

NO. D-1-GV-05-00846

THE STATE OF TEXAS	§	IN THE DISTRICT COURT OF
	§	
VS.	§	TRAVIS COUNTY, TEXAS
	§	
FINANCIAL INSURANCE COMPANY OF AMERICA	§	261st JUDICIAL DISTRICT
	§	

**FINAL REPORT AND
APPLICATION TO MAKE FINAL DISTRIBUTION**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, Resolution Oversight Corporation, Special Deputy Receiver of Financial Insurance Company of America (the “SDR” and “FICA”, respectively) and files this *Final Report and Application to Make Final Distribution* (the “Application”) and in support thereof would respectfully show the Court as follows:

I. INTRODUCTION

1.1 The SDR has completed all claims processing and asset collection activities in this proceeding. The SDR submits its final report, and requests this Court to authorize it to make a final distribution of the receivership estate’s assets and dispose of or transfer any remaining records of FICA. Following the completion of the final distribution, the SDR will submit a final accounting and an application to discharge the Receiver and the SDR and terminate this proceeding.

II. AUTHORITY

2.1 The SDR is authorized to file this Application pursuant to the Insurer Receivership Act, Chapter 443 of the Texas Insurance Code (hereinafter the “Code”). Under §443.154(a) of the Code, the SDR has all the powers of the Receiver, unless specifically limited by the Receiver.

2.2 The subject matter of this Application has been referred to the Master appointed in this proceeding in accordance with Paragraph III of the *Amended Order of Reference to Master* entered on November 4, 2005.

III. BACKGROUND

3.1 Company History

FICA was organized on November 20, 1987 as a stock fire and casualty insurance company. The Company was organized under the provisions of Chapter 822 (formerly Chapter 2), of the Texas Insurance Code and had focused on the production of workers' compensation coverage. FICA was licensed to transact business in Texas and New Mexico. FICA's primary business had been issuing high deductible workers' compensation policies to professional employer organizations ("PEO").

3.2 Institution of Receivership Proceedings

FICA was placed in receivership in this proceeding on April 18, 2005. The *Agreed Permanent Injunction, Order of Liquidation, and Order Appointing Permanent Receiver* ("Liquidation Order") was entered on May 26, 2005.

3.3 Appointment of Receivers

José Montemayor, the Commissioner of Insurance ("Commissioner") was appointed Receiver on May 26, 2005. Effective June 7, 2005, Mike Geeslin was appointed Commissioner and succeeded José Montemayor as Receiver of FICA. Effective August 15, 2011, Eleanor Kitzman was appointed Commissioner and succeeded Mike Geeslin as Receiver of FICA. Effective May 27, 2013, Julia Rathgeber was appointed Commissioner and succeeded Eleanor Kitzman as Receiver of FICA. In accordance with the Liquidation Order, José Montemayor,

Mike Geeslin and Eleanor Kitzman were discharged as Receiver upon the conclusion of their respective terms as Commissioner.

3.4 Appointment of Special Deputy Receiver

On April 28, 2005, Resolution Oversight Corporation was appointed Special Deputy Receiver.

3.5 Referral to Special Master

On May 26, 2005, this Court entered its *Order of Reference to Master* appointing Tom Collins as Master in this proceeding. On September 19, 2005, this Court entered an *Interim Supplemental Order of Reference to Master*. On November 4, 2005, this Court entered an *Amended Order of Reference to Master*.

3.6 Impairment

On May 27, 2005, the Commissioner entered an order designating FICA as an impaired insurer, triggering the provisions of art. 21.28-C of the Code (now codified as Chapter 462 of the Code). In accordance with art. 21.28-C, the Texas Property and Casualty Insurance Guaranty Association (“TPCIGA”) became obligated to pay the “covered claims” of FICA. FICA was also licensed in New Mexico. Accordingly, the New Mexico Insurance Guaranty Association (“NMIGA”) became obligated to pay “covered claims” on the date of the Liquidation Order. The guaranty associations responsible for paying “covered claims” of FICA shall be collectively referred to as the “Guaranty Associations”.

3.7 Effective September 1, 2005 this proceeding became governed by the Insurer Receivership Act, enacted as Chapter 21A of the Code. The Insurer Receivership Act was codified as Chapter 443 of the Code effective September 1, 2007.

IV. FINANCIAL STATEMENTS

4.1 The current balance sheet for FICA is attached as “Exhibit A”, and incorporated herein by reference. It reflects the financial condition of the receivership estate as of October 31, 2014. The consolidated Sources and Uses of Cash Statement, which lists all funds received and disbursed from the date of receivership to October 31, 2014, is attached hereto as “Exhibit B”, and incorporated herein by reference. These exhibits are submitted in accordance with §443.016 of the Code.

V. ASSETS

5.1 Disposition of Assets

A Disposition of Assets schedule is attached as “Exhibit C” and incorporated herein by reference. The schedule sets forth all asset transactions since May 26, 2005. FICA’s beginning assets totaled \$8,394,044. As of October 31, 2014, FICA had total remaining undistributed assets of \$21,385,364.

5.2 Unliquidated Assets

Certain assets have been written off as uncollectible. In addition, there are assets which may still have value that the SDR has not yet been able to collect in full. The SDR has determined that it would not be cost-effective to continue these proceedings in order to continue collection of these assets. The known unliquidated assets are listed in “Exhibit D”. These assets will be transferred either to the Commissioner or TPCIGA as provided in Paragraph X.

5.3 Charter and Certificate of Authority

The SDR determined that selling the charter and licenses of FICA were not feasible. Pursuant to §443.153(e)(1) of the Code, the SDR requests this Court to order dissolution of FICA’s corporate entity and charter.

VI. CLAIMS

6.1 Notice of Claims Filing Deadline

On May 1, 2006, this Court entered its *Order Granting Application to Provide Notice and Set Claims Filing Deadline*, establishing a claims filing deadline of October 27, 2006. In accordance with this Order, the SDR provided notice of the claim filing deadline to persons who may have had claims as shown by FICA's books and records. In addition, in accordance with this Order, the SDR published notice of the claims filing deadline in the Dallas Morning News.

6.2 Filing of Claims

The SDR received 99 proofs of claim ("POCs"). A total of 96 POCs were filed by the claim-filing deadline. There was also one POC which was deemed timely filed pursuant to §443.251(b)(1) of the Code. There were two POCs which were withdrawn by the claimant. The SDR provided written notice to all claimants of the amount allowed, disallowed and/or the classification of their POCs. All actions on all claims have been concluded and are final.

6.3 Late Claims

The SDR received two POCs that were filed after the October 27, 2006 claim filing deadline and were late pursuant to §443.251(b) of the Code. These POCs have been classified as Class 8 pursuant to §443.301(h) of the Code.

6.4 Processing of Claims

All POCs representing "covered claims" were referred to the respective Guaranty Associations pursuant to the Code. All POCs against the receivership estate were determined pursuant to § 443.253 of the Code with respect to their classification and/or amount. The period of time allowed by § 443.253(b) of the Code to appeal the SDR's determinations on claims has expired so the SDR's determinations on these claims are final and not subject to review. The

POCs were processed as follows:

- a) The SDR allowed Class 1 claims in the amount of \$6,832,436 for expenses of the Guaranty Associations. The SDR also allowed a Class 1 claim in the amount of \$88,997.23 for a refund of a collateral deposit to a policyholder.
- b) The SDR allowed Class 2 claims in the amount of \$31,900,253 for payments of covered claims by the Guaranty Associations, and \$352,645 for claims payable under policies of insurance not covered by a guaranty association.

In accordance with § 443.253 (k) of the Code, the SDR processed claims in classes below Class 2 only with respect to their priority classification. The SDR was not required to determine the amount or validity of such claims as no assets were available for distribution to those classes.

6.5 Final Claims Report

The SDR has determined all POCs in accordance with §443.253 of the Code. Attached as “Exhibit E” is a report of all POCs filed which have been determined or classified by the SDR. Exhibit E identifies the POC number and/or the claimant’s name, the classification of the POC, and the amount allowed or other action taken on the POC.¹

No written objections to the SDR’s determinations were submitted; therefore, the determinations are now final pursuant to §443.253(c) of the Code. The SDR submits Exhibit E as its Final Report of Claims and requests the court approve its actions on these claims pursuant to §443.258 of the Code.

