

NO. D-1-GV-08-001478

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 ACCOUNTING AND APPLICATION TO
TERMINATE RECEIVERSHIP PROCEEDING AND
DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER**

TO THE HONORABLE JUDGE OF SAID COURT:

CANTILLO & 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 Accounting and Application to Terminate Receivership Proceeding and Discharge Receiver and Special Deputy Receiver* (the “Application”).

I. INTRODUCTION

1.1 The SDR has completed the distribution of Guardian’s escrow funds and hereby submits its final accounting. The SDR requests that the Court terminate the Guardian receivership proceeding, and discharge Eleanor Kitzman, the Commissioner of Insurance of the State of Texas (“Commissioner”), as Receiver of Guardian, and CANTILLO & BENNETT, L.L.P., as the SDR of Guardian.

¹ “Guardian” shall refer to 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 The SDR files this Application pursuant to TEX. INS. CODE § 443.352, which provides for the termination of the receivership proceeding. The SDR is authorized to file this Application under TEX. INS. CODE § 443.154 (a). Unless otherwise indicated, all statutory references herein are to the Texas Insurance Code.

2.2 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. DISTRIBUTION OF ESCROW FUNDS

3.1 On October 31, 2011, this Court issued an *Order Approving Special Deputy Receiver's Final Report and Application to Make Final Distribution* in this receivership proceeding (the "Distribution Order"). The Distribution Order required the SDR to transfer the Unclaimed Escrow Funds to the Commissioner pursuant to § 443.304, and file a final accounting thereof. The SDR transferred the Unclaimed Escrow Funds in the amount of \$135,587.39 in accordance with the Distribution Order.

3.2 The July 6, 2009 order granting the SDR's *Application to Provide Notice of Liquidation, Set Claims Filing Deadline, Resolve Escrow Accounts and Establish a Claims Processing* held that any escrow funds for which an approved POC was not filed are treated as unclaimed funds under § 443.304. Section 443.304 provides that if an owner of such funds presents proof of ownership to the Commissioner within two years of the termination of the receivership proceeding, the funds will be remitted to the owner. The SDR has been advised of claims to the Unclaimed Escrow Funds identified in Exhibit "1" attached hereto, which is incorporated by reference. These claims will be handled pursuant to § 443.304 (a).

IV. RECORDS

4.1 The Distribution Order authorized the SDR to dispose of certain records; convey title of certain records to the appropriate underwriters, subject to applicable legal requirements to retain such records; and transfer the remaining records to the Commissioner. The Distribution Order also authorized the SDR to pay in advance for the storage of the “Old Guard” records in its possession through November 1, 2012, and for their destruction after such date.

4.2 The SDR has handled the records in accordance with the Distribution Order, and shall transfer the remaining records to the Commissioner. The Commissioner is authorized to retain or dispose of such records as appropriate.

V. FEDERAL INCOME TAX RETURNS

5.1 The SDR has filed all income tax returns with the Internal Revenue Service including the tax returns for 2010 and 2011. No taxes are owed to the Internal Revenue Service.

VI. FINAL FINANCIAL STATEMENTS

6.1 As all financial activities were completed by December 31, 2011, the final financial reports reflect the period ending on that date. Pursuant to § 443.016, the SDR submits the following statements, which are incorporated by reference.

- a) Statement of Net Assets (Exhibit 2-A);
- b) Statement of Net Liabilities (Exhibit 2-B); and
- c) Sources and uses of cash (Exhibit 3).

6.2 The Distribution Order approved a reserve of \$146,598.00 for the payment of estimated expenses through the termination of this proceeding. The actual expenses of the SDR and the Receiver through December 31, 2011 were \$148,145.00. Attached as Exhibit 4, and incorporated by reference, is the final statement of expenses submitted pursuant to § 443.015.

VII. ASSIGNMENT

7.1 The Distribution Order authorized the SDR to assign to the Commissioner any remaining unknown or non-cash assets of the Guardian entities. Attached as Exhibit 5 is the executed Assignment transferring ownership of the remaining assets of the Guardian entities to the Commissioner.

VIII. DISSOLUTION OF GUARDIAN CHARTERS

8.1 The Distribution Order provided that the corporate charters for all of the Guardian entities (collectively, the “Guardian Charters”) will be dissolved by operation of law upon the termination of the delinquency proceeding. The SDR requests the Court to order that the Guardian Charters are dissolved and deemed cancelled as a matter of law without further action on its part pursuant to § 443.153 (e).

IX. AUTOMATIC STAY

9.1 In accordance with § 443.008 (f), the stay of actions against Guardian provided under § 443.008 (c) continues until the termination of this proceeding. Upon the entry of a final order terminating this proceeding, the stay will expire by operation of law.

X. TERMINATION AND DISCHARGE

10.1 The SDR moves the Court to terminate this delinquency proceeding, and discharge the Commissioner as Receiver of Guardian, and CANTILO & BENNETT, L.L.P. as the SDR of Guardian, pursuant to § 443.352.

