

**CAUSE NO. D-1-GV-08-000945**

<b>THE STATE OF TEXAS,</b>	§	<b>IN THE DISTRICT COURT OF</b>
<i>Plaintiff,</i>	§	
	§	
<b>v.</b>	§	
	§	
<b>MEMORIAL SERVICE LIFE</b>	§	<b>250<sup>th</sup> JUDICIAL DISTRICT</b>
<b>INSURANCE COMPANY, LINCOLN</b>	§	
<b>MEMORIAL LIFE INSURANCE</b>	§	
<b>COMPANY, AND NATIONAL</b>	§	
<b>PREARRANGED SERVICES, INC.,</b>	§	
<i>Defendants.</i>	§	<b>TRAVIS COUNTY, TEXAS</b>

**FINAL ACCOUNTING AND APPLICATION TO TERMINATE MEMORIAL SERVICE  
LIFE INSURANCE COMPANY RECEIVERSHIP PROCEEDING ONLY AND  
DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER**

TO THE HONORABLE JUDGE OF THIS COURT:

Jo Ann Howard & Associates, P.C. (“JAHA”), Special Deputy Receiver of Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Company and National Prearranged Services, Inc. (the “SDR” and “Memorial Service,” “Lincoln Memorial,” and “NPS,” respectively) files this *Final Accounting and Application to Terminate Memorial Service Life Insurance Company Receivership Proceeding Only and Discharge Receiver and Special Deputy Receiver* (the “Application”).

**I. INTRODUCTION**

1.1 The SDR would show that the delinquency proceeding against Memorial Service only should be concluded. The SDR submits its final accounting, and requests this Court to terminate this proceeding only as to Memorial Service and discharge the Receiver and the SDR solely in their respective capacities on behalf of Memorial Service. The delinquency proceedings against Lincoln Memorial and NPS, pending in this case, shall remain open subject to further orders by this court.

## II. AUTHORITY

### **Statutory Authority**

2.1 This Application is filed pursuant to § 443.352 of the Texas Insurance Code (the “Code”), which provides for the termination of the receivership proceeding after all asset collection and distribution activities have been completed. The SDR is authorized to file this Application pursuant to § 443.154 (a) of the Code. Unless otherwise indicated, all statutory references herein are to the Texas Insurance Code.

### **Reference to Master**

2.2 The subject matter of the Application has been referred to the Special Master appointed in this proceeding in accordance with the *Amended Order of Reference to Master* appointing Tom Collins as Special Master in this proceeding on October 24, 2008.

## III. BACKGROUND

### **A. Company History**

3.1 Memorial Service was a Texas-domiciled stipulated premium life insurance company authorized to do business solely in Texas.

### **B. Initiation of Receivership Proceeding**

3.2 On May 14, 2008, the Court entered the *Agreed Order Appointing Rehabilitator and Permanent Injunction*, placing Memorial Service into rehabilitation pursuant to § 443.101 of the Code.

### **C. Appointment of Receiver**

3.3 In accordance with § 443.101 of the Code, the Commissioner of Insurance (“Commissioner”) was appointed Receiver on May 14, 2008.

**D. Appointment of Special Deputy Receiver**

3.4 The Receiver designated Donna J. Garrett as SDR of Memorial Service on May 15, 2008. Effective as of December 1, 2011, JAHA was designated by the Commissioner as the SDR for Memorial Service upon the resignation of Ms. Garrett.

**E. Referral to Master**

3.5 The Court entered its *Amended Order of Reference to Master* appointing Tom Collins as Special Master in this proceeding on October 24, 2008.

**F. Conversion to Liquidation**

3.6 On September 22, 2008, the Court entered an *Order of Liquidation and Order Approving Plan of Liquidation and Permanent Injunction* (the “Permanent Injunction”). In accordance with § 443.151 of the Code, the Commissioner was appointed Receiver on September 22, 2008. Cassie Brown is currently Receiver of Memorial Service, and all predecessors have been discharged as Receiver as a matter of law.

**G. Impairment**

3.7 The Commissioner designated Memorial Service an “impaired insurer” under Chapter 463 of the Code, effective October 23, 2008. The Texas Life and Health Insurance Guaranty Association (“TLHIGA”) became responsible for covered claims in accordance with its governing statute.

**IV. FINANCIAL STATEMENTS**

**Final Financial Reports**

4.1 Section 443.016 of the Code requires the SDR to periodically file a statement of assets and liabilities, changes in assets and liabilities, and funds received or disbursed during the period. Exhibits 1 (Statement of Net Assets) and 2 (Statement of Net Liabilities), attached hereto

and incorporated by reference, reflect the financial condition of the receivership estate as of February 26, 2025. The consolidated Cash Sources and Uses Statement, attached as Exhibit 3 and incorporated by reference, lists all funds received and disbursed or expected to be disbursed from the receivership estate from the date of receivership through the closing of the estate. The Disposition of Assets Schedule as of February 26, 2025, for the receivership is attached as Exhibit 4.

