred to the Special Master appointed in this proceeding in accordance with Paragraph III of the Order of Reference to Master appointing Tom Collins as Special Master in this proceeding entered on August 22, 2008.

III. BACKGROUND

3.1 Company History

Guardian, as defined herein, consists of six entities in receivership, all of which operated as title insurance agents, as that term is defined in Texas Insurance Code Annotated section 2501.003(13), with offices in Webster, Houston, Spring, Katy, Friendswood, and Sugar Land, Texas. Guardian acted as an agent for several solvent title insurance companies; Southern Title Insurance Company ("Southern") wrote the predominant share of the title insurance policies issued by Guardian. The relevant title insurance companies continue to process and pay claims on title insurance policies issued by Guardian. As title insurance agents, the Guardian entities were not required to, and did not, maintain reserves or reinsurance.

Guardian, as a title agent, maintained a number of escrow accounts (the "Escrow Accounts"). The Escrow Accounts correspond to an audit conducted by the Texas Department

of Insurance prior to receivership, and Guardian's financial records. The SDR confirmed the existence of the funds in the Escrow Accounts and safeguarded the accounts by notifying the financial institutions of the liquidation and freezing all of the accounts. The Escrow Accounts are not general assets of the estate under Texas Insurance Code Annotated section 443.004(9)(a)(i).

3.2 Guardian Receivership Proceeding

Guardian was placed in receivership in this proceeding on July 11, 2008. The Court entered an *Agreed Order Appointing Liquidator and Permanent Injunction* (the "Receivership Order") on July 11, 2008, appointing the Commissioner of Insurance for the State of Texas as Liquidator and Permanent Receiver ("Receiver"). The Receiver designated CANTILO & BENNETT, L.L.P. as SDR of Guardian through a Notice of Designation of Special Deputy Receiver filed on October 2, 2008, and made effective as of September 15, 2008.

The administration of the receivership estate was initially financed through Guardian's operating account, which has been depleted. Further administration of the estate was financed by recovered security bond proceeds, payments made pursuant to a Consent Order with Southern Title Insurance Company, and funds loaned from the Abandoned Property Fund in accordance with Texas Insurance Code section 443.015 (i) ("APF Loan"). All of the bond proceeds and funds paid by Southern have been expended. In accordance with sections 443.154 (j) and 443.301 (a)(3) of the Texas Insurance Code, the balance of the APF Loan is a Class 1(1) claim.

3.3 No Guaranty Association Coverage

Guardian, a title insurance agent, was declared insolvent pursuant to Texas Insurance Code section 443.057(2). However, as there are no Escrow Account shortages, Guardian has not been designated an impaired agent pursuant to Texas Title Insurance Guaranty Act section 2602.003(5)(B), and no covered claims have been identified pursuant to section 2602.252. TEX. INS. CODE § 2602, *et seq.* As such, the Texas Title Insurance Guaranty Association has no obligations or claims in this estate.

IV. FINANCIAL STATEMENTS

4.1 Filing Requirements

Texas Insurance Code section 443.016 requires the SDR to periodically file a statement of the insurer's assets and liabilities; the changes in assets and liabilities; and funds received or disbursed during the period. The SDR files its final statements under section 443.016, subject to the final accounting.

4.2 Reports

The Statement of Net Assets attached as "Exhibit 1(A)" and the Statement of Net Liabilities attached as "Exhibit 1(B)" reflect the financial condition of the receivership estate as of June 30, 2011. The consolidated Cash Sources and Uses Statement, attached as "Exhibit 2," lists all funds received and disbursed from the receivership estate from the date of receivership to June 30, 2011. These exhibits are incorporated herein by reference.

V. ASSETS

5.1 Inventory of Assets

The SDR prepared an Inventory of Assets for Guardian listing its assets at the time of receivership. The Inventory is attached as “Exhibit 3” and incorporated herein by reference. According to “Exhibit 3,” as of July 11, 2008 Guardian’s accounts held \$2,500,761 in escrow funds, and \$244,884 cash representing unrestricted general assets.

5.2 Disposition of Assets

A Disposition of Assets schedule is attached as “Exhibit 4” and incorporated herein by reference. The schedule sets forth all asset transactions since July 11, 2008. “Exhibit 4” reflects that all of Guardian’s liquidated general assets remaining on the date of receivership, or collected thereafter, have been expended to pay the administrative expenses of the receivership. There are no known unliquidated general assets of Guardian, with the exception of those assets that were written off as reflected on Exhibit 4. Attached as “Exhibit 2” and incorporated herein by reference is the consolidated Cash Sources and Uses Statement, which summarizes all funds received and disbursed from the date of receivership through June 30, 2011.

