

**CAUSE NO. D-1-GV-08-000945**

<b>THE STATE OF TEXAS,</b>	§	<b>IN THE DISTRICT COURT OF</b>
<b>Plaintiff</b>	§	
v.	§	
	§	
<b>MEMORIAL SERVICE LIFE</b>	§	<b>TRAVIS COUNTY, TEXAS</b>
<b>INSURANCE COMPANY, LINCOLN</b>	§	
<b>MEMORIAL LIFE INSURANCE</b>	§	
<b>COMPANY, AND NATIONAL</b>	§	
<b>PREARRANGED SERVICES, INC.,</b>	§	
<b>Defendants</b>	§	<b>250<sup>th</sup> JUDICIAL DISTRICT</b>

**SPECIAL DEPUTY RECEIVER’S FINAL REPORT AND APPLICATION TO MAKE FINAL DISTRIBUTION FOR LINCOLN MEMORIAL LIFE INSURANCE COMPANY**

TO THE HONORABLE JUDGE OF SAID COURT:

Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Company and National Prearranged Services, Inc. (the “SDR” and “Memorial Service,” “Lincoln Memorial,” and “NPS,” respectively) files this *Final Report and Application to Make Final Distribution for Lincoln Memorial Life Insurance Company* (the “Application”).

**I. INTRODUCTION**

1.1 The SDR has completed all claims processing and asset collection activities for Lincoln Memorial in this proceeding. The SDR submits its final report and requests this Court to authorize it to make a final distribution of the Lincoln Memorial receivership assets and dispose of or transfer any remaining records of Lincoln Memorial. Following the completion of the final distribution and the disposition of records, the SDR will submit an application to seek approval of a final accounting, dissolve the charter of Lincoln Memorial, and discharge the Receiver and the SDR. This Application does not affect the other two companies made the subject of these

receivership proceedings, Memorial Service and NPS, except as specifically described in this Application.

## **II. AUTHORITY**

2.1 The SDR is authorized to file this Application pursuant to Chapter 443 of the Texas Insurance Code (the “Code”). Under § 443.154(a) of the Code, the SDR has all of the Receiver’s powers, except as limited by the Receiver.

2.2 This Court has jurisdiction over the subject matter of this Application and of the parties and property affected herein pursuant to § 443.005 of the Code. The Court has jurisdiction over the assets of the Lincoln Memorial receivership estate, because this is a civil proceeding arising under and related to a delinquency proceeding under Chapter 443 of the Code.

2.3 The subject matter of this Application has been referred to the Special Master appointed in this proceeding in accordance with Paragraph III of the Amended Order of Reference.

## **III. BACKGROUND**

### **A. Company History**

3.1 Lincoln Memorial was a Texas-domiciled life insurance company licensed to sell insurance in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. Lincoln Memorial is a wholly owned subsidiary of Memorial Service, which is also in liquidation in this proceeding but is not a party to this Application.

**B. Initiation of Receivership Proceeding and Appointment of Receiver**

3.2 On May 14, 2008, the Court entered an *Order Appointing Rehabilitator and Permanent Injunction*, placing Lincoln Memorial into rehabilitation in accordance with § 443.101 of the Code and appointing the Texas Commissioner of Insurance (Commissioner) as Receiver for the rehabilitation of Lincoln Memorial.

**C. Appointment of Special Deputy Receiver**

3.4 The Receiver designated Donna J. Garrett as SDR of Lincoln Memorial on May 15, 2008. Effective as of December 1, 2011, Jo Ann Howard & Associates, P.C. (“JAHA”) was designated by the Receiver as the SDR for Lincoln Memorial upon Ms. Garrett’s resignation.

**D. Referral to Master**

3.5 The Court entered its *Amended Order of Reference to Master* appointing Tom Collins as Special Master in this proceeding on October 24, 2008.

**E. Conversion to Liquidation**

3.6 On September 22, 2008, the Court entered an *Order of Liquidation and Order Approving Plan of Liquidation and Permanent Injunction* (the “Permanent Injunction”). In accordance with § 443.151 of the Code, the Commissioner was appointed Receiver for the liquidation of Lincoln Memorial on September 22, 2008. Cassie Brown is currently Receiver of Lincoln Memorial, and all predecessors have been discharged as Receiver as a matter of law.

**F. Impairment**

3.7 The Commissioner designated Lincoln Memorial an “impaired insurer” under Chapter 463 of the Code, effective October 23, 2008. The Texas Life and Health Insurance Guaranty Association (“TLHIGA”) and guaranty associations in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia,

Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming (collectively, the “Affected IGAs”) became responsible for “covered claims” in accordance with their states’ governing statutes.

3.8 Lincoln Memorial distributed \$77,263,496 in four early access distributions to the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”) on behalf of the respective Affected IGAs during the receivership consisting of \$10 million on or about April 29, 2010, \$20 million on or about April 25, 2011, \$35 million on or about April 23, 2012, \$10 million on May 13, 2013, and \$2,250,270 in credited statutory deposits and accrued interest.

#### **IV. FINANCIAL STATEMENTS**

4.1 The Statement of Net Assets and Net Liabilities for the Lincoln Memorial receivership, attached as Exhibit 1 and 2, respectively, are incorporated herein by reference, and reflects the financial condition of the Lincoln Memorial receivership as of November 30, 2024. The Disposition of Assets Schedule as of November 30, 2024 for the receivership is attached as Exhibit 3. The consolidated Sources and Uses of Cash Statement for Lincoln Memorial, which lists all funds received and disbursed for the estate from the date of liquidation to November 30, 2024, is attached as Exhibit 4, and incorporated herein by reference.

4.2 These exhibits represent the final financial reports for the Lincoln Memorial receivership in accordance with § 443.016 of the Code.

## V. ASSETS

### A. Disposition of Assets

5.1 The Lincoln Memorial Disposition of Assets schedule is attached as Exhibit 3 and incorporated herein by reference. The schedule sets forth all asset transactions since September 22, 2008, and reflects total assets of Lincoln Memorial as of November 30, 2024. The SDR has determined that there are no contingent assets and no uncollectible assets. At closing, all unknown assets will be assigned to the Commissioner as described below in this Application.

## VI. CLAIMS

### A. Notice

6.1 On May 11, 2009, this Court entered its *Order Granting the SDR's Amended Application to Approve Notice, Set Claims Filing Deadline, and Establish A Claims Processing Procedure (the "POC Order")*, establishing January 23, 2010, as the claims filing deadline. In accordance with this order, the SDR provided notice of the claim filing deadline to all persons who may have had claims as shown by Lincoln Memorial's books and records. In addition, in accordance with the POC Order, the SDR published notice of the claims filing deadline in newspapers in St. Louis, Kansas City, Houston, Dallas, Austin and in *USA Today*.

### B. Filing of Claims

6.2 The SDR sent out approximately 136,074 proof of claim notices. The POC Order authorized NOLHGA to file an Omnibus POC on behalf of the Affected IGAs, asserting their respective claims against the Lincoln Memorial, Memorial Service, and NPS estates. The SDR received the following proofs of claims:

- (a) 1 NOLHGA Omnibus POC for expenses;

- (b) 2210 Consisting of 2208 Deemed California co-insurance claims, one annuity claim, and a premium refund claim;
- (c) 1 NOLHGA Omnibus POC for covered claims;
- (d) 1 Class 5 general creditor claim;
- (e) 5 Class 6 state or local government claims;
- (f) 3 Class 7 state or local government claim for a penalty or forfeiture; and
- (g) 385 Class 8 late claims

Total Number of Proofs of Claims received or deemed: 2,606.

