

NO. D-1-GV-08-000945

STATE OF TEXAS	§	IN THE DISTRICT COURT OF
	§	
vs.	§	
	§	
MEMORIAL SERVICE LIFE	§	TRAVIS COUNTY, TEXAS
INSURANCE COMPANY, LINCOLN	§	
MEMORIAL LIFE INSURANCE	§	
COMPANY AND NATIONAL	§	
PREARRANGED SERVICES, INC.	§	250 TH JUDICIAL DISTRICT

APPLICATION FOR APPROVAL OF FEES AND EXPENSES

TO THE HONORABLE JUDGE OF SAID COURT:

Donna J. Garrett, 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) files this *Application for Approval of Fees and Expenses* (the “Application”), and in support thereof would respectfully show the Court as follows:

I. BACKGROUND

1.1 A delinquency proceeding under Chapter 443 of the Texas Insurance Code was filed on May 13, 2008 against *Lincoln-Memorial-NPS*. The Court entered an *Agreed Order Appointing Rehabilitator and Permanent Injunction* on May 14, 2008 appointing the Texas Commissioner of Insurance as Receiver for Rehabilitation (the “Rehabilitator”). The Rehabilitator designated Donna J. Garrett as SDR of *Lincoln-Memorial-NPS* on May 15, 2008.

1.2 The subject matter of this Application has been referred to the Special Master appointed in this proceeding in accordance with Paragraph III of the Order of Reference to Master entered on May 16, 2008.

II. STATUTORY AUTHORITY

2.1 The SDR is authorized to file this Application pursuant to TEX. INS. CODE § 443.015, which provides for the approval of the SDR’s expenses and compensation by the Court. Under §

443.154 (a), the SDR has all the powers of the Receiver, unless specifically limited by the Receiver.

III. BASIS FOR APPLICATION

3.1 TEX. INS. CODE § 443.015(c)(1) requires the Rehabilitator to submit an application for the approval of the terms of compensation of an SDR or contractor when the Rehabilitator reasonably expects that the total amount of compensation to be paid over the course of the proceeding will exceed Two Hundred and Fifty Thousand Dollars (\$250,000), or such another amount established by the Court. In addition, TEX. INS. CODE § 443.015 (d) permits the Rehabilitator, at his discretion, to submit an application to approve any compensation, anticipated expenses, or incurred expenses not described by Subsection (c)(1).

3.2 It is anticipated that the compensation paid to the SDR (and certain contractors) will exceed \$250,000 for the duration of this proceeding. In addition, it is anticipated that a number of the SDR's contractors will be paid less than \$250,000 for the duration of this proceeding. Accordingly, the SDR seeks Receivership Court approval for the terms of compensation of the SDR and all contractors currently authorized to perform services on behalf of the receivership estates. The rates for compensation for the SDR and its contractors are shown on Exhibit A, which is attached hereto and incorporated by reference. The SDR requests the Court to approve such rates pursuant to TEX. INS. CODE § 443.015 (d). These rates have been approved by the Rehabilitator in accordance with TEX. INS. CODE § 443.102(a).

3.3 TEX. INS. CODE § 443.015(g) provides that on a quarterly basis, or as otherwise provided by this Court, the Receiver shall submit to the Court a summary of expenses incurred during the period. The SDR requests the Court to establish quarterly reporting periods that coincide with the State of Texas fiscal year beginning on September 1, 2008. The SDR further requests that such reports be filed by the 15th day of the month following the end of the quarterly reporting period and commence with the quarter ending August 31, 2008.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Donna J. Garrett, Special Deputy Receiver of Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Company and National Prearranged Services, Inc. prays that, after notice and hearing, this Court grant this Application and grant the SDR such other and further relief to which she may be justly entitled.

Respectfully submitted,

By: Christopher Fuller

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And

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CERTIFICATE OF SERVICE

I certify that on June 13, 2008, a true and correct copy of this Application was served pursuant to the provisions of the Agreed Order Appointing Rehabilitator and Permanent Injunction, the Order of Reference, the Texas Rules of Civil Procedure and TEX. INS. CODE ANN. SEC. 443.007(d) on the following by electronic mail, except as specifically noted.



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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 *Application for Approval of Fees and Expenses* is hereby set for written submission before the Special Master, Tom Collins, on July 7, 2008.

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 such date on:
 - (a) The Special Master's Docket Clerk, Ms. Jean Sustaita, Texas Department of Insurance, **(Hand Delivery)** 333 Guadalupe, Hobby Tower 3, Room 550, Austin, Texas; or **(Mail To)** P. O. Box 149104, Austin, Texas 78714-9104
 - (b) All interested parties, including the undersigned counsel and those listed on the Applicant's Certificate of Service.
3. 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.
4. If a matter is set for submission, an objecting party shall expeditiously coordinate with Applicant's counsel and the master's docket clerk [(512) 463-6450] to obtain an oral hearing, unless the master determines that an oral hearing is not necessary. The objecting party shall serve a Notice of Oral Hearing on applicant's counsel and all interested parties, including those listed on the Applicant's Certificate of Service.
5. 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.
6. 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.



