

Velva L. Price  
District Clerk  
Travis County  
D-1-GN-18-001933  
Sandra Henriquez

NO. D-1-GN-18-001933

TEXAS DEPARTMENT OF INSURANCE §  
VS. §  
GRAND COURT ORDER OF CALANTHE §  
§  
§  
IN THE DISTRICT COURT OF  
TRAVIS COUNTY, TEXAS  
250TH JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER'S SUMMARY STATEMENT OF EXPENSES AND FINANCIAL REPORT FOR THE PERIOD ENDING AUGUST 31, 2018**  
**(Grand Court Order of Calanthe)**

COMES NOW, Resolution Oversight Corporation, Special Deputy Receiver under contract to the Permanent Receiver of the Grand Court Order of Calanthe, pursuant to TEX. INS. CODE ANN. §§443.015(g) and 443.016(a), and presents to this Court its *Summary Statement of Expenses and Financial Report for the Period Ending August 31, 2018* for the Grand Court Order of Calanthe.

Attached is the Summary Statement of Expenses for the quarter ending August 31, 2018. The Statement of Expenses includes the expenses of the Special Deputy Receiver, its approved sub-contractors, and an allocation of the expenses of the Texas Department of Insurance Rehabilitation & Liquidation Oversight. Also attached is the Financial Report for the quarter ending August 31, 2018.

Respectfully submitted,

THE STROUD FIRM, PLLC  
16000 Pool Canyon Rd.  
Austin, Texas 78734  
Telephone: 512/293-8244  
Email: [rstroud@thestroudfirm.com](mailto:rstroud@thestroudfirm.com)

By: /s/ Rachel J. Stroud  
Rachel J. Stroud  
State Bar No. 19424700

Attorneys the Special Deputy Receiver

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served on all interested parties in accordance with the Texas Rules of Civil Procedure and TEX. INS. CODE ANN. § 443.007(d) this 17th day of September, 2018.

Mr. Tom Collins, Special Master  
Texas Department of Insurance  
333 Guadalupe, Tower III, 5th Fl., MC-305-1D  
Austin, Texas 78701  
Email: specialmasterclerk@tdi.texas.gov

Mr. Moses Chao  
Mr. David Wheelus  
Mr. James Kennedy  
Texas Department of Insurance  
P.O. Box 149104  
Austin, Texas 78714  
Email: mores.chao@tdi.texas.gov  
Email: david.wheelus@tdi.texas.gov  
Email: james.kennedy@tdi.texas.gov

Ms. Ann Hartley, Asst. Attorney General  
Attorney General's Office  
P.O. Box 12548  
Austin, Texas 78711-2548  
Email: ann.hartley@oag.texas.gov

Ms. Sharon Williams  
Mr. Lloyd Randolph  
United States Department of Justice  
P.O. Box 875, Ben Franklin Station  
Washington, DC 20044-0875  
Via Email: sharon.williams@usdoj.gov  
Via Email: lloyd.randolph@usdoj.gov

Ms. Kimberly Yelkin (Attorney for Grand Court  
Order of Calanthe)  
Foley Gardere  
600 Congress Avenue, Suite 3000  
Austin, Texas 78701-2978  
Email: kyelkin@gardere.com

Mr. Ryan T. Cloud, General Counsel  
Guggenheim Life and Annuity Company  
Clear Spring Life Insurance Company  
227 West Monroe  
Chicago, IL 60606  
Email: Ryan.Cloud@GuggenheimInsurance.com

Mr. Stephen M. Coons  
Chief Legal Officer, Insurance  
Guggenheim Insurance  
401 Pennsylvania Parkway, Suite 300  
Indianapolis, IN 46280  
Email: steve.coons@guggenheiminsurance.com

Mr. Richard M. Rubenstein  
Jackson Rubenstein, PLLC  
4167 Westport Road, Suite 1  
Louisville, Kentucky 40207  
Email: RRubenstein@jacksonrubenstein.com

Ms. Carrie Rupprath  
Ms. Rachel Giani  
Winstead PC  
401 Congress Ave, Suite 2100  
Austin, Texas 78701  
Email: crupprath@winstead.com  
Email: rgiani@winstead.com

