

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

MARY JO HUDSON,
Superintendent of Insurance
in her Capacity as Liquidator of
The Guarantee Title and Trust Company,:

Plaintiff,

vs.

The Guarantee Title and Trust Company,:

Defendant.

CASE NO. 08CVH07-10725

JUDGE GUY L. REECE, II

**MOTION FOR THE APPROVAL OF LIQUIDATOR'S INDEPENDENT AUDITORS
REPORTS FROM THE REHABILITATION DATE OF JULY 28, 2008
THROUGH THE LIQUIDATION DATE OF JUNE 30, 2010**

Plaintiff, Mary Jo Hudson in her capacity as Liquidator ("Liquidator") of The Guarantee Title and Trust Company ("GTT"), requests this Court for an order approving her Reports of Independent Auditors for the rehabilitation period July 28, 2008 through October 26, 2008, and the liquidation period October 27, 2008 through the period ended June 30, 2009, and the liquidation periods ended June 30, 2010 and 2009, which are attached as Exhibits A, B and C and hereby incorporated by reference into this Motion.

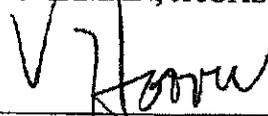
A Memorandum in Support of this motion for approval is attached and incorporated by reference.

FILED
COMMON PLEAS COURT
FRANKLIN CO. OHIO
2010 DEC 15 PM 2:11
CLERK OF COURTS-CV

Respectfully submitted,

RICHARD CORDRAY
Attorney General State of Ohio

By Special Counsel:
KOHRMAN, JACKSON & KRANTZ, LLP



Valoria C. Hoover (0059596)
655 Metro Place South, Ste. 600
Dublin, OH 43016
Telephone: (614) 408-9700
Facsimile: (216) 621-6536

*Attorneys for Mary Jo Hudson, Superintendent, Ohio
Department of Insurance, in her Capacity as
Liquidator of The Guarantee Title and Trust Company*

MEMORANDUM IN SUPPORT

This Liquidator requests this Court to approve the Reports of Independent Auditors for the rehabilitation period July 28, 2008 through October 26, 2008, and the liquidation period October 27, 2008 through the period ended June 30, 2009, and the liquidation periods ended June 30, 2010 and 2009 (the "Reports"). The Reports are attached as Exhibits A, B and C and incorporated herein by reference.

Pursuant to the Liquidation Order entered in this case on October 27, 2008, GTT was ordered liquidated pursuant to R.C. Chapter 3903. Further, the Liquidator Order appointed the Ohio Superintendent of Insurance as GTT's Liquidator and empowered, authorized and directed the Liquidator to liquidate all of GTT's property and assets in accordance with the laws of Ohio and under the continuing jurisdiction of this Court.

As part of the liquidation and pursuant to the Liquidation Order and R.C. Chapter 3903, the Liquidator undertook to collect all debts and moneys due to GTT, and makes payment of necessary expenses. The Liquidation Order and R.C. 3903.21(A)(4) provide, in pertinent part, that the Liquidator may:

Pay reasonable compensation to persons appointed and defray from the funds or assets of the insurer all expenses of taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business and property of the insurer.

Section 3903.42(A) provides that the expenses of administration are to be given first priority in the distribution of assets.

The Liquidator is also required by R.C. 3903.18(E) and paragraph 25 of the Liquidation Order to submit accountings semi-annually to the Court in the form of a statement of receipts and disbursements of the Liquidator throughout the pendency of GTT's liquidation proceedings (the "Periodic Accountings").

In the process of marshaling GTT's assets, the Liquidator routinely receives and deposits cash and purchases and sells various investment securities. In order to record this activity, the Liquidator built an internal accounting department capable of tracking costs and recoveries and generating basic financial reports. The cash and investment security balances are reported by the Liquidator to this Court in the Periodic Accountings mentioned above.