**C. Claims Processing**

6.3 All claims representing potentially “covered claims” were referred to the Affected IGAs under § 443.253(m) of the Code. All POCs against the Lincoln Memorial receivership estate were adjudicated pursuant to § 443.253(b) of the Code with respect to their classification and, as applicable, amount. The period of time allowed by § 443.253(c) of the Code to appeal the SDR’s action on claims has expired, or any objections have been resolved, and the SDR’s determination on these claims is final and not subject to review.

6.4 The Omnibus POC filed by NOLHGA is by far the largest claim in the Lincoln Memorial estate. The Liquidation Plan, approved by the Receivership Court on September 22, 2008, states:

The overwhelming majority of the Class 2 policy holder level claims against the Insolvent Insurers as defined in Tex. Ins. Code §443.301(b) will be the claims of the Participating Associations arising out of their Covered Obligations. While the Parties anticipate that there may be some claims not covered by the Participating Associations (i.e. uncovered claims) related to the Policies (e.g. claims of foreign

residents), they do not anticipate that such claim amounts will be substantial.”

Liquidation Plan ¶10.7.1.

6.5 The POCs were processed as follows:

- (a) The NOLHGA Omnibus Class 1 claim was approved for \$79,721,679 on which \$77,263,496 has been distributed in early access.
- (b) The NOLHGA Omnibus Class 2 claim was approved for \$349,547,691.
- (c) The deemed California co-insurance claims, along with the one annuity claim and the premium refund claim, were approved as Class 2 claims for \$1,176,922.
- (d) The Class 5 claim for general creditors were classified as Class 5 but not adjudicated as to merit or amount.
- (e) The Class 6 claims for state and local governments were approved in the amount of \$22,989.
- (f) The Class 7 claims for state or local government for a penalty or forfeiture were approved in the amount of \$2,821.
- (g) All late claims were classified as Class 8 but not adjudicated as to merit or amount.

6.6 The SDR processed all Proofs of Claim.

**D. Final Report of Claims**

6.7 On March 5, 2021, the Receivership Court approved the SDR’s Application for Approval of First Report of Claims pursuant to § 443.258 of the Code. On November 22, 2024, the Receivership Court approved the SDR’s Application for Approval of Second Report of Claims pursuant to § 443.258 of the Code. The NOLHGA Omnibus POC, POC 8000, was not reported on either approved Report of Claims. POC 8000 was approved as a Class 1 claim for \$79,721,679 and as a Class 2 claim for \$349,547,691 in the Lincoln Memorial estate, was approved as a Class

1 and Class 2 claim in the Memorial Service estate and was classified as an unadjudicated Class 5 claim in the NPS estate. The SDR requests the Court approve its determination of the NOLHGA Omnibus POC under § 443.258 of the Code. The Final Report of Claims is attached as Exhibit 5, with the allowed amounts shown on the Statement of Net Liabilities attached as Exhibit 2.

**E. Distributions**

6.8 Lincoln Memorial distributed \$77,263,496 to NOLHGA on behalf of the respective Affected IGAs on their Class 1 claims in four early access distributions during the receivership consisting of \$10 million on or about April 29, 2010, \$20 million on or about April 25, 2011, \$35 million on or about April 23, 2012, \$10 million on or about May 13, 2013, and \$2,250,270 in credited statutory deposits. No other distributions were made during Liquidation.

**VII. EXPENSES**

**A. Paid Expenses**

7.1 On August 8, 2008, this Court approved the terms of compensation of the SDR and other contractors pursuant to § 443.015 of the Code. The compensation and administrative expenses of the Rehabilitator, Receiver and SDR have been paid in accordance with that order, as supplemented, through November 30, 2024.

**B. Closing Expenses**

7.2 The SDR proposes to reserve \$827,853 for the payment of estimated expenses involved in closing the Lincoln Memorial receivership, including some obligations that continue past closing, as reflected on the detailed breakdown of estimated closing expenses, attached as Exhibit 6. The amounts paid by the SDR to each sub-contractor may vary from the line items set forth on Exhibit 6 as actual fees and expenses are incurred, but the SDR shall seek to accomplish the closing within the closing budget amount, applying savings in connection with one

subcontractor to address extra expenses as to a different subcontractor where necessary. The Special Deputy Receiver requests approval of the reserve for closing expenses as reflected on Exhibit 6.

**C. Final Statement of Expenses**

7.3 Under § 443.015 of the Code, the SDR will submit a detailed final statement of the actual expenses incurred when the SDR files the verified application to terminate the estate. If the actual expenses are less than the amount reserved, the SDR proposes distributing the excess funds as requested in paragraph 8.7 of this Application. If the actual expenses exceed the amount reserved, the SDR will transfer funds from “litigation recoveries” held in the NPS estate to pay the expenses.

**VIII. DISTRIBUTION OF ASSETS**

**A. Assets Available for Distribution**

8.1 As of November 30, 2024, there was \$7,720,557 in cash in the Lincoln Memorial receivership estate’s accounts. After reserving for the remaining administrative expenses through closing as described above, and the payment of \$88,291 for November 2024 administrative expenses, \$6,804,413 will be available for distribution.

**B. Eligible Claimants**

8.2 This application proposes a distribution of the estate’s cash such that the remaining unpaid NOLHGA Omnibus Class 1 claim is paid in full and the remainder is distributed pro rata to all Class 2 claimants. Distributions to NOLHGA under the Omnibus POC are made on behalf of the respective Affected IGAs. NOLHGA’s Omnibus Class 1 claim must be paid in full before any distribution can be made to a creditor with a lower priority claim, as required by § 443.301 of the Code. Attached as Exhibit 7 is a Distribution Schedule listing all approved claimants to whom

a distribution will be made. This exhibit identifies each claimant's name as shown on the POC (individuals names have been redacted for their privacy), the amount approved by the SDR, and the projected distribution. The projected distribution is an approximate figure based on current financial data, and the actual distribution may vary from this projection.

8.3 The SDR's proposed distribution to Class 2 claimants results in a 1.23% recovery. The figure is the result of pre-receivership activity by former management that stripped Lincoln Memorial of assets, which required the Affected IGAs to pay a net amount of \$349,547,691 in Class 2 policyholder claims. The Liquidation Plan, approved by the Receivership Court in the Permanent Injunction, expressly provides each association "shall have a Class 2 claim as defined in Tex. Ins. Code § 443.301 (b) for claim payments made in accordance with this Liquidation Plan." ¶ 10.7.2. NOLHGA's Class 2 claim dwarfs the other Class 2 claims, which total \$1,176,922. The non-NOLHGA class 2 claims almost exclusively arise because the California Life & Health Insurance Guarantee Association covers only 80% of a life insurance policy death benefit. The unpaid 20% of a California Lincoln Memorial policy holder's claim is a class 2 claim. In addition to the California claims, there is one Missouri annuity claim and one Iowa premium refund claim.

8.4 The Special Deputy Receiver requests the Court approve the projected distribution and authorize it to distribute the assets of the Lincoln Memorial receivership estate as described in this Application and Exhibit 7.

**C. Distribution Process**

8.5 The Distribution Notice attached as Exhibit 8 will be mailed contemporaneously with the filing of this Application to all claimants with approved claims that will receive a distribution, advising them of the proposed distribution. The Distribution Notice will be mailed

to the address provided by the claimant in the POC, or any subsequent address provided by the claimant.