5.3 Unliquidated Assets and Unclaimed Escrow Funds

The SDR has no known unliquidated general assets, with the exception of those assets that were written off as reflected on Exhibit 4. The SDR holds \$224,296.29 in escrow funds for which no proof of claim (“POC”) was filed and/or approved (the “Unclaimed Escrow Funds”). The Unclaimed Escrow Funds are identified on the attached Exhibit 5, which lists the Guaranty File Number for the escrow, and the amount that was held, and remains unclaimed from the escrow. All of the accounts holding the Unclaimed Escrow Funds have been closed and

consolidated into the Guardian Receivership account with the Texas Treasury. As described below, the SDR shall transfer the Unclaimed Escrow Funds to the Commissioner pursuant to Texas Insurance Code section 443.304, with the exception of those funds borrowed by the SDR pursuant to section 443.154 for the payment of administrative expenses through the termination of this proceeding.

VI. EXPENSES

6.1 Paid Expenses

On August 5, 2009, this Court approved the SDR's application for approval of compensation and expenses pursuant to section 443.015 of the Texas Insurance Code and entered its *Order Approving Application for Approval of Fees and Expenses*. The SDR's compensation and expenses from the date of Guardian's receivership through April 30, 2011, have been paid in accordance with this order. Section 443.015(g) requires that expense reports be filed quarterly, or as otherwise provided by this Court. The last expense report was filed in this proceeding on September 15, 2011.

6.3 Reserve for Final Expenses

The fees and expenses of the receivership have been paid through April 30, 2011. The SDR proposes to reserve \$23,333, the remaining balance of the APF Loan, for the payment of estimated expenses through the termination of this proceeding, and to take a loan under section 443.154 from funds that are unclaimed under section 443.304 for any additional expenses. A summary of the estimated expenses is attached as "Exhibit 6," and incorporated by reference. Exhibit 6 reflects that the estate owed \$93,952.60 in unpaid administrative expenses as of September 30, 2011, which will be paid pursuant to this application, along with the current and

estimated administrative expenses necessary to complete the final distribution, final accounting and seek the discharge of the Receiver and SDR and the dismissal of the proceeding.

The SDR will submit a final statement of expenses pursuant to section 443.015 of the Texas Insurance Code with an accounting of the distribution (the “Final Accounting”). If the actual expenses are less than the expense reserve, the balance shall be returned to the Commissioner.

VII. CLAIMS

7.1 Categories of Claims

There were two types of claims in the Guardian receivership estate. The first type consisted of claims to funds held in escrow by Guardian in its capacity as a licensed title insurance agency. As noted above, funds held in escrow are not general assets of the estate under Texas Insurance Code section 443.004(9)(a)(i) and could not be used to pay the claims of general creditors of the estate. The second category of claims consisted of all other claims, which were classified in accordance with Texas Insurance Code section 443.301, and would only be payable from general assets of Guardian. There are no general assets available to making any payments. All general assets were expended in the administration of the estate.

7.2 Initial Handling of Escrow Funds

In order to protect Guardian’s customers, it was necessary to complete a number of escrow fund distributions before this Court entered its order establishing the process for handling POCs, as described in Paragraph 7.3. Prior to the designation of Special Deputy Receiver, the Receiver processed forty-two (42) escrow closings and or escrow account claims, and \$643,913.44 was distributed to the identified escrow account holders in accordance with the escrow agreements for the specific accounts. Exhibit 7 lists these distributions. Under Texas

Insurance Code section 443.251 (a), the SDR may request this Court to approve alternative procedures and requirements for the filing of claims, and deem that a POC was filed by a class or group of persons. The SDR requests the Court to deem that a POC was filed and approved for these escrow funds, and approve the distribution of the funds listed on Exhibit 7.

After its appointment, the SDR, pursuant to the May 11, 2009 *Order Granting Special Deputy Receiver's Application for Authority to Transfer Escrow Funds [Elberger Escrow]*, approved an agreement to transfer a \$1,028,916.00 escrow account. Those funds were transferred to a successor escrow agent agreed to by the parties, which was authorized by the Receivership Court's order.