Consistent with long standing liquidation procedures, the Liquidator hires an independent auditing firm to perform an annual audit of the Liquidator's internal controls relating to cash receipts and disbursements and the purchase and sale of investment securities in order to ensure the integrity of the Liquidator's accounting system. The Liquidator requested the auditing firm to render an opinion in its audit report as to the propriety of the information presented in the Periodic Accountings, as it was the Liquidator's intention to file the report with this Court to demonstrate the integrity of the Periodic Accountings.

By this Motion, the Liquidator seeks this Court's approval of the Reports of Independent Auditors for the rehabilitation period July 28, 2008 through October 26, 2008, and the liquidation period October 27, 2008 through the period ended June 30, 2009, and the liquidation periods ended June 30, 2010 and 2009, attached hereto as Exhibits A, B and C.

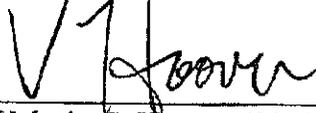
Schneider Downs has completed its audit of the statements of cash and invested assets of GTT as of July 28, 2008 through October 26, 2008, October 27, 2008 through June 30, 2009, and as of June 30, 2010 and 2009 and the related statements of cash receipts and cash disbursements for these periods. Schneider Downs issued the Reports containing its audit findings which opine that the Liquidator's financial statements present fairly, in all material respects, both the cash and invested assets of GTT at July 28, 2008 through October 26, 2008, October 27, 2008 through June 30, 2009, and at June 30, 2010 and 2009, and cash receipts and cash disbursements for these periods.

For the reasons outlined above, the Liquidator respectfully requests the Court to approve
GTT's Reports, as set forth in the attached Exhibits A, B and C.

Respectfully submitted,

RICHARD CORDRAY
Attorney General State of Ohio

By Special Counsel:
KOHLMAN, JACKSON & KRANTZ, LLP

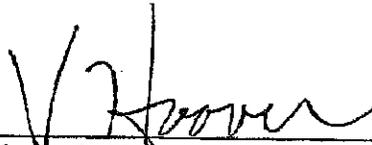


Valoria C. Hoover (0059596)
655 Metro Place South, Ste. 600
Dublin, OH 43016
Telephone: (614) 408-9700
Facsimile: (216) 621-6536

*Attorneys for Mary Jo Hudson, Superintendent, Ohio
Department of Insurance, in her Capacity as
Liquidator of The Guarantee Title and Trust Company*

CERTIFICATE OF SERVICE

I hereby certify that in accordance with paragraph 41 of the Liquidation Order, a true and accurate copy of the foregoing Motion for the Approval of Liquidator's Independent Auditors Reports from The Rehabilitation Date of July 28, 2008 through the Liquidation Date of June 30, 2010 was posted on the Liquidator's website (www.ohliq.com) substantially contemporaneous with the filing of this Motion.



Valoria C. Hoover (0059596)
*Special Counsel for Mary Jo Hudson, Superintendent,
Ohio Department of Insurance, in her Capacity as
Liquidator of The Guarantee Title and Trust Company*

EXHIBIT A
Rehabilitation Period
July 28, 2008 through October 26, 2008

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION
Columbus, Ohio

Financial Statements
For the rehabilitation period from July 28, 2008
to October 26, 2008 (the rehabilitation ending date)

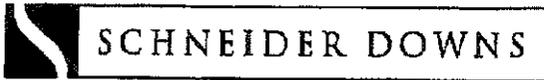
and Independent Auditors' Report Thereon

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

FINANCIAL STATEMENTS
FOR THE REHABILITATION PERIOD FROM JULY 28, 2008 TO OCTOBER 26, 2008

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INDEPENDENT AUDITORS' REPORT

Lynda G. Loomis
Chief Deputy Liquidator
Office of the Ohio Insurance Liquidator
Guarantee Title & Trust Company, in Liquidation