10.2 Section 443.014 provides immunity to current and former Receivers, SDRs and their assistants and contractors. As immunity continues to apply to such persons after they have been discharged, the termination of this proceeding will not affect the immunity available to the Receiver and SDR, their assistants and contractors, and their predecessors.

XI. OFFER OF PROOF AND VERIFICATION

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

XII. NOTICE

12.1 This Application has been served on the service list for this proceeding in accordance with TEX. INS. CODE § 443.007(d) in the manner shown on the Certificate of Service, and has been posted on the SDR's website at www.guardianfidelitysdr.com.

12.2 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 proceeding shall be served by email on the undersigned counsel and all parties shown in the attached Certificate of Service.

PRAYER

WHEREFORE, PREMISES CONSIDERED, the SDR respectfully prays that this Court grant this Application and enter an order:

1. Accepting the SDR's final financial statements;
2. Approving in all respects this *Final Accounting and Application to Terminate Receivership Proceeding and Discharge Receiver and Special Deputy Receiver*;
3. Discharging the Commissioner as Receiver of Guardian, and CANTILO & BENNETT, L.L.P., as the SDR of Guardian;
4. Dissolving the Guardian Charters and deeming them cancelled as a matter of law without further action pursuant to section 443.153 (e).
5. Terminating this delinquency proceeding; and

6. Granting the Receiver and the Special Deputy Receiver such other and further relief to which they may be justly entitled.

RESPECTFULLY SUBMITTED,

By: Christopher Fuller

Christopher Fuller

Texas Bar No. 07515500

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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 May 25, 2012, a true and correct copy of this Application was served pursuant to the provisions of the *Order of Reference*, the *Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices*, the Texas Rules of Civil Procedure and TEX. INS. CODE §443.007(d) on the following by electronic mail, except as specifically noted.

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Austin, Texas 78701

Chief of Special Procedures Staff
U.S. Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

<p>THE STATE OF TEXAS, Plaintiff,</p> <p>v.</p> <p>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. Defendants.</p>	<p>§</p>	<p>IN THE DISTRICT COURT OF</p> <p>TRAVIS COUNTY, TEXAS</p> <p>419th JUDICIAL DISTRICT</p>
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APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Order of Reference to Master entered by the District Court in this cause, the SDR’s *Final Accounting and Application to Terminate Guardian Fidelity Title Company, Ltd., et al Proceeding and Discharge Receiver and Special Deputy Receiver* (the “Application”) is hereby set for written submission before the Special Master, Tom Collins, on June 18, 2012.

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

Unclaimed Escrow Account Schedule

GF Number	Partial Payment Amount	Current Account Value	Comment
2007066121		\$18,940.00	
2007097189		\$12,941.84	
2007117660		\$6,676.59	
2008010114		\$6,118.04	
E162008030801		\$5,535.43	
2007066278		\$5,099.81	
2005110747		\$5,000.00	
SB2008010081		\$3,906.23	
2005110900		\$3,313.23	
2007107461		\$3,149.29	
SB2008030699		\$3,068.90	
2005032061		\$2,934.69	
2008051354		\$2,778.76	
2005121033RRR		\$2,556.44	
2008041143		\$2,500.00	
2004060808		\$2,467.99	
2006124301RRR	\$0.00	\$2,200.00	Claim GUARD0036 denied, no other claimants
2004111420RR		\$2,187.77	
2005121052RR		\$2,128.57	
2006062712		\$2,000.00	
2007117610		\$2,000.00	
2008010256		\$1,910.71	
2007117665		\$1,870.42	
2004121438RR		\$1,686.28	
2007128030		\$1,636.40	
2008051477		\$1,567.95	
2006011271RR		\$1,500.00	
E042007086690		\$1,461.00	
2008051472		\$1,388.00	
F012007035137		\$1,350.00	
2004060746		\$1,335.82	
2008030870		\$1,308.12	
2005110836		\$1,284.41	
2008030681		\$1,196.00	
2008051312	\$3,480.09	\$1,174.04	Paid \$1940.76 to PSDR0026; \$1439.33 to PSDR0027 and \$100.00 to PSDR0028
2007127927		\$1,123.63	
E162008010010		\$1,100.00	
TOO2008030951		\$1,099.00	
DFT2008041019		\$1,090.86	
2008020598		\$1,024.10	
2005063000		\$1,000.00	
2005090276		\$1,000.00	
2005120918		\$1,000.00	
2005121049		\$1,000.00	
2006021448		\$1,000.00	
2006042174		\$1,000.00	

