

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

Mary Jo Hudson, Ohio :
Superintendent of Insurance, : Case No. 08CVH07-10725
In Her Capacity as Liquidator :
The Guarantee Title and :
Trust Company, :
 :
Plaintiff, : Judge Guy L. Reece, II
 :
v. :
 :
The Guarantee Title and Trust Company :
 :
Defendant. :

MOTION FOR APPROVAL OF TAX AND AUDIT ADMINISTRATIVE EXPENSES

Plaintiff Mary Jo Hudson, Superintendent of the Ohio Department of Insurance, in her capacity as Liquidator of The Guarantee Title and Trust Company (“Liquidator”), respectfully requests an Order approving the payment of expenses to be incurred by Schneider Downs & Co., related to its preparation of tax forms and auditing in connection with the administration of The Guarantee Title and Trust Company (“GTT”) liquidation estate. This motion is supported by the attached Memorandum in Support.

Respectfully submitted,

RICHARD CORDRAY
Attorney General of Ohio

By Outside Counsel:
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Department of Insurance, in her capacity as
Liquidator of Guarantee Title and Trust Company*

MEMORANDUM IN SUPPORT

I. Introduction

On December 17, 2008, this Court approved the Liquidator's Administrative Operating Procedures for Payment of Administrative Costs and Expenses ("the AOP"). Under the AOP, the Liquidator will seek court approval of certain administrative expense transactions. Consistent with the AOP and the authority conferred by the Liquidation Order and supporting statutes and without waiver of any applicable privilege, the Liquidator hereby requests that the Court approve expenditures up to \$23,225 for the continued retention of Schneider Downs & Co. for tax preparation and audit services. As is explained more fully below, the Liquidator's request for approval to incur, pay and allocate these necessary expenses to the administrative costs and expenses of the GTT liquidation estate falls within the authority granted by the Ohio insurance liquidation statutes, the Liquidation Order and the AOP approved by this Court.

II. Argument

The Liquidator is charged under R.C. Chapter 3903 and the Liquidation Order with the duty to secure, marshal, administer and distribute the assets of GTT. The Liquidation Order entered in this case, like the Liquidation Orders entered in other liquidation cases, therefore directs the Liquidator to take possession and control of all assets, property, books, claims, accounts, documents, and other records of the insolvent insurer, wherever located, and administer them under the general supervision of this Court. (*See e.g.* Liquidation Order paragraph 18). More specifically, R.C. 3903.21(A)(2), in conjunction with paragraph 25(a) of the Liquidation Order, further authorizes the Liquidator to "employ . . . accountants and . . . consultants, and such other personnel as [s]he may consider necessary to assist in the liquidation" to carry out these and related liquidation obligations, and to set the reasonable compensation for such contracted-for consultants.

The Liquidator determined that it was necessary and beneficial to the GTT liquidation estate to

retain the services of Schneider Downs & Co. to prepare required 2008 tax returns and to perform audit and other accounting functions related exclusively to the efficient and orderly administration of the GTT liquidation estate. Schneider Downs & Co. will charge the Liquidator \$9,600 for preparation of the federal and state 2008 tax forms, plus fees for contingent research capped at \$4,000. These expenses are reasonable, in part because the projected costs are 25-50% less than the sum GTT paid another accounting firm for comparable tax services prior to GTT's liquidation. Indeed, GTT's former certified public accounting firm charged \$17,500 for preparation of the same forms in a prior year. The contracted audit fees are \$9,500 for three (3) audit periods: (1) July 28, 2008-October 26, 2008; (2) October 27, 2008-June 30, 2009; and (3) July 1, 2009-June 30, 2010, plus expenses. The audit fees are also reasonable, in part because they are based on reduced rates. The expenses and costs associated with these engagements will benefit only the GTT liquidation estate and, thus, will be allocated exclusively to the GTT liquidation estate as Individual Estate Administrative Services and Expenses under the AOP.

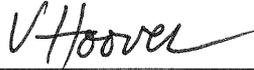
III. Conclusion

For the foregoing reasons, the Liquidator respectfully requests that the Court authorize the Liquidator to incur and pay Schneider Downs & Co. for expenditures for 2008 tax services and for audit services for three audit periods from July 28, 2008-June 30, 2010 totaling \$19,100, plus contingent tax research capped at \$4,000 and expenses estimated at no more than \$125.00, for a combined total for all such services not to exceed \$23,225. The Liquidator further requests that this Court approve the Liquidator's payment of the costs of these contracts as administrative costs and expenses of the GTT liquidation estate.

Respectfully submitted,

RICHARD CORDRAY
Attorney General of Ohio

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Department of Insurance, in her capacity as
Liquidator of The Guarantee Title and Trust Company*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing *Motion For Approval Of Administrative Expenses* was faxed and mailed to the persons listed below, via Regular Mail, postage prepaid, on this 7TH day of July, 2010:

Schneider Downs & Co.
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Columbus, OH 43215-6102 479 Dakota Run
Maineville, OH 45039
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