We have audited the accompanying statement of cash and invested assets arising from cash transactions of Guarantee Title & Trust Company, in Liquidation (Estate) as of October 26, 2008 (the rehabilitation ending date) and the related statement of cash receipts and cash disbursements for the rehabilitation period from July 28, 2008 to October 26, 2008 (the rehabilitation ending date). These financial statements are the responsibility of the Estate. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statements were prepared to present the financial statements of Guarantee Title & Trust Company, in Liquidation, pursuant to the accounting practices prescribed or permitted by the Ohio Department of Insurance and Franklin County Court of Common Pleas, described in Note 1, and is not intended to be a complete presentation of the Company's assets and liabilities.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and invested assets arising from cash transactions of Guarantee Title & Trust Company, in Liquidation as of October 26, 2008 (the rehabilitation ending date) and the related statement of cash receipts and cash disbursements for the rehabilitation period from July 28, 2008 to October 26, 2008 (the rehabilitation ending date) on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Office of the Ohio Insurance Liquidator and the Franklin County Court of Common Pleas and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
November 22, 2010

Schneider Downs & Co., Inc.
www.schneiderdowns.com

1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062



OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY.
IN LIQUIDATION

STATEMENT OF CASH AND INVESTED ASSETS
OCTOBER 26, 2008 (THE REHABILITATION ENDING DATE)

	<u>October 26, 2008</u>
Cash	\$ 178,590
Invested Assets	<u>1,443,733</u>
	<u>\$ 1,622,323</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE REHABILITATION PERIOD FROM JULY 28, 2008 TO OCTOBER 26, 2008

Cash at July 28, 2008 (the date of rehabilitation)	\$ 498,795
Cash Receipts:	
Investment proceeds	594,000
Interest and dividend income	34,749
Premiums collected	532,442
Notes receivable	172
Service fees collected	219,156
Closing, policy, search, administrative and messenger fees collected	13,012
Refund of general operating expenses	3,195
Proceeds from sale of assets	6,236
Uncashed and voided checks	64,140
Return of escrow funds	10,196
Endorsements collected	37,415
Agency income	26,148
Proceeds from rent on subleased office space	6,429
Recoveries from claim recoupments	60,000
Other income	6,746
Total Cash Receipts	<u>1,614,036</u>
Cash Disbursements:	
Investment purchases in money market funds	624,419
Investment purchases in repurchase agreements	175,028
Salaries, wages and employee benefits	262,500
Professional fees	78,358
General and administrative expenses	133,979
Title commission	655,836
Ceded reinsurance premium payment	4,121
Total Cash Disbursements	<u>1,934,241</u>
Cash at October 26, 2008 (the rehabilitation ending date)	<u>\$ 178,590</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
OCTOBER 26, 2008 (THE REHABILITATION ENDING DATE)

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Pursuant to the Ohio Revised Code (Code), the Superintendent of the Ohio Department of Insurance is appointed as Liquidator of domestic insurance companies, which have been determined by the Franklin County Court of Common Pleas, State of Ohio (Court), to be insolvent as specified in the Code.

The Liquidator marshals the assets of the company and liquidates such assets and administers the business affairs of the Company as approved by the Court. The Liquidator is empowered by the Code to hire employees, agents, actuaries, accountants, appraisers, consultants and such other personnel as considered necessary to assist in the liquidation.

Guarantee Title & Trust Company, (Company) was placed in rehabilitation on July 28, 2008 and was then placed in liquidation on October 27, 2008 by the Court and it became Guarantee Title & Trust Company, in Liquidation (Estate).