4.2 Exhibits 1 through 4 are the final financial reports for the Memorial Service receivership in accordance with § 443.016 of the Code.

## **V. ASSETS AND FUNDS**

### **Disposition of Assets**

5.1 The SDR's Disposition of Assets schedule for Memorial Service is attached as Exhibit 4 and incorporated by reference. Exhibit 4 lists all assets for Memorial Service as of the date of receivership. According to Exhibit 4, as of the date of receivership, Memorial Service held \$1,426,941 in cash and general assets of \$1,487,092. The Disposition of Assets schedule sets forth all asset transactions since May 14, 2008. Exhibit 4 reflects that all of Memorial Service's general assets have been expended to pay claims during rehabilitation and the administrative expenses of the receivership, with the exception of certain funds, described below, that were collected in January 2025, and will be used to pay closing expenses.

### **Unliquidated Assets**

5.2 The SDR has determined that there are no remaining unliquidated assets in the receivership estate.

## VI. CLAIMS

### **Notice**

6.1 On May 11, 2009, this Court entered its *Order Granting the SDR's Amended Application to Approve Notice, Set Claims Filing Deadline, and Establish A Claims Processing Procedure* (the "POC Order"), establishing January 23, 2010, as the claims filing deadline. In accordance with this order, the SDR provided notice of the claim filing deadline to all persons who may have had claims as shown by Memorial Service's books and records. In addition, in accordance with the POC Order, the SDR published notice of the claims filing deadline in newspapers in St. Louis, Kansas City, Houston, Dallas, Austin, and in *USA Today*.

### **Filing and Processing of Claims**

6.2 The following summarizes the estate claim process for proofs of claim ("POCs") filed against Memorial Service with the SDR by the claim filing deadline:

- (a) POC Notices Mailed to Potential Claimants: 59,860
- (b) POCs Filed Within Claims Filing Deadline: 4
- (c) POCs Filed After Expiration of Deadline (Class 8): 387

6.3 Section 443.253(k) of the Code and the POC Order provide that the SDR is not required to process claims for any class until it appears reasonably likely that property will be available for a distribution to that class. Accordingly, the SDR fully processed the four claims filed within the Claims Filing Deadline, consisting of the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA") Omnibus POC, which included TLHIGA's Class 1 claim for expenses and Class 2 claim for covered claims in the Memorial Service estate, and two Class 5 POCs. The SDR made determinations on the POCs filed after the Late Claims Filing Deadline only with respect to their priority, as no assets were available for distribution on these

late filed POCs. The NOLHGA Omnibus POC was approved by the SDR as to amount and priority with \$24,590,923 approved as a Class 1 priority and \$116,239,580 approved as a Class 2 priority. The two Class 5 claims were approved for a total of \$71,921. All other claimants who filed a POC were notified in writing of the SDR's determination of the classification of the POC. The period of time allowed by § 443.253(c) of the Code to appeal the SDR's action on POCs has expired, and the SDR's determination on these claims is final and not subject to review.

### **Report of Claims**

6.4 On March 5, 2021, the Receivership Court approved the SDR's Application for Approval of First Report of Claims pursuant to § 443.258 of the Code. On November 25, 2024, the Receivership Court approved the SDR's Application for Approval of Second Report of Claims pursuant to § 443.258 of the Code. On February 5, 2025, the Receivership Court approved the SDR's Final Report of Claims. The SDR's adjudication of all Memorial Service claims has been approved by the Court.

## **VII. EXPENSES**

### **Paid Expenses**

7.1 The compensation of the SDR and its contractors, and other expenses, have been paid through January 31, 2025, in accordance with the Court's July 17, 2008, *Order Approving Application for Approval of Fees and Expenses*, as supplemented. Attached as Exhibit 5 and incorporated herein by reference is the Final Statement of Expenses submitted in accordance with § 443.015(g) of the Code, which includes the estimated expenses for the receivership through the date of termination. The SDR requests that this Court approve these expenses pursuant to § 443.015(d) of the Code.

7.2 The estimated closing expenses are \$82,533. The SDR intends to advance funds from the Litigation Recoveries held by the NPS estate to the Memorial Service estate for closing expenses if necessary. Litigation Recoveries are money distributed by the SDR under the Joint Prosecution Agreement (the “JPA”) between the SDR, NOLHGA and guaranty associations approved by the Receivership Court in 2009.