7.3 Entry of the POC Order

On July 6, 2009, this Court entered its order granting the SDR's *Application to Provide Notice of Liquidation, Set Claims Filing Deadline, Resolve Escrow Accounts and Establish a Claims Processing Procedure* (the "POC Order"). The POC Order established August 31, 2009, as the deadline to file all claims, including Escrow Account claims, and set a deadline of September 30, 2009 for filing any late claims, and for finalizing all contingent or unliquidated claims under Texas Insurance Code section 443.255(c).

The POC Order required parties claiming funds held in Guardian's Escrow Accounts to file claims with the SDR. On the date that Guardian was placed into receivership, the SDR held approximately 650 escrow accounts, which ranged in amount from \$.01 (one cent) to over \$1,000,000. Notices were sent to all parties associated with any escrow account having a balance of \$50.00 or more, as well as to other identified potential creditors or claimants against the estate. In addition, a notice was published in both general circulation and local papers. The Guardian estate lacked sufficient financial resources and business records to make an independent determination regarding the actual ownership of, or right to possess, the escrow

funds in each and every account. Accordingly, the SDR was authorized to require claimants to the escrow funds to file a claim establishing an entitlement to funds held in an escrow account and further authority to process claims to the escrow account to efficiently conclude the administration of the receivership estate. The POC Order authorized the SDR to process escrow account claims pursuant to Subchapter F of the Act governing the processing of all other claims.

7.4 Claims

A total of 166 POCs, including 117 claims expressly seeking Escrow Account funds (“Escrow Account POCs”) were filed in the Guardian estate. Exhibit 8 lists all POCs, including the name of the claimant, the amount claimed and the SDR’s determination of the claim. All but seven claims were postmarked prior to the claims filing deadline. Late filed Escrow Account POCs were considered timely if no other claim has been received for the specific escrow account funds sought.²

7.5 Processing of Claims

All POCs for claims against the Guardian Receivership were adjudicated pursuant to section 443.253 or section 443.260 of the Texas Insurance Code with respect to their classification and, as applicable, amount. All deadlines to appeal the SDR’s determination have expired, and the SDR’s determinations are final pursuant to section 443.253(c) of the Texas Insurance Code with respect to all but one claim (see ¶ 7.6 below). The claims were processed as follows:

- a) The 117 Escrow Account POCs were 1) approved, 2) partially approved, 3) denied escrow status, or 4) denied in total as was deemed appropriate pursuant to the submission and the records for the account. If the SDR determined that there was a valid claim for funds held in an escrow account, the POC was approved as an escrow fund claim. The portion of a claim, if any, which was denied due to it

² Of the seven late filed claims, two were approved as escrow claims, two were classified as having a priority below class one, one was denied in full and the SDR seeks approval in this Application of its determination that the last two late filed claims should be approved as escrow claims, as more fully described below.

not being an escrow claim was given a priority determination of less than Class 1 under section 443.301 and the claim was not further adjudicated pursuant to section 443.253(k). A small number of claims were determined to have been previously paid and the transaction cleared prior to the receivership, and these claims were denied in full.

- b) The 49 POCs that did not assert escrow account claims were determined to have a priority of less than Class 1 under section 443.301 and were not further adjudicated pursuant to section 443.253(k).

7.6 Approval of Claims

After entry of the POC Order, the SDR submitted its determinations regarding the filed POCs and other distributions of escrow funds to the Court for approval as follows:

- a) On April 14, 2010, this Court issued its *Order Granting Special Deputy Receiver's Application For Approval of First Claims Report [Escrow Accounts] And Distribution of Escrow Funds to Approved Escrow Claimants* affirming the Special Deputy Receiver's determinations of thirty-seven (37) Escrow Account POCs.
- b) On May 20, 2010, this Court issued its *Order Granting Special Deputy Receiver's Application For Authority to Interplead D'Abbraccio Promissory Note and Be Discharged and, Thereafter, Granting the Motions to Sever and Transfer Venue by Katherine M. D'Abbraccio* authorizing the delivery of a note document to the registry of the Court and declaring the claims of Bettye Lowe-Lawson and Katherine M. D'Abbraccio were moot and dismissed with prejudice.
- c) On July 20, 2010, this Court issued its *Order Granting Special Deputy Receiver's Application For Approval of Second Claims Report And Distribution of Escrow Funds to Approved Escrow Claimants* affirming the Special Deputy Receiver's determinations of fifty-eight (58) POCs.
- d) On December 6, 2010, this Court issued its *Order Granting Special Deputy Receiver's Application For Approval of Special Deputy Receiver's Proposed Treatment of Claims [Nos. GUARD0146, GUARD0148, and GUARD0149]* determining that the claims of J.C. Investments Unlimited, L.L.C., and the Lawsons were not escrow claims and affirming the determination that the claims were of a priority less than Class 1 under section 443.301.
- e) On January 31, 2011, this Court issued its *Order Granting Special Deputy Receiver's Application For Approval of Third Claims Report And Distribution of Escrow Funds to Approved Escrow Claimants* affirming the Special Deputy Receiver's determinations of thirty-seven (37) POCs.
- f) On February 3, 2011, this Court issued its *Order Granting Special Deputy Receiver's Application For Authority to Interplead Funds, Determine Claims and be Discharged [DBSI/Grand Parkway/Tenant in Common Owners of Park Plaza*