GF Number	Partial Payment Amount	Current Account Value	Comment
2006093472		\$1,000.00	
2007024947		\$1,000.00	
2007055921		\$1,000.00	
2007097230		\$1,000.00	
2007107547		\$1,000.00	
2008040993		\$1,000.00	
2008061587		\$1,000.00	
2008061602		\$1,000.00	
2004121557RR		\$1,000.00	
2005032040RR		\$1,000.00	
2005042215RR		\$1,000.00	
2006103773RR		\$1,000.00	
DFT2008010112		\$1,000.00	
2006021476		\$1,000.00	
2006041992		\$1,000.00	
BDC2007035338R		\$947.00	
2007086862		\$943.61	
2008051486		\$875.95	
2006093596		\$866.00	
2007107423		\$841.00	
2008051470		\$838.00	
E162008041233	\$150,454.23	\$825.63	Paid \$150,454.23 to PSDR0012
2007035284		\$808.60	
2007128089		\$763.32	
2006114091		\$760.76	
2007055779		\$731.89	
2005011590RR	\$0.00	\$730.03	Claim GUARD0019 denied, no other claimant
200501671RR		\$666.09	
F012007024738		\$656.40	
2008030853		\$656.00	
2007076423		\$646.48	
2006042123		\$626.88	
2005100634		\$609.29	
2007107487R		\$608.47	
2004121503RR		\$580.89	
2007014505		\$575.00	
2005063009		\$570.36	
2007045596		\$570.00	
2006031776RR		\$551.65	
2005052734RRR		\$550.61	
2007076607		\$537.13	
2008051405	\$46,417.12	\$500.00	Paid 46,417.12 to PSDR0007
2005032050		\$500.00	
2005052566		\$500.00	
2005100646		\$500.00	
2006031834		\$500.00	
2006093464		\$500.00	
2007014590		\$500.00	
2007014596		\$500.00	
2007024912		\$500.00	
2007055727		\$500.00	

GF Number	Partial Payment Amount	Current Account Value	Comment
2007055909		\$500.00	
2007117634		\$500.00	
2008010065		\$500.00	
2008051341		\$500.00	
2008051500		\$500.00	
2004111389RR		\$500.00	
2005021929RR		\$500.00	
2005052557RR		\$500.00	
2005073160RR		\$500.00	
2006072895RR		\$500.00	
2006073011RR		\$500.00	
2006093551RR		\$500.00	
2007024890RRR		\$500.00	
2007055879R		\$500.00	
E162008020655		\$500.00	
2006052437		\$500.00	
2008020520		\$500.00	
2006103786		\$494.75	
2005073200RR		\$493.01	
SB2008041030		\$492.98	
2005042441RR		\$490.00	
2007066092		\$479.27	
2005080229RR		\$479.21	
2007086768R		\$477.39	
2005062763RR		\$477.15	
2006031830		\$473.00	
2007035055RRR		\$450.00	
DFT2008051409		\$448.45	
2008041262		\$441.36	
2007024894		\$439.29	
DFT2008051303		\$434.96	
2005062912RR		\$431.20	
SB2008010237		\$429.00	
2005042213RR		\$427.45	
SB2008020407		\$425.00	
SB2008051377		\$425.00	
NW2004061063		\$414.96	
2008030744		\$413.66	
T2004030809		\$410.00	
2008041001		\$408.72	
2005120930		\$408.50	
2008041012		\$400.29	
2007035214R		\$400.00	
2007107595		\$395.00	
2008010198		\$395.00	
2006021614RR		\$387.00	
2007097048		\$382.95	
2008051307	\$199.23	\$380.00	Paid \$199.23 to claim GUARD0005
2006042062RR		\$378.88	
BDC2007025007R		\$375.84	
2004050678C		\$375.00	

GF Number	Partial Payment Amount	Current Account Value	Comment
2004050693C		\$375.00	
2007076578		\$374.00	
2006093449		\$370.00	
2007076616		\$357.96	
DFT2008041170		\$355.00	
2007097068		\$352.00	
2006083306		\$345.83	
SB2008040971		\$331.41	
2006062653		\$325.24	
2006103716		\$325.00	
2007097282		\$325.00	
2006114105		\$323.25	
2006041982		\$320.00	
2007045455		\$320.00	
2006031724RR		\$313.29	
2007097228R		\$308.06	
2006042078		\$305.00	
SB2008010248		\$303.75	
2008051320		\$303.26	
2008041003R	\$833.08	\$302.86	Paid \$833.08 on PSDR0032
2007055797		\$300.00	
2008020309		\$300.00	
E022008010064R		\$295.00	
2006103660RR		\$289.94	
2008030755		\$289.45	
2006114049		\$288.00	
NW2004101214RR		\$285.00	
2005073067RR		\$276.00	
2005100564RR		\$273.78	
NW2004041034		\$269.36	
2007066256		\$269.25	
2007076459		\$269.15	
2005042475		\$263.38	
DFT2008041254		\$260.95	
2007107484		\$250.03	
2005052583		\$250.00	
2006021508RRR		\$250.00	
E042008051398		\$250.00	
2007055730		\$250.00	
2005032033RR		\$230.00	
2006062816		\$225.00	
2007014588		\$225.00	
DFT2008030777		\$225.00	
2008010264		\$223.00	
2007086815		\$220.59	
2007024901		\$216.97	
SB2008010238		\$214.21	
DFT2008010281		\$214.00	
2004080967		\$210.01	
2008041232		\$210.00	
2005090111		\$208.56	
2007066070		\$208.00	