## **VIII. DISTRIBUTIONS**

### **General Assets**

8.1 The Memorial Service estate had limited assets as of the date of receivership. All of the assets were spent after paying claims during rehabilitation from May 2008 to August 2008 and, thereafter, paying its share of the receivership costs of administration. From 2011 through 2015, Memorial Service borrowed money to pay administrative expenses from the Lincoln Memorial estate through a Receivership Court approved line of credit. Memorial Service repaid the loan in full in 2015 out of Litigation Recoveries. Since repaying the loan, the SDR has advanced funds from the Litigation Recoveries held by the NPS estate to pay Memorial Service’s costs of administration.

8.2 In January 2025, the SDR recovered \$55,965 from the Texas Comptroller representing a premium tax deposit refund. The money will be used to pay the closing expenses described herein. To the extent necessary, additional money will be advanced from the Litigation Recoveries held by the NPS estate.

8.3 No distributions have been or will be made on any of the allowed claims because the Memorial Service estate has no distributable funds.

8.4 It is possible that there may be funds remaining in the estate after the distribution (“Residual Funds”). Such funds may result from interest on the receivership accounts, excess

reserves for closing expenses, or the collection of assets after the distribution has commenced. The SDR proposes to distribute any such Residual Funds to the Litigation Recoveries held by the NPS estate.

## **IX. ASSIGNMENT**

### **Assignment of Assets**

9.1 No known assets are available for assignment upon closure of the receivership estate. The SDR proposes to assign any unknown assets of Memorial Service to the Commissioner. The assignment will be substantially similar to Exhibit 6, incorporated herein by reference. The SDR requests this Court to approve the form of the Assignment and authorize the SDR to execute it pursuant to § 443.352 of the Code.

9.2 In the event that any assigned assets are collected and liquidated, and such funds are sufficient in the Commissioner's discretion to be economically distributed, this proceeding may be reopened under § 443.353 of the Code. If such amount cannot be economically distributed, the SDR requests that any such funds be deposited in an account established by the Commissioner in accordance with § 443.304(c) of the Code.

## **X. RECORDS**

### **Transfer of Records to TLHIGA**

10.1 The SDR transferred certain files to TLHIGA pursuant to § 443.154(n) of the Code. The SDR requests that this Court transfer title to these records to TLHIGA and authorize TLHIGA to retain or dispose of such records at its discretion.

### **Transfer of Records to the Commissioner**



10.2 Certain records will be delivered to the Commissioner pursuant to § 443.354(b) of the Code, and the SDR requests that this Court authorize the Commissioner to have discretion to retain or dispose of these records as appropriate.

### **Disposal of Records**

10.3 This Court previously granted two applications to destroy non-essential records. Before receivership, Lincoln Memorial, Memorial Service, and NPS were largely controlled by the same management, which did not separate the business records between companies. The Permanent Injunction directed that the three receivership estates were joined in a common delinquency proceeding for administrative purposes. The SDR has not separated post-receivership records by estate. Therefore, all of the remaining records are property of all three estates. The SDR does not request authority under § 443.354 (a) of the Code to destroy any records. The SDR anticipates that all remaining records will be destroyed or assigned when the NPS receivership is terminated.

## **XI. TAX RETURNS AND FEDERAL RELEASE**

11.1 The SDR has filed federal income tax returns for Memorial Service with the Internal Revenue Service for years 2007 through 2023. The 2024 and 2025 final tax return will be filed as part of the closing activities for the estate. The SDR requests that the Court authorize, to the extent necessary, the SDR or its designated agent to execute any final tax documents and closing documents after the entry of the order granting the Application (the “Order”). No taxes are owed by the receivership estate to the Internal Revenue Service. The SDR also filed premium tax returns with the State of Texas. No premium taxes are owed to the State of Texas.

11.2 The SDR entered into a Release Agreement with the United States Department of Justice releasing potential claims of the United States. The Release Agreement released the current

and former Commissioners as Receiver, the SDR and the receivership estate from federal claims, subject to the exclusions in the Release Agreement.

## **XII. CHARTER AND LICENSE**

12.1 The SDR has determined that the sale of the charter of Memorial Service is not feasible. The SDR requests that this Court dissolve the charter pursuant to § 443.153(e) of the Code on the termination of this proceeding. Memorial Service is insolvent, and the dissolution of the charter shall be deemed complete by operation of law upon the discharge of the liquidator pursuant to § 443.153(e)(2) of the Code.

## **XIII. AUTOMATIC STAY**

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

## **XIV. DISCHARGE AND TERMINATION**

14.1 The SDR requests the Court to issue an order pursuant to § 443.352 of the Code terminating this proceeding, discharging the Receiver and SDR, and releasing them from any bonds.

## **XV. OFFER OF PROOF**

15.1 This Application is verified by the affidavit and certification pursuant to TEX. INS. CODE § 443.017(b) of the Code by Jo Ann Howard, President of Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Company, and National Prearranged Services, Inc.

