

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

<p>THE STATE OF TEXAS, Plaintiff</p> <p>v.</p> <p>SANTA FE AUTO INSURANCE COMPANY Defendant</p>	<p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p>	<p>IN THE DISTRICT COURT OF</p> <p>TRAVIS COUNTY, TEXAS</p> <p>419th JUDICIAL DISTRICT</p>
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SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(MARCH 1, 2014 THROUGH MAY 31, 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 June 16, 2014, a true and correct copy of this SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (MARCH 1, 2014 TO MAY 31, 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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**Santa Fe Auto Insurance Company
Statement of Expenses**

**For Period Ending
05/31/14**

	Total Mar	Total Apr	Total May	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney/	25,760.00	20,860.00	22,417.50	69,037.50
Partner/Attorney Travel	743.75	87.50	612.50	1,443.75
Partner/Attorney	1,767.50	1,347.50	1,470.00	4,585.00
Expenses	3,570.80	20.97	625.77	4,217.54
Total SDR Billing	31,842.05	22,315.97	25,125.77	79,283.79
SDR Subcontractors - Legal				
Fuller Law Group				
Attorney	6,360.00	4,040.00	5,500.00	15,900.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	6,360.00	4,040.00	5,500.00	15,900.00
Inquest Resources				
Paralegal	1,288.00	848.00	1,224.00	3,360.00
Paralegal Travel	40.00	0.00	0.00	40.00
Receivership Specialist	675.00	682.50	127.50	1,485.00
Litigation Assistant/Records Mgr	549.00	324.00	189.00	1,062.00
Litigation Assistant/Records Mgr Travel	45.00	13.50	0.00	58.50
Expenses	291.64	19.50	14.55	325.69
Total Billing	2,888.64	1,887.50	1,555.05	6,331.19
Total Legal Subcontractors	9,248.64	5,927.50	7,055.05	22,231.19
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/	646.00	2,499.00	3,094.00	6,239.00
Accountant	2,916.50	1,653.00	2,612.50	7,182.00
Expenses	171.50	39.62	38.51	249.63
Total Billing	3,734.00	4,191.62	5,745.01	13,670.63
Abaci, Inc.				
Project Manager	180.50	171.00	142.50	494.00
Technical Analyst	4,230.00	1,719.00	1,125.00	7,074.00
Technical Analyst - Travel	211.50	0.00	67.50	279.00
Expenses	110.88	0.00	0.00	110.88
Total Billing	4,732.88	1,890.00	1,335.00	7,957.88
EMKAY Associates				
Claims Manager/	1,748.00	1,871.50	817.00	4,436.50
Claims Representative/	14,909.00	16,150.00	13,795.50	44,854.50
Claims Representative	4,199.00	4,352.00	2,150.50	10,701.50
Claims Representative	3,791.00	357.00	569.50	4,717.50
Claims Representative Clerical	360.00	75.00	75.00	510.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	25,007.00	22,805.50	17,407.50	65,220.00
Total Other SDR Subcontractors	33,473.88	28,887.12	24,487.51	86,848.51
Receivership Service Providers				

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

**For Period Ending
05/31/14**

	Total Mar	Total Apr	Total May	Total Quarter
Building/Facilities	3,875.98	724.91	0.00	4,600.89
Charges & Deductions-Sale of Building Closing Statement	37,933.75	0.00	0.00	37,933.75
Inventory/Storage Expenses	580.00	739.50	742.00	2,061.50
IT/Computer Fees	3,566.37	2,702.59	4,455.49	10,724.45
Mailing/Printing Expenses	330.24	283.55	180.79	794.58
General Admin Expenses-Misc (Business Liability Insurance)	0.00	616.00	0.00	616.00
Telephone	1,466.87	2,781.29	599.50	4,847.66
Operating Account	40.00	0.00	15.00	55.00
Investment Account Fees-Century Trust (NM Stat Deposit)	0.00	0.00	66.25	66.25
Texas Treasury	86.65	97.32	0.00	183.97
Total Other	47,879.86	7,945.16	6,059.03	61,884.05
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	122,444.43	65,075.75	62,727.36	250,247.54
Liquidation Oversight Allocation				
RLO Allocation	9,316.83	5,671.83	2,300.45	17,289.11
Special Master's Fees	0.00	390.52	0.00	390.52
Total RLO & SM Expense	9,316.83	6,062.35	2,300.45	17,679.63
Total Expenses	131,761.26	71,138.10	65,027.81	267,927.17