6.6 Distributions

On November 30, 2006, this Court entered an Order granting the SDR authority to make early access distributions to the Guaranty Associations in the amount of \$1,448,329. On December 29, 2009, the Court also authorized additional early access payments to TPCIGA and NMIGA. Pursuant to the November 30, 2006 and December 29, 2009 Orders, the SDR has paid

¹ Claims filed by individuals are identified only by POC number to reduce the disclosure of certain personal information.

actual Class 1 expenses of TPCIGA of \$1,399,856 and of NMIGA of \$425,151. NMIGA has also received payment for Class 2 expenses of \$211,649.

VII. EXPENSES

7.1 Approval of Expenses

The administrative expenses of the Receiver and SDR have been paid through October 31, 2014. The SDR filed monthly Statements of Expenses pursuant to art. 21.28, § 12(b) of the Code, and provided notice to creditors of the Statements of Expenses as required by *Receivership Master's Standing Order No. 1* entered on May 26, 2005, from the date of its appointment until August 31, 2005. These expenses were approved by this Court in accordance with this order and art. 21.28, §12(b) of the Code. On October 12, 2005, this Court approved the terms of compensation of the SDR and other subcontractors pursuant to § 21A.015 (now §443.015) of the Code. The compensation and expenses have been paid in accordance with this order through October 31, 2014.

7.2 Closing Expenses

The SDR proposes to reserve \$45,500 for the estimated expenses (“Expense Reserve”) involved in closing the receivership. This is for the estimated fees and expenses of the SDR, the Receiver, the SDR subcontractors and service providers as summarized on “Exhibit F”.

7.3 Final Statement of Expenses

Pursuant to § 443.015 of the Code, the SDR will submit a final statement of expenses incurred with the final accounting. If actual expenses differ from the Expense Reserve, the excess funds or the shortfall, as applicable, will be handled as described in Paragraph 8.6.

VIII. PROPOSED DISTRIBUTIONS

8.1 Assets Available for Distribution

As of October 31, 2014, the receivership estate had \$21,385,364 in assets available for distribution. After reserving the Expense Reserve and the pending estate expenses, there will be \$21,332,360 available for distribution.

8.2 Eligible Claimants and Distributions

After payment of all Class 1 claims, there are sufficient assets to make a 44.95 % pro rata distribution on allowed Class 2 claims. “Exhibit G” is a distribution schedule showing the projected distributions based upon this pro rata percentage. The projected distributions are approximate figures based on the current financial data and the actual distributions may vary from this projection. The early access payments for the Guaranty Associations discussed in Paragraph 6.6 are reflected on Exhibit G. Exhibit G also reflects other distribution credits from TPCIGA’s distribution as discussed in Paragraph 10.1 B.

8.3 Distribution Process

The notice attached as “Exhibit H” (the “Distribution Notice”) will be sent to claimants with allowed claims, advising them of the proposed distribution. The Distribution Notice will be mailed to the address provided by the Claimant on the POC, or any subsequent address provided by the claimant² or emailed as requested by the Claimant. Upon approval of this Application by the Court, the SDR will issue distributions by wire transfer in accordance with wiring information provided by the claimant. If a distribution cannot be made by wire transfer, the SDR will mail or otherwise deliver a check to the address provided by the claimant, or to any corrected address if a Distribution Notice is returned by the Post Office with an address correction. If any notice is returned as undeliverable, the distribution will be handled as

² The Order Granting Authority to Provide Notice, Establish a Claims Processing Procedure, and Set Claim Filing Deadline approved the form of the notice. This notice required all claimants to provide a current mailing address on the proof of claim, and provide any changes of address to the SDR.

described in Paragraph 9.3.

8.4 Residual Funds

It is possible that there may be additional funds in the receivership account after the distribution (hereinafter “Residual Funds”). Such funds may result from interest on the receivership account, excess reserves for closing expenses, or the collection of assets after the distributions have commenced. Such funds will be handled as described in Paragraphs 8.5 and 8.6.

8.5 Supplemental Distribution

If it is economically feasible to distribute Residual Funds to the Class 2 claimants, the SDR will make a supplemental pro rata distribution from any such residual funds, after reserving distribution expenses. The SDR proposes to establish a distribution threshold of \$15.00 for any supplemental distribution pursuant to § 443.253(h) of the Code, which is reasonable and necessary for a cost-effective distribution.

8.6 Transfer of Remaining Funds

Section 443.352 of the Code provides that this Court may issue an order to transfer funds remaining after the final distribution that cannot be economically distributed. In the event that there are any funds remaining after the final distribution, and it is not economically feasible to distribute such funds, the SDR requests that such funds be transferred to the Commissioner for deposit in an account established under § 443.304 (c) of the Code. Such funds will be available to pay any expenses exceeding the expense reserve, or expenses incurred for activities after the closing of the receivership, such as responding to inquiries and handling unclaimed funds.

IX. UNCLAIMED FUNDS

9.1 Unclaimed Distributions

Recipients of any checks issued from the receivership's operating or distribution accounts will be notified of the date by which checks must be deposited. The SDR will deliver any funds which are unclaimed as of the closing of the account to the Commissioner as required by § 443.304 (a) of the Code.

9.2 Unclaimed Covered Claims

TPCIGA has reported that some payments of "covered claims" remain unclaimed. TPCIGA will handle any claims for these unclaimed funds in accordance with Chapter 462 of the Code.

9.3 Distributions to Claimants with Unknown Addresses

As the SDR expects to make all distributions on approved claims by wire transfer, it is not anticipated that there will be any unclaimed distributions. In the unlikely event that a distribution cannot be made by wire transfer, and the SDR does not have a correct address for the claimant because the Distribution Notice is returned as undeliverable, the SDR requests that this Court enter an order that the distribution be treated as unclaimed. The SDR proposes that all distributions to such claimants be withheld from the mailing of the final distribution, and be delivered to the Commissioner upon closing of the account as described in Paragraph 9.1.

X. TRANSFERS

10.1 Transfer of Unliquidated Assets

Section 443.154(i) of the Code authorizes the SDR to transfer, abandon, or otherwise dispose of or deal with any property of the insurer upon terms and conditions that are fair and reasonable, subject to § 443.154(y). Further, §443.302(c) allows the SDR to transfer property to

creditors at valuations set by agreement and approved by the receivership court. Additionally, § 443.352 of the Code permits the Court to enter any orders in connection with an application to terminate a receivership proceeding, including orders to transfer any remaining assets that are uneconomical to distribute. The SDR proposes to transfer all of FICA's unliquidated assets, including but not limited to the assets listed on Exhibit D to the Commissioner or to TPCIGA as set forth herein. The SDR requests that this Court approve the transfers of FICA's assets and the valuation of such assets pursuant to § 443.154(y) and § 443.302(c) of the Code. In accordance with § 443.352 of the Code, the SDR requests that this Court vest ownership of such assets in the transferee upon the termination of this proceeding.

A. Transfer to Commissioner

As reflected on Exhibit D, the FICA receivership has 28,260 shares of the Facility Insurance Holding Corporation's Class 1 Common Stock; Certificate #99 in the name of Financial Insurance Company of America (the "Facility Insurance Stock"). The SDR requests this Court to enter an order transferring all ownership rights of FICA and possession of all stock certificates in the Facility Insurance Stock to the Commissioner.

In the event that any assets transferred to the Commissioner are collected and liquidated, and such amount is sufficient to justify a distribution, this proceeding may be reopened under § 443.353 of the Code. If such amount cannot be distributed economically, the SDR requests that any such funds be deposited in accordance with § 443.304 (c) of the Code.

B. Transfer to TPCIGA

The SDR and TPCIGA have worked together since the inception of the receivership to collect amounts due for subrogation from third parties and from the PEOs for claims and expenses paid on the high deductible workers' compensation policies before and after

receivership. As a result of that collaboration, several judgments were taken against third parties and numerous PEOs and their directors and officers. There were also judgments taken against FICA's former PEO program manager and its officers and directors. These judgments, which are reflected as Items 2 through 5 on Exhibit D, will be transferred to TPCIGA upon closing. TPCIGA has agreed to make a *pro rata* distribution of any recovery (net of collection expenses) on the judgments listed in Items 2 through 4 to the other Class 2 claimants. The judgment in Item 5 is being satisfied in accordance with a promissory note by Steven J. Goldberg with a current balance of \$29,000 (the "Goldberg Note"). As TPCIGA has agreed to a full credit for the remaining balance of the Goldberg Note against its final distribution payment as reflected in Exhibit G, it will be entitled to all payments under the note.