## **XVI. NOTICE**

16.1 In accordance with § 443.007(d) of the Code and the Amended *Order of Reference to Master*, the SDR has served this Application to all known parties at interest and all individuals and entities identified by the SDR in the Certificate of Service by email and as noted, by mail or overnight delivery to certain state and federal agencies fourteen (14) days prior to the submission date of the Application.

## **PRAYER**

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

1. Granting the Application;
2. Accepting into evidence and approving the final financial statements, Exhibits 1 through 4;
3. Approving the estimated expenses through the closing of the receivership in Exhibit 5 under § 443.015 of the Code;
4. Authorizing the SDR to advance Litigation Recoveries from the NPS estate to the Memorial Service estate for closing expenses if necessary;
5. Authorizing the SDR to transfer any Residual Funds to the Litigation Recoveries held by the NPS estate;
6. Authorizing the assignment of unknown assets to the Commissioner and authorizing the SDR to execute and deliver the Assignment of Assets, Exhibit 6, to the Commissioner;
7. Authorizing the reopening of this proceeding under § 443.353 of the Code if any assigned assets collected and liquidated are, in the Commissioner's discretion sufficient to be economically distributed, and if not sufficient to be economically

distributed, authorizing the deposit of such assets in an account established by the Commissioner in accordance with § 443.304(c) of the Code;

8. Authorizing the transfer of title to records as described herein and authorizing TLHIGA and the Commissioner to destroy such records at their discretion;
9. Dissolving the corporate charter of Memorial Service;
10. Discharging the Receiver and SDR and all predecessors, and releasing all bonds;
11. Terminating the receivership of Memorial Service, but not the receivership estates of Lincoln Memorial and NPS;
12. Authorizing the SDR or its designated agent to sign any final tax documents and closing documents; and
13. Granting such further relief to which the Receiver and SDR may be entitled.

Respectfully submitted,

By: /s/ Christopher Fuller

Christopher Fuller

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Attorney for Jo Ann Howard & Associates, P.C.,  
Special Deputy Receiver of  
Memorial Service Life Insurance  
Company, Lincoln Memorial Life Insurance  
Company, and National Prearranged Services, Inc.

## **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 *Special Deputy Receiver's Final Accounting and Application to Terminate Memorial Service Life Insurance Company Receivership Proceeding* is hereby set for written submission before the Special Master, Tom Collins, on **March 17, 2025**.

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, at [specialmasterclerk@tdi.texas.gov](mailto:specialmasterclerk@tdi.texas.gov);
  - (b) The undersigned counsel, Christopher Fuller at [cfuller@fullerlaw.org](mailto:cfuller@fullerlaw.org); and
  - (c) All interested parties, including those listed on the SDR's Certificate of Service.
3. The objecting party shall coordinate with the SDR's counsel and the Docket Clerk [(512) 676-6915]] to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. 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.
5. **Please note that if an objection is not filed as described in the Notice of Submission, the Master may consider the Application without a hearing.**
6. **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.**
7. 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

## CERTIFICATE OF SERVICE

I certify that on March 3, 2025 a true and correct copy of this Application was served pursuant to the *Order of Liquidation, Order Approving Liquidation Plan and Permanent Injunction, and Amended Order of Reference*, the Court's order requiring electronic service, the Texas Rules of Civil Procedure, and TEX. INS. CODE ANN. § 443.007(d) on the following by electronic mail, except as specifically noted.

Via Email: [specialmasterclerk@tdi.texas.gov](mailto:specialmasterclerk@tdi.texas.gov)  
Tom Collins, Receivership Master  
c/o Special Master's Clerk  
RLO MC-FRD  
PO Box 12030  
Austin, TX 78711-2030

Via Email: [foloughlin@lrrlaw.com](mailto:foloughlin@lrrlaw.com)  
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Special Procedures Branch  
300 East 8<sup>th</sup> Street Suite 352  
Mail Stop 5026AUS  
Austin, TX 78701

/s/ Christopher Fuller  
Christopher Fuller



**SPECIAL DEPUTY RECEIVER'S VERIFICATION AND CERTIFICATION PURSUANT TO  
TEX. INS.CODE ANN. §443.017(b)  
AFFIDAVIT OF JO ANN HOWARD**

State of Texas

County of Travis

BEFORE ME, the undersigned authority appeared Jo Ann Howard, who after being by me duly sworn, stated the following under oath:

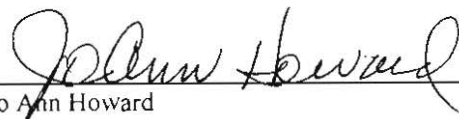
1. My name is Jo Ann Howard. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.

2. I am the President of Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Lincoln Memorial Life Insurance Company, Memorial Service Life Insurance Company, and National Prearranged Services, Inc. (the "SDR" and "Lincoln Memorial," "Memorial Service, and "NPS," respectively). I am duly authorized to make this Affidavit on behalf of the SDR.