Retail Center] authorizing the turnover of the contested funds to the Court and discharging Guardian from any further liability on the claims.

- g) On March 22, 2011, this Court issued its *Order Granting Special Deputy Receiver's Application For Approval of Fourth Claims Report And Distribution of Escrow Funds to Approved Escrow Claimants* affirming the Special Deputy Receiver's determinations of twenty-three (23) POCs.
- h) On April 12, 2011, this Court issued its *Order Granting Application for Approval of Special Deputy Receiver's Proposed Treatment of Claim [No. GUARD0140-Regions Bank]* affirming the less than Class 1 priority determination of the POC by the SDR.

7.7 Final Report of Claims

The SDR received two late filed escrow claims after filing its Application for Approval of Fourth Claims Report. The first claim, identified as POC GUARD0165, was filed by Jason Allen and seeks \$1,000.00; the second claim, identified as POC GUARD 0166, was filed by John Platis in the amount of \$10,000. The SDR has determined it holds escrow funds relating to the claims, that the claims should be approved and paid in the amounts requested.

The SDR requests that the Court approve its determination of POC GUARD0165 and POC GUARD0166 and authorize the SDR to distribute the approved amounts from the escrow accounts. The SDR does not seek relief relating to any other previously approved POC determination. The SDR will not accept any additional claims.

VIII. PROPOSED FINAL DISTRIBUTION OF ASSETS

8.1 Prior Distributions

As described above, certain escrow funds were previously distributed by the Receiver prior to the designation of the SDR or pursuant to orders of the Receivership Court.

8.2 Distribution to POC GUARD0165 and POC GUARD0166

The SDR shall transfer \$1000 to Jason Allen under POC 0165 and \$10,000 to John Platis under POC GUARD0166 for which approval is sought in this Application. The distribution shall take place before the transfer of the Unclaimed Escrow Funds to the Commissioner (below).

8.3 Unclaimed Escrow Funds

The SDR shall transfer to the Commissioner all Unclaimed Escrow Funds identified on Exhibit 5 pursuant to Texas Insurance Code section 443.304 remaining after the loan to the SDR to pay the current and future costs of administration.

IX. ASSIGNMENT

9.1 Assignment of Assets

Section 443.154 of the Texas Insurance Code authorizes the SDR to transfer, abandon, or otherwise dispose of property on terms and conditions that are fair and reasonable. Further, section 443.352 of the Texas Insurance Code permits the Court to enter orders in connection with an application to terminate a receivership proceeding, including orders to transfer any remaining assets that were uneconomic to distribute. There are no identified unliquidated assets of Guardian, with the exception of the assets that were written off of the Statement of Assets. An assignment to the Commissioner in a form substantially similar to “Exhibit 9,” will be delivered to transfer all unliquidated assets, known and unknown, of Guardian.

9.2 Liquidation and Disposition of Assigned Assets

If any assigned assets are liquidated, they will be applied to the balance of the APF Loan pursuant to section 443.304 of the Texas Insurance Code. If the liquidated assets exceed the balance of the APF Loan, this proceeding may be reopened under section 443.353 if the amount justifies a distribution. The SDR requests that this Court issue an order pursuant to section 443.352 that any funds realized from the assignment that cannot be economically distributed be treated in the same manner as funds that have been abandoned under section 443.304(b).

X. RECORDS

10.1 Disposal of Records

The SDR proposes to dispose of all remaining records that are not transferred to the relevant title insurance underwriter or the Commissioner as described below. Some of the records that will be destroyed contain personal financial information that may be subject to federal and state privacy laws. Those records containing confidential information will be shredded to prevent disclosure of the information. The records and the manner of their proposed destruction are described in “Exhibit 10.” Given the size of Exhibit 10, it will not be served with this Application and, instead, will be posted on the estate’s website at *www.guardianfidelitysdr.com*. The expense necessary to destroy and/or discard the records is reflected in Exhibit 6. The SDR requests authority to dispose of such records in the manner described herein in accordance with section 443.354 (a).