Item 6 on Exhibit D is a reinsurance reserve with St. Paul Reinsurance Limited which is based solely upon a single long term workers' comp claim covered by TPCIGA. The reinsurance agreement provides for payment of 20% of claim payments in excess of \$500,000. Based upon current reserves, the amount due is \$17,266.06, but it will not be owed for many years. St. Paul is not interested in commuting because of the long term payout of the claim. As TPCIGA has agreed to a credit against its claims reserves for this reinsurance reserve, it will be entitled to all payments under this agreement. The proposed transfer to TPCIGA is attached hereto as "Exhibit I."

10.2 Unknown Assets

Exhibit D reflects all of FICA's known unliquidated assets. It is possible that other unknown assets of FICA exist. The SDR requests that this Court order that any of FICA's unliquidated assets that are not listed in Exhibit D be transferred to the Commissioner. In the event that any such assets are collected and liquidated, they shall be handled as described in

Paragraph 10.1 (a).

XI. RECORDS

11.1 On December 29, 2009, this Court entered an order permitting the SDR to destroy certain records of FICA which were no longer required for the administration of this receivership. The SDR has identified additional physical records that will not be needed after the termination of this proceeding. These records are listed in "Exhibit J". The SDR requests authority to dispose of such records by recycling or shredding in accordance with §443.354 (a) of the Code.

11.2 The SDR requests that this Court authorize it to transfer to the Guaranty Associations title of those claims records for which they agree to accept responsibility, and to further authorize those Guaranty Associations to retain or dispose of such records at their discretion.

11.3 The remaining physical records that are not required by the Guaranty Associations will be delivered to the Commissioner pursuant to § 443.354 (b) of the Code and in compliance with the Receiver's record retention policy for receivership records. The SDR estimates that the cost of retaining such records will be \$700. The SDR requests that the Court authorize the Commissioner to retain or dispose of these records at her discretion.

XII. TAX RETURNS

12.1 Prior to receivership, FICA was part of a consolidated group for federal tax return purposes with Permian Basin Group, Inc., the common parent of the group. Neither the TRO nor the Liquidation Order included the common parent. Permian Basin filed the consolidated federal tax return for the group (including FICA) for tax years 2005 and 2006. Thereafter, the officers and directors of Permian Basin abandoned the affairs of the company and the other subsidiaries.

The SDR could not rely on Permian Basin to make proper filings of the returns for FICA, so the SDR has prepared returns for FICA from 2007 through 2013. The SDR duly notified the IRS of the need to file standalone tax returns and the deemed deconsolidation since the filing of the 2007 return. The SDR anticipates filing the federal income tax return for 2014 after the filing of the Final Accounting. No taxes are owed to the Internal Revenue Service.

XIII. NOTICE

13.1 Notice of Application

In compliance with § 443.007(d) of the Code and the Rules adopted by the Special Master under the *Amended Order of Reference* and Rule 171 of the Texas Rules of Civil Procedure, this Application has been served on the service list, as shown on the Certificate of Service, 14 days prior to the submission date of the Application.

13.2 Distribution Notices

The Distribution Notice (Exhibit H) will be mailed and/or emailed at least 14 days prior to the submission date of the Application to all claimants with allowed claims. The SDR requests this Court to find that Exhibit H constitutes adequate notice of the Application.

XIV. OFFER OF PROOF

14.1 Ernesto A. Garza, President of Resolution Oversight Corporation, SDR, submits his affidavit and certification pursuant to §443.017(b) verifying the statements in this Application and authenticating the attached exhibits. The affidavit is attached hereto as “Exhibit K.”

PRAYER

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

1. Accepting into evidence all the Exhibits filed with this Final Report and Application to Make Final Distribution;
2. Granting the Final Report and Application to Make Final Distribution;
3. Dissolving the corporate entity and charter of FICA;
4. Approving the Final Report of Claims, contained in Exhibit E, and authorizing the SDR to distribute cash assets of the receivership as described in the Application and in Exhibit G, and authorizing the SDR to withhold any distributions of \$15.00 or less;
5. Finding that the Statements of Expenses previously filed in this proceeding pursuant to article 21.28, §12 (b) of the Code have been approved, and approving the estimated expenses, Exhibit F, through the closing of the receivership pursuant to § 443.015 of the Code;
6. Authorizing the SDR to transfer to the Commissioner any residual funds remaining after all distributions are made;
7. Authorizing the SDR to deliver all unclaimed funds to the Commissioner and finding that any distribution to a claimant whose notice is returned as undeliverable shall be deemed as unclaimed;
8. Authorizing the transfer of the Facility Insurance Stock, and any unknown assets of FICA to the Commissioner;
9. Authorizing the transfer of the unliquidated assets listed on Exhibit I to TPCIGA and authorizing TPCIGA to collect and distribute any recoveries as set forth herein.
10. Authorizing the SDR to transfer to the Guaranty Associations claim records for which they agree to accept responsibility, and authorizing those Guaranty Associations to retain or dispose of such records at their discretion;
11. Authorizing the SDR to dispose of the physical records listed on Exhibit J and deliver

any remaining physical records that are not transferred to a Guaranty Association to the Commissioner, and authorizing the Commissioner to maintain or dispose of such records at her discretion;

12. Authorizing the SDR to file any required tax returns;
13. Finding that the Distribution Notice, attached as Exhibit H, constitutes adequate notice of the Application; and
14. Granting such further relief to which the SDR may be entitled.

Respectfully submitted,

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By: /s/ Rachel J. Stroud
Attorneys for the Special Deputy Receiver

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 (Financial Insurance Company of America)* is hereby set for written submission before the Special Master, Tom Collins, on, **Wednesday, December 10, 2014**.

The Special Master has established the following rules pursuant to Rule 171 of the Texas Rules of Civil Procedure:

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, at SpecialMasterClerk@tdi.texas.gov
 - (b) All interested parties, including the undersigned counsel 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) 463-6569] 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 a Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Rachel J. Stroud

Rachel Stroud

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 TEX. INS. CODE § 443.007 and the Texas Rules of Civil Procedure this 26th day of November, 2014.

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EXHIBIT A

**FINANCIAL INSURANCE COMPANY OF AMERICA IN RECEIVERSHIP R-522
BALANCE SHEET
OCTOBER 31, 2014**

Assets			
Cash- Unrestricted			\$19,306,973
Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)			0
Other Receivables			
Subrogation Recoveries		\$12,735	
Premiums Due from Agents & Policyholders (net of allowance)		0	
Receivable from Guaranty Associations- Early Access Payments		2,036,656	
Other Receivables/ professional employment organization deductible receivable (net of allowance)		<u>29,000</u>	
Total Other Receivables			<u>2,078,391</u>
Total Assets			<u><u>\$21,385,364</u></u>
Liabilities & Equity			
Liabilities			
Administrative Claims- Class 1			
Administrative Claims- State/Receiver			
Special Deputy Receiver, Subcontractor Fees & Expenses		\$7,187	
Liquidation Oversight		317	
Administrative Claims- Guaranty Associations			
Administrative Expenses Paid		2,041,947	
Administrative Expense Reserves		1,350,000	
LAE- Guaranty Associations			
LAE Paid		2,985,345	
LAE Reserves		<u>455,144</u>	
Total Class 1 Claims			\$6,839,940
Policy Claims- Class 2			
Loss Claims- Guaranty Associations			
Loss Claims Paid		15,146,576	
Loss Claims Reserves		16,347,007	
Other Loss Claims Paid		352,645	
Unearned & Advance Premium Claims- Guaranty Associations		<u>406,670</u>	
Total Class 2 Claims			32,252,898
Other Liabilities			
Class 5 General Unsecured Creditor Claims		219,443	
Class 5 Reinsurance Related Unsecured Claims		66,156	
Class 8 Claims		22,710	
Class 9 Claims		<u>1,000,000</u>	
Total Other Liabilities			<u>1,308,309</u>
Total Liabilities			40,401,147
Equity (Deficit)			<u>(19,015,783)</u>
Total Liabilities & Equity			<u><u>\$21,385,364</u></u>

EXHIBIT B

FINANCIAL INSURANCE COMPANY OF AMERICA IN RECEIVERSHIP R-522
SOURCES & USES OF CASH STATEMENT
INCEPTION TO DATE THROUGH OCTOBER 31, 2014