**D. De Minimis Claims and Class 5, 6, 7 and 8 Claims**

8.6 Section 443.253(h) of the Code provides for the disallowance of claims for de minimis amounts, as determined by this Court. The SDR proposes to establish a de minimus distribution threshold of \$25, which is reasonable and necessary for cost-effective administration. The SDR requests this Court find that any distribution at or below the proposed distribution threshold be considered de minimis and authorize the Special Deputy Receiver to withhold the amount of any such distribution and treat such withheld funds as general assets. The SDR adjudicated claims with Class 5, 6, 7 and 8 priority largely as to classification only. These claims will not receive a distribution because the SDR is not able to fully pay all Class 2 claims. The SDR shall mail a Notice of No Distribution, attached as Exhibit 9, upon the filing of this Application to all approved Class 2 claimants subject to the de minimis threshold and to all approved claimants that will not receive a distribution.

**E. Residual Funds**

8.7 It is possible that there may be funds remaining in the estate after the distribution (“Residual Funds”). Such funds may result from interest on the receivership accounts, excess reserves for closing expenses, or the collection of assets after the distribution has commenced. If it is economically feasible to distribute Residual Funds to Class 2 claimants, the SDR proposes making a supplemental distribution from any such residual funds, after reserving for distribution expenses. Any supplemental distribution will be subject to the de minimis distribution threshold approved by the Court.

**F. Transfer of Remaining Funds**

8.8 Section 443.352 of the Code provides this Court may issue an order to transfer funds remaining after the final distribution that cannot be economically distributed. The SDR requests that any such funds be transferred to the Commissioner for deposit in an account established under § 443.304(c) of the Code. Such funds will be available to pay any expenses exceeding the expense reserve or expenses incurred for activities after the closing of the receivership, such as responding to inquiries and handling unclaimed funds. The Special Deputy Receiver requests this Court authorize it to transfer any such Residual Funds remaining after all distributions are made.

**IX. UNCLAIMED FUNDS**

**A. Unclaimed Distributions**

9.1 The SDR will maintain the receivership's distribution account for the earlier of forty-five (45) days after the final distribution is sent or until all distributions have cleared the account. This will provide a reasonable amount of time for claimants to receive and deposit their checks. The SDR will deliver all funds which are unclaimed as of the closing of the account to the Commissioner as required by § 443.304(a) of the Code, to be placed in a segregated unclaimed funds account.

9.2 The SDR anticipates that a number of addresses provided by the claimants may no longer be current. The SDR requests the Court grant the SDR the power, but not the duty, to use service providers, in its discretion, to locate allowed claimant addresses. In the event that a Distribution Notice mailed to a claimant's last known address is returned as undeliverable, the SDR requests that this Court order that such distribution due to a claimant be treated as unclaimed without the need for the estate to incur the expense of mailing an undeliverable check. In addition,

to the extent that a claimant fails to return any requested tax reporting information to the SDR as requested, the SDR seeks approval to treat those funds attributable to interest as unclaimed. The SDR proposes that all distributions to claimants described in this paragraph be delivered to the Commissioner as unclaimed funds on closing of the account as described in Paragraph 9.1 of this Application.

## **X. ASSIGNMENTS AND TRANSFERS**

### **A. Assignment of Non-Cash Assets**

10.1 Section 443.154 of the Code authorizes the SDR to transfer, abandon, or otherwise dispose of or deal with any property of the insurer upon terms and conditions that are fair and reasonable. Further, § 443.352 of the Code permits the Court to enter any orders in connection with an application to terminate a receivership proceeding. The SDR is not aware of any non-cash assets. In the event any assets, cash or otherwise, are discovered after the termination of this proceeding the SDR proposes to transfer to the Commissioner all such assets of Lincoln Memorial including but not limited to assets and rights not known at the time of the termination of this proceeding. A copy of the proposed assignment to the Commissioner is attached as Exhibit 10 and incorporated herein by reference.

### **B. Liquidation and Disposition of Assigned Assets**

10.2 In the event that any assigned assets are collected and liquidated, and such amount is sufficient to justify a distribution, this proceeding may be reopened under § 443.353 of the Code. If such amount cannot be distributed economically, the SDR requests that any such funds be deposited in an account established by the Commissioner in accordance with § 443.304(c) of the Code.

## **XI. RECORDS**

### **A. Disposal of Records**

11.1 This Court previously granted two applications to destroy non-essential records. Before receivership, Lincoln, Memorial and NPS were largely controlled by the same management, which did not separate the business records between companies. The Permanent Injunction directed that the three receivership estates were joined in a common delinquency proceeding for administrative purposes. The SDR has not separated post-receivership records by estate. Therefore, all of the remaining records are property of all three estates. Therefore, the SDR does not request authority under § 443.354(a) of the Code to destroy any records. The SDR anticipates that all remaining records will be destroyed or assigned when the NPS receivership is terminated.

### **B. Records Transferred to Commissioner**

11.2 Records that may be required after the termination of this proceeding will be delivered to the Commissioner pursuant to § 443.354(b) of the Code and maintained in compliance with the Receiver's records retention policy for receivership records. The SDR requests that the Court authorize the Commissioner to retain or dispose of these records at her discretion.

### **C. Records Transferred to NOLHGA and the Affected IGAs**

11.3 During the pendency of this receivership, certain records were transferred to NOLHGA and the Affected IGAs. The SDR requests that the Court authorize NOLHGA and the Affected IGAs to retain or dispose of these records at their discretion.

## **XII. TAX RETURNS**

12.1 The SDR has filed income tax returns with the Internal Revenue Service for years 2008 through 2023. Lincoln Memorial is a wholly owned subsidiary of Memorial Service and is

included in Memorial Service's consolidated income tax returns through December 31, 2023. Lincoln Memorial will be included in the appropriate Memorial Service returns for 2024 and 2025. No taxes are owed to the Internal Revenue Service. The SDR has filed premium tax and maintenance tax returns with the Comptroller of the state of Texas for years 2008 through 2023 and will file the 2024 and 2025 returns before filing the application to terminate this estate.

### **XIII. CERTIFICATION OF CLOSING ACTIVITIES**

13.1 Before or when the SDR files an application to terminate the estate and be discharged, the SDR will file evidence for the preparation of the final tax return, together with the final accounting of all funds in the estate. The SDR has entered into an agreement with the United States Department of Justice releasing certain potential claims of the United States.

### **XIV. CHARTER**

14.1 The SDR has determined that the sale of the charter of Lincoln Memorial is not feasible. The SDR requests that this Court dissolve the charter pursuant to § 443.153(e) of the Code on the termination of this proceeding.

### **XV. NOTICE**

15.1 The SDR has served this Application to all known parties at interest and all individuals and entities identified by the SDR in the Certificate of Service by email and as noted, by mail or overnight delivery to certain state and federal agencies.

### **XVI. OFFER OF PROOF AND VERIFICATION**

16.1 This Application is verified by the affidavit and certification pursuant to TEX. INS. CODE § 443.017(b) of the Code by Jo Ann Howard, President of Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Company, and National Prearranged Services, Inc.

## **XVII. NOTICE OF ELECTRONIC SERVICE REQUIREMENT**

17.1 Pursuant to the *Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices* entered on October 29, 2008, all pleadings filed in response to this Application or in regard to these estates shall be served by email on the undersigned counsel and all parties shown in the attached Certificate of Service.