GF Number	Partial Payment Amount	Current Account Value	Comment
2005110805RRR		\$204.53	
E162008030860		\$203.50	
2005042214		\$202.87	
2007045615		\$200.00	
2008051536		\$200.00	
2005032104RR		\$200.00	
2006062829RR		\$200.00	
2005042319		\$200.00	
2006052531		\$200.00	
DFT2008010297		\$200.00	
2007066295		\$195.00	
2004091085		\$179.03	
2007107304		\$178.10	
2006062813		\$175.00	
2007076645		\$175.00	
DFT2008010278		\$175.00	
2005110762		\$170.90	
E152008041157	\$886.00	\$170.70	Paid \$886.00 to PSDR0024
DFT2008041238		\$166.95	
2008051376		\$166.90	
2005052503RR		\$165.00	
2006041979		\$164.39	
DFT2008041277		\$159.55	
2006083299RR		\$156.50	
2008020398		\$155.82	
2007055853		\$152.00	
2005032115RR		\$150.00	
2004091065		\$150.00	
2006093609		\$150.00	
2007035146		\$150.00	
2007097070		\$150.00	
2008030698		\$150.00	
E022007086961		\$150.00	
2006114019		\$148.19	
2007045545		\$144.40	
SB2008030773		\$144.00	
T200402121RR		\$143.19	
2008020299		\$142.56	
2006124446		\$138.88	
2005110848		\$137.05	
2008030748		\$135.00	
2007025024R		\$135.00	
DFT2008051408		\$130.06	
2004050677C		\$130.00	
DFT2008051426	\$79,499.97	\$125.95	Paid \$79,499.97 on PSDR0016
2005052662RR		\$125.00	
2007076613RR		\$125.00	
2006011152		\$125.00	
2006031789		\$125.00	
2007055751		\$125.00	
2007086881		\$125.00	

GF Number	Partial Payment Amount	Current Account Value	Comment
2008020588		\$125.00	
2008061558		\$125.00	
2006052547R		\$123.44	
DFT2008018120		\$120.91	
2004040604RR		\$120.00	
2007127947		\$119.00	
DFT2008041169		\$112.00	
2008051304		\$111.95	
DFT2008051450		\$111.90	
2006124150		\$110.00	
2007045509		\$110.00	
2007086797		\$110.00	
2005073150		\$105.20	
2004050720		\$100.43	
2005080017		\$100.00	
2007055941		\$100.00	
2007107548		\$100.00	
2005062938RRR		\$100.00	
2007024852RRR		\$100.00	
2007055882R		\$100.00	
E022008041139		\$100.00	
2005021924		\$100.00	
2006011284		\$100.00	
2006093466		\$100.00	
2007035314		\$100.00	
2007066280		\$100.00	
2007097255		\$100.00	
2008020362		\$100.00	
2008020397		\$100.00	
2006093527		\$95.00	
2005052553RR		\$94.16	
T200404033RR		\$92.46	
2006031791RR		\$90.00	
2007076627R		\$90.00	
2005090071		\$86.20	
2006021515		\$85.00	
NW2004051053		\$85.00	
2006124188RR		\$79.75	
2007065962R		\$77.51	
DFT2008030932		\$76.00	
2005021758RR		\$75.64	
2004101170RR		\$75.00	
NW2004061059		\$75.00	
NW2004091162RR		\$75.00	
T200402241RR		\$75.00	
2005032009		\$75.00	
2006031795		\$75.00	
2006072986		\$75.00	
2006083218		\$75.00	
2007024931		\$75.00	
2006103763		\$73.40	
2006072931		\$70.95	

GF Number	Partial Payment Amount	Current Account Value	Comment
2006072962		\$70.95	
2006083115		\$70.95	
2006114015		\$70.95	
2006124299		\$70.95	
2007107476		\$70.95	
DFT2008041253		\$70.95	
DFT2008041267		\$70.95	
DFT2008051293		\$70.95	
DFT2008051402		\$70.95	
2007127958RR		\$70.76	
2007117813		\$70.49	
2008020353		\$70.00	
2008020486		\$70.00	
2006062617		\$69.71	
2005090119		\$68.46	
2008020355		\$65.00	
NW2004041009		\$65.00	
2008020555		\$64.05	
2006093618RR		\$62.27	
2005062917RR		\$60.00	
2006021560		\$60.00	
T200402061RR		\$57.00	
2007035295		\$56.73	
2007024964		\$56.48	
2007014610		\$55.03	
2005042424RR		\$55.00	
2004070851		\$55.00	
2005073089		\$55.00	
2007024995		\$55.00	
2007025029		\$55.00	
2007025039		\$55.00	
2007035072		\$55.00	
2008051313		\$55.00	
2008051413		\$55.00	
DFT2008051427		\$55.00	
F012007045422		\$55.00	
SB2007117627		\$55.00	
SB2008040984		\$55.00	
SB2008051310		\$55.00	
F012006103709		\$54.95	
T200403032RR		\$53.00	
2007055754		\$51.43	
2005042435RR		\$51.00	
2005011642RRR		\$50.31	
2006093487		\$50.00	
2005011617RR		\$50.00	
2006083303RR		\$50.00	
2004050719		\$50.00	
2004050658C		\$50.00	
2004050660C		\$50.00	
2004050662C		\$50.00	
2004050668C		\$50.00	