Receipts		
Receipts from Assets/Receivables		
Premium Receipts	\$1,003,886	
Reinsurance Recoveries	16,012,866	
Salvage & Subrogation Recoveries	922,861	
Other Receipts	591,907	
Sale of Real & Personal Property	4,062	
Investment Sales/Receipts	4,879,223	
Total Receipts from Assets/Receivables		\$23,414,805
Passive Receipts		
Interest & Dividend Receipts	124,301	
Cash Deposit Interest	908,820	
Total Passive Receipts		1,033,121
Total Cash Receipts		24,447,926
Disbursements for Operations		
SDR Fees & Expenses	(1,690,978)	
Subcontractor Legal Fees & Expenses	(508,057)	
Subcontractor Other Fees & Expenses	(586,717)	
Other Expenses	(188,150)	
RLO Fees & Expenses	(238,700)	
Total Disbursements for Operations		(3,212,602)
Net Cash from Operations		21,235,324
Cash Distributions		
Early Access Payments- Guaranty Associations		(2,036,656)
Net Increase in Cash		19,198,668
Cash at Beginning of Period		108,305
Cash at End of Period		<u>\$19,306,973</u>

EXHIBIT C

**FINANCIAL INSURANCE COMPANY OF AMERICA IN RECEIVERSHIP R-522
DISPOSITION OF ASSETS SCHEDULE
INCEPTION TO DATE THROUGH OCTOBER 31, 2014**

ASSET DESCRIPTION	ASSET BALANCE as of 5/26/05	NEW ASSETS	ASSET RECOVERY	AMT OF WRITE OFF	REASON FOR WRITE OFF	ASSET BALANCE at 10/31/14
CASH						
Beginning Cash	108,305					
net cash from operations		21,235,324				
early access distributions paid		(2,036,656)				
Subtotal	108,305	19,198,668	0	0		19,306,973
INVESTMENTS						
Preferred Stocks/Bonds						
Bonds	4,051,879		4,051,879			
Preferred stock	92,974		92,974			
Subtotal	4,144,853	0	4,144,853	0		0
REINSURANCE						
Reinsurance on Paid Losses						
AIG Companies	0	10,905,264	10,153,504	751,760	write off bal per settlement agreement	
Guy Carpenter Companies (net of allowance)	0	5,963,462	5,859,362	104,100	write off bal per settlement agreement	
Subtotal	0	16,868,726	16,012,866	855,860		0
RECEIVABLES						
Subrogation	0	935,596	922,861			
Premium Receivables						
Direct Bill	1,225,000		517,233	691,229	write off per 12/31/06 analysis	
				6,091	write off bal per settlement agreement	
				10,447	uncollectible	
PEO Premium Receivables (net of allowance)	0	486,653	486,653			
TPCIGA Early Access Pmts	0	1,399,856				
NMIGA Early Access Pmts	0	636,800				
Subtotal	1,225,000	3,458,905	1,926,747	707,767		2,049,391
OTHER ASSETS						
Furniture, Fixtures & Equipmnt (net of allowance)	0	4,062	4,062			

EXHIBIT C

**FINANCIAL INSURANCE COMPANY OF AMERICA IN RECEIVERSHIP R-522
DISPOSITION OF ASSETS SCHEDULE
INCEPTION TO DATE THROUGH OCTOBER 31, 2014**

ASSET DESCRIPTION	ASSET BALANCE as of 5/26/05	NEW ASSETS	ASSET RECOVERY	AMT OF WRITE OFF	REASON FOR WRITE OFF	ASSET BALANCE at 10/31/14
PEO Deductible Receivables (net of allowance)	861,382	107,445	285,632	654,195	uncollectible	
Federal Income Tax Refund (net of allowance)	0	128,177	128,177			
Other	0					
Direct bill deductibles		36,549	36,549			
Loss run fees		6,150	6,150			
Provider refunds		12,684	12,684			
Miscellaneous		122,715	122,715			
Subtotal	861,382	417,782	595,969	654,195		29,000
RESTRICTED ASSETS						
Statutory Deposits						
Texas	100,000		100,000			
New Mexico	610,000	24,370	634,370			
PEO Collateral Account apply to PEO receivables collateral refund to Nationwide	1,344,504	(1,258,967) (85,537)				
PEO funds due to TPCIGA reclass from "Cash- Treasury" payments to TPCIGA	0	949,528 (949,528)				
PEO refund due to Nationwide reclass from "Cash- Treasury" collateral refund to Nationwide	0	3,460 (3,460)				
PEO refund due to Pinnacle reclass from "Cash- Treasury" collateral refund to Pinnacle	0	2,622 (2,622)				
Subtotal	2,054,504	(1,320,134)	734,370	0		0
TOTAL	8,394,044	38,623,947	23,414,805	2,217,822		21,385,364

Exhibit D
Financial Insurance Company of America, in Receivership
Schedule of Unliquidated Assets

Facility Insurance Holding Corporation Stock

1. 28,260 shares of The Facility Insurance Holding Corporation's Class 1 Common Stock; Certificate #99 in the name of Financial Insurance Company of America.

Judgments

2. Default Judgment in the amount of \$10,447.00, plus interest and attorneys fees of \$3,134.10 in Cause No. D-1-GN-08-001278; *Financial Insurance Company of America, in Receivership v. Sim Trucking, Inc., D/B/A Sims Trucking, Inc., A/K/A Sim Oil Field Services*; in the 261st Judicial District Court of Travis County, Texas.
3. Agreed Judgment against AES Employer Services, Inc., N/K/A RSLC, Inc., for the sum of \$64,727.43 plus interest in Cause No. D-1-GN-09-001254; *Financial Insurance Company of America, in Receivership v. 21st Century Resources, Inc., Edmundo Pacheco, Theodore Zogob, Randy Roberts and AES Employer Services, Inc., N/K/A RSLC, Inc.*; In the 261st Judicial District Court of Travis County, Texas.
4. Financial Insurance Company's share of interest in the Default Judgment and Order of Severance against Systems Management Solutions, Inc., on January 16, 2009, the Interlocutory Default Judgment entered on June 23, 2009 against United Focus, Inc., United Capital Services, Inc., United Capital Investment Group, Inc., Safestaff, Inc., Service Professionals, Inc., Center Point Outsourcing, LLC, American Continental Management, Inc. or LLC, RMS Groups, Inc., and United Managers Group, Inc.; and Final Judgment entered against John D. Walker, II, Charles E. Pircher, Mike Solis, Richard Trussell and Emergency Management Services on January 4, 2012; In Cause No. D-1-GN-08-004272; *Texas Property and Casualty Insurance Guaranty Association and Financial Insurance Company of America, in Receivership v. John D. Walker, II., et al*; In the 98th Judicial District Court of Travis County, Texas.
5. Final Judgment against Steven L. Goldberg in the amount of \$67,530.36; in Cause No. D-1-GN-12-000025; *Texas Property and Casualty Insurance Guaranty Association and Financial Insurance Company of America, In Receivership v. Steven L. Goldberg*; In the 261st Judicial District Court. Steven Goldberg filed for Bankruptcy. A Settlement Agreement was entered into with Goldberg for \$48,000.00. Steven Goldberg executed a Promissory Note with Financial Insurance Company of America for the \$48,000.00 and the current balance owed is \$31,000.

Reinsurance

6. That Certain Second Casualty Excess of Loss Reinsurance Agreement with St Paul Reinsurance Company Limited, as amended and endorsed.