### **PRAYER**

WHEREFORE, PREMISES CONSIDERED, Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Lincoln Memorial Life Insurance Company, prays that the Court enter an order as follows:

1. Granting the Final Report of Claims and Application to Make Final Distribution;
2. Admitting into evidence Exhibits 1 through 10;
3. Accepting and approving the financial statements, Exhibits 1 through 4;
4. Approving the form of the Distribution Notice, Notice of No Distribution, and Assignment of Assets;
5. Approving the estimated expenses through the closing of the receivership under § 443.015 of the Code;
6. Approving the Final Report of Claims;
7. Authorizing the SDR to distribute the cash assets of the Lincoln Memorial receivership as described in the Application;
8. Authorizing any distribution calculated at or under \$25 to be withheld from distribution as de minimus, and to treat such withheld distribution as a general asset subject to distribution;

9. Authorizing the SDR, if it is economically feasible to distribute Residual Funds, to make a supplemental distribution from any such residual funds, after reserving for distribution expenses, subject to the de minimus distribution threshold approved by the Court;
10. Authorizing the SDR to transfer to the Commissioner any funds which are not economically feasible to distribute which remain after all distributions are made for deposit in an account established under § 443.304(c) of the Code;
11. Finding that any distribution to a claimant for whom the Distribution Notice was returned as undeliverable and that any distribution attributable to interest to any claimant who fails to return any requested tax reporting information to the SDR shall be deemed as unclaimed for purposes of § 443.304 of the Code
12. Granting the SDR the authority, but not the duty, to use service providers, in its discretion, to locate allowed claimant addresses;
13. Authorizing the SDR to deliver all unclaimed funds to the Commissioner for purposes of § 443.304 of the Code;
14. Authorizing the assignment of unknown, unliquidated and the known, non-cash assets to the Commissioner and authorizing the SDR to execute and deliver the Assignment of Assets, Exhibit 10, to the Commissioner;
15. Authorizing the reopening of this proceeding under § 443.353 of the Code if any assigned assets collected and liquidated are, in the Commissioner's discretion, sufficient to be economically distributed, and if not sufficient to be economically distributed, authorizing the deposit of such assets in an account established by the Commissioner in accordance with § 443.304(c) of the Code;

16. Authorizing the SDR to deliver records to the Commissioner pursuant to § 443.354(b) of the Code and authorizing the Commissioner to retain or dispose of these records at her discretion;
17. Authorizing NOLHGA and the Affected IGAs to retain or dispose of the records transferred during the pendency of this receivership at their discretion;
18. Finding that the Order constitutes a final order fully resolving all issues relating to the Application, provided that this Court shall retain jurisdiction to issue further orders pursuant to TEX. INS. CODE Chapter 443; and
19. Granting the SDR such other and further relief to which it may justly entitled.

Respectfully submitted,

**FULLER LAW GROUP**

By: /s/Christopher Fuller  
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**Attorney For Jo Ann Howard and Associates,  
P.C., Special Deputy Receiver of Memorial  
Service Life Insurance Company, Lincoln  
Memorial Life Insurance Company and National  
Prearranged Services, Inc.**

## APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Amended Order of Reference to Master entered by the District Court in this cause, the *Special Deputy Receiver's Final Report and Application to Make Final Distribution for Lincoln Memorial Life Insurance Company* is hereby set for written submission before the Special Master, Tom Collins, on **January 27, 2025**.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by email by such date on:
  - (a) The Special Master's Docket Clerk, at [specialmasterclerk@tdi.texas.gov](mailto:specialmasterclerk@tdi.texas.gov);
  - (b) The undersigned counsel, Christopher Fuller at [cfuller@fullerlaw.org](mailto:cfuller@fullerlaw.org); and
  - (c) All interested parties, including those listed on the SDR's Certificate of Service.
3. The objecting party shall coordinate with the SDR's counsel and the Docket Clerk [(512) 676-6915]] to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. **Please note that if an objection is not filed as described in the Notice of Submission, the Master may consider the Application without a hearing.**
6. **Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.**
7. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Christopher Fuller/  
\_\_\_\_\_  
Christopher Fuller

## CERTIFICATE OF SERVICE

I certify that on January 13, 2025, a true and correct copy of this SPECIAL DEPUTY RECEIVER'S FINAL REPORT AND APPLICATION TO MAKE FINAL DISTRIBUTION FOR LINCOLN MEMORIAL LIFE INSURANCE COMPANY was served pursuant to the *Order of Liquidation, Order Approving Liquidation Plan and Permanent Injunction*, the Amended Order of Reference, the Texas Rules of Civil Procedure and TEX. INS. CODE ANN CHAPTER 443 on the following by electronic mail, except as specifically noted.

Via Email: [specialmasterclerk@tdi.texas.gov](mailto:specialmasterclerk@tdi.texas.gov)

Tom Collins, Receivership Master  
c/o Special Master's Clerk  
RLO MC-FRD  
PO Box 12030  
Austin, TX 78711-2030

Via Email: [foloughlin@lrrlaw.com](mailto:foloughlin@lrrlaw.com)

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Counsel to NOLHGA Task Force

Via Email: [john.walker@tdi.texas.gov](mailto:john.walker@tdi.texas.gov)

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*/s/ Christopher Fuller*  
\_\_\_\_\_  
Christopher Fuller

**SPECIAL DEPUTY RECEIVER'S VERIFICATION AND CERTIFICATION PURSUANT TO  
TEX. INS.CODE ANN. §443.017(b)**

**AFFIDAVIT OF JO ANN HOWARD**

State of Texas

County of Travis

BEFORE ME, the undersigned authority appeared Jo Ann Howard, who after being by me duly sworn, stated the following under oath:

1. My name is Jo Ann Howard. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.

2. I am the President of Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Lincoln Memorial Life Insurance Company, Memorial Service Life Insurance Company, and National Prearranged Services, Inc. (the "SDR" and "Lincoln Memorial," "Memorial Service, and "NPS," respectively). I am duly authorized to make this Affidavit on behalf of the SDR.

3. I certify that the exhibits submitted with the *Final Report and Application to Make Final Distribution for Lincoln Memorial Life Insurance Company* were produced pursuant to TEX. INS. CODE ANN. §443.017, are either true and correct copies of records of the insurer and were received from the custody of the insurer or found among its effects or were created by and filed with the Receiver's office in connection with the receivership of these delinquent insurers, and are held by the Special Deputy Receiver in its official capacity.

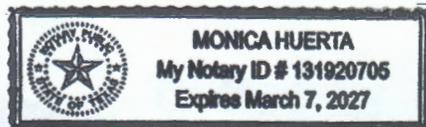
4. I have read the *Final Report and Application to Make Final Distribution for Lincoln Memorial Life Insurance Company* and the facts stated therein are true and correct based on my personal knowledge, my review of estate records and my consultation with my staff and sub-contractors.

5. Further affiant sayeth not.

By: Jo Ann Howard  
Jo Ann Howard

**SUBSCRIBED AND SWORN TO BEFORE ME** on January 6, 2025, by Jo Ann Howard, President of Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Lincoln Memorial Life Insurance Company, Memorial Service Life Insurance Company, and National Prearranged Services, Inc.