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

**For the Period Ending
05/31/14**

Line		05/31/14
Cash		
1	Cash	
	Cash - Unrestricted	7,269,603
	APF Funds (Loan proceeds)	
Investments		
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	
Restricted Assets		
10	Statutory Deposits	130,242
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
Reinsurance Receivable		
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	
Other Receivables		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	416,391
20	Other Receivables	
Other Assets		
21	FF&E	
22	Other Assets	
	Total Assets	7,816,236

NOTES

Ref No.

- 10 Represents statutory deposits held with various states as follows: New Mexico \$105,230, and Georgia \$25,012.

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

**For the Period Ending
05/31/14**

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.

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

05/31/14

Line		02/28/14	05/31/14	Change
Cash				
1	Cash			
	Cash - Unrestricted	4,889,644	7,269,603	2,379,959
	APF Funds (Loan proceeds)	0	0	0
Investments				
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
Restricted Assets				
10	Statutory Deposits	2,235,472	130,242	(2,105,230)
11	Funds held by or deposited with Reinsured Companies	0	0	0
12	Restricted - Other	0	0	0
Reinsurance Receivable				
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
Other Receivables				
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	311,163	416,391	105,228
20	Other Receivables	0	0	0
Other Assets				
21	FF&E	480,670	0	(480,670)
22	Other Assets	0	0	0
	Total Assets	7,916,949	7,816,236	(100,713)

Ref. No.

10 Reflects release of Texas Statutory Deposit funds to unrestricted funds

11 Reflects receipts of Texas Statutory Deposit funds

19 Reflects payment to New Mexico GA

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Santa Fe Auto Insurance Company
Statement of Net Liabilities

For Period Ending
05/31/14

Line		05/31/14
1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
Administrative Claims - Class 1		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	56,669
	Liquidation Oversight	2,300
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
Policy Claims - Class 2		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	6,810,378
	Loss Claims Reserves	15,399,418
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	303,278
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	242,993
11	Unearned & Advance Premium Claims - Other	
Other Liabilities		
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	
	Total Liabilities	30,928,236
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(23,112,000)
	Total Liabilities & Equity	7,816,236

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

**For Period Ending
05/31/14**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref.

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

05/31/14

Line		02/28/14	05/31/14	Change
1	Secured Claims	0	0	0
2	APF Loan	0	0	0
3	Special Deposit Claims	0	0	0
Administrative Claims - Class 1				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	87,070	56,669	(30,401)
	Liquidation Oversight	7,055	2,300	(4,755)
	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
Policy Claims - Class 2				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	4,919,327	6,810,378	1,891,051
	Loss Claims Reserves	18,159,074	15,399,418	(2,759,656)
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	239,185	242,993	3,808
11	Unearned & Advance Premium Claims - Other	0	0	0
Other Liabilities				
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			
	Total Liabilities	31,828,189	30,928,236	(899,953)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(23,911,240)	(23,112,000)	799,240
	Total Liabilities & Equity	7,916,949	7,816,236	(100,713)

Santa Fe Auto Insurance Company
Sources & Uses of Cash

For Period Ending
05/31/14

	Qtr Ending May-14
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	4,696
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	8,350
Sale of Real & Personal Property	622,001
Investment Sales/Receipts	0
Other Asset Receipts	2,105,228
Total Receipts from Assets/Receivables	2,740,275
Interest & Dividend Receipts, EA Interest	7,565
Cash Deposit Interest	331
Total Cash Receipts	2,748,171
Disbursements	
SDR Fees & Expenses	87,873
Subcontractor Legal Fees & Expenses	31,692
Subcontractor Other Fees & Expenses	98,924
Non-Subcontractor Fees & Expenses	0
Other Expenses	22,061
RLO Fees & Expenses	22,434
Total Disbursements for Operations	262,984
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	105,228
Refunds & Other Distributions	0
Total Cash Distributions	105,228
Total Cash Disbursements & Distributions	368,212
APF Loan Proceeds (Repayment)	0
Net Increase(Decrease) in Cash	2,379,959
Cash at Beginning of Period	4,889,644
Cash at End of Period	7,269,603