EXHIBIT E

**FINANCIAL INSURANCE COMPANY OF AMERICA IN RECEIVERSHIP R-522
FINAL REPORT OF CLAIMS**

POC Number	Claimant	Class	Claim Disposition	Amount Allowed	Deductible Offset Allowed
007	Unimed Direct	2	Allowed	\$1,028.38	
014	Texas Property & Casualty Insurance Guaranty Association	1	Allowed	6,407,285.72	
014	Texas Property & Casualty Insurance Guaranty Association	2	Allowed	29,299,355.38	
028	AES Employer Services	1	Allowed Ded Offset		\$237,360.00
029	Image Solutions, Inc.	2	Allowed	299,372.89	
030	Image Solutions, Inc.	2	Joint Claimant	see poc 029	
032	USA Staffing, Inc.	2	Joint Claimant	see poc 029	
039	New Mexico Property & Casualty Insurance Guaranty Association	1	Allowed	425,150.97	
039	New Mexico Property & Casualty Insurance Guaranty Association	2	Allowed	2,600,897.40	
040	RRR Staff Leasing, Inc. dba Nationwide Staff Leasing	1	Allowed	88,997.23	
049	Alamo Staff Leasing, Inc.	1	Allowed Ded Offset		270,399.00
050	Travel Ease, Inc. dba Prime Source Management	1	Duplicate		see poc 049
051	Texas Diversification Workforce, Inc. dba TX Works	1	Duplicate		see poc 049
055	Genex Services, Inc.	2	Allowed	52,243.49	
058	Corporate Solutions, Inc.	1	Allowed Ded Offset		366,113.00
060	Corporate Solutions, Inc.	2	Allowed Ded Offset		29,579.60
065	Corporate Solutions, Inc.	2	Allowed Ded Offset		911.96
069	Corporate Solutions, Inc.	2	Allowed Ded Offset		1,512.52
070	Corporate Solutions, Inc.	2	Allowed Ded Offset		1,184.00
071	Corporate Solutions, Inc.	2	Allowed Ded Offset		1,758.44
072	Corporate Solutions, Inc.	2	Allowed Ded Offset		2,831.00
074	Corporate Solutions, Inc.	2	Allowed Ded Offset		4,819.49
075	Corporate Solutions, Inc.	2	Allowed Ded Offset		180,505.80
093	Corporate Solutions, Inc.	2	Allowed Ded Offset		5,073.99
096	USA Staffing, Inc.	2	Joint Claimant	see poc 029	
098	Fidelity & Deposit Co. of MD	5	Allowed	37,500.00	
			Total Allowed	\$39,211,831.46	\$1,102,048.80
001	(individual claimant)	2	Disallowed		
002	AM Best Company	5	Classified Only		
003	(individual claimant)	2	Disallowed		
004	Downs & Stanford, PC	5	Classified Only		
005	NCCI Holdings, Inc.	5	Classified Only		
006	Lea Land, Inc.	2	Disallowed		
008	Victoria Radiology Associates	2	Disallowed		
009	(individual claimant)	2	Disallowed		
010	Sanford Insurance Agency	5	Classified Only		
011	Phillips Casing & Tubing	2	Disallowed		
012	(individual claimant)	2	Disallowed		
013	New Mexico Workers Compensation Assigned Risk Pool	5	Classified Only		
015	(individual claimant)	2	Disallowed		
016	Bryant & Duncan Insurance Agency, Inc.	5	Classified Only		
017	Weatherby-Eisenrich, Inc.	5	Classified Only		
018	Edgmon-Eisenrich Insurance	5	Classified Only		
019	Gilliland Insurance Agency	5	Classified Only		
020	Milam Felker Insurance Services, Inc.	5	Classified Only		
021	Texas Comptroller of Public Accounts	5	Withdrawn		
022	Texas Comptroller of Public Accounts	5	Withdrawn		
023	(individual claimant)	1	Disallowed		
024	James Hillman McCormick, III dba McCormick Insurance Agency	5	Classified Only		
025	Letcher, Golden & Associates, Inc.	5	Classified Only		
026	Stamford Insurance Agency	5	Classified Only		
027	West Texas Insurance Exchange, Inc.	5	Classified Only		
031	21st Century	1	Disallowed		
033	Employment Management Services, LLC	9	Classified Only		
034	Employment Management Services, LLC	5	Classified Only		
035	Employment Management Services, LLC	5	Classified Only		
036	Employment Management Services, LLC	5	Classified Only		
037	Employment Management Services, LLC	5	Classified Only		
038	Leavell Insurance, Inc.	5	Classified Only		

EXHIBIT E

**FINANCIAL INSURANCE COMPANY OF AMERICA IN RECEIVERSHIP R-522
FINAL REPORT OF CLAIMS**

POC Number	Claimant	Class	Claim Disposition	Amount Allowed	Deductible Offset Allowed
041	Francisco Perez Construction, Inc.	2	Disallowed		
042	USA Staffing, Inc.	1	Disallowed		
043	Trussell Insurance Services, Inc.	5	Classified Only		
044	Employment Management Services, LLC	5	Classified Only		
045	(individual claimant)	5	Classified Only		
046	USA Staffing, Inc.	2	Disallowed		
047	USA Staffing, Inc.	1	Disallowed		
048	USA Staffing, Inc.	1	Disallowed		
052	(individual claimant)	2	Disallowed		
053	(individual claimant)	2	Disallowed		
054	(individual claimant)	2	Disallowed		
056	Corporate Solutions, Inc. individually and as assignee of Duane Muns dba D&M Construction	2	Disallowed		
057	Corporate Solutions, Inc.	2	Disallowed		
059	Corporate Solutions, Inc.	2	Disallowed		
061	Corporate Solutions, Inc.	2	Disallowed		
062	Corporate Solutions, Inc.	2	Disallowed		
063	Corporate Solutions, Inc.	2	Disallowed		
064	Corporate Solutions, Inc.	2	Disallowed		
066	Corporate Solutions, Inc.	2	Disallowed		
067	Corporate Solutions, Inc.	2	Disallowed		
068	Corporate Solutions, Inc.	2	Disallowed		
073	Corporate Solutions, Inc.	2	Disallowed		
076	Corporate Solutions, Inc.	2	Disallowed		
077	Corporate Solutions, Inc.	2	Disallowed		
078	Corporate Solutions, Inc.	2	Disallowed		
079	Corporate Solutions, Inc.	2	Disallowed		
080	Corporate Solutions, Inc.	2	Disallowed		
081	Corporate Solutions, Inc.	2	Disallowed		
082	Corporate Solutions, Inc.	2	Disallowed		
083	Corporate Solutions, Inc.	2	Disallowed		
084	Corporate Solutions, Inc.	2	Disallowed		
085	Corporate Solutions, Inc.	2	Disallowed		
086	Corporate Solutions, Inc.	2	Disallowed		
087	Corporate Solutions, Inc.	2	Disallowed		
088	Corporate Solutions, Inc.	2	Disallowed		
089	Corporate Solutions, Inc.	2	Disallowed		
090	Corporate Solutions, Inc.	2	Disallowed		
091	Corporate Solutions, Inc.	2	Disallowed		
092	Corporate Solutions, Inc.	2	Disallowed		
094	Corporate Solutions, Inc.	2	Disallowed		
095	Allied North American Ins Brokerage of TX	5	Classified Only		
097	Bogan, Dunlap & Wood Insurance Agency	8	Classified Only		
099	Scott & White Health Plan c/o 4600 Texas Group, Inc.	8	Classified Only		

EXHIBIT F

FINANCIAL INSURANCE COMPANY OF AMERICA R-522
ESTIMATED EXPENSE RESERVE
NOVEMBER 2014 - FEBRUARY 2015

	Estimated Expenses
Estimated SDR Fees	
Administration	\$ 6,500
Accounting	6,000
Claims	4,000
Total SDR Fees	<u>16,500</u>
Estimated Miscellaneous Expenses	
Long Distance	0
Supplies-boxes/labels/folders/forms	0
Postage/Courier	200
Bank Charges	1,600
Total Miscellaneous Expenses	<u>1,800</u>
Estimated Subcontractors Fees & Expenses	
Legal	12,700
Legal Expenses	500
Records Storage Fees	3,400
Claims Subcontractor	4,500
Accounting and Tax Subcontractor	3,100
Total Subcontractor Fees & Expenses	<u>24,200</u>
Estimated Other Fees & Expenses	
Texas State Library Records Storage	700
Liquidation Oversight Allocated Expenses	2,000
Special Master Fees	300
Total Other Fees & Expenses	<u>3,000</u>
Total Estimated Expense Reserve	<u><u>\$ 45,500</u></u>