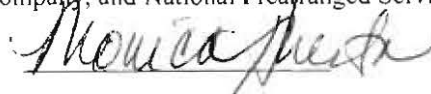
3. I certify that the exhibits submitted with the *Final Accounting and Application to Terminate Memorial Service Life Insurance Company Receivership Proceeding Only and Discharge Receiver and Special Deputy Receiver* were produced pursuant to TEX. INS. CODE ANN. §443.017, are either true and correct copies of records of the insurer and were received from the custody of the insurer or found among its effects or were created by and filed with the Receiver's office in connection with the receivership of these delinquent insurers, and are held by the Special Deputy Receiver in its official capacity.

4. I have read the *Final Accounting and Application to Terminate Memorial Service Life Insurance Company Receivership Proceeding Only and Discharge Receiver and Special Deputy Receiver* and the facts stated therein are true and correct based on my personal knowledge, my review of estate records and my consultation with my staff and sub-contractors.

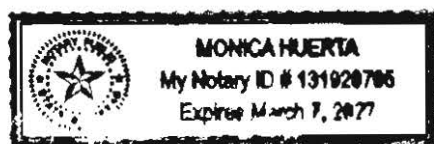
5. Further affiant sayeth not.

By:   
Jo Ann Howard

**SUBSCRIBED AND SWORN TO BEFORE ME** on February 28, 2025, by Jo Ann Howard, President of Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Lincoln Memorial Life Insurance Company, Memorial Service Life Insurance Company, and National Prearranged Services, Inc.



Notary Public



# **EXHIBIT 1**

ISL Ex.

**Memorial Service Life Insurance Company  
Statement of Net Assets**

**For the Period Ending  
02/26/25**

Line		02/26/25
<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	0
	APF Funds (Loan proceeds)	
<b>Investments</b>		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans (net of allowance)	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
	<i>Detail Item if any</i>	
	<i>Detail Item if any</i>	
<b>Restricted Assets</b>		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
	<i>Detail Item if any</i>	
	<i>Detail Item if any</i>	
<b>Reinsurance Receivable</b>		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0
15	Reinsurance Recoverables on UEP & Contingent Commissions	
<b>Other Receivables</b>		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders (net of allowance)	0
18	Receivable from Parents, Subsidiaries & Affiliates (net of allowance)	
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
	<i>Detail Item if any</i>	
	<i>Detail Item if any</i>	
<b>Other Assets</b>		
21	FF&E	
22	Other Assets (net of allowance)	
	<i>Detail Item if any</i>	
	<i>Detail Item if any</i>	
<b>Total Assets</b>		<b>0</b>

**Exhibit**

**1**

# **EXHIBIT 2**

**Memorial Service Life Insurance Company**  
**Statement of Net Liabilities**

**For Period Ending**  
**02/26/25**

Line		02/26/25
1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	
	Liquidation Oversight	
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	0
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
<b>Policy Claims - Class 2</b>		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	0
	Loss Claims Reserves	0
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
<b>Other Liabilities</b>		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	0
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	
	Unclassified Claims	
	<i>Detail Item if any</i>	
	<b>Total Liabilities</b>	0
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	0
	<b>Total Liabilities &amp; Equity</b>	0

# **EXHIBIT 3**

R-538

**Memorial Service Life Insurance Company**  
**Inception-to-Date Sources and Uses of Cash**  
**For the Period Ending**  
**2/26/25**

<b>Beginning Cash</b>	\$ 1,426,941
<b>Sources of Cash</b>	
Premium Collections	2,094,617
Affiliates Recovery	2,109,549
Other Receivable Receipts	3,717
Sales of Real & Personal Property	8,360
Cash Deposit Interest Income	15,851
<b>Total Cash Receipts</b>	<u>4,232,094</u>
<b>Uses of Cash</b>	
SDR Fees & Expenses	510,094
Legal Fees & Expenses	94,367
Subcontractor Other Fees & Expenses	547,184
General Administration Expenses	1,493,172
Other Expenses	315,387
<b>Total Disbursements for Operations</b>	<u>2,960,204</u>
Loss Claims Distributions	2,698,839
<b>Total Cash Distributions</b>	<u>2,698,839</u>
<b>Total Cash Disbursements &amp; Distributions</b>	5,659,043
<b>Ending Cash</b>	\$ 0
<b>Statement of Assets - Cash</b>	\$ <u><u>0</u></u>

