

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

THE STATE OF TEXAS,
Plaintiff

v.

SANTA FE AUTO INSURANCE
COMPANY
Defendant

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

419th JUDICIAL DISTRICT

SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND
SUMMARY STATEMENT OF EXPENSES
(JUNE 1, 2014 THROUGH AUGUST 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 June 1, 2014 to August 31, 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,

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By: /s/Christopher Fuller

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LLP, SPECIAL DEPUTY RECEIVER OF
SANTA FE AUTO INSURANCE COMPANY**

CERTIFICATE OF SERVICE

I certify that on September 15, 2014, a true and correct copy of this SPECIAL DEPUTY RECEIVER'S QUARTERLY FINANCIAL REPORT AND SUMMARY STATEMENT OF EXPENSES (JUNE 1, 2014 TO AUGUST 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
08/31/14

	Total June	Total July	Total Aug	Total Quarter
SDR				
Cantilo & Bennett, LLP				
Partner/Attorney/	25,375.00	24,535.00	23,520.00	73,430.00
Partner/Attorney Travel	0.00	962.50	0.00	962.50
Partner/Attorney	2,380.00	1,155.00	2,660.00	6,195.00
Expenses	95.11	57.41	953.07	1,105.59
Total SDR Billing	27,850.11	26,709.91	27,133.07	81,693.09
SDR Subcontractors - Legal				
Fuller Law Group				
Attorney	5,000.00	8,840.00	9,980.00	23,820.00
Attorney-Travel	0.00	600.00	0.00	600.00
Expenses	0.00	865.42	5.00	870.42
Total Billing	5,000.00	10,305.42	9,985.00	25,290.42
Inquest Resources				
Paralegal	736.00	3,640.00	2,952.00	7,328.00
Receivership Specialist	1,305.00	2,595.00	5,257.50	9,157.50
Receivership Specialist/ Travel	0.00	0.00	112.50	112.50
Litigation Assistant/Records Mgr	198.00	684.00	454.50	1,336.50
Litigation Assistant/Records Mgr Travel	0.00	31.50	15.75	47.25
Clerical	687.00	348.00	780.00	1,815.00
Clerical-Travel	16.50	0.00	36.00	52.50
Expenses	55.64	133.37	40.83	229.84
Total Billing	2,998.14	7,431.87	9,649.08	20,079.09
Total Legal Subcontractors	7,998.14	17,737.29	19,634.08	45,369.51
SDR Subcontractors - Other				
Petrosewicz & Company, Inc				
Accountant-Principal/	1,751.00	1,343.00	901.00	3,995.00
Accountant	1,748.00	1,168.50	1,852.50	4,769.00
Clerical/	0.00	0.00	60.00	60.00
Expenses	30.70	27.49	51.90	110.09
Total Billing	3,529.70	2,538.99	2,865.40	8,934.09
Abaci, Inc.				
Project Manager	104.50	731.50	456.00	1,292.00
Technical Analyst	765.00	1,836.00	117.00	2,718.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	869.50	2,567.50	573.00	4,010.00
EMKAY Associates				
Claims Manager/	836.00	788.50	1,928.50	3,553.00
Claims Representative/	15,189.50	14,543.50	12,954.00	42,687.00
Claims Representative	1,368.50	2,958.00	3,663.50	7,990.00
Claims Representative	510.00	731.00	0.00	1,241.00
Claims Representative Clerical		321.00	0.00	321.00
Claims Representative Clerical	15.00	60.00	60.00	135.00
Expenses	0.00	0.00	0.00	0.00
Total Billing	17,919.00	19,402.00	18,606.00	55,927.00
Total Other SDR Subcontractors	22,318.20	24,508.49	22,044.40	68,871.09
Receivership Service Providers				
Inventory/Storage Expenses	755.00	753.50	733.50	2,242.00