As is common with entities placed in fiduciary control, the Liquidator has prepared the accompanying financial statements on the cash-basis of accounting, whereby, the statement of cash and invested assets includes only the cash and invested assets of the Estate, and the statement of cash receipts and cash disbursements reflects only cash transactions; consequently, all other assets and liabilities of the Estate are not included in the statement of cash and invested assets, and uncollected revenues and unpaid expenses are not included in the statement of cash receipts and cash disbursements. Changes in market values and amortization of bond premiums and discounts are reflected in invested assets; however, these amounts are not reflected in the statement of cash receipts and disbursements as they are non-cash transactions. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and accordingly, the statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

NOTE 2 - INVESTED ASSETS

Invested assets consist of those assets that are under the complete and direct control of the Liquidator and are being specifically held as investments (Note 3).

Money market funds, common stocks and repurchase agreements are recorded at cost, which approximates fair value, and bonds are recorded at amortized cost, which approximates fair value.

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EXHIBIT B

Liquidation Period

October 27, 2008 to June 30, 2009 and July 28, 2008 to October 26, 2008

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION
Columbus, Ohio

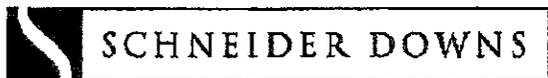
Financial Statements
For the period from October 27, 2008 (the date of liquidation)
to June 30, 2009 and the rehabilitation period
July 28, 2008 to October 26, 2008
and Independent Auditors' Report Thereon

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

FINANCIAL STATEMENTS
FOR THE PERIOD FROM OCTOBER 27, 2008 (THE DATE OF LIQUIDATION) TO JUNE 30, 2009
AND THE REHABILITATION PERIOD JULY 28, 2008 TO OCTOBER 26, 2008

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INDEPENDENT AUDITORS' REPORT

Lynda G. Loomis
Chief Deputy Liquidator
Office of the Ohio Insurance Liquidator
Guarantee Title & Trust Company, in Liquidation

We have audited the accompanying statements of cash and invested assets arising from cash transactions of Guarantee Title & Trust Company, in Liquidation (Estate) as of June 30, 2009 and October 26, 2008 (the ending rehabilitation date) and the related statement of cash receipts and cash disbursements for the period from October 27, 2008 (the date of liquidation) to June 30, 2009. These financial statements are the responsibility of the Estate. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements were prepared to present the financial statements of Guarantee Title & Trust Company, in Liquidation, pursuant to the accounting practices prescribed or permitted by the Ohio Department of Insurance and Franklin County Court of Common Pleas, described in Note 1, and is not intended to be a complete presentation of the Company's assets and liabilities.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and invested assets arising from cash transactions of Guarantee Title & Trust Company, in Liquidation as of June 30, 2009 and October 26, 2008 (the ending rehabilitation date), and the related statement of cash receipts and cash disbursements for the period from October 27, 2008 (the date of liquidation) to June 30, 2009, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Office of the Ohio Insurance Liquidator and the Franklin County Court of Common Pleas and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
November 22, 2010

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www.schneiderdowns.com



1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3844
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

STATEMENTS OF CASH AND INVESTED ASSETS
JUNE 30, 2009 AND OCTOBER 26, 2008 (THE ENDING REHABILITATION DATE)

	<u>June 30,</u> <u>2009</u>	<u>October 26,</u> <u>2008</u>
Cash	\$ 68,434	\$ 178,590
Invested Assets	<u>1,365,493</u>	<u>1,443,733</u>
	<u>\$1,433,927</u>	<u>\$1,622,323</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY
IN LIQUIDATION

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE PERIOD FROM OCTOBER 27, 2008 (THE DATE OF LIQUIDATION) TO JUNE 30, 2009