GF Number	Partial Payment Amount	Current Account Value	Comment
E112008020517		\$50.00	
E162008030736		\$50.00	
2005090281		\$49.18	
NW2004071093		\$48.93	
2005031983RRR		\$48.00	
2008041248		\$48.00	
NW2004101215RR		\$45.00	
2006062639		\$45.00	
2005011684RR		\$44.00	
2006011347		\$43.14	
2005062945		\$42.17	
SB2008030776		\$42.08	
2005042372		\$41.00	
2006062730		\$41.00	
2007035113R		\$40.00	
DFT2008041263		\$39.39	
2004111317RR		\$39.08	
2007127960		\$36.64	
2005120938		\$35.44	
2007117751R		\$35.02	
2006062675		\$34.79	
2004030561RR		\$31.10	
2006103802		\$30.00	
2005090031		\$30.00	
2006072909		\$30.00	
2006103840		\$30.00	
2007086906		\$30.00	
2008051343		\$30.00	
2008020387		\$29.35	
2004080966		\$29.16	
2006083181		\$29.14	
2007107437		\$29.00	
2006072892		\$28.04	
2007014577		\$27.97	
2006073048RR		\$26.27	
2006073066		\$25.00	
2006083322RR		\$25.00	
2006031682		\$25.00	
2006031839		\$25.00	
2006093516		\$25.00	
2007055895		\$25.00	
DFT2008041093		\$24.00	
2004080996		\$23.45	
E162008030743		\$23.34	
NW2004101183RR		\$21.15	
2008041239		\$21.00	
DFT2008030764		\$21.00	
2004091088		\$20.97	
2004091101		\$20.00	
2006031958		\$20.00	
2007045490		\$20.00	
2007076323		\$20.00	

GF Number	Partial Payment Amount	Current Account Value	Comment
2007107354		\$20.00	
E022008010277		\$19.80	
2008010276		\$19.57	
2006011145		\$19.00	
2005042404RR		\$18.94	
2007107344		\$18.49	
2007066232		\$17.04	
2006083199RR		\$16.00	
2006052265		\$16.00	
2006093536		\$16.00	
NW2004051003A		\$15.99	
2007107490		\$15.38	
2008030742		\$15.00	
2004040601C		\$15.00	
2006083158		\$15.00	
2006062714RR		\$14.82	
2007035094R		\$14.78	
2005021818RR		\$13.04	
2008030689		\$12.15	
2006093452RR		\$12.00	
BDC2007066281		\$12.00	
2006103787		\$11.08	
2006083123		\$10.92	
2005062998		\$10.71	
2005021841RR		\$10.50	
E152008041100		\$10.20	
F012007035307		\$10.08	
2006114126		\$10.00	
2007045570		\$10.00	
2007055788		\$10.00	
2007055802		\$10.00	
2007127899		\$10.00	
2008020481		\$10.00	
2005042337RR		\$10.00	
2005121076		\$10.00	
2006031676		\$10.00	
SB2008030813		\$9.09	
E022007055812		\$8.75	
2006083164		\$8.69	
2008020473		\$8.00	
2008020644		\$8.00	
DFT2008030677		\$8.00	
DFT2008030831		\$8.00	
2008010022		\$7.07	
2006052264		\$5.19	
T200403051		\$5.10	
2007127935		\$5.01	
2006062619		\$5.00	
2006113961		\$5.00	
2008041116		\$4.68	
2004010390RR		\$4.33	
2007014486RR		\$4.15	

GF Number	Partial Payment Amount	Current Account Value	Comment
2008010040		\$4.00	
2008030753		\$4.00	
2007076605R		\$4.00	
2007055648		\$3.75	
2006062679		\$3.67	
2005052607RR		\$3.04	
2006021598		\$3.00	
2005021896RR		\$2.12	
2006052423RR		\$2.00	
2005021913		\$2.00	
2007107320		\$2.00	
2007055690		\$1.98	
2007097080		\$1.94	
2006114104		\$1.32	
2006021486RR		\$1.25	
NW2004041004		\$1.09	
2007097088		\$1.02	
2005090289RR		\$1.00	
2005090290RR		\$1.00	
2005080217		\$1.00	
2005090257		\$1.00	
2005100138		\$1.00	
2006062584		\$1.00	
2006072913		\$1.00	
2006093390		\$1.00	
2007045367		\$1.00	
2008010139		\$1.00	
2008020313R		\$0.96	
2006114123		\$0.93	
2007066042		\$0.93	
2005011635RR		\$0.80	
2004070926		\$0.75	
2008020506		\$0.75	
2005090112		\$0.63	
2003110267RR		\$0.60	
2005031999RR		\$0.60	
NW2004041018		\$0.60	
2006031831		\$0.59	
2006062678R		\$0.55	
F022007076401		\$0.55	
2004070846		\$0.55	
2007035177R		\$0.54	
2006031884		\$0.50	
2006052461		\$0.50	
2006093585		\$0.45	
2006114001		\$0.45	
2007076519		\$0.43	
2006052337		\$0.40	
2006021640		\$0.39	
2006103723		\$0.39	
2007035309RRR		\$0.36	
2006031844RR		\$0.35	