10.2 Transfer of Records to Title Insurance Underwriters

In coordination with the Texas Department of Insurance, the SDR transferred certain real estate closing files of Guardian to the title insurance company that was the underwriter for the closing transaction. The SDR now requests that this Court authorize it to transfer title to these records to applicable underwriter (hereinafter collectively referred to as the “Underwriters”), as the case may be, and further authorize these underwriters, and their agents and assigns to retain such records as required by law or any other legal requirement to maintain such records. The SDR does not seek to limit, reduce or otherwise modify any requirement that the Underwriters have to maintain the records. The documents conveyed to the Underwriters are identified on Exhibit 11. Given the size of Exhibit 11, it will not be served with this Application and, instead, will be posted on the estate’s website at *www.guardianfidelitysdr.com*.

10.3 Transfer of Records to the Commissioner

The records that are not either destroyed or transferred to the underwriter will be delivered to the Commissioner pursuant to section 443.354(b). The Receiver estimates that the cost of retaining such records will be \$1,572, and requests that such amount be reserved for the maintenance of the records, as reflected in Exhibit 6. The SDR requests that this Court authorize it to transfer such records and funds to the Commissioner. Pursuant to section 443.354(b), the Commissioner shall have discretion to retain or dispose of these records as appropriate.

10.4 Transfer of Old Guard Records

The SDR is in possession of certain business records for an entity called Old Guard. The records appear to largely contain mortgage loan applications and related documents. Old Guard was not a subsidiary or affiliate of Guardian but does not have a current business address, management or known owners. No third parties have sought to review or recover the Old Guard records.

The SDR has determined to maintain the Old Guard records for one (1) year from November 1, 2011 and, thereafter, have them shredded. Title to the Old Guard records shall be conveyed to the Commissioner. The records will be maintained in their current location, Safesite, until November 1, 2012. In the event a third party establishes the right to possess the records, the Commissioner is authorized to transfer them. The Old Guard records and the manner of their proposed destruction are described in "Exhibit 10." The expense necessary to destroy and/or discard the records is reflected in Exhibit 6.

XI. TAX RETURNS

11.1 The SDR has filed income tax returns with the Internal Revenue Service for years 2007 through 2010. The final tax return for 2011 will be filed prior to filing the final accounting. No post receivership taxes are owed to the Internal Revenue Service. There are pre-receivership taxes owed to the IRS, which, notwithstanding notice of the receivership and the deadline to file claims, did not file a proof of claim. Any claim by the IRS, whether filed or not, would be classified as having a priority of less than Class 1 because federal claims are classified as Class 3 under section 443.301 of the Texas Insurance Code. There are no funds available to pay any tax claims, regardless of their classification, because the general assets of the estate were spent to administer the receivership.

XII. CHARTER AND LICENSES

12.1 The SDR has determined that a sale of the charters and licenses of Guardian is not feasible. The SDR will request that this Court dissolve the charters pursuant to section 443.153(e) upon the termination of this proceeding.

12.2 Any licenses or other authorizations issued by the Texas Department of Insurance to conduct a title business have been and/or will be abandoned by the SDR.

XIII. NOTICE

13.1 Pursuant to Texas Insurance Code Annotated section 443.007(d), this Application has been served on the entire service list for this proceeding in the manner shown on the Certificate of Service. The SDR has posted this Application on the SDR's web site at *www.guardianfidelitysdr.com*. The SDR reserves the right to issue additional notice if, in its sole discretion with approval from the Receiver, it finds there is need for additional notice. All claimants that filed POCs were provided notice of the SDR's determination of their claim, the time period to object to the determination has expired and/or any appeals of the determinations

have been denied. The SDR will provide the Notice, attached as Exhibit 12, to all governments and tax authorities including but not limited to the IRS and to POC 0165 claimant, Jason Allen and POC 0166 claimant, John Platis. There are no distributions arising from the approval of this Application with the exception of the transfer of escrow funds under approved POC 0165 and POC 0166.

XIV. OFFER OF PROOF AND VERIFICATION

14.1 This Application has been verified as required by the Texas Rules of Civil Procedure by the affidavit and certification pursuant to Texas Insurance Code Annotated section 443.017(b) by Michael P. Marcin, Partner in CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver.