EXHIBIT G

**FINANCIAL INSURANCE COMPANY OF AMERICA IN RECEIVERSHIP R-522
DISTRIBUTION SCHEDULE**

POC Number	Claimant	Class	Amount Allowed	Gross Distribution	Previous Distributions	Distribution Credits	Proposed Distribution
Class 1 Claims				at 100%			
014	Texas Property & Casualty Insurance Guaranty Association	1	\$6,407,285.72	\$6,407,285.72	\$1,399,855.51		\$5,007,430.21
039	New Mexico Property & Casualty Insurance Guaranty Association	1	425,150.97	425,150.97	425,150.97		0.00
040	RRR Staff Leasing, Inc. dba Nationwide Staff Leasing	1	88,997.23	88,997.23	88,997.23		0.00
	<i>Total Class 1 Claims</i>		6,921,433.92	6,921,433.92	1,914,003.71	0.00	5,007,430.21
Class 2 Claims				Pro-rata at 44.9569631%			
007	Unimed Direct	2	1,028.38	462.33	0.00		462.33
014	Texas Property & Casualty Insurance Guaranty Association (see Note)	2	29,299,355.38	13,172,100.39	0.00	41,734.75	13,130,365.64
029	Image Solutions, Inc.	2	299,372.89	134,588.96	0.00		134,588.96
030	Image Solutions, Inc.	2	see poc 029	0.00	0.00		0.00
032	USA Staffing, Inc.	2	see poc 029	0.00	0.00		0.00
039	New Mexico Property & Casualty Insurance Guaranty Association	2	2,600,897.40	1,169,284.48	211,649.49		957,634.99
055	Genex Services, Inc.	2	52,243.49	23,487.09	0.00		23,487.09
096	USA Staffing, Inc.	2	see poc 029	0.00	0.00		0.00
	<i>Total Class 2 Claims</i>		32,252,897.54	14,499,923.25	211,649.49	41,734.75	14,246,539.01
	<i>Total Class 1 and Class 2 Claims</i>		\$39,174,331.46	\$21,421,357.17	\$2,125,653.20	\$41,734.75	\$19,253,969.22

Note: TPCIGA's Amount Allowed has been reduced by the St. Paul Re reinsurance reserve of \$17,266.06. The Distribution Credit is comprised of the Goldberg judgment of \$29,000 and a subrogation collection due FICA of \$12,734.75.

FINANCIAL INSURANCE COMPANY OF AMERICA IN RECEIVERSHIP

Resolution Oversight Corporation
Special Deputy Receiver
P.O. Box 691852
San Antonio, Texas 78269-1852

Phone: (210) 490-8808

Facsimile: (210) 499-1192

November 26, 2014

Re: Cause No.D-1-GV-05-000846; *State of Texas v. Financial Insurance Company of America*; In the 261st Judicial District Court of Travis County, Texas.

Subject: **NOTICE OF CLOSING**

Dear Claimant:

Please be advised that the Special Deputy Receiver of Financial Insurance Company of America has asked the Court to terminate the liquidation proceedings.

You are listed as a claimant in the receivership proceeding. Pursuant to § 443.301 of the Texas Insurance Code, your claim has been categorized as a Class 2. All Class 1 claims will be paid in full. It is anticipated that there will be funds available to make a pro-rata distribution of 44.95% to Class 2 claimants. However, if your Class 2 claim results in a distribution of \$15.00 or less, such distribution will not be made as the cost of making the distribution exceeds the recovery. Such amount is deemed de minimis. There will be no company funds available to pay any other class of claims.

The Final Report and Application to Make Final Distribution is set for submission before the Special Master on Wednesday, December 10, 2014. If you wish to file an objection to the Final Report and Application to Make Final Distribution, including, but not limited to any objection to the approved expenses, or any claims, you must follow these rules:

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 to:
 - (a) The Special Master's Docket Clerk, at SpecialMasterClerk@tdi.texas.gov.
 - (b) All interested parties, including the undersigned counsel 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) 463-6569] 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 a Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

Upon receipt of the order approving the Final Report, your distribution check will be mailed to you, unless arrangements for a wire transfer have been made. Please be advised that this check **must be cashed within 30 days** from the date it is issued. After that the account will be closed and any unclaimed funds will be transferred to the Commissioner of the Texas Department of Insurance.

Should you have any questions regarding this notice, please do not hesitate to contact my office at (210) 490-8808.

Sincerely,

Ernesto A. Garza, President of Resolution Oversight Corporation
Special Deputy Receiver for Financial Insurance Company of America

EXHIBIT H

EXHIBIT I

TRANSFER OF ASSETS TO TEXAS PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION

Date: _____

Assignor: Financial Insurance Company of America, in
Receivership

Assignor's Mailing Address (including county): 333 Guadalupe Street
Tower 1, 13th Floor
Austin, Travis County, Texas 78701

Assignee: Texas Property and Casualty
Insurance Guaranty Association (TPCIGA)

Assignee's Mailing Address (including county): 9120 Burnet Road
Austin, TX78758

For value received, Assignor transfers and assigns all of rights and interests, whether past, present, or future, if any, in and to the following assets:

1. Default Judgment in the amount of \$10,447.00, plus interest and attorneys fees of \$3,134.10 in Cause No. D-1-GN-08-001278; *Financial Insurance Company of America, in Receivership v. Sim Trucking, Inc., D/B/A Sims Trucking, Inc., A/K/A Sim Oil Field Services*; in the 261st Judicial District Court of Travis County, Texas. TPCIGA will attempt to collect these assets and will make a distribution of the proceeds, net of collection expenses incurred after June 30, 2014, to the other Class 2 creditors according to the distribution percentages set forth in the hereto attached Exhibit 1.
2. Agreed Judgment against AES Employer Services, Inc., N/K/A RSLC, Inc., for the sum of \$64,727.43 plus interest in Cause No. D-1-GN-09-001254; *Financial Insurance Company of America, in Receivership v. 21st Century Resources, Inc., Edmundo Pacheco, Theodore Zogob, Randy Roberts and AES Employer Services, Inc., N/K/A RSLC, Inc.*; In the 261st Judicial District Court of Travis County, Texas. TPCIGA will attempt to collect these assets and will make a distribution of the proceeds, net of collection expenses incurred after June 30, 2014, to the other Class 2 creditors according to the distribution percentages set forth in the hereto attached Exhibit 1.
3. Financial Insurance Company's share of interest in the Default Judgment and Order of Severance against Systems Management Solutions, Inc., on January 16, 2009, the Interlocutory Default Judgment entered on June 23, 2009 against United Focus, Inc., United Capital Services, Inc., United Capital Investment Group, Inc., Safestaff, Inc., Service Professionals, Inc., Center Point Outsourcing, LLC, American Continental Management, Inc. or LLC, RMS Groups, Inc., and United Managers Group, Inc.; and Final Judgment entered against John D. Walker, II, Charles E. Pircher, Mike Solis, Richard Trussell and Emergency Management Services on January 4, 2012; In Cause No. D-1-GN-08-004272; *Texas Property and Casualty Insurance Guaranty Association and Financial Insurance Company of America, in Receivership v. John D. Walker, II., et al*; In the 98th Judicial District Court of Travis County, Texas. TPCIGA will attempt to collect these assets and will make a distribution of the proceeds, net of collection expenses incurred after June 30, 2014, to the other Class 2 creditors according to the distribution percentages set forth in the hereto attached Exhibit 1.
4. Final Judgment against Steven L. Goldberg in the amount of \$67,530.36; in Cause No. D-1-GN-12-000025; *Texas Property and Casualty Insurance Guaranty Association and Financial Insurance Company of America, In Receivership v. Steven L. Goldberg*; In the 261st Judicial District Court. Steven Goldberg filed for Bankruptcy. A Settlement Agreement was entered into with Goldberg for \$48,000.00. Steven Goldberg executed a Promissory Note with Financial Insurance Company of America for \$48,000.00 and the current balance owed is \$29,000. TPCIGA is entitled to all amounts collected on this Promissory Note.
5. That Certain Second Casualty Excess of Loss Reinsurance Agreement with St Paul Reinsurance Company Limited, as amended and endorsed. TPCIGA is entitled to all amounts collected under this Agreement.

Neither Assignor nor Assignor's successors or assigns shall have, claim or demand any right or title to any part thereof.

Financial Insurance Company of America, in
Receivership

By: _____
Ernesto A. Garza, President of Resolution
Oversight Corporation, Special Deputy Receiver
of Financial Insurance Company of America

STATE OF TEXAS §
 §
COUNTY OF _____ §

On this the ____ day of _____, 2014, came before me Ernesto A. Garza, President of Resolution Oversight Corporation, Special Deputy Receiver of Financial Insurance Company of America, who, after being duly sworn, stated and acknowledged before me that he has read the above document and that he has signed the above document for the considerations and purposes and in the capacity expressed in the document.