GF Number	Partial Payment Amount	Current Account Value	Comment
2006062799RR		\$0.31	
2005110812		\$0.30	
2006124159		\$0.30	
2008041029		\$0.30	
2008020406		\$0.25	
2007014591		\$0.23	
2007107302R		\$0.23	
2005073102		\$0.22	
2006062681		\$0.22	
2005052691RR		\$0.20	
2005110727RR		\$0.20	
2007066125		\$0.18	
2007055893R		\$0.10	
2006011220		\$0.10	
2006113922		\$0.10	
NW2004061077		\$0.09	
2007045601		\$0.07	
2007086980		\$0.06	
2008030695R		\$0.06	
2005080182		\$0.05	
2006103693		\$0.05	
E022007107394		\$0.05	
2005080220ARRR		\$0.04	
2005052508		\$0.04	
2004111281RR		\$0.02	
2006011265		\$0.02	
2006052453		\$0.02	
2005073096RR		\$0.01	
2005090054RR		\$0.01	
2006011172RR		\$0.01	
2005080202		\$0.01	
2005100562		\$0.01	
2006041973		\$0.01	
2006072852		\$0.01	
2007055906		\$0.01	
2007035220RR		\$0.01	
		\$224,296.29	

**R-540 Guardian Fidelity Title Company Ltd et al In Receivership
Statement of Net Assets**

**For the Period Ending
12/31/11**

EXHIBIT 2-A

Line		12/31/11
Cash		
1	Cash	
	Cash - Unrestricted	
	APF Funds	9,818
Investments		
2	Short-Tem Investments	
3	Bonds, Preferred Stocks & Common Stocks	
4	Investments in Subsidiaries, Controlled or Affiliated Entities	
5	Mortgage Loans	
6	Real Estate	
7	Policy Loans	
8	Other Invested Assets	
Reinsurance		
9.1	Reinsurance Recoverables on Paid Losses & LAE	
9.1A	Allowance for Reinsurance on Paid Losses & LAE	
9.2	Reinsurance Recoverables on Unpaid Losses & LAE	
9.2A	Allowance for Reinsurance on Unpaid Losses & LAE	
9.3	Reinsurance Recoverables on UEP & Contingent Commissions	
Receivables		
10	Salvage & Subrogation Recoveries	
11	Premiums Due & Accrued from Agents & Policyholders	
12	Receivable from Parents, Subsidiaries & Affiliates	
13	Accrued Investment Income	
14	Receivable from Guaranty Associations - Early Access Payments	
Other Assets		
15.1	FF&E	
15.2	Prepaid Expenses	22,733
16	Other Assets	
Restricted Assets		
17.1	Restricted - Statutory Deposits	
17.2	Restricted - Funds held by or deposited with Reinsured Companies	
17.3	Restricted - Separate Accounts & Protected Cell Accounts	
17.4	Restricted - Other	125,752
18	Total Unrestricted Assets	32,551
19	Total Restricted Assets	125,752
19A	Net Assets not Categorized	
20	Total Assets	158,303

R-540 Guardian Fidelity Title Company Ltd et al In Receivership
Statement of Net Liabilities

EXHIBIT 2-B

For Period Ending
12/31/11

Line		Class	12/31/11
1	Secured or Trust Claims	1	269,008
	APF Loan	1	426,000
2	Special Deposit Claims	1	
Administrative			
3	Administrative Claims - State/Receiver		
	Special Deputy Receiver, Subcontractors Fees & Expenses	1	0
	Liquidation Oversight & Special Master's Fees	1	0
	Other Unsecured Loans	1	
4	Administrative Claims - Guaranty Assns	1	
	Claims Paid		
	Reserves		
5	LAE - Guaranty Assns	1	
	Claims Paid		
	Reserves		
Loss Claims			
6	Loss Claims - Guaranty Assns	2	
	Loss Claims Paid		
	Reserves		
7	Loss Claims - Other	2	
	Loss Claims Paid		
	Reserves		
8	LAE - Other	2	
9	Unearned & Advance Premium Claims (Non Assessable Policies) - GA	2	
10	Unearned & Advance Premium Claims (Non Assessable Policies) - Other	2	
18	Unearned Premium Claims (Assessable Policies) - GA	2	
Other Creditors			
11	Federal Government Claims	3	71,460
12	Employee Claims	4	106,906
13	General Unsecured Creditor Claims (Other than Reinsurance Related)	5	2,711,991
14	Ceded Reinsurance Related Unsecured Claims	5	
14.1	Assumed Reinsurance Related Unsecured Claims	5	
15	State & Local Government Claims		
	State & Local Governments/Attorneys	6	40,688
	State & Local Governments - Penalties	7	
16	Late Filed Claims - Unexcused	8	
17	Surplus Notes	9	
19	Unearned Premium Claims (Assessable Policies) - Other	9	
20	Shareholder Claims	11	
21	Other Liabilities		
	Interest	10	
	Other		
22	Total Liabilities		3,626,053
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities		(3,467,750)
	Total Liabilities & Equity		158,303