Cash at October 27, 2008 (the date of liquidation)	\$ 178,590
Cash Receipts:	
Investment proceeds in money market funds	31,669
Investment proceeds in bonds	978,066
Investment proceeds in repurchase agreements	175,028
Investment proceeds in common stocks	174,036
Interest and dividend income	67,019
Premiums collected	40,855
Recoveries from claim recoupments	70,281
Notes receivable	1,068
Return of special deposits	713,126
Service, policy and administrative fees collected	5,010
Refund of general operating expenses	1,250
Proceeds from sale of assets	1,450
Uncashed and voided checks	1,147
Recovery of funds from closure of clerk of court accounts	5,959
Endorsements collected	2,315
Intercompany reimbursement of expenses from prior period	63,402
Proceeds from rent on subleased office space	4,416
Recovery of tax refund and assessments	8,800
Other income	4,231
Total Cash Receipts	<u>2,349,128</u>
Cash Disbursements:	
Investment purchases in money market funds	1,371,153
Salaries, wages and employee benefits	491,844
Professional fees	324,228
General and administrative expenses	235,673
Warehouse consolidation project expenses	2,370
Title commission	29,870
Premium payments	4,146
Total Cash Disbursements	<u>2,459,284</u>
Cash at June 30, 2009	<u>\$ 68,434</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND OCTOBER 26, 2008 (THE ENDING REHABILITATION DATE)

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Pursuant to the Ohio Revised Code (Code), the Superintendent of the Ohio Department of Insurance is appointed as Liquidator of domestic insurance companies, which have been determined by the Franklin County Court of Common Pleas, State of Ohio (Court), to be insolvent as specified in the Code.

The Liquidator marshals the assets of the Company and liquidates such assets and administers the business affairs of the Company as approved by the Court. The Liquidator is empowered by the Code to hire employees, agents, actuaries, accountants, appraisers, consultants and such other personnel as considered necessary to assist in the liquidation.

The Guarantee Title & Trust Company (Company) was placed in liquidation on October 27, 2008 by the Court and it became Guarantee Title & Trust Company, in Liquidation (Estate).

As is common with entities placed in fiduciary control, the Liquidator has prepared the accompanying financial statements on the cash-basis of accounting, whereby, the statement of cash and invested assets includes only the cash and invested assets of the Estate, and the statement of cash receipts and cash disbursements reflects only cash transactions; consequently, all other assets and liabilities of the Estate are not included in the statement of cash and invested assets, and uncollected revenues and unpaid expenses are not included in the statement of cash receipts and cash disbursements. Changes in market values and amortization of bond premiums and discounts are reflected in invested assets; however, these amounts are not reflected in the statement of cash receipts and disbursements as they are non-cash transactions. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and accordingly, the statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

NOTE 2 - INVESTED ASSETS

Invested assets consist of those assets that are under the complete and direct control of the Liquidator and are being specifically held as investments (Note 3).

During the period ended June 30, 2009, bonds, repurchase agreements and common stocks were liquidated and the funds were transferred to money market funds. Money market funds are recorded at cost, which approximates fair value, and bonds are recorded at amortized cost. Repurchase agreements and common stocks were recorded at cost.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND OCTOBER 26, 2008 (THE ENDING REHABILITATION DATE)

NOTE 2 - INVESTED ASSETS - Continued

At June 30, 2009 and October 26, 2008 (the ending rehabilitation date), invested assets and their carrying values consisted of the following:

	2009 Carrying Value	2008 Carrying Value
Money market funds	\$ 1,365,493	\$ 26,008
Bonds at amortized cost	-	973,129
Repurchase agreements	-	175,028
Common stocks/mutual funds	-	269,568
	<u>\$ 1,365,493</u>	<u>\$ 1,443,733</u>

NOTE 3 - STATUTORY DEPOSITS AND ESCROW ACCOUNT

In the normal course of writing insurance in various states, the Company was required by state statute to deposit funds with various state insurance departments. When the Estate entered liquidation, the statutory deposits were impounded by the various state insurance departments for the protection of policyholders within their jurisdiction. Since the Liquidator does not have direct control over those assets held by state insurance departments or related entities, and it is uncertain whether all or a portion of such assets will be available to the Liquidator in satisfying the obligations of the liquidation proceedings, they are not considered invested assets by the Liquidator until complete and direct control over them is established. The amount of statutory deposits as of June 30, 2009 was \$1,913,558.