**Exhibit**  
**3**

# **EXHIBIT 4**



**MEMORIAL SERVICE LIFE INSURANCE COMPANY**  
**DISPOSITION OF ASSETS SCHEDULE**  
**MSL Ex. 4**

ASSET DESCRIPTION	ASSET BALANCE AS OF 05/14/08	NEW ASSETS	SOURCE OF NEW ASSETS	ASSET RECOVERY	SOURCE OF RECOVERY	DATE OF RECOVERY	AMOUNT OF WRITE OFF	REASON FOR WRITE OFF	DATE OF WRITE OFF	SETTLEMENT	SOURCE OF SETTLEMENT	DATE OF SETTLMNT	ASSET BALANCE AS OF 2/26/25
<b>CASH</b>													
Beginning Cash	1,426,941	(1,426,949)	Cash from Operations Adjustment for 8 Rounding										
Subtotal	1,426,941	(1,426,941)		0			0			0			0
<b>INVESTMENTS</b>													
Accrued Interest		15,851	Interest Income	15,851	Interest Receipts	Various							0
Accrued Investment Income		130,000	Mt. Washington				130,000	Uncollectible	01/31/20				0
Accrued Invest. Income-Allowance		(130,000)	Mt. Washington				(130,000)	Uncollectible	01/31/20				0
Accrued Interest		110,555	Mt. Washington				110,555	Uncollectible	01/31/20				0
Accrued Interest Allowance		(110,555)	Mt. Washington				(110,555)	Uncollectible	01/31/20				0
Subtotal	0	15,851		15,851			0			0			0
<b>REINSURANCE</b>													
Reinsurance (See Note Below)	125,210,332	45,160,919	Addl. Reinsurance				170,371,251	Uncollectible	02/26/25				0
Allowance (See Note Below)	(125,210,332)	(45,160,919)	Addl. Reins. Allowance				(170,371,251)	Uncollectible	02/26/25				0
Subtotal	0	0		0			0			0			0
<b>RECEIVABLES</b>													
Premiums	431,344	2,094,617	Addl. Premiums	2,094,617	Premium Collections	Various	431,344	Uncollectible	02/26/25				0
Premiums-Allowance	(390,367)	(40,977)	Addl. Prem. Allowance				(431,344)	Uncollectible	02/26/25				0
Recv. from Parent, Affiliates		2,109,549	See Note Below	2,109,549	Funds from LML and NPS	Various							0
Other Receivables		3,717	Misc Receipts	3,717	Oth. Recv.	Various							0
Subtotal	40,977	4,166,906		4,207,883			0			0			0
<b>OTHER ASSETS</b>													
FF&E	469,174			8,360	Sale of FF&E	Various	460,814	See Note Below	Various				0
FF&E-Allowance	(450,000)						(450,000)	Adj. for Appraisal	11/30/09				0
Subtotal	19,174	0		8,360			10,814			0			0
<b>RESTRICTED ASSETS</b>													
Subtotal	0	0		0			0			0			0
<b>TOTAL</b>	1,487,092	2,755,816		4,232,094			10,814			0			0

**Reinsurance and Reinsurance Allowance**  
**Recv. From Parent, Affiliates - New Assets**  
**FF&E - Amount of Write Off & Reason**

This amount represents the loss and LAE reserves for amounts ceded under various reinsurance treaties. 100% of the amount is ceded to LML which is in receivership, and accordingly the amount was reserved. Am  
Represents \$1,268,888 advanced from LML for payment of pre-liquidation claims and \$840,661 received from NPS pursuant to CBA dated 9/25/15 authorizing funds to pay future administration costs including closin  
Represents \$441,506 adjustment for appraisal and \$19,308 written off for obsolete equipment.

# **EXHIBIT 5**

<b>Memorial Service Life Ins. Co.</b>					
<b>Estimated Closing Expenses</b>					
	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>Total</b>
<b>SDR Fees</b>					
Administration	\$1,230	\$4,000	\$2,500	\$2,500	\$10,230
Accounting	\$1,530	\$2,468	\$1,500	\$1,500	\$6,998
Claims	\$2,129	\$2,500	\$1,000	\$1,000	\$6,629
Expenses (copies, stamps, faxes)	\$21	\$1,500	\$300	\$100	\$1,921
	\$4,910	\$10,468	\$5,300	\$5,100	\$25,778
<b>General Admin Expenses</b>					
Bank Charges, Wiring Fees & Treasury Account	\$176	\$356	\$356	\$356	\$1,244
Courier	\$98	\$100	\$90	\$80	\$368
Envelopes/Paper	\$0	\$200	\$100	\$100	\$400
Liquidation Oversight Allocated Expenses	\$1,370	\$1,500	\$1,200	\$1,200	\$5,270
Special Master Fee	\$0	\$30	\$30	\$30	\$90
Unforeseen Expenses	\$188	\$500	\$500	\$500	\$1,688
	\$1,832	\$2,686	\$2,276	\$2,266	\$9,060
<b>Subcontractor Fees &amp; Expenses</b>					
Accounting Fees & Expenses- Petrosewicz & Company Inc.	\$866	\$1,464	\$1,100	\$1,100	\$4,530
Legal Fees & Expenses- Fuller Law Group	\$3,389	\$7,500	\$7,500	\$5,000	\$23,389
Legal Expenses - Inquest Resources	\$0	\$3,000	\$2,000	\$1,000	\$6,000
	\$4,255	\$11,964	\$10,600	\$7,100	\$33,919
<b>Other Fees &amp; Expenses</b>					
IT Services - EMKAY Associates/Insware/Ricoh	\$1,103	\$1,500	\$1,100	\$1,100	\$4,803
Records Storage - Safesite	\$666	\$1,360	\$1,360	\$1,360	\$4,746
Records Shredding -Safeshred	\$1,228	\$1,000	\$1,000	\$1,000	\$4,228
	\$2,996	\$3,860	\$3,460	\$3,460	\$13,777
<b>Total Projected Final Expenses</b>	<b>\$13,993</b>	<b>\$28,978</b>	<b>\$21,636</b>	<b>\$17,926</b>	<b>\$82,533</b>

