

CAUSE NO. D-1-GV-13-000204

THE STATE OF TEXAS,  
Plaintiff

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IN THE DISTRICT COURT OF

v.

TRAVIS COUNTY, TEXAS

SANTA FE AUTO INSURANCE  
COMPANY  
Defendant

419<sup>th</sup> JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND  
SUMMARY STATEMENT OF EXPENSES  
(DECEMBER 1, 2013 THROUGH FEBRUARY 28, 2014)**

**TO THE HONORABLE DISTRICT COURT:**

Cantilo & Bennett, L.L.P., solely in its capacity as the Special Deputy Receiver of Santa Fe Auto Insurance Company (the "SDR" and "SFAIC" respectively), files this Financial Report and Summary Statement of Expenses of the receivership estate for the period of December 1, 2013 to February 28, 2014. The attached report is filed pursuant to TEX. INS. CODE ANN., §§ 443.015(2)(g) and 443.016(a) and the Court's Order Approving the SDR's Application for Approval of Fees and Expenses, entered on May 8, 2013.

The Special Deputy Receiver has served this Quarterly Financial Report to all known parties at interest, as shown in the certificate of service.

Respectfully submitted,

FULLER LAW GROUP

By: /s/Christopher Fuller

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**ATTORNEY FOR CANTILO & BENNETT,  
LLP, SPECIAL DEPUTY RECEIVER OF  
SANTA FE AUTO INSURANCE COMPANY**

**CERTIFICATE OF SERVICE**

I certify that on March 17, 2014, a true and correct copy of this SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (DECEMBER 1, 2013 TO FEBRUARY 28, 2014) was served pursuant to the Order of Reference, the Court's order on e-service, the Texas Rules of Civil Procedure and the TEX. INS. CODE ANN. SEC. 443.007(d) on the following by electronic mail, except as specifically otherwise noted.

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/s/Christopher Fuller

Christopher Fuller

**Santa Fe Auto Insurance Company**  
**Statement of Expenses**

For Period Ending  
02/28/14

	Total Dec	Total Jan	Total Feb	Total Quarter
<b>SDR</b>				
Cantilo & Bennett, LLP				
Partner/Attorney/	19,127.50	24,762.50	24,867.50	68,757.50
Partner/Attorney Travel	0.00	1,452.50	1,295.00	2,747.50
Partner/Attorney	2,870.00	787.50	5,495.00	9,152.50
Receivership Specialist/	133.00	28.50	0.00	161.50
Expenses	41.75	603.82	2,057.56	2,703.13
<b>Total SDR Billing</b>	<b>22,172.25</b>	<b>27,634.82</b>	<b>33,715.06</b>	<b>83,522.13</b>
<b>SDR Subcontractors - Legal</b>				
Fuller Law Group				
Attorney	10,340.00	7,760.00	10,580.00	28,680.00
Attorney-Travel	400.00	400.00	600.00	1,400.00
Expenses	1,240.72	15.00	1,525.76	2,781.48
<b>Total Billing</b>	<b>11,980.72</b>	<b>8,175.00</b>	<b>12,705.76</b>	<b>32,861.48</b>
Inquest Resources				
Paralegal	800.00	1,056.00	848.00	2,704.00
Receivership Specialist	450.00	330.00	952.50	1,732.50
Receivership Specialist/ Travel	22.50	0.00	22.50	45.00
Litigation Assistant/Records Mgr	409.50	1,143.00	1,773.00	3,325.50
Litigation Assistant/Records Mgr Travel	47.25	29.25	22.50	99.00
Clerical	0.00	0.00	165.00	165.00
Clerical-Travel	0.00	0.00	15.00	15.00
Expenses	158.83	0.00	11.28	170.11
<b>Total Billing</b>	<b>1,888.08</b>	<b>2,558.25</b>	<b>3,809.78</b>	<b>8,256.11</b>
<b>Total Legal Subcontractors</b>	<b>13,868.80</b>	<b>10,733.25</b>	<b>16,515.54</b>	<b>41,117.59</b>
<b>SDR Subcontractors - Other</b>				
Petrosewicz & Company, Inc				
Accountant-Principal/	833.00	2,873.00	1,003.00	4,709.00
Accountant-Principal Travel	0.00	425.00	0.00	425.00
Accountant	2,641.00	3,923.50	2,707.50	9,272.00
Expenses	165.48	427.27	97.60	690.35
<b>Total Billing</b>	<b>3,639.48</b>	<b>7,648.77</b>	<b>3,808.10</b>	<b>15,096.35</b>
Abaci, Inc.				
Project Manager	370.50	1,415.50	2,242.00	4,028.00
Project Manager - Travel	0.00	0.00	479.75	479.75
Technical Analyst	297.00	882.00	1,341.00	2,520.00
Technical Analyst - Travel	0.00	0.00	292.50	292.50
Expenses	0.00	0.00	496.11	496.11
<b>Total Billing</b>	<b>667.50</b>	<b>2,297.50</b>	<b>4,851.36</b>	<b>7,816.36</b>
EMKAY Associates				
Claims Manager/	1,168.50	380.00	1,501.00	3,049.50
Claims Manager/ Clerical	30.00	0.00	0.00	30.00
Claims Manager Travel	0.00	0.00	190.00	190.00
Claims Representative/	13,311.00	14,365.00	16,320.00	43,996.00
Claims Representative/Clerical	12.00	0.00	0.00	12.00
Claims Representative	3,366.00	2,278.00	2,796.50	8,440.50
Claims Representative Travel	0.00	0.00	314.50	314.50
Claims Representative	0.00	2,796.50	5,941.50	8,738.00
Claims Representative Clerical	270.00	300.00	375.00	945.00
Credit	(82.50)	0.00	0.00	(82.50)
Expenses	0.00	0.00	465.69	465.69
<b>Total Billing</b>	<b>18,075.00</b>	<b>20,119.50</b>	<b>27,904.19</b>	<b>66,098.69</b>

