

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

MARY JO HUDSON,
SUPERINTENDANT OF
INSURANCE, OHIO DEPARTMENT
OF INSURANCE, IN HER
CAPACITY AS REHABILITATOR
OF THE GUARANTEE TITLE AND
TRUST COMPANY,

Plaintiff,

v.

THE GUARANTEE TITLE AND
TRUST COMPANY

Defendant

Case No. 08 CVH 07 10725

JUDGE GUY L. REECE, II

FILED
COMMON PLEAS COURT
FRANKLIN CO. OHIO
2008 OCT 27 AM 8:26
CLERK OF COURTS

**REPLY MEMORANUM OF REHABILITATOR
TO THE DIRECTORS OF THE GUARANTEE TITLE AND TRUST
COMPANY'S RESPONSE TO REHABILITATOR'S MOTION FOR FINAL
ORDER AND JUDGMENT OF LIQUIDATION**

Plaintiff, Mary Jo Hudson, in her capacity as Rehabilitator of The Guarantee Title and Trust Company ("Plaintiff"), by and through counsel, replies to the Directors of The Guarantee Title and Trust Company ("Directors") Response to Plaintiff's Motion for Final Order and Judgment of Liquidation.

First, as admitted in the Directors' Response, the Directors do not oppose Plaintiff's request for an order of liquidation. As specifically set forth on page 1 of their memorandum, the Directors agree that statutory grounds exist to support the Plaintiff's request for an order of liquidation as specified in R.C. 3903.17.

Second, contrary to the Directors' claim that "no real evidence has been submitted to this Court to date to support" four specific factual allegations, such evidence has been presented with the Directors waiving any right to contest such evidence. These factual allegations are contained in the Complaint for Rehabilitation and accompanying affidavits and reports, which commenced this case on July 28, 2008 ("Complaint"). See, Complaint for example, paragraphs 9, 26 through 28, and Exhibits A, B & C attached and incorporated into the Complaint.

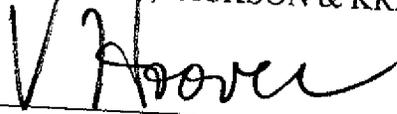
Specifically, the Directors "knowingly and voluntarily waived any and all rights to file an answer to the Complaint, a formal hearing on the complaint or to **otherwise contest the facts as alleged in the Complaint.**" Agreed Order Appointing Rehabilitator page 2, dated July 28, 2008 ("Agreed Order") (emphasis added). Most notably, Hiram E. Blomquist, on behalf of The Guarantee Title and Trust Company approved and signed the Agreed Order. The Directors specifically authorized Mr. Blomquist to so waive "any right to contest" the Complaint. See Complaint Exhibit D and attached Waiver.

Thus, given these three fundamental facts: (1.) the Directors agree that statutory grounds exist for an order of liquidation, (2.) the Agreed Order waived the Directors' right to otherwise contest the facts in the Complaint, and (3.) the alleged facts are contained in the Complaint and Complaint's Exhibits, Plaintiff requests that this Court enter a Final Order and Judgment of Liquidation and Appointment of Liquidator as presented to the Court on October 27, 2008.

Respectfully submitted,

NANCY H. ROGERS
Attorney General State of Ohio

By Outside Counsel:
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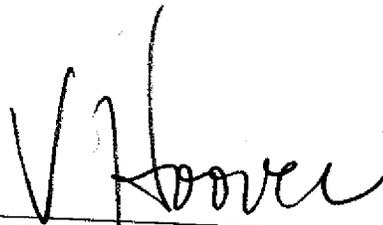
*Attorneys for Mary Jo Hudson,
Superintendent, Ohio Department of
Insurance, in her Capacity as Rehabilitator
of The Guarantee Title and Trust Company*

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of this Reply Memorandum of Rehabilitator to The Directors of The Guarantee Title and Trust Company's Response to Rehabilitator's Motion for Final Order and Judgment of Liquidation served by hand delivery this 27th day of October 2008, upon the following:

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Susan T. Stead
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