# **EXHIBIT 6**

**ASSIGNMENT OF ASSETS OF MEMORIAL SERVICE  
LIFE INSURANCE COMPANY**

This Assignment of Assets (the "Assignment") is made by Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Memorial Service Life Insurance Company (the "SDR" and "Memorial Service," respectively), to Cassie Brown, the Commissioner of Insurance for the State of the Texas (the "Commissioner").

Whereas Memorial Service placed into liquidation on September 22, 2008 and Jo Ann Howard & Associates, P.C., is the appointed Special Deputy Receiver;

Whereas, the SDR does not believe it is in the best interests of the receivership estate of Memorial Service to continue the proceeding to attempt to collect any potential remaining assets;

Whereas, the Court has approved the SDR's *Final Accounting and Application to Terminate Memorial Service Life Insurance Company Receivership Proceeding Only and Discharge Receiver and Special Deputy Receiver* (the "Application"), and pursuant to such order the SDR has distributed the remaining cash assets of the receivership estate of Memorial Service;

Whereas, the Court's order approving the Application authorized the SDR to convey to the Commissioner any and all assets of Memorial Service remaining after the final distribution;

Therefore, for value received, the sufficiency of which is acknowledged, the SDR conveys to the Commissioner all right, title and interest in any and all assets of Memorial Service, whether known or unknown, and any assets that have been written off by Memorial Service or the SDR. Such right, title and interest shall include any and all claims, potential claims, suits, demands, causes of action, charges or grievances of any kind or character, regardless of the nature or extent, whether arising in tort, contract, by statute or otherwise, and includes claims for breach of fiduciary duty, constructive fraud and fraud. The unknown assets conveyed include those that may exist now or that may arise in the future. It is the intent of the parties to this Assignment to convey to the Commissioner all legal and equitable rights held by the receivership estate of Memorial Service, whether or not specifically identified herein.

This Assignment constitutes the entire agreement of the parties, and the parties expressly agree that its terms supersede any other agreements or understandings with respect to the subject matter of this Assignment. This Assignment shall not waive, release or otherwise affect any liabilities or obligations of any party to Memorial Service.

The laws of the State of Texas govern this Assignment, and venue and jurisdiction for any action to enforce this Assignment shall be in Travis County, Texas.

Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Memorial Service Life Insurance Company

By: \_\_\_\_\_  
Jo Ann Howard, President

THE STATE OF TEXAS,  
*Plaintiff,*

v.

MEMORIAL SERVICE LIFE  
INSURANCE COMPANY, LINCOLN  
MEMORIAL LIFE INSURANCE  
COMPANY, AND NATIONAL  
PREARRANGED SERVICES, INC.,  
*Defendants.*

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§

IN THE DISTRICT COURT OF

250<sup>th</sup> JUDICIAL DISTRICT

TRAVIS COUNTY, TEXAS

**ORDER GRANTING THE SPECIAL DEPUTY RECEIVER'S  
FINAL ACCOUNTING AND APPLICATION TO TERMINATE MEMORIAL SERVICE  
LIFE INSURANCE COMPANY RECEIVERSHIP PROCEEDING ONLY AND  
DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER**

The Court considered the *Final Accounting and Application to Terminate Memorial Service Life Insurance Company Receivership Proceeding Only and Discharge Receiver and Special Deputy Receiver* (the "Application"), filed by Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Company and National Prearranged Services, Inc. (the "SDR" and "'Memorial Service", "Lincoln Memorial" and "NPS" respectively).

1. The *Amended Order of Reference to Master* ("Order of Reference") entered by this Court provides that applications filed pursuant to § 443.007 of the Code are referred to the Special Master appointed in this proceeding;

2. The Application was submitted to the Special Master in accordance with the Order of Reference;

3. Notice of the Application was provided in accordance with § 443.007 (d) of the Code and the Order of Reference, and no objections to the Application were filed;

4. The Texas Life & Health Insurance Guaranty Association (“TLHIGA”) filed its acknowledgment and waiver;

5. The Special Master has issued a recommendation that the Application should be granted pursuant to Rule 171 of the Texas Rules of Civil Procedure;

6. The Court has jurisdiction over the Application, and the parties affected hereunder;  
and

7. The Application should be GRANTED in all respects.

All capitalized terms used herein shall have the same meaning as in the Application.