NOTARY PUBLIC - STATE OF TEXAS

EXHIBIT 1

<u>Claimant</u>	<u>Pro Rata Percentage</u>
1. New Mexico Insurance Guaranty Association	8.06407% (.0806407)
2. Image Solutions, Inc.	0.92820% (.0092820)
3. Genex Services, Inc.	0.16198% (.0016198)
4. Unimed Direct	0.00319% (.0000319)

EXHIBIT J
 Financial Insurance Company of America In Receivership R#522
 Records to Be Destroyed

Box	Contents	Box	Contents
100007	PROSPECT REPORTS	100072	AP Files
100009	LOSS PREVENTION REPORTS	100073	Claim Check Copies
100011	LOSS PREVENTION REPORTS	100074	Claim Check Copies
100012	PROSPECT REPORTS	100077	Claim Check Copies
100013	LOSS PREVENTION REPORTS	100078	Claim Check Copies Premium Register, Policy Register, Payroll, Misc.
100014	PROSPECT REPORTS	100081	Accounting
100015	LOSS PREVENTION REPORTS	100084	Claims Paid Summary, Reserves, Agent Balances
100018	Check copies	100085	PCS Reports
100020	Check copies	100086	AP, Quarterly and Annual Statements
100023	Check copies	100087	Policy Proposal Files
100024	Check copies	100088	Policy Proposal Files
100025	Check copies	100089	Policy Proposal Files
100026	Loss Reserves	100090	Policy Proposal Files
100028	PCS Reports	100091	Policy Proposal Files
100029	Premium Register	100092	Policy Proposal Files
100030	Check Copies	100093	Policy Proposal Files
100031	Check Copies	100094	Policy Proposal Files
100034	Reserves and Changes	100095	Policy Proposal Files
100039	Check Copies	100096	Policy Proposal Files
100040	Agent Balances	100097	Policy Proposal Files
100041	Reserves	100098	Policy Proposal Files
100044	Premium Register	100099	Correspondence
100045	PCS Reports	100100	Correspondence
100046	Check Copies	100101	Correspondence
100047	Premium Register	100104	Policy Records
100048	NAIC, TDI Correspondence	100105	Policy Records
100049	Work Product	100106	Policy Records
100050	Premium	100107	Policy Records
100051	Loss runs	100108	Policy Records
100052	Loss runs	100110	Policy Records
100053	Loss runs	100113	Policy Records
100054	Correspondence	100114	Policy Records
100055	Correspondence	100115	Policy Records
100056	Loss runs	100117	Policy Records
100057	Loss runs	100118	Policy Records
100059	Annual/Quarterly Statements, Correspondence	100120	Policy Records
100060	Loss Runs	100121	Policy Records
100061	Financial WP	100124	Policy Records
100062	Premium Register	100125	Policy Records
100063	Loss Runs	100133	Claim Records Closed
100065	Check Copies	100136	Policy Records
100066	Check Copies, AP	100137	Policy Records
100067	Premiums, Claim Checks	100138	Best's Rating
100068	Claim Check Copies	100139	Underwriting Guidelines
100070	Loss Reserves, Premium	100140	Policy Records
100071	AP, Payroll	100141	Best's

Exhibit J
Financial Insurance Company of America in Receivership R#522
Records to Be Destroyed

Box	Contents	Box	Contents
100142	Policy Records	100208	NCCI MANUALS
100143	Policy Records	100209	NCCI MANUALS
100144	Policy Records	100210	UNDERWRITING MANUALS & BLANK POLICY JACKETS
100145	Policy Records	100211	Claim Check Registers
100146	Policy Records	100212	Claim Check Registers
100147	Policy Records	100213	Agent Balances
100148	Policy Records	100214	Claims Payments, Reserves, Claim Check Copies
100149	Policy Records	100215	Claim Check Copies
100150	Policy Records	100216	Premium Reports
100151	LOSS PREVENTION MANUALS (BINDERS)	100217	Premium Reports
100152	GENERAL CORRESPONDENCE	100218	Misc. Financial
100154	Policy Proposal Files	100219	Claim Check Copies, AP
100155	Policy Proposal Files	100223	Loss Runs
100160	Correspondence	100224	Incurred Loss Reports
100161	NCCI AND UNDERWRITING MANUALS	100225	Loss Runs
100167	Claim Check Registers	100226	Loss Runs, Claim Status Reports
100170	Premium Register	100227	Loss Runs
100171	Premium Register	100228	Loss Runs, Claim Status Reports
100172	Premium Register	100230	PROSPECT REPORTS
100173	Claim Check Copies	100231	LOSS PREVENTION REPORTS
100174	Claim Check Copies	100233	CANCELLED POLICIES
100175	Claim Check Copies	100234	Closed Claim Files
100176	Claim Check Copies	100236	Claim Records Closed
100177	Claim Check Copies	100237	Claim Records Closed
100178	Agent Balances	100239	Claim Records Closed
100179	AP	100240	Closed Claim Files
100180	TDI Examinations	100275	Claim Records Closed
100188	Policy Records	100276	Closed Claim Files
100189	Policy Records	100277	Claim Records Closed
100190	NCCI, Rates, Manuals	100278	Claim Records Closed
100191	Policy Records	100279	Claim Records Closed
100192	Policy Records	100280	Claim Records Closed
100193	Policy Records	100281	Closed Claim Files
100194	Policy Records	100282	Claim Records Closed
100195	Policy Records	100283	Claim Records Closed
100196	Policy Records	100284	Closed Claim Files
100197	Policy Records	100285	Claim Records Closed
100198	Policy Records	100286	Claim Records Closed
100199	Policy Records	100287	Claim Records Closed
100201	Policy Records	100288	Claim Records Closed
100202	Policy Records	100289	Claim Records Closed
100203	Policy Records	100290	Claim Records Closed
100204	Policy Records	100291	Claim Records Closed
100205	Policy Records	100292	Claim Records Closed
100206	GENERAL CORRESPONDENCE - TED TAYLOR	100293	Claim Records Closed
100207	NCCI, Loss Runs, PCS Reports	100294	Claim Records Closed

Exhibit J
 Financial Insurance Company of America in Receivership R#522
 Records to Be Destroyed

Box	Contents	Box	Contents
100295	Closed Claim Files	100341	Claim Records Closed
100296	Claim Records Closed	100342	Claim Records Closed
100297	Claim Records Closed	100343	Claim Records Closed
100298	Claim Records Closed	100345	Claim Records Closed
100299	Claim Records Closed	100346	Claim Records Closed
100300	Claim Records Closed	100347	Claim Records Closed
100301	Closed Claim Files	100348	Claim Records Closed
100302	Closed Claim Files	100349	Claim Records Closed
100303	Claim Records Closed	100350	Claim Records Closed
100304	Closed Claim Files	100351	Claim Records Closed
100305	Claim Records Closed	100352	Claim Records Closed
100306	Claim Records Closed	100353	Claim Records Closed
100307	Claim Records Closed	100407	NCCI, Annual Statements, Quarterly Statements
100308	Claim Records Closed	100408	PCS Claims Report, Loss Runs
100309	Claim Records Closed	100409	Financial Reports, Agent Balances, Personnel
100310	Claim Records Closed	100412	Premium Reports
100311	Claim Records Closed	100415	Financial Reports, Agent Balances, Personnel
100312	Claim Records Closed	100418	Milliman Consultants, Claim reports
100313	Claim Records Closed	100419	AP
100314	Claim Records Closed	100420	AP
100315	Claim Records Closed	100421	AP
100316	Claim Records Closed	100422	AP
100317	Claim Records Closed	100423	Manuals
100318	Claim Records Closed	100424	AP
100319	Claim Records Closed	100425	MISCELLANEOUS MANUALS
100320	Claim Records Closed	100426	NM Assigned Risk
100321	Claim Records Closed	100427	Workpapers
			Conflict of Interest Statement, Claim Payment
100322	Claim Records Closed	100428	Register, AP, AM Best
100323	Claim Records Closed	100429	Actuarial Reports, Annual Statements
100324	Closed Claim Files	100430	Actuarial Reports, Annual Statements
			Actuarial Reports, Annual Statements, Quarterly
100325	Claim Records Closed	100431	Statements
100326	Claim Records Closed	100432	NCCI, Payroll, Comptroller Correspondence
100327	Closed Claim Files	100433	Quarterly Statements
100328	Claim Records Closed	100434	Financials, Payroll, Claims Reports
100329	Claim Records Closed	100435	AP
100330	Claim Records Closed	100445	Claim Records Closed
100331	Claim Records Closed	100446	Claim Records Closed
100332	Claim Records Closed	100449	Claim Records Closed
100333	Claim Records Closed	100474	Premiums
100334	Claim Records Closed	100475	TX NM Premiums
100335	Claim Records Closed	100477	EMS Premiums
100336	Claim Records Closed	100478	EMS Premiums
100337	Claim Records Closed	100479	AP
100338	Claim Records Closed	100480	TX NM Premiums
100339	Claim Records Closed	100543	Commissions
100340	Claim Records Closed	100544	Premiums