/s/ Rachel J. Stroud  
Rachel J. Stroud  
Email: rstroud@thestroutfirm.com

**GRAND COURT ORDER OF CALANTHE IN RECEIVERSHIP**  
**Statement of Expenses**

For the Quarter Ending  
8/31/18

	Jun	Jul	Aug	Total Quarter
<b>SDR</b>				
Resolution Oversight Corporation				
SDR	\$23,341.00	\$18,989.00	\$16,405.00	\$58,735.00
SDR Travel	2,983.50	1,479.00	1,411.00	5,873.50
Estate Accountant	12,130.00	11,080.00	10,930.00	34,140.00
Estate Accountant Travel	2,000.00	2,230.00	1,050.00	5,280.00
Claims Adjuster	7,624.00	8,864.00	9,560.00	26,048.00
Claims Adjuster Travel	720.00	1,060.00	1,080.00	2,860.00
Clerical	7,484.40	5,252.80	1,666.00	14,403.20
Expenses	8,748.38	7,025.00	5,284.35	21,057.73
<b>Total SDR Billing</b>	<b>65,031.28</b>	<b>55,979.80</b>	<b>47,386.35</b>	<b>168,397.43</b>
<b>SDR Subcontractors- Legal</b>				
The Stroud Firm, PLLC				
Attorney	0.00	0.00	1,176.00	1,176.00
Attorney	24,975.00	19,018.00	14,855.50	58,848.50
Attorney Travel	2,849.00	1,554.00	444.00	4,847.00
Clerical	364.00	252.00	455.00	1,071.00
Expenses	2,981.19	1,481.78	792.18	5,255.15
<b>Total Billing</b>	<b>31,169.19</b>	<b>22,305.78</b>	<b>17,722.68</b>	<b>71,197.65</b>
Brian E. Riewe, PC				
Senior Attorney	758.50	943.50	1,702.00	3,404.00
Paralegal	1,035.50	304.00	209.00	1,548.50
Expenses	116.35	15.60	0.00	131.95
<b>Total Billing</b>	<b>1,910.35</b>	<b>1,263.10</b>	<b>1,911.00</b>	<b>5,084.45</b>
<b>Total Legal Subcontractors</b>	<b>33,079.54</b>	<b>23,568.88</b>	<b>19,633.68</b>	<b>76,282.10</b>
<b>SDR Subcontractors- Other</b>				
Emkay Associates				
Claims Manager	9.50	0.00	0.00	9.50
IT Representative	2,593.50	2,812.00	2,289.50	7,695.00
IT Representative Travel	261.25	270.75	0.00	532.00
Expenses	342.00	403.24	0.00	745.24
<b>Total Other SDR Subcontractors</b>	<b>3,206.25</b>	<b>3,485.99</b>	<b>2,289.50</b>	<b>8,981.74</b>
<b>Receivership Service Providers</b>				
Non-Subcontractor Fees & Expenses	2,939.75	2,683.25	2,050.00	7,673.00
Other Expenses	3,515.39	2,271.80	2,804.44	8,591.63
Bank Fees				
Chase SDR operating account	0.00	65.76	55.37	121.13
Bank of America company operating	170.73	65.41	69.86	306.00
<b>Total Receivership Service Providers</b>	<b>6,625.87</b>	<b>5,086.22</b>	<b>4,979.67</b>	<b>16,691.76</b>
<b>Subtotal SDR, Subcontractor &amp; Provider Expenses</b>				
<b>Subtotal SDR, Subcontractor &amp; Provider Expenses</b>	<b>107,942.94</b>	<b>88,120.89</b>	<b>74,289.20</b>	<b>270,353.03</b>
<b>Liquidation Oversight Allocation</b>				
RLO Allocation	0.00	0.00	0.00	0.00
Special Master's Fees	0.00	0.00	60.00	60.00
<b>Total Liquidation Oversight &amp; Special Master Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>60.00</b>	<b>60.00</b>
<b>Total Expenses</b>	<b>\$107,942.94</b>	<b>\$88,120.89</b>	<b>\$74,349.20</b>	<b>\$270,413.03</b>

**GRAND COURT ORDER OF CALANTHE IN RECEIVERSHIP**  
**Statement of Net Assets**

8/31/18

Line	8/31/18	
<b>Cash</b>		
1	Cash	
	Cash- Unrestricted	0
	APF Funds (Loan proceeds)	122,346
<b>Investments</b>		
2	Short-Term Investments	
3	Bonds	0
4	Stocks- Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans	
7	Real Estate	0
8	Policy Loans	
9	Other Invested Assets	
<b>Restricted Assets</b>		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	1,048,864
12	Restricted- Other	
<b>Reinsurance Receivables</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	7,395
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations- Early Access Payments	
20	Other Receivables	
<b>Other Assets</b>		
21	FF&E	
22	Other Assets	
	EDP equipment	300
<b>Total Assets</b>		<b>1,178,905</b>

**NOTES**

Ref No.

3, 7 Net of a 100% valuation allowance.

**GRAND COURT ORDER OF CALANTHE IN RECEIVERSHIP**  
**Changes in Net Assets**

For the Quarter Ending  
8/31/18

Line		Assets at 5/31/18	Assets at 8/31/18	Change
<b>Cash</b>				
1	Cash			
	Cash- Unrestricted	70,449	0	(70,449)
	APF Funds (Loan proceeds)		122,346	122,346
<b>Investments</b>				
2	Short-Term Investments			0
3	Bonds	0	0	0
4	Stocks- Preferred & Common			0
5	Investments in Subsidiaries, Controlled or Affiliated Entities			0
6	Mortgage Loans			0
7	Real Estate	0	0	0
8	Policy Loans			0
9	Other Invested Assets			0
<b>Restricted Assets</b>				
10	Statutory Deposits			0
11	Funds held by or deposited with Reinsured Companies	1,048,482	1,048,864	382
12	Restricted- Other			
<b>Reinsurance Receivables</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			0
<b>Other Receivables</b>				
16	Salvage & Subrogation Recoveries			0
17	Premiums Due from Agents & Policyholders	8,000	7,395	(605)
18	Receivable from Parents, Subsidiaries & Affiliates			0
19	Receivable from Guaranty Associations- Early Access Payments			0
20	Other Receivables			0
<b>Other Assets</b>				
21	FF&E			0
22	Other Assets			
	EDP equipment	300	300	0
	<b>Total Assets</b>	<b>1,127,231</b>	<b>1,178,905</b>	<b>51,674</b>