IT IS ORDERED, ADJUDGED, AND DECREED as follows:

1. The Application is granted;
2. The final financial statements, Exhibits 1 through 4 are admitted into evidence and approved;
3. The estimated expenses through the closing of the receivership are approved;
4. The SDR is authorized to advance funds from the Litigation Recoveries held by the NPS estate to the Memorial Service estate for closing expenses if necessary;
5. The SDR is authorized to transfer any Residual Funds to the Litigation Recoveries held by the NPS estate;
6. The form of the assignment of unknown assets to the Commissioner is approved and the SDR is authorized to execute and deliver the Assignment of Assets, Exhibit 6, to the Commissioner;
7. The reopening of this proceeding under § 443.353 of the Code is authorized, if any assigned assets collected and liquidated are, in the Commissioner’s discretion, sufficient to be economically distributed, and if not sufficient to be economically

distributed, the Commissioner is authorized to deposit such assets in an account established by the Commissioner in accordance with § 443.304(c) of the Code;

8. The transfer of title to records as described herein is approved and TLHIGA and the Commissioner are authorized to destroy such records at their discretion;
9. The corporate charter of Memorial Service is dissolved;
10. The Receiver and SDR and all predecessors are discharged and all bonds are released;
11. The receivership of Memorial Service is terminated, but the receivership estates of Lincoln Memorial and NPS remain open;
12. The SDR or its designated agent may sign any final tax documents and closing documents; and
13. The stay of actions against Memorial Service expires by operation of law.

SIGNED this \_\_\_\_ day of \_\_\_\_\_, 2025.

---

JUDGE PRESIDING



### Automated Certificate of eService

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Christopher Fuller on behalf of Christopher Fuller

Bar No. 07515500

cfuller@fullerlaw.org

Envelope ID: 98014429

Filing Code Description: Motion (No Fee)

Filing Description: FINAL ACCOUNTING AND APPLICATION TO TERMINATE MEMORIAL SERVICE LIFE INSURANCE COMPANY RECEIVERSHIP PROCEEDING ONLY AND DISCHARGE RECEIVER AND SPECIAL DEPUTY RECEIVER

Status as of 3/4/2025 9:13 AM CST

Associated Case Party: JO ANN HOWARD AND ASSOCIATES PC

Name	BarNumber	Email	TimestampSubmitted	Status
Christopher GFuller		cfuller@fullerlaw.org	3/3/2025 6:44:07 PM	SENT
Brian Falligant		bfalligant@inquestresources.com	3/3/2025 6:44:07 PM	SENT
Patricia Muniz		pmuniz@inquestresources.com	3/3/2025 6:44:07 PM	SENT

Associated Case Party: NORTHSTAR REINSURANCE IRELAND LIMITED

Name	BarNumber	Email	TimestampSubmitted	Status
Edward Kaye	24012942	ekaye@skeltonwoody.com	3/3/2025 6:44:07 PM	SENT

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Kimberly A. Yelkin		kyelkin@foley.com	3/3/2025 6:44:07 PM	SENT
Hector Deleon	5650800	hdeleon@dwlawtx.com	3/3/2025 6:44:07 PM	SENT
Jean Sustaita		specialmasterclerk@tdi.texas.gov	3/3/2025 6:44:07 PM	SENT
Daniel Price	24041725	dprice@sp-legal.com	3/3/2025 6:44:07 PM	SENT

Associated Case Party: PNC BANK NA

Name	BarNumber	Email	TimestampSubmitted	Status
Ryan Botkin	793366	ryan@bccastin.com	3/3/2025 6:44:07 PM	SENT

Associated Case Party: NORTH AMERICA LIFE INSURANCE COMPANY

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Christopher Fuller on behalf of Christopher Fuller

Bar No. 07515500

cfuller@fullerlaw.org

Envelope ID: 98014429

Filing Code Description: Motion (No Fee)

Filing Description: FINAL ACCOUNTING AND APPLICATION TO  
TERMINATE MEMORIAL SERVICE LIFE INSURANCE COMPANY  
RECEIVERSHIP PROCEEDING ONLY AND DISCHARGE RECEIVER  
AND SPECIAL DEPUTY RECEIVER

Status as of 3/4/2025 9:13 AM CST

Associated Case Party: NORTH AMERICA LIFE INSURANCE COMPANY

Name	BarNumber	Email	TimestampSubmitted	Status
Anthony Icenogle	10382948	anthony@icenoglefirm.com	3/3/2025 6:44:07 PM	SENT