Exhibit J
Financial Insurance Company of America in Receivership R#522
Records to Be Destroyed

Box	Contents	Box	Contents
100545	Premium Reports	100641	Policy Records
100546	TX NM Premiums	100642	Policy Records
100547	AP	100643	Policy Records
100554	Claim Records Closed	100644	Policy Records
100555	Claim Records Closed	100645	Policy Records
100556	Claim Records Closed	100648	DB FILES PERMIAN CLAIM CHECKS/REGISTARS
100557	DB Premiums	100652	DB FILES ACTUARIAL REVIEW OF LOSS & LOSS EXP RESV.
100558	Claim Records Closed	100653	DB FILES A/P FILES 04 & CLAIM SUC CONTRACTS
100603	Policy Records	100654	DB FILES 2004 AP FILES
100604	Policy Records	100655	DB FILES 2005 AP FILES
100605	Policy Records	100656	DB FILES 2005 AP FILES
100606	Policy Records	100657	DB FILES EMS/FICA CANCELLATIONS 03/04
100607	Policy Records	100658	DB FILES PEO ESCROW SUMMARIES & REGISTARS
100608	Policy Records	100659	DB FILES PEO CLAIMS/LOSS RUNS 02/04
100609	Policy Records	100660	DB FILES PEO LOSS RUNS/1ST REPORTS OF INJ
100610	Policy Records	100661	NCCI UNIT STATS - PEO/&DB 02-05
100611	Policy Records	100662	NCCI EXP MODS - PEO'S 02/04
100612	Policy Records	100664	PEO PAYROLL REPORTS 05 - DB COLLECTION FAXES
100613	Policy Records	100665	ATTENTA CLAIM CHECK REGISTERS 04/05
100614	Policy Records	100784	Claim Records Closed
100615	Policy Records	100788	Claim Records Closed
100616	Policy Records	100791	Claim Records Closed
100617	Policy Records	100794	Claim Records Closed
100618	Policy Records	100806	Claim Records Closed
100619	Policy Records	100808	Claim Records Closed
100620	Policy Records	100809	Claim Records Closed
100621	Policy Records	100831	Claim Records Closed
100622	Policy Records	100844	Work Product
100623	Policy Records	100846	Claim Records Closed
100624	Policy Records	100848	Claim Records Closed
100625	Policy Records	100849	Claim Records Closed
100626	Policy Records	100850	Claim Records Closed
100627	Policy Records	100851	Claim Records Closed
100628	Policy Records	100854	Claim Records Closed
100629	Policy Records	100856	Claim Records Closed
100630	Policy Records	100858	Claim Records Closed
100631	Policy Records	100860	Claim Records Closed
100632	Policy Records	100861	Claim Records Closed
100633	Policy Records	100864	Claim Records Closed
100634	Policy Records	100865	Claim Records Closed
100635	Policy Records	100866	Claim Records Closed
100636	Policy Records	100867	Claim Records Closed
100637	Policy Records	100868	Claim Records Closed
100638	Policy Records	100870	Claim Records Closed
100639	Policy Records	100871	Claim Records Closed
100640	Policy Records	100873	Claim Records Closed

Exhibit J
 Financial Insurance Company of America in Receivership R#522
 Records to Be Destroyed

Box	Contents	Box	Contents
100875	Claim Records Closed	100988	Policy Records
100876	Claim Records Closed	100989	Policy Records
100877	Claim Records Closed	100990	Policy Records
100879	Claim Records Closed	100992	Reinsurance, Misc., Correspondence
100880	Claim Records Closed	100994	Claim Master File
100884	Claim Records Closed	100996	Agent Balances
100886	Claim Records Closed	100998	Ken's work product
100887	Claim Records Closed	101001	AP
100906	Claim Records Closed	101002	Software, back ups
100907	Claim Records Closed	101003	Software, back ups
100911	Claim Records Closed	101004	Policy Records
100912	Claim Records Closed	101005	Claim Records Closed
100914	Claim Records Closed	101023	Policy Records
100915	Claim Records Closed	101025	Closed Claim Files
100917	Claim Records Closed	101026	Closed Claim Files
100919	Claim Records Closed	101027	Closed Claim Files
100920	Claim Records Closed	101028	Closed Claim Files
100926	Claim Records Closed	101029	Closed Claim Files
100927	Claim Records Closed	101030	Closed Claim Files
100929	Claim Records Closed	101031	Closed Claim Files
100933	Work Product	101032	Closed Claim Files
100934	Work Product	101033	Closed Claim Files
100935	Work Product	101034	Closed Claim Files
100936	Claim Records Closed	101035	Closed Claim Files
100937	Claim Records Closed	101036	Closed Claim Files
100938	Work Product	101037	Closed Claim Files
100940	Claim Records Closed	101038	Closed Claim Files
100941	Claim Records Closed	101039	Closed Claim Files
100942	Policy Records	101040	Closed Claim Files
100963	Policy Records	101041	Closed Claim Files
100964	Policy Records	101053	TDI Monthly Electronic Report
100965	Policy Records	101054	AP
100966	Policy Records	101055	TDI Reports
100967	Policy Records	101056	TDI Reports
100968	Policy Records	101057	TDI Reports
100969	Policy Records	101058	TDI Reports
100970	Policy Records	101059	Disposition of Assets, NAIC Grid, Electronic Report
100979	Policy Records	101062	Misc. Company Financial
100980	Policy Records	101063	Misc. Reinsurance closed
100981	Policy Records	101064	Misc. Reinsurance closed
100982	Policy Records	101065	Misc. reports and correspondence in Ken's office Assets, TDI Examination, TDI Correspondence, Assets &
100983	Policy Records	101066	Liabilities
100984	Policy Records	101084	Misc. Company Financial
100985	Policy Records	101089	Misc. Company Financial Corporate Records not indicated for retention after
100986	Policy Records	101093	closing Corporate Records not indicated for retention after
100987	Policy Records	101094	closing

Exhibit J
Financial Insurance Company of America in Receivership R#522
Records to Be Destroyed

Box	Contents
101095	Corporate Records not indicated for retention after closing
101096	Corporate Records not indicated for retention after closing
101113	Closed claims
101114	Closed claims
101115	Closed claims
101117	Reinsurance, Misc., Correspondence
101118	Misc., Work Product, at Ken's Office
101121	Misc. Reinsurance closed
101122	Misc. Ken work product
101123	Closed claim records
101128	Closed claim/policy records
101129	Closed Claim Records
101148	Misc. Company Financial
101156	Misc. Company Financial
101172	Misc. Accounting
101178	Misc. Work Product
101208	Policy Records
101214	Misc. Company Records
101216	Misc. work product

THE STATE OF TEXAS

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IN THE DISTRICT COURT OF

VS.

TRAVIS COUNTY, TEXAS

FINANCIAL INSURANCE COMPANY
OF AMERICA

261st JUDICIAL DISTRICT

**AFFIDAVIT OF ERNESTO A. GARZA IN SUPPORT OF
FINAL REPORT AND APPLICATION TO MAKE FINAL DISTRIBUTION
(Financial Insurance Company of America)**

Came before me Ernesto A. Garza, who being duly sworn, did upon his oath attest:

1. "I am Ernesto A. Garza. I am over the age of eighteen years. I am competent to be a witness. I have personal knowledge of the facts to which I attest. I acquired my personal knowledge through my direct involvement and experience in the matters to which I attest.
2. I am the President of Resolution Oversight Corporation, which is the Special Deputy Receiver ("SDR") in these proceedings involving Financial Insurance Company of America ("FICA"). I have read the Final Report and Application to Make Final Distribution (Financial Insurance Company of America) in the case styled: Cause No. D-1-GV-05-000846; *The State of Texas vs. Financial Insurance Company of America*; In the 261st Judicial District Court of Travis County, Texas ("*Final Report*"). I have also read the Exhibits attached and incorporated into the *Final Report* by reference. I verify that all of the facts contained in the *Final Report* and this *Affidavit* are true and correct.
3. I believe that filing the *Final Report*, making the distributions to creditors as proposed therein, and proceeding with closing the FICA proceeding are in the best interests of the estate and its creditors."
4. The Affiant has nothing further to say.



Ernesto A. Garza

Subscribed and sworn to before me on this 25 day of November, 2014.



Notary Public – State of Texas