Notary Public



# **EXHIBIT 1**

R-537

**Lincoln Memorial Life Insurance Company**  
**Statement of Net Assets**

For the Period Ending  
11/30/24

Line	11/30/24
<b>Cash</b>	
1 Cash	
Cash - Unrestricted	7,720,557
APF Funds (Loan proceeds)	
<b>Investments</b>	
2 Short-Term Investments	
3 Bonds	
4 Stocks - Preferred & Common	
5 Investments in Subsidiaries, Controlled or Affiliated Entities	
6 Mortgage Loans (net of allowance)	
7 Real Estate	
8 Policy Loans	
9 Other Invested Assets	
<i>Detail Item if any</i>	
<i>Detail Item if any</i>	
<b>Restricted Assets</b>	
10 Statutory Deposits	
11 Funds held by or deposited with Reinsured Companies	
12 Restricted - Other	
Restricted - Funds Held for NOLHGA	
<i>Detail Item if any</i>	
<b>Reinsurance Receivable</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	
<b>Other Receivables</b>	
16 Salvage & Subrogation Recoveries	
17 Premiums Due from Agents & Policyholders (net of allowance)	0
18 Receivable from Parents, Subsidiaries & Affiliates (net of allowance)	0
19 Receivable from Guaranty Associations - Early Access Payments	77,263,496
20 Other Receivables	
<i>Detail Item if any</i>	
<i>Detail Item if any</i>	
<b>Other Assets</b>	
21 FF&E	
22 Other Assets (net of allowance)	0
<i>Detail Item if any</i>	
<i>Detail Item if any</i>	
<b>Total Assets</b>	<b>84,984,053</b>

**Exhibit**

**1**

# **EXHIBIT 2**

R-537

**Lincoln Memorial Life Insurance Company  
Statement of Net Liabilities**

**For Period Ending  
11/30/24**

Line		11/30/24
1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	70,086
	Liquidation Oversight	
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	79,721,679
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
<b>Policy Claims - Class 2</b>		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	337,288,201
	Loss Claims Reserves	12,259,490
8	Loss Claims - Other	
	Other Loss Claims Paid	1,167,659
	Other Loss Claims Reserves	9,263
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	0
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	22,989
17	Class 7 Claims	2,821
18	Class 8 Claims	
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	
22	Other Liabilities	
	Detail Item if any	
	Detail Item if any	
	<b>Total Liabilities</b>	<b>430,542,189</b>
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(345,558,136)
	<b>Total Liabilities &amp; Equity</b>	<b>84,984,053</b>

# **EXHIBIT 3**

**LINCOLN MEMORIAL LIFE INSURANCE COMPANY**  
**DISPOSITION OF ASSETS SCHEDULE**  
 Fiscal Year Ending 11/30/24

ASSET DESCRIPTION	ASSET BALANCE AS OF 05/14/08	NEW ASSETS	SOURCE OF NEW ASSETS	ASSET RECOVERY	SOURCE OF RECOVERY	DATE OF RECOVERY	AMOUNT OF WRITE OFF	REASON FOR WRITE OFF	DATE OF WRITE OFF	SETTLEMENT	SOURCE OF SETTLEMENT	DATE OF SETTLMNT	ASSET BALANCE AS OF 11/30/24
<b>CASH</b>													
Beginning Cash	3,305,342	4,345,119	Cash from Operations										
		70,086	Payables 11/30/24										
		10	Adjustment for Rounding										
Subtotal	3,305,342	4,415,215		0			0			0			7,720,557
<b>INVESTMENTS</b>													
Bonds/Cash on Deposit		3,839,335	TX Statutory Deposit	3,839,335	Release TX Deposit	09/30/10		Uncollectible	01/31/20				0
Mortgage Loans	550,000						550,000	Uncollectible	01/31/20				0
Accrued Interest	(550,000)							Uncollectible	01/31/20				0
Accrued Investment Income	369,648	3,934,625	Interest Income	3,934,625	Interest Receipts	Various		Uncollectible	01/31/20				0
Accrued Invest. Income-Allowance		653,923	See Note Below	555,842	See Note Below	Various	467,729	Uncollectible	01/31/20				0
Other Investments		(467,730)	Mt. Washington	177,107	Gibraltar Stock Recovery	Various	(467,730)	Uncollectible	01/31/20				0
		177,677	See Note Below				570	BNY Mellon Abandmt.	Dec 2019				0
Subtotal	369,648	8,137,830		8,506,909			569			0			0
<b>REINSURANCE</b>													
Reinsurance	253,908,027	28,152,451	Adtl. Reinsurance	102,861,188	See Note Below	Various	82,522,271	Adj. for Uncollectibility	Various	60,389,543	See Note Below	Various	36,277,476
Allowance	(41,258,188)	(96,637,487)	Adtl. Reins. Reserve				(20,500,000)	Adj. for Uncollectibility	Various	(71,118,199)	North American Life	Various	(36,277,476)
Subtotal	212,649,839	(68,485,036)		102,861,188			62,022,271			(10,718,656)			0
<b>RECEIVABLES</b>													
Premiums	2,459,049	1,057,610	Forever	2,116,892	Premium Collections	Various		Adj. for Collections	08/31/09				3,516,659
Premiums-Allowance	(1,967,239)	(1,549,420)	Adtl. Premiums Reserve										(3,516,659)
Other Assets	36,341,898	255,000	See Note Below	255,000	NPS, MSL	Various							36,341,898
Recv. Parent, Affiliates-Allowance	(36,341,898)												(36,341,898)
Guaranty Assn.-Early Access		77,263,496	See Note Below	6,691,547	Restitution Collections	Various							77,263,496
Settlement/Litigation Recovery		6,891,547	Restitutions	38,349	Oh. Recv. Collections	Various							0
Other Receivables		38,349	See Note Below										0
Subtotal	491,810	83,956,582		9,301,788			(2,116,892)			0			77,263,496
<b>OTHER ASSETS</b>													
FF & E		24,144	Server & Computer Equip.				24,144	Obsolete Equipment	03/31/21				0
Other Assets	9,780,911	501,720	See Note Below	501,720	Oth. Assets Collections	Various				7,912	Woodmen Accident	7/24/09	9,772,999
Other Assets-Allowance	(9,772,999)												(9,772,999)
Subtotal	7,912	525,864		501,720			24,144			7,912			0
<b>RESTRICTED ASSETS</b>													
Statutory Deposits	6,791,408	(3,979,927)	See Note Below	2,811,481	See Note Below	Various							0
Funds Held by Others	58,389,349	15,022,051	See Note Below	1,213,729	New Life & Employers Re	Various	27,642,703	IAC & New Life	Various	44,554,968	See Note Below	Various	0
Funds Held by Others-Allowance		(14,254,462)	See Note Below				(4,451,498)	IAC & Quanta		(9,802,964)	Northstar Reins.	10/22/09	0
Subtotal	65,180,757	(3,212,338)		4,025,210			23,191,205			34,752,004			0
<b>TOTAL</b>	282,005,308	35,338,117		125,196,815			83,121,297			24,041,260			84,984,053