Christopher Fuller/Jennifer Ramsey

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PREARRANGED SERVICES, INC.	§	250 TH JUDICIAL DISTRICT

ORDER APPROVING APPLICATION FOR APPROVAL OF FEES AND EXPENSES

The Court considered the *Application for Approval of Fees and Expenses* (the “Application”), filed by Donna J. Garrett, 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). The Court finds that notice was proper and that it has jurisdiction to enter this order. Having considered the Application and the recommendation of the Special Master, the Court finds that the Application should be granted, as follows:

IT IS ORDERED ADJUDGED AND DECREED that:

1. The Application is GRANTED;
2. The terms of compensation for the Special Deputy Receiver and the contractors listed on Exhibit A to the application are approved; and
3. The Special Deputy Receiver shall file with this Court a summary of expenses incurred pursuant to TEX. INS. CODE § 443.015(g) on a quarterly basis as described in Paragraph 3.3 of the Application.

Signed: _____, 2008.

Judge Presiding

**Donna J. Garrett, Special Deputy Receiver of
R# 537 - LINCOLN MEMORIAL LIFE INSURANCE COMPANY,
MEMORIAL SERVICE LIFE INSURANCE COMPANY AND
NATIONAL PREARRANGED SERVICES, INC. IN REHABILITATION**

**EXHIBIT "A"
as of June 6, 2008**

Special Deputy Receiver:

	<u>HOURLY RATE</u>
Donna Garrett Consulting Special Deputy Receiver	\$ 145.00

Subcontractors:

ABACI, Inc.

Project Manager	\$ 85.00
Technical Manager	80.00
Technical Analyst	80.00
Application Analyst and Developer	80.00

Alexander Charles & Associates, Inc.

Reinsurance Manager	\$ 125.00
Premiums/Claims/Reinsurance	90.00
Clerical	25.00

EMKAY Associates, Inc.

Claims Administration Manager	\$ 85.00
Claim Representatives (2)	75.00
IT Support and Records Management	65.00
Administration	45.00
Records Management	45.00
Clerical/Records	25.00

Fuller Law Group

Attorney	\$ 200.00
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Jack M. Webb & Associates, Inc.

Partners (3)	\$ 135.00
Accounting Supervisor	70.00
Operations Manager	65.00
Claims Technician	55.00
Accounting Clerk	45.00
Records Technician	30.00
Clerical Staff	25.00

Jennifer Ramsey, PC

Attorney/Regulatory Services	\$ 195.00
Associate Attorney	150.00
Legal Assistant	55.00

Subcontractors:**HOURLY RATE****Kim Harrigan Consulting**
Claims Administration

\$ 85.00

Law Offices of Anthony I. Pye

Partner

\$ 300.00

Attorney

255.00

Paralegal

65.00

Padgett, Strateman & Co., LLP

Partners (2)

\$ 195.00

Managers (5)

145.00

Senior Accountants (11)

125.00

Junior Accountants

75.00

Support Staff (4)

95.00

Petrosewicz & Company, Inc.

Attorney

\$ 150.00

CPA

150.00

Accountant Level 3

125.00

Accountant Level 2

90.00

Accountant Level 1

80.00

Support Staff

70.00

Clerical

25.00

Polsinelli Shalton Flanigan Suelthaus, PC

Senior Partner Attorneys (2)

\$ 337.50

Managing Attorney

315.00

Senior Attorney

279.00

Attorney Level 3 (2)

270.00

Attorneys Level 2 (4)

225.00

Attorney Level I

202.50

Associate Attorneys Level 4 (4)

184.50

Associate Attorney Level 3

180.00

Associate Attorney Level 2

175.50

Associate Attorney Level 1

157.50

Analyst/Paralegal

121.50

Paralegals Senior (2)

108.00

Paralegal-Intermediate

99.00

Paralegals Junior (2)

81.00

Subcontractors:**Raymond James and Associates**

Asset Manager

**

Receivership Field Management

Takeover and Administrative Services Manager

\$ 55.00

Wisener Nunnally Gold, LLP

Partners (3)	\$ 185.00
Associate Attorneys (3)	160.00
Paralegal	100.00
Clerical	30.00

** - Hourly fees waived – transactional billing fee schedule below:

Raymond James Fee Schedule
as of June 3, 2008

All transferring account fees associated with the switching of securities from one broker dealer to another will be the responsibility of the receivership.

All common stock and preferred securities will be sold at a 50 basis points fee.

All CMO, Corporate, treasury and Agency fixed income securities will be marked up between 100 and 25 basis points.