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.		
1	Outstanding Escrow Claims as of 12/31/2011	269,008
13	Bank overdrafts, term and line of credit loans and underwriting fees due	
	Amegy Bank	1,512,432
	Prosperity Bank	371,232
	Regions Bank	541,481
	Southern Title Ins Co	286,845
		<u>2,711,991</u>

**Guardian Fidelity Title Company Ltd et al In Receivership
Sources & Uses of Cash**

Inception to Date through 12/31/11

EXHIBIT 3

Income		
	Settlements	403,300
	Other Receivable Receipts	64,443
	Proceeds from Sale of Real or Personal Property	15,569
	Interest	1,231
	Total Cash Receipts	484,543
Expenses		
	Special Deputy Receiver Fees & Expenses	(629,344)
	Legal Fees & Expenses	(120,531)
	General Administrative Expenses	(215,689)
	Accounting & Consulting Fees & Expenses	(167,801)
	Other Claims Expense	(138,562)
	Total Expenses	(1,271,927)
	Net Decrease in Cash	(787,384)
	Beginning Cash	244,884
	APF Loan	426,000
	Reclass restricted cash	145,795
	Void checks issued pre-receivership	3,257
	Pre-paid Expenses	(22,734)
	Net of Operations	(787,384)
	Cash at End of Period	9,818

**R-540 Guardian Fidelity Title Company, Ltd., et al., in Receivership
Final Statement of Expenses**

EXHIBIT 4

EXPENSES

SDR Fees

Administration, Accounting, & Claims	59,595.00
Expenses and Record Shipping	524.37
Total SDR Fees	60,119.37

Subcontractor Fees & Expenses

Legal	21,324.08
Records Storage	8162.60
Records Disposal	823.00
Tax Returns	32,998.14

Total Subcontractor Fees & Expenses	60,213.82
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TDI Fees

TSL Records Storage	1,572.00
Liquidation Oversight	24,692.63

Total TDI Fees	26,264.63
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Grand Total of All Expenses	148,145
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ASSIGNMENT

This Assignment is made by 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”), to Eleanor Kitzman, the Commissioner of Insurance for the State of the Texas (hereinafter referred to as the “Commissioner”).

Whereas, Guardian was placed into permanent receivership under the Insurer Receivership Act, TEX. INS. CODE Chapter 443 on July 11, 2008 and CANTILO & BENNETT, L.L.P., was appointed as Special Deputy Receiver through a Notice of Designation of Special Deputy Receiver filed on October 2, 2008, and made effective as of September 15, 2008;

Whereas, the SDR has filed his Final Report and Application to Make Final Distribution (the “Application”);

Whereas the SDR does not believe it is in the best interests of the creditors and the estate to keep the estate open to attempt to liquidate any remaining assets, including those which he had written off the estate’s Statement of Assets;

Whereas the SDR desires to assign to the Commissioner any and all remaining assets, whether known or unknown, whether written off the estate’s Statement of Assets or not; and whether or not specifically identified in this Assignment.

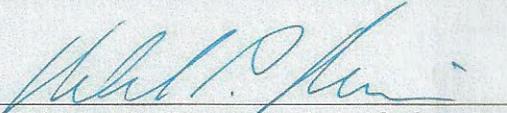
In consideration for good and valuable consideration, the receipt and validity of which is hereby acknowledged, the SDR agrees to and hereby does convey all of its right, title and interest in the assets, including all premiums owed to Guardian by Southern Title Insurance Company to the Commissioner and further assigns to the Commissioner all right, title and interest in all claims, potential claims, suits, demands, causes of action, charges or grievances of any kind or character, regardless of the nature or extent held by the SDR whether arising in tort, contract, by statute or otherwise, and including claims for breach of fiduciary duty. It is the intent of the Parties to this Assignment to convey all legal and equitable rights held by the SDR, whether or not specifically identified herein, to the Commissioner.

This Assignment shall not waive, release or otherwise affect any liabilities or obligations either party has to the other party. This Assignment shall not be effective until it is approved by the Receivership Court.

This Assignment constitutes the entire agreement of the parties, and the parties expressly agree that the terms of this contract supersedes any other contract, agreement or understanding between them with respect to the subject matter of this contract.

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.

The laws of the State of Texas govern this Agreement. Venue and jurisdiction for any actions to enforce this Agreement shall be in Travis County, Texas.