Represents \$467,729 accrued for Mt. Washington Forever loan and \$186,194 accrued for TX, OK, GA and MO.  
 Represents \$389,648 accrued investment income collected subsequent to receivership date, \$150,313 from Texas, \$13,500 from Oklahoma, \$3,244 from Georgia and \$19,137 from Missouri.  
 Represents \$570 for Bank of New York Mellon and \$177,107 for Gibraltar Stock Recovery.  
 Represents \$12,396,850 from North American Life, \$5,597,409 from Individual Assurance (IAC), \$7,427,316 from World & Woodmen Reinsurance, \$16,000,000 from Northstar Reins., \$46,238,537 from Employers Reins. (ERC), \$5,850,000 from Quanta Reins., \$9,338,838 from First American Life, \$218 collected on 7/17/18 from old Chase Bank E15637 account and \$12,020 collected on 7/21/22 from Chase Abandoned Property Fund.  
 Represents Northstar Reins. settlement dated 10/22/09, Quanta Reins. settlement dated 2/11/11, Employers Reins. settlement dated 1/20/11, First American Life dated 11/11/12 and North American Life dated 10/13/14.  
 Represents \$20,000 for NPS repaid 3/10/09 and \$235,000 for MSL, per Order dated 8/8/11, repaid 10/15/15.  
 Represents \$688,870 NC deposit released to IGA, \$200,000 TN deposit released to IGA, \$114,043 AR deposit released to IGA, \$113,835 AZ deposit released to IGA, \$209,428 SC deposit released to IGA, \$210,002 VA deposit release to IGA, \$75,000,000 distribution to NOLHGA and \$13,225 interest earned pursuant to Orders dated 4/14/10, 4/12/11, 4/18/12, 5/8/13, 10/17/13, 9/13/17 and 8/9/21.  
 Represents \$2,500 from MMC Properties, \$4,035 from Siron Corporation, \$9,898 from Bank of New York Mellon #431500, \$20,000 from RLO for reimbursement of transaction costs and \$1,916 in Miscellaneous receipts  
 Represents reclass of \$223,390 from Funds Held by Others, premium tax refunds of \$1,445 from State of Arizona, \$711 from State of Oklahoma, \$3,361 from State of Nebraska, \$4,388 from MF Global, Inc. and \$268,445 from liquidation of New Life Trust account.  
 Represents (\$3,874,088) release of TX statutory deposit as shown in Investment/Cash on Deposit-New Assets above, (\$90,652) adjustment for release of NC, OK, TN, AR, GA, MO, AL, AZ and SC deposits to IGA and (\$15,189) adjustment for VA as of 8/31/21.  
 Represents \$688,870 for NC, \$300,000 for OK, \$200,000 for TN, \$114,042 for AR, \$356,211 for GA, \$734,093 for AL, \$225,000 for MO, \$113,835 for AZ, \$209,426 for SC and \$210,002 for VA.  
 Represents \$4,005,358 for Quanta Reins., Escrow, \$9,802,964 for Northstar Reins., \$885,519 for Employers Re and \$328,210 for transfer from New Life Trust account for payment of claims  
 Represents \$30,746,646 from World and Woodmen Accident dated 7/24/09, \$9,802,964 from Northstar Reins. dated 10/22/09 and \$4,005,358 from Quanta Reins. dated 2/11/11.  
 Represents (\$4,001,343) for Quanta Reins., (\$450,155) for Individual Assurance (IAC) and (\$9,802,964) for Northstar Reins.



# **EXHIBIT 4**

R-537

**Lincoln Memorial Life Insurance Company**  
**Inception-to-Date Sources and Uses of Cash**  
**For the Period Ending**  
**11/30/24**

<b>Beginning Cash</b>		\$	3,305,342
<b>Sources of Cash</b>			
	Premium Collections		2,116,892
	Reinsurance Recovery		103,746,707
	Affiliates Recovery		255,000
	Settlement/Litigation Recovery		6,891,547
	Other Receivable Receipts		38,349
	Investment Sales Receipts		9,079,891
	Other Asset Receipts		501,720
	Investments Interest/Dividends		804,815
	Cash Deposit Interest Income		1,761,894
	<b>Total Cash Receipts</b>		125,196,815
<b>Uses of Cash</b>			
	SDR Fees & Expenses		7,560,568
	Legal Fees & Expenses		7,292,823
	Subcontractor Other Fees & Expenses		1,600,588
	General Administration Expenses		4,076,753
	Other Expenses		4,957,664
	<b>Total Disbursements for Operations</b>		25,488,396
	Loss Claims Distributions		11,121,551
	Early Access - Guaranty Associations		77,250,271
	Other Distributions		6,921,392
	<b>Total Cash Distributions</b>		95,293,214
	<b>Total Cash Disbursements &amp; Distributions</b>		120,781,610
<b>Ending Cash</b>		\$	7,720,557
<b>Statement of Assets - Cash</b>		\$	7,720,557

**Exhibit**

**4**

# **EXHIBIT 5**



# **EXHIBIT 6**

Lincoln Memorial Life Ins. Co. Estimated Closing Expenses	Dec	Jan	Feb	March	April	May	June	Total
<b>SDR Fees</b>								
Administration	12,690	42,210	42,210	42,210	42,210	42,210	42,210	265,950
Accounting	1,651	3,189	3,189	3,189	3,189	3,189	3,189	20,785
Claims	11,129	29,022	29,022	29,022	29,022	29,022	29,022	185,261
	25,470	74,421	74,421	74,421	74,421	74,421	74,421	471,996
<b>General Admin Expenses</b>								
Bank Charges, Wiring Fees & Treasury Account	320	665	665	665	665	665	665	4,310
IT/Computer Expense	3,643	11,197	11,197	11,197	11,197	11,197	11,197	70,825
Copies, Stamps/Postage/Courier	360	1,750	1,750	1,750	1,750	1,750	1,750	10,860
Envelopes/Paper	10	100	100	100	100	100	100	610
Liquidation Oversight Allocated Expenses	5,963	4,501	4,501	4,501	4,501	4,501	4,501	32,969
Special Master Fee	96	387	387	387	387	387	387	2,418
Unforeseen Expenses	-	500	500	500	500	500	500	3,000
	10,392	19,100	19,100	19,100	19,100	19,100	19,100	124,992
<b>Subcontractor Fees &amp; Expenses</b>								
Accounting Fees & Expenses- Petrosewicz & Company Inc.	-	1,064	1,064	1,064	1,064	1,064	1,064	6,384
Claims Services - John Waiding, LLC	-							
Legal Fees & Expenses- Fuller Law Group	6,951	15,000	15,000	15,000	15,000	15,000	15,000	96,951
Legal Admin Expenses & Fees - Inquest Resources	153	800	800	800	800	800	800	4,953
	7,104	16,864	16,864	16,864	16,864	16,864	16,864	108,288
<b>Other Fees &amp; Expenses</b>								
IT Services - EMKAY Associates/Insware/Ricoh	6,095	5,253	5,253	5,253	5,253	5,253	5,253	37,613
Records Storage - Safesite	4,057	7,449	7,449	7,449	7,449	7,449	7,449	48,751
Records Shredding - Safeshred	213	6,000	6,000	6,000	6,000	6,000	6,000	36,213
	10,365	18,702	18,702	18,702	18,702	18,702	18,702	122,577
<b>Total Projected Final Expenses</b>	<b>53,331</b>	<b>129,087</b>	<b>129,087</b>	<b>129,087</b>	<b>129,087</b>	<b>129,087</b>	<b>129,087</b>	<b>827,853</b>

# **EXHIBIT 7**

POC #	Claimant Name - Individual	Claimant Name - Business	Linc. Mem. Approved Amt	Linc. Mem. Class	% of Total Class \$ Amount	Current Expected Distribution by Class	Distribution
<b>CLASS 1</b>							
8000		NOLHGA	\$79,721,679.00	1	100%		\$2,458,183.00
<b>CLASS 2</b>							
8000		NOLHGA	\$349,547,691.00	2	99.990345%	\$4,346,230.18	\$4,345,810.53
13882	redacted		\$8,814.55	2	0.002521%	\$4,346,230.18	\$109.59
13615		SALSER & DILLARD FUNERAL CHAPEL	\$3,000.00	2	0.000858%	\$4,346,230.18	\$37.30
13338	redacted		\$2,820.25	2	0.000807%	\$4,346,230.18	\$35.06
14069	redacted		\$2,650.83	2	0.000758%	\$4,346,230.18	\$32.96
14244	redacted		\$2,642.74	2	0.000756%	\$4,346,230.18	\$32.86
19771		STRUVE & LA PORTE FUNERAL CHAPEL	\$2,637.73	2	0.000755%	\$4,346,230.18	\$32.79
13453	redacted		\$2,327.38	2	0.000666%	\$4,346,230.18	\$28.94
19456		LIENKAEMPER-THOMASON	\$2,241.42	2	0.000641%	\$4,346,230.18	\$27.87
13776	redacted		\$2,212.10	2	0.000633%	\$4,346,230.18	\$27.50
13271		SAN JOSE FUNERAL SERVICE	\$2,206.09	2	0.000631%	\$4,346,230.18	\$27.43
13369	redacted		\$2,200.39	2	0.000629%	\$4,346,230.18	\$27.36

NOLHGA Class 1 distribution includes \$77,263,496 in credited early access distributions.