NOTE 4 - LITIGATION

In liquidating the Estate, the Liquidator may initiate legal action to clarify claims, recover reinsurance proceeds and determine legal responsibilities of the Liquidation. The Liquidator believes that none of these actions will adversely affect the value of cash and invested assets. The determination and priority of claims and any distribution thereof, is defined pursuant to Ohio Revised Code Section 3903, et seq.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
OCTOBER 26, 2008 (THE REHABILITATION ENDING DATE)

NOTE 2 - INVESTED ASSETS - Continued

At October 26, 2008 (the rehabilitation ending date), invested assets and their carrying values consisted of the following:

	<u>Carrying Value</u>
Bonds at amortized cost	\$ 973,129
Money market funds	26,008
Common stocks/mutual funds	269,568
Repurchase agreements	<u>175,028</u>
	<u>\$ 1,443,733</u>

NOTE 3 - STATUTORY DEPOSITS AND ESCROW ACCOUNT

In the normal course of writing insurance in various states, the Company was required by state statute to deposit funds with various state insurance departments. When the Estate entered liquidation, the statutory deposits were impounded by the various state insurance departments for the protection of policyholders within their jurisdiction. Since the Liquidator does not have direct control over those assets held by state insurance departments or related entities, and it is uncertain whether all or a portion of such assets will be available to the Liquidator in satisfying the obligations of the liquidation proceedings, they are not considered invested assets by the Liquidator until complete and direct control over them is established. The amount of statutory deposits as of October 26, 2008 (the rehabilitation ending date) was \$2,596,537.

NOTE 4 - LITIGATION

In liquidating the Estate, the Liquidator may initiate legal action to clarify claims, recover reinsurance proceeds and determine legal responsibilities of the Liquidation. The Liquidator believes that none of these actions will adversely affect the value of cash and invested assets. The determination and priority of claims and any distribution thereof, is defined pursuant to Ohio Revised Code Section 3903, et seq.

NOTE 5 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 22, 2010, which is the date that the financial statements were available to be issued. No material subsequent events were noted.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND OCTOBER 26, 2008 (THE ENDING REHABILITATION DATE)

NOTE 5 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 22, 2010, which is the date that the financial statements were available to be issued. No material subsequent events were noted.

EXHIBIT C
Liquidation Period
Period Ending June 30, 2010 and 2009

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION
Columbus, Ohio

Financial Statements
For the periods ended June 30, 2010 and 2009
and Independent Auditors' Report Thereon

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

Lynda G. Loomis
Chief Deputy Liquidator
Office of the Ohio Insurance Liquidator
Guarantee Title & Trust Company, in Liquidation

We have audited the accompanying statements of cash and invested assets arising from cash transactions of Guarantee Title & Trust Company, in Liquidation (Estate) as of June 30, 2010 and 2009 and the related statement of cash receipts and cash disbursements for the year ended June 30, 2010. These financial statements are the responsibility of the Estate. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements were prepared to present the financial statements of Guarantee Title & Trust Company, in Liquidation, pursuant to the accounting practices prescribed or permitted by the Ohio Department of Insurance and Franklin County Court of Common Pleas, described in Note 1, and is not intended to be a complete presentation of the Company's assets and liabilities.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and invested assets arising from cash transactions of Guarantee Title & Trust Company, in Liquidation as of June 30, 2010 and 2009, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2010, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Office of the Ohio Insurance Liquidator and the Franklin County Court of Common Pleas and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
November 22, 2010

Schneider Downs & Co., Inc.
www.schneiderdowns.com



1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.281.3844
FAX 412.281.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4000
FAX 614.621.4062