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**Santa Fe Auto Insurance Company  
Statement of Expenses**

**For Period Ending  
02/28/14**

	<b>Total Dec</b>	<b>Total Jan</b>	<b>Total Feb</b>	<b>Total Quarter</b>
Balboa Services Ltd Co.				
Reinsurance Accountant	1,322.50	0.00	0.00	1,322.50
Reinsurance Accountant-Travel	402.50	0.00	0.00	402.50
Reinsurance Accountant	3,275.00	0.00	0.00	3,275.00
Reinsurance Accountant-Travel	562.50	0.00	0.00	562.50
Expenses	933.38	0.00	0.00	933.38
	<b>6,495.88</b>	<b>0.00</b>	<b>0.00</b>	<b>6,495.88</b>
<b>Total Other SDR Subcontractors</b>	<b>28,877.86</b>	<b>30,065.77</b>	<b>36,563.65</b>	<b>95,507.28</b>
<b>Receivership Service Providers</b>				
Rogers, Mastrangelo, Carvalho & Mitchell-NV Claims Litigators	0.00	0.00	21,097.83	21,097.83
Building/Facilities	4,390.84	3,383.25	2,882.65	10,656.74
John R Ames, CTA (Building Property Taxes)	0.00	11,963.82	0.00	11,963.82
Employee Payroll, Payroll Taxes and Benefits	63,397.98	58,143.25	140,937.78	262,479.01
General Admin Expenses-Misc	556.88	907.01	2,107.01	3,570.90
Inventory/Storage Expenses	574.50	574.50	1,173.00	2,322.00
IT/Computer Fees	0.00	0.00	869.00	869.00
Mailing/Printing Expenses	804.10	524.77	613.79	1,942.66
Telephone	1,218.12	1,210.12	290.66	2,718.90
Peggy Edge, CPA -Audit of 401K Plan	0.00	9,800.00	0.00	9,800.00
Payroll Bank Account Fees	15.00	15.00	0.00	30.00
Operating Account	27.00	15.00	15.00	57.00
Statutory Deposit Bank Fees	0.00	275.00	275.00	550.00
Texas Treasury	100.05	99.87	97.24	297.16
<b>Total Other</b>	<b>71,084.47</b>	<b>86,911.59</b>	<b>170,358.96</b>	<b>328,355.02</b>
<b>Sub-Total SDR, Subcontractor &amp; Provider Expenses</b>				
<b>Sub-Total SDR, Subcontractor &amp; Provider Expenses</b>	<b>136,003.38</b>	<b>155,345.43</b>	<b>257,153.21</b>	<b>548,502.02</b>
<b>Liquidation Oversight Allocation</b>				
RLO Allocation	5,682.94	6,318.43	7,055.38	19,056.75
Special Master's Fees	0.00	1,128.42	0.00	1,128.42
<b>Total RLO &amp; SM Expense</b>	<b>5,682.94</b>	<b>7,446.85</b>	<b>7,055.38</b>	<b>20,185.17</b>
<b>Total Expenses</b>	<b>141,686.32</b>	<b>162,792.28</b>	<b>264,208.59</b>	<b>568,687.19</b>