By: 

Michael Marcin, Partner on behalf of
CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver

Invoice

Guardian Fidelity Company, Ltd

1120 NASA Road 1
Suite 540
Houston, TX 77058

Date	Invoice #
12/29/2006	

Bill To
Southern Title Insurance Company

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
1	Premiums owed to us by STIC at year end	568,000.00	568,000.00
Total			\$568,000.00

**SPECIAL DEPUTY RECEIVER'S CERTIFICATION PURSUANT TO TEXAS
INSURANCE CODE ANNOTATED SECTION 443.017(b)
AFFIDAVIT OF MICHAEL P. MARCIN**

State of Texas

County of Travis

BEFORE ME, the undersigned authority appeared Michael P. Marcin, who after being by me duly sworn, stated the following under oath:

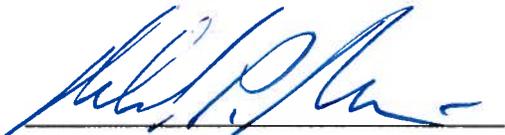
1. My name is Michael P. Marcin. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.

2. I am a partner in CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Guardian Fidelity Title Company, Ltd., *et al.*¹ (the "SDR" and "Guardian" respectively). I am duly authorized to make this Certification and Affidavit on behalf of the SDR.

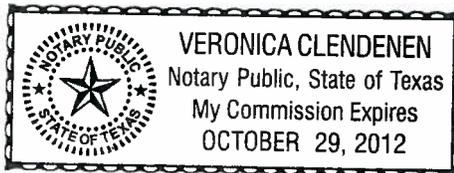
3. I certify that the exhibits, books, accounts, records, papers, correspondence, and/or other records and documents attached hereto were produced pursuant to Texas Insurance Code Section 443.017(b), are true and correct copies of records of the insurer, and were either received from the custody of the insurer or found among its effects, or were created by or filed with the Special Deputy Receiver's office in connection with the receivership of this delinquent insurer, and are held by the Special Deputy Receiver in its official capacity.

4. Further affiant sayeth not.

By:


Michael P. Marcin

SUBSCRIBED AND SWORN TO BEFORE ME on March 19, 2012, by Michael P. Marcin, on behalf of CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver of Guardian Fidelity Title Company, Ltd., *et al.*, in receivership.




Notary Public

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.

STATE OF TEXAS	§	IN THE DISTRICT COURT OF
<i>Plaintiff,</i>	§	
	§	
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.	§	
<i>Defendants.</i>	§	419th JUDICIAL DISTRICT

**ORDER APPROVING FINAL ACCOUNTING AND
APPLICATION TO TERMINATE RECEIVERSHIP PROCEEDING
AND DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER**

On the undersigned day, the Court considered the *Final Accounting and Application to Terminate Receivership Proceeding and Discharge Receiver and Special Deputy Receiver* (the “Application”) filed by Cantilo & Bennett, L.L.P., solely in its capacity as the Special Deputy Receiver (“SDR”) of 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, “Guardian”). After considering the Application, the evidence submitted, and the recommendation of the Master appointed in this proceeding (the “Master”), the Court finds as follows:

1. The Court has jurisdiction over the Application and the parties in interest;
2. The *Order of Reference to Master* provides that the Application is referred to the Master, and the Application was submitted to the Master in accordance with such Order;
3. Notice of the Application was provided in accordance with TEX. INS. CODE § 443.007 (d) and the *Order of Reference to Master*, and no objections to the Application were filed;
4. The Master has issued a recommendation that the Application should be granted pursuant to Rule 171 of the Texas Rules of Civil Procedure; and
5. The Application should be GRANTED in all respects.

IT IS THEREFORE ORDERED ADJUDGED AND DECREED as follows:

1. The Application is GRANTED in all respects.
2. The SDR's Final Accounting is accepted in all respects.
3. The Commissioner of Insurance is discharged as Receiver of Guardian.
4. Cantilo & Bennett, L.L.P. is discharged as Special Deputy Receiver of Guardian.
5. The Receiver and the SDR are released from any further obligations in this proceeding, provided that they authorized to take any actions and execute any documents as may be necessary to effectuate this Order.
6. The Guardian receivership proceeding is terminated.
7. The Guardian charters are dissolved and deemed cancelled as a matter of law without further action pursuant to TEX. INS. CODE § 443.153 (e).
8. Pursuant to TEX. INS. CODE § 443.008 (f), the stay of actions against Guardian expires by operation of law upon the entry of this order.
9. The termination of this proceeding does not terminate the immunities available to the Receiver, the SDR, and their assistants and contractors under TEX. INS. CODE § 443.014 (b).
10. This Order constitutes a final judgment fully resolving all issues relating to the Application, provided that this Court shall retain exclusive jurisdiction to enforce the provisions of this Order and the rights and duties of the parties hereunder, or issue further orders pursuant to TEX. INS. CODE Chapter 443.

Signed the _____ day of _____, 2012.

PRESIDING JUDGE