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY
IN LIQUIDATION

STATEMENTS OF CASH AND INVESTED ASSETS
JUNE 30, 2010 AND 2009

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Cash	\$ 30,521	\$ 68,434
Invested Assets	<u>1,143,595</u>	<u>1,365,493</u>
	<u>\$ 1,174,116</u>	<u>\$ 1,433,927</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Cash at July 1, 2009	\$ 68,434
Cash Receipts:	
Investment proceeds in money market funds	221,898
Interest and dividend income	1,375
Premiums collected	135
Recoveries from claim recoupments	10,000
Notes receivable	1,075
Return of special deposits	240,180
Recoveries from settlement agreements	1,027
Refund of general operating expenses	37
Proceeds from estate closure-funds release to other insurance companies	27,256
Proceeds from sale of assets	72
Other income	1,326
Total Cash Receipts	<u>504,381</u>
Cash Disbursements:	
Salaries, wages and employee benefits	233,950
Professional fees	220,780
General and administrative expenses	83,992
Warehouse consolidation project expenses	3,572
Total Cash Disbursements	<u>542,294</u>
Cash at June 30, 2010	<u>\$ 30,521</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Pursuant to the Ohio Revised Code (Code), the Superintendent of the Ohio Department of Insurance is appointed as Liquidator of domestic insurance companies, which have been determined by the Franklin County Court of Common Pleas, State of Ohio (Court), to be insolvent as specified in the Code.

The Liquidator marshals the assets of the Company and liquidates such assets and administers the business affairs of the Company as approved by the Court. The Liquidator is empowered by the Code to hire employees, agents, actuaries, accountants, appraisers, consultants and such other personnel as considered necessary to assist in the liquidation.

The Guarantee Title & Trust Company (Company) was placed in liquidation on October 27, 2008 by the Court and it became Guarantee Title & Trust Company, in Liquidation (Estate).

As is common with entities placed in fiduciary control, the Liquidator has prepared the accompanying financial statements on the cash-basis of accounting, whereby, the statement of cash and invested assets includes only the cash and invested assets of the Estate, and the statement of cash receipts and cash disbursements reflects only cash transactions; consequently, all other assets and liabilities of the Estate are not included in the statement of cash and invested assets, and uncollected revenues and unpaid expenses are not included in the statement of cash receipts and cash disbursements. Changes in market values and amortization of bond premiums and discounts are reflected in invested assets; however, these amounts are not reflected in the statement of cash receipts and disbursements as they are non-cash transactions. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and accordingly, the statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

NOTE 2 - INVESTED ASSETS

Invested assets consist of those assets that are under the complete and direct control of the Liquidator and are being specifically held as investments (Note 3).

Money market funds are recorded at cost, which approximates fair value.

At June 30, 2010 and 2009, invested assets and their carrying values consisted of the following:

	<u>2010</u> Carrying Value	<u>2009</u> Carrying Value
Money market funds	\$ <u>1,143,595</u>	\$ <u>1,365,493</u>

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
GUARANTEE TITLE & TRUST COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 3 - STATUTORY DEPOSITS AND ESCROW ACCOUNT

In the normal course of writing insurance in various states, the Company was required by state statute to deposit funds with various state insurance departments. When the Estate entered liquidation, the statutory deposits were impounded by the various state insurance departments for the protection of policyholders within their jurisdiction. Since the Liquidator does not have direct control over those assets held by state insurance departments or related entities, and it is uncertain whether all or a portion of such assets will be available to the Liquidator in satisfying the obligations of the liquidation proceedings, they are not considered invested assets by the Liquidator until complete and direct control over them is established. The amount of statutory deposits as of June 30, 2010 was \$1,676,489.

NOTE 4 - LITIGATION

In liquidating the Estate, the Liquidator may initiate legal action to clarify claims, recover reinsurance proceeds and determine legal responsibilities of the Liquidation. The Liquidator believes that none of these actions will adversely affect the value of cash and invested assets. The determination and priority of claims and any distribution thereof, is defined pursuant to Ohio Revised Code Section 3903, et seq.

NOTE 5 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 22, 2010, which is the date that the financial statements were available to be issued. No material subsequent events were noted.

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