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

**For Period Ending
08/31/14**

	Total June	Total July	Total Aug	Total Quarter
IT/Computer Fees	1,482.38	1,562.38	1,482.38	4,527.14
Mailing/Printing Expenses	177.91	268.10	499.82	945.83
Telephone	528.90	418.95	317.70	1,265.55
Operating Account	0.00	15.00	0.00	15.00
Investment Account Fees-Century Trust (NM Stat Deposit)	26.69	0.00	0.00	26.69
Investment Account Fees-US Bank (GA Stat Deposit)	0.00	137.50	0.00	137.50
Texas Treasury	216.60	127.71	130.87	475.18
Total Other	3,187.48	3,283.14	3,164.27	9,634.89
Sub-Total SDR, Subcontractor & Provider Expenses				
Sub-Total SDR, Subcontractor & Provider Expenses	61,353.93	72,238.83	71,975.82	205,568.58
Liquidation Oversight Allocation				
RLO Allocation	2,849.58	3,294.65	3,699.99	9,844.22
Special Master's Fees	0.00	0.00	0.00	0.00
Total RLO & SM Expense	2,849.58	3,294.65	3,699.99	9,844.22
Total Expenses	64,203.51	75,533.48	75,675.81	215,412.80

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

**For the Period Ending
08/31/14**

Line		08/31/14
Cash		
1	Cash	
	Cash - Unrestricted	7,070,417
	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	129,986
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	7,616,794

NOTES

Ref No.

- 10 Represents statutory deposits held with various states as follows: New Mexico \$104,974, and Georgia \$25,012.

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

**For the Period Ending
08/31/14**

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

08/31/14

Line		05/31/14	08/31/14	Change
Cash				
1	Cash			
	Cash - Unrestricted	7,269,603	7,070,417	(199,186)
	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	130,242	129,986	(256)
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	416,391	416,391	0
20	Other Receivables	0	0	0
Other Assets				
21	FF&E	0	0	0
22	Other Assets	0	0	0
	Total Assets	7,816,236	7,616,794	(199,442)

Ref. No.

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

**For Period Ending
08/31/14**

Line		08/31/14
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	68,812
	Liquidation Oversight	3,700
	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	8,699,142
	Loss Claims Reserves	13,442,173
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	303,278
9	LAE - Other	
10	Unearned & Advance Premium Claims - GA	238,517
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	30,868,822
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(23,252,028)
	Total Liabilities & Equity	7,616,794

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

**For Period Ending
08/31/14**

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

08/31/14

Line		05/31/14	08/31/14	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	56,669	68,812	12,143
	Liquidation Oversight	2,300	3,700	1,400
	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	6,810,378	8,699,142	1,888,764
	Loss Claims Reserves	15,399,418	13,442,173	(1,957,245)
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	242,993	238,517	(4,476)
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	30,928,236	30,868,822	(59,414)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(23,112,000)	(23,252,028)	(140,028)
	Total Liabilities & Equity	7,816,236	7,616,794	(199,442)

Santa Fe Auto Insurance Company
Sources & Uses of Cash

For Period Ending
08/31/14

	Qtr Ending Aug-14
Income	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	73
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	1,528
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
Total Receipts from Assets/Receivables	1,601
Interest & Dividend Receipts, EA Interest	798
Cash Deposit Interest	259
Total Cash Receipts	2,658
Disbursements	
SDR Fees & Expenses	79,686
Subcontractor Legal Fees & Expenses	32,790
Subcontractor Other Fees & Expenses	71,314
Non-Subcontractor Fees & Expenses	0
Other Expenses	9,609
RLO Fees & Expenses	8,445
Total Disbursements for Operations	201,844
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
Total Cash Distributions	0
Total Cash Disbursements & Distributions	201,844
APF Loan Proceeds (Repayment)	0
Net Increase(Decrease) in Cash	(199,186)
Cash at Beginning of Period	7,269,603
Cash at End of Period	7,070,417