XV. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

15.1 Pursuant to the Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices entered on November 24, 2008, all pleadings filed in response to this Application or in regards to this estate shall be served by e-mail on the undersigned counsel and all parties shown in the attached Certificate of Service.

XVI. PRAYER

WHEREFORE, PREMISES CONSIDERED, the SDR respectfully prays that this Court enter an Order:

1. Granting the Application;
2. Accepting Exhibits 1-3 as final statements under section 443.016, subject to the final accounting;
3. Authorizing the SDR to borrow funds from the Unclaimed Escrow Funds in an amount necessary to pay current and future costs of administration;

4. Authorizing the SDR to transfer the Unclaimed Escrow Funds, described on Exhibit 5, to the Commissioner, less any amounts borrowed by the SDR;
5. Approving the reserve for estimated expenses described in Exhibit 6;
6. Approving the Escrow Fund Distributions described on Exhibit 7, and deeming that a POC was filed for such Escrow Funds;
7. Approving the SDR's Final Report of Claims for POC GUARD 0165 and POC GUARD0166 and authorizing the SDR to distribute \$1000 from restricted funds to POC 0165 claimant Jason Allen and \$10,000 from restricted funds to POC GUARD0166 claimant John Platis;
8. Authorizing the assignment of Guardian's unliquidated and unknown assets to the Commissioner in a form substantially similar to Exhibit 9;
9. Authorizing the SDR to dispose of the records described in Exhibit 10;
10. Authorizing the SDR to transfer title to Guardian's closing files records in their possession to the Underwriters, and authorizing them to retain such records as required by law or any other legal requirement to maintain such records;
11. Authorizing the SDR to transfer title to and deliver the remaining records of Guardian to the Commissioner, approving the reserve for estimated expenses to maintain such records after the termination of this proceeding, and authorizing the Commissioner to maintain or dispose of such records at her discretion;
12. Authorizing the SDR to file a final expense report with the final accounting;
13. Authorizing the SDR to execute and file tax returns and other tax forms as may be necessary;
14. Approving the SDR's abandonment of any remaining Guardian licenses;

15. Authorizing the SDR to seek the dissolution of all Guardian charters in the application to approve its Final Report;
16. Approving the form of Exhibit 12, the Notice of Final Distribution Application ;
17. Approving the manner and form of notice of the Application; and
18. Granting such further relief to which the SDR may be entitled.

Respectfully submitted,

By: Christopher Fuller

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Counsel for CANTILO & BENNETT, L.L.P., Solely in its Capacity as the Special Deputy Receiver of Guardian Fidelity Title Company, Ltd., *et al.*

CERTIFICATE OF SERVICE

I certify that on October 16, 2011, a true and correct copy of this Final Report and Application to Make Final Distribution was served pursuant to the Order of Reference to Master, the Order Granting Special Deputy Receiver's Application to Use Electronic Service of Pleadings and Notices, the Texas Rules of Civil Procedure and Texas Insurance Code section 443.007(d) on the following by electronic mail, except as specifically noted.

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NO. D-1-GV-08-001478

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
v.	§	
	§	
Guardian Fidelity Title Company, Ltd.,	§	TRAVIS COUNTY, TEXAS
Guardian Fidelity Title CLR, LLP,	§	
Guardian Fidelity Title NWR, LLP,	§	
Guardian Fidelity Title KTB, Ltd.,	§	
Guardian Fidelity Title SB Ltd., and	§	
Guardian Fidelity Title DFT, Ltd.	§	
	§	
Defendants.	§	419th JUDICIAL DISTRICT

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Amended Order of Reference to Master entered by the district Court in this cause, the SDR's Final Report and Application to Make Final Distribution (the "Application") is hereby set for written submission before the Special Master, Tom Collins, on October 31, 2011.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by email by such date on:
 - (a) The Special Master's Docket Clerk, Ms. Jean Sustaita, at Jean.Sustaita@tdi.state.tx.us.
 - (b) All interested parties by email, including the undersigned counsel, Christopher Fuller at cfuller@fullerlaw.org and those listed on the Applicant's Certificate of Service.
3. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.

4. If a matter is set for submission, an objecting party shall expeditiously coordinate with Applicant's counsel and the master's docket clerk [(512) 463-6450] to obtain an oral hearing, unless the master determines that an oral hearing is not necessary. The objecting party shall serve a Notice of Oral Hearing on applicant's counsel and all interested parties, including those listed on the Applicant's Certificate of Service.
5. Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the district Court.
6. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Christopher Fuller
Christopher Fuller