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**Santa Fe Auto Insurance Company  
Statement of Net Assets**

**For the Period Ending  
02/28/14**

Line		02/28/14
<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	4,889,644
	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	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
<b>Restricted Assets</b>		
10	Statutory Deposits	2,235,472
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
<b>Reinsurance Receivable</b>		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	
15	Reinsurance Recoverables on UEP & Contingent Commissions	
<b>Other Receivables</b>		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	311,163
20	Other Receivables	
<b>Other Assets</b>		
21	FF&E	480,670
22	Other Assets	
	<b>Total Assets</b>	<b>7,916,949</b>

**NOTES**

Ref No.

- 10 Represents statutory deposits held with various states as follows: Texas \$2,000,000, New Mexico \$211,600, and Georgia \$25,012.



**Santa Fe Auto Insurance Company  
Statement of Net Assets**

**For the Period Ending  
02/28/14**

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13 Reinsurance recoverables are undetermined as of the report date due to the complexity of the company's records. In future months, an amount will be determined as information is obtained from company records.

21 Represents the following items:

Building & Land at Cost	792,828
Less: Allowance to fair market value based on 2013 appraisal by the Dallas Central Appraisal District	(312,158)
Office Equipment at Cost	167,575
Computer Equipment at Cost	834,408
Computer Software at Cost	141,855
Leasehold Improvements at Cost	193,036
Allowance to Estimated Fair Market Value pending Formal Appraisal	<u>(1,336,874)</u>
Estimated Value	<u><u>480,670</u></u>

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**Santa Fe Auto Insurance Company**  
**Changes in Net Assets for the Quarter Ending**

02/28/14

Line		11/30/13	02/28/14	Change
<b>Cash</b>				
1	Cash			
	Cash - Unrestricted	5,433,861	4,889,644	(544,217)
	APF Funds (Loan proceeds)	0	0	0
<b>Investments</b>				
2	Short-Term Investments	0	0	0
3	Bonds	0	0	0
4	Stocks - Preferred & Common	0	0	0
5	Investments in Subsidiaries, Controlled or Affiliated Entities	0	0	0
6	Mortgage Loans	0	0	0
7	Real Estate	0	0	0
8	Policy Loans	0	0	0
9	Other Invested Assets	0	0	0
<b>Restricted Assets</b>				
10	Statutory Deposits	2,236,612	2,235,472	(1,140)
11	Funds held by or deposited with Reinsured Companies	0	0	0
12	Restricted - Other	0	0	0
<b>Reinsurance Receivable</b>				
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0	0	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0	0	0
15	Reinsurance Recoverables on UEP & Contingent Commissions	0	0	0
<b>Other Receivables</b>				
16	Salvage & Subrogation Recoveries	0	0	0
17	Premiums Due from Agents & Policyholders	0	0	0
18	Receivable from Parents, Subsidiaries & Affiliates	0	0	0
19	Receivable from Guaranty Associations - Early Access Payments	312,326	311,163	(1,163)
20	Other Receivables	0	0	0
<b>Other Assets</b>				
21	FF&E	480,670	480,670	0
22	Other Assets	0	0	0
	<b>Total Assets</b>	<b>8,463,469</b>	<b>7,916,949</b>	<b>(546,520)</b>

Ref. No.

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**Santa Fe Auto Insurance Company**  
**Statement of Net Liabilities**

For Period Ending  
02/28/14

Line		02/28/14
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	87,070
	Liquidation Oversight	7,055
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	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	4,919,327
	Loss Claims Reserves	18,159,074
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	303,278
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	239,185
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	630,200
15	Class 5 Reinsurance Related Unsecured Claims	7,483,000
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	
	<b>Total Liabilities</b>	31,828,189
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(23,911,240)
	<b>Total Liabilities &amp; Equity</b>	7,916,949

**Santa Fe Auto Insurance Company  
Statement of Net Liabilities**

**For Period Ending  
02/28/14**

**NOTES**

Ref. All amounts recorded based on adjudicated claims unless otherwise specified

7 Represents amounts reserved based on information received from the Arkansas, Arizona, Georgia, New Mexico, Nevada, Oklahoma, Utah and Texas guaranty associations. The appropriateness and reasonableness of the reserve amounts will be determined and updated by TPCIGA and the other associations, and reviewed by the SDR in future months.