# **EXHIBIT 8**

**Notice of Distribution to Claimants  
of Lincoln Memorial Life Insurance Company**

You received this notice because you filed or were deemed to have filed a Proof of Claim (“POC”) in the Lincoln Memorial Life Insurance Company (“Lincoln Memorial”) receivership. Your POC was approved as a Class 2 claim. The Special Deputy Receiver (“SDR”) of Lincoln Memorial filed its *Final Report and Application to Make Final Distribution for Lincoln Memorial Life Insurance Company* (the “Application”) in the Lincoln Memorial receivership. The Application and all other receivership filings are posted online at [www.lincolnmemorallife.com](http://www.lincolnmemorallife.com).

Under the *Amended Order of Reference to Master* entered by the Receivership Court, the Application is set for written submission before the Special Master, Tom Collins, on January 27, 2025.

Upon approval by the Receivership Court, the SDR proposes to distribute Lincoln Memorial’s assets on approved POCs as follows:

- The administrative expenses of the receivership approved by the Receivership Court and all Class 1 claims of the state guaranty associations will be paid in full.
- All Class 2 claims will be paid 1.23% of their approved amount. However, if any Class 2 claim would result in a distribution of less than \$25.00, such distribution will not be made as making the distribution will not be cost effective.
- There will be no distributions to any other class of claims.

**You do not need to respond to the Application or contact the SDR to receive your distribution, except to notify the SDR of any changes to your address. The distributions will be made after the Receivership Court approves the Application.**

**After the Receivership Court grants the Application, the SDR will mail your distribution to the address shown on your POC or any new address you provided. All checks must be cashed within forty-five (45) days after the date the check was issued. After forty-five (45) days, the bank account will be closed, and you will need to contact the Texas Department of Insurance to claim your money.**

If you wish to file an objection to the Application, the instructions are on the back of this page. If you have any questions, please contact Customer Service via e-mail to [info@lincolnmemorallife.com](mailto:info@lincolnmemorallife.com) or by telephone at 800-334-3851.

**Instructions for Filing Objection to Application**  
*Follow these procedures only if you object to the Application*

Any objection must be filed with the Travis County District Clerk’s office in the cause number listed below. Filing information is available at [districtclerkhelp@traviscountytexas.gov](mailto:districtclerkhelp@traviscountytexas.gov) or (512) 854-9457.

**CAUSE NO. D-1-GV-08-000945**

<p><b>THE STATE OF TEXAS,</b> <b>Plaintiff</b></p> <p><b>v.</b></p> <p><b>MEMORIAL SERVICE LIFE INSURANCE COMPANY, LINCOLN MEMORIAL LIFE INSURANCE COMPANY, AND NATIONAL PREARRANGED SERVICES, INC.,</b> <b>Defendants</b></p>	<p>§ § § § § § § § §</p>	<p style="text-align: right;"><b>IN THE DISTRICT COURT OF</b></p> <p style="text-align: right;"><b>TRAVIS COUNTY, TEXAS</b></p> <p style="text-align: right;"><b>250<sup>th</sup> JUDICIAL DISTRICT</b></p>
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The following procedures apply to objections to the Application:

1. The Special Master may consider the Application by written submission or oral hearing.
2. If no objection is filed in compliance with the *Amended Order of Reference*, the Special Master may consider the Application without a hearing, and the Receivership Court may enter the order recommended by the Special Master upon its submission to the Receivership Court. A party waives any right to object to the recommendation of the Special Master if the party does not file an objection in compliance with the Amended Order of Reference.
3. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date of January 27, 2025, in the above-referenced case.
4. A copy of any objection shall be served by e-mail by such date on:
  - (a) The Special Master’s Docket Clerk, at [specialmasterclerk@tdi.texas.gov](mailto:specialmasterclerk@tdi.texas.gov);
  - (b) The undersigned counsel, Christopher Fuller at [cfuller@fullerlaw.org](mailto:cfuller@fullerlaw.org); and
  - (c) All interested parties, including those listed on the SDR’s Certificate of Service attached to the Application.
5. Any objection must set out specifically the reasons for objection, with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally by the Special Master.

6. An objecting party must coordinate expeditiously with the SDR's counsel and the Special Master's Clerk [(512) 676-6915] to request a hearing, unless the Special Master determines that a hearing is not necessary. If the hearing is granted, the objecting party must send a Notice of Oral Hearing to the Applicant's counsel and all parties listed on the Certificate of Service.
7. Any Acknowledgment of Notice and Waiver by a party in interest party should be filed at least three (3) calendar days before the submission or hearing date.

# **EXHIBIT 9**

**Notice of No Distribution - Lincoln Memorial Life Insurance  
Company**

**Lincoln Memorial was placed in receivership. This notice is sent to inform you that you  
will not receive a distribution from the receivership.**

The Special Deputy Receiver (“SDR”) of Lincoln Memorial Life Insurance Company (“Lincoln Memorial”) filed its *Final Report and Application to Make Final Distribution for Lincoln Memorial Life Insurance Company* (the “Application”) in the Lincoln Memorial receivership. The SDR approved a claim for you in the Lincoln Memorial receivership with a Class 2 priority of payment. The SDR has only \$4,308,435 to distribute on \$350,724,613 in approved Class 2 claims. In the Application, the SDR requests that the Court order that Class 2 distributions will not be made on *de minimis* claims that would result in a distribution of \$25.00 or less, as making the distribution would not be cost effective. Claims awarded with a Class 5, 6, 7 and 8 priority will not receive any distribution because all claims with a higher priority must be paid in full before any distribution.

The Application and all other receivership filings are posted online at [www.lincolnmemorallife.com](http://www.lincolnmemorallife.com). You can also request a copy by mail by calling 800-334-3851. The Application will be submitted to the Master appointed by the Court on January 27, 2025 (Submission Date) pursuant to the Amended Order of Reference to Master entered in the above cause (Order of Reference). If you wish to file an objection to the Application, you must follow these rules:

1. The Special Master may consider the Application by written submission or oral hearing.
2. If no objection is filed in compliance with the Order of Reference, the Special Master may consider the Application without a hearing, and the Receivership Court may enter the order recommended by the Special Master upon its submission to the Receivership Court. A party waives any right to object to the recommendation of the Special Master if the party does not file an objection in compliance with the Order of Reference.
3. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date of January 27, 2025, in the above-referenced case.
4. A copy of any objection shall be served by e-mail by such date on:
  - (a) The Special Master’s Docket Clerk, at [specialmasterclerk@tdi.texas.gov](mailto:specialmasterclerk@tdi.texas.gov);
  - (b) The undersigned counsel, Christopher Fuller at [cfuller@fullerlaw.org](mailto:cfuller@fullerlaw.org); and
  - (c) All interested parties, including those listed on the SDR’s Certificate of Service attached to the Application.
5. Any objection must set out specifically the reasons for objection, with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally by the Special Master.
6. An objecting party must coordinate expeditiously with the SDR’s counsel and the Special Master’s Clerk [(512) 676-6915] to request a hearing, unless the Special Master determines that a hearing is not necessary. If the hearing is granted, the objecting party must send a Notice of Oral Hearing to the Applicant’s counsel and all parties listed on the Certificate of Service.
7. Any Acknowledgment of Notice and Waiver by a party in interest party should be filed at least three (3) calendar days before the submission or hearing date.