**GRAND COURT ORDER OF CALANTHE IN RECEIVERSHIP**  
**Statement of Net Liabilities**

8/31/18

Line		8/31/18
1	Secured Claims	
2	APF Loan	240,000
3	Special Deposit Claims	
<b>Administrative Claims- Class 1</b>		
4	Administrative Claims- State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	71,407
	Liquidation Oversight	
	Special Master's Fees	60
5	Administrative Claims- Guaranty Associations	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE- Guaranty Associations	
	LAE Paid	
	LAE Reserves	
<b>Policy Claims- Class 2</b>		
7	Loss Claims- Guaranty Associations	
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims- Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	1,048,864
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	
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	
	<b>Total Liabilities</b>	1,360,331
23	Total Equity (Deficit)/ Excess (Deficiency) of Assets over Liabilities	(181,426)
	<b>Total Liabilities &amp; Equity</b>	<b>1,178,905</b>

**NOTES**

All amounts recorded based on determined claims unless otherwise specified  
 Ref. No.

Determinations have not been made on any of the liabilities reported,  
 except lines 2 and 4.

**GRAND COURT ORDER OF CALANTHE IN RECEIVERSHIP**  
**Changes in Net Liabilities**

For the Quarter Ending  
8/31/18

Line		Liabs at 5/31/18	Liabs at 8/31/18	Change
1	Secured Claims			0
2	APF Loan		240,000	240,000
3	Special Deposit Claims			0
<b>Administrative Claims- Class 1</b>				
4	Administrative Claims- State/Receiver			
	Special Deputy Receiver, Subcontractors Fees & Expenses	5,128	71,407	66,279
	Liquidation Oversight			0
	Special Master's Fees		60	60
5	Administrative Claims- Guaranty Associations			
	Administrative Expense Paid			0
	Administrative Expense Reserves			0
6	LAE- Guaranty Associations			
	LAE Paid			0
	LAE Reserves			0
<b>Policy Claims- Class 2</b>				
7	Loss Claims- Guaranty Associations			
	Loss Claims Paid			0
	Loss Claims Reserves			0
8	Loss Claims- Other			
	Other Loss Claims Paid			0
	Other Loss Claims Reserves	1,048,482	1,048,864	382
9	LAE- Other			0
10	Unearned & Advance Premium Claims- GA			0
11	Unearned & Advance Premium Claims- Other			0
<b>Other Liabilities</b>				
12	Class 3 Claims			0
13	Class 4 Claims			0
14	Class 5 General Unsecured Creditor Claims			0
15	Class 5 Reinsurance Related Unsecured Claims			0
16	Class 6 Claims			0
17	Class 7 Claims			0
18	Class 8 Claims			0
19	Class 9 Claims			0
20	Class 10 Interest			0
21	Class 11 Claims			0
22	Other Liabilities			0
	<b>Total Liabilities</b>	1,053,610	1,360,331	306,721
23	Total Equity (Deficit)/ Excess (Deficiency) of Assets over Liabilities	73,621	(181,426)	(255,047)
	<b>Total Liabilities &amp; Equity</b>	1,127,231	1,178,905	51,674

**GRAND COURT ORDER OF CALANTHE IN RECEIVERSHIP**  
**Sources & Uses of Cash**

For the Quarter Ending  
8/31/18

	Qtr Ending Aug-18
<b>Income</b>	
Premium Receipts	6,831
Agents' Balances Received	0
Reinsurance Recoveries	10,095
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	6,671
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
<b>Total Receipts from Assets/Receivables</b>	<b>23,597</b>
Interest & Dividend Receipts, EA Interest	10
Cash Deposit Interest	78
<b>Total Cash Receipts</b>	<b>23,685</b>
<b>Disbursements for Operations</b>	
SDR Fees & Expenses	121,011
Subcontractor Legal Fees & Expenses	56,649
Subcontractor Other Fees & Expenses	6,692
Non-Subcontractor Fees & Expenses	5,623
Other Disbursements	14,099
RLO Fees & Expenses	0
<b>Total Disbursements for Operations</b>	<b>204,074</b>
<b>Cash Distributions</b>	
Loss Claims & LAE Expense Payments	7,714
Early Access Payments- GA	0
Refunds & Other Distributions	0
<b>Total Cash Distributions</b>	<b>7,714</b>
<b>Total Cash Disbursements &amp; Distributions</b>	<b>211,788</b>
<b>APF Loan Proceeds (Repayment)</b>	<b>240,000</b>
<b>Net Increase (Decrease) in Cash</b>	<b>51,897</b>
<b>Cash at Beginning of Period</b>	<b>70,449</b>
<b>Cash at End of Period</b>	<b>122,346</b>