8 Represents amounts reserved for unclaimed claims payments based on review of the company books and records.

10 Represents amounts reserved based on information received from the Arkansas, Arizona, Georgia, New Mexico, Nevada, Oklahoma, Utah and Texas guaranty associations. The appropriateness and reasonableness of the reserve amounts will be determined and updated by TPCIGA and the other associations, and reviewed by the SDR in future months.

14 Represents amounts reserved based on review of company books and records. In July 2013, the proof of claim process ("POC") was approved by the receivership court, and POC forms and instructions were mailed to potential claimants in August 2013. The POC deadline is October 5, 2014. As a result, this amount has not been formally adjudicated, and will be updated as warranted throughout the POC process.

15 Represents amounts reserved based on review of company books and records as of date of receivership. Potentially offsetting reinsurance assets are undetermined at this time.

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**Santa Fe Auto Insurance Company**  
**Changes in Net Liabilities for the Quarter Ending**

02/28/14

Line		11/30/13	02/28/14	Change
1	Secured Claims	0	0	0
2	APF Loan	0	0	0
3	Special Deposit Claims	0	0	0
<b>Administrative Claims - Class 1</b>				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	89,210	87,070	(2,140)
	Liquidation Oversight	6,916	7,055	139
	Special Master's Fees	0	0	0
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	0	0	0
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	0	0	0
	LAE Reserves	0	0	0
<b>Policy Claims - Class 2</b>				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	2,960,619	4,919,327	1,958,708
	Loss Claims Reserves	20,166,858	18,159,074	(2,007,784)
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	303,278	303,278	0
9	LAE - Other	0	0	0
10	Unearned & Advance Premium Claims - GA	237,904	239,185	1,281
11	Unearned & Advance Premium Claims - Other	0	0	0
<b>Other Liabilities</b>				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	630,200	630,200	0
15	Class 5 Reinsurance Related Unsecured Claims	7,483,000	7,483,000	0
16	Class 6 Claims	0	0	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	0	0	0
19	Class 9 Claims	0	0	0
20	Class 10 Interest	0	0	0
21	Class 11 Claims	0	0	0
22	Other Liabilities	0	0	0
	Detail Item if any			
	Detail Item if any			
	<b>Total Liabilities</b>	31,877,985	31,828,189	(49,796)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(23,414,516)	(23,911,240)	(496,724)
	<b>Total Liabilities &amp; Equity</b>	<b>8,463,469</b>	<b>7,916,949</b>	<b>(546,520)</b>

**Santa Fe Auto Insurance Company**  
**Sources & Uses of Cash**

For Period Ending  
02/28/14

	Qtr Ending Feb-14
<b>Income</b>	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	5,889
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	8,734
Sale of Real & Personal Property	11,966
Investment Sales/Receipts	0
Other Asset Receipts	0
<b>Total Receipts from Assets/Receivables</b>	<b>26,589</b>
Interest & Dividend Receipts, EA Interest	538
Cash Deposit Interest	201
<b>Total Cash Receipts</b>	<b>27,328</b>
<b>Disbursements</b>	
SDR Fees & Expenses	79,983
Subcontractor Legal Fees & Expenses	48,867
Subcontractor Other Fees & Expenses	93,813
Non-Subcontractor Fees & Expenses	0
Other Expenses	328,936
RLO Fees & Expenses	19,946
<b>Total Disbursements for Operations</b>	<b>571,545</b>
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
<b>Total Cash Distributions</b>	<b>0</b>
<b>Total Cash Disbursements &amp; Distributions</b>	<b>571,545</b>
<b>APF Loan Proceeds (Repayment)</b>	<b>0</b>
<b>Net Increase(Decrease) in Cash</b>	<b>(544,217)</b>
<b>Cash at Beginning of Period</b>	<b>5,433,861</b>
<b>Cash at End of Period</b>	<b>4,889,644</b>