**Exhibit  
9**

**You are required to follow these procedures only if you have an objection to the Application.**

If you have any questions, please contact Customer Service via e-mail to [info@lincolnmemorallife.com](mailto:info@lincolnmemorallife.com) or by telephone at 800-334-3851.

# **EXHIBIT 10**

**ASSIGNMENT OF ASSETS OF LINCOLN MEMORIAL LIFE INSURANCE COMPANY**

This Assignment of Assets (the "Assignment") is made by Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Lincoln Memorial Life Insurance Company (the "SDR" and "Lincoln Memorial," respectively), to Cassie Brown, the Commissioner of Insurance for the State of the Texas (the "Commissioner").

Whereas Lincoln Memorial placed into liquidation on September 22, 2008 and Jo Ann Howard & Associates, P.C., is the appointed Special Deputy Receiver;

Whereas, the SDR does not believe it is in the best interests of the receivership estate of Lincoln Memorial to continue the proceeding to attempt to collect any potential remaining assets;

Whereas, the Court has approved the SDR's *Final Report and Application to Make Final Distribution for Lincoln Memorial Life Insurance Company* (the "Application"), and pursuant to such order the SDR has distributed the remaining cash assets of the receivership estate of Lincoln Memorial;

Whereas, the Court's order approving the Application authorized the SDR to convey to the Commissioner any and all assets of Lincoln Memorial remaining after the final distribution;

Therefore, for value received, the sufficiency of which is acknowledged, the SDR conveys to the Commissioner all right, title and interest in any and all assets of Lincoln Memorial, whether known or unknown, and any assets that have been written off by Lincoln Memorial or the SDR. Such right, title and interest shall include any and all claims, potential claims, suits, demands, causes of action, charges or grievances of any kind or character, regardless of the nature or extent, whether arising in tort, contract, by statute or otherwise, and include claims for breach of fiduciary duty, constructive fraud and fraud. The unknown assets conveyed include those that may exist now or that may arise in the future. It is the intent of the parties to this Assignment to convey to the Commissioner all legal and equitable rights held by the receivership estate of Lincoln Memorial, whether or not specifically identified herein.

This Assignment constitutes the entire agreement of the parties, and the parties expressly agree that its terms supersede any other agreements or understandings with respect to the subject matter of this Assignment. This Assignment shall not waive, release or otherwise affect any liabilities or obligations of any party to Lincoln Memorial.

The laws of the State of Texas govern this Assignment, and venue and jurisdiction for any action to enforce this Assignment shall be in Travis County, Texas.

Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Lincoln Memorial Life Insurance Company

By: \_\_\_\_\_  
Jo Ann Howard, President



CAUSE NO. D-1-GV-08-000945

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
Plaintiff	§	
v.	§	
	§	
MEMORIAL SERVICE LIFE	§	TRAVIS COUNTY, TEXAS
INSURANCE COMPANY, LINCOLN	§	
MEMORIAL LIFE INSURANCE	§	
COMPANY, AND NATIONAL	§	
PREARRANGED SERVICES, INC.,	§	
Defendants	§	250 <sup>th</sup> JUDICIAL DISTRICT

**ORDER GRANTING THE SPECIAL DEPUTY RECEIVER'S  
FINAL REPORT AND APPLICATION TO MAKE FINAL DISTRIBUTION FOR  
LINCOLN MEMORIAL LIFE INSURANCE COMPANY**

The Court considered the *Final Report and Application to Make Final Distribution for Lincoln Memorial Life Insurance Company* (the “Application”), filed by Jo Ann Howard & Associates, P.C., Special Deputy Receiver of Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Company and National Prearranged Services, Inc. (the “SDR” and “Lincoln-Memorial-NPS” respectively).

1. The *Amended Order of Reference to Master* (“Order of Reference”) entered by this Court provides that applications filed pursuant to § 443.007 of the Code are referred to the Special Master appointed in this proceeding;
2. The Application was submitted to the Special Master in accordance with the Order of Reference;
3. Notice of the Application was provided in accordance with § 443.007 (d) of the Code and the Order of Reference, and no objections to the Application were filed;
4. The Texas Life & Health Insurance Guaranty Association (“TLHIGA”) filed its acknowledgment and waiver;

5. The Special Master has issued a recommendation that the Application should be granted pursuant to Rule 171 of the Texas Rules of Civil Procedure;

6. The Court has jurisdiction over the Application, and the parties affected hereunder; and

7. The Application should be GRANTED in all respects.

All capitalized terms used herein shall have the same meaning as in the Application.

IT IS ORDERED, ADJUDGED, AND DECREED as follows:

1. The Court grants the Final Report of Claims and Application to Make Final Distribution;
2. Exhibits 1 through 10 to the Application are admitted into evidence;
3. The Court accepts and approves the financial statements, Exhibits 1 through 4;
4. The Court approves the form of the Distribution Notice, Notice of No Distribution, and Assignment of Assets;
5. The Court approves the estimated expenses through the closing of the receivership under § 443.015 of the Code;
6. The Court approves the Final Report of Claims;
7. The SDR is authorized to distribute the cash assets of the Lincoln Memorial receivership as described in the Application;
8. Any distribution calculated at or under \$25 shall be withheld from distribution as de minimus and treated as general asset subject to distribution;
9. The SDR is authorized, if it is economically feasible to distribute Residual Funds, to make a supplemental distribution from any such residual funds, after reserving for distribution expenses, to Class 2 claimants, subject to the de minimus distribution threshold approved by the Court;

10. The SDR is authorized to transfer to the Commissioner any funds which are not economically feasible to distribute which remain after all distributions are made for deposit in an account established under Texas Insurance Code § 443.304(c);
11. The Court finds that any distribution to a claimant for whom the Distribution Notice was returned as undeliverable and that any distribution attributable to interest to any claimant who fails to return any requested tax reporting information to the SDR shall be deemed as unclaimed for purposes of § 443.304 of the Code;
12. The SDR is granted the authority, but not the duty, to use service providers, in its discretion, to locate allowed claimant addresses;
13. The assignment of unknown, unliquidated and the known, non-cash assets to the Commissioner is authorized and SDR is authorized to execute and deliver the Assignment of Assets, Exhibit 10, to the Commissioner;
14. This proceeding may be reopened under § 443.353 of the Code if any assigned assets collected and liquidated are, in the Commissioner's discretion, sufficient to be economically distributed, and if not sufficient to be economically distributed, such assets may be deposited in an account established by the Commissioner in accordance with § 443.304(c) of the Code;
15. The SDR is authorized to deliver records to the Commissioner pursuant to § 443.354(b) of the Code and the Commissioner is authorized to retain or dispose of these records at her discretion;
16. NOLHGA and the Affected IGAs are authorized to retain or dispose of the records transferred during the pendency of this receivership at their discretion; and

17. The Court finds that this Order constitutes a final order fully resolving all issues relating to the Application, provided that this Court shall retain jurisdiction to issue further orders pursuant to Chapter 443 of the Code.

SIGNED this \_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Judge Presiding

## Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Christopher Fuller on behalf of Christopher Fuller

Bar No. 07515500

cfuller@fullerlaw.org

Envelope ID: 96160009

Filing Code Description: Motion (No Fee)

Filing Description: SPECIAL DEPUTY RECEIVER'S FINAL REPORT AND APPLICATION TO MAKE FINAL DISTRIBUTION FOR LINCOLN MEMORIAL LIFE INSURANCE COMPANY

Status as of 1/14/2025 11:19 AM CST

### Case Contacts

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Associated Case Party: TEXAS LIFE ACCIDENT HEALTH AND HOSPITAL SERVICE INS GUARANT

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