

Cause No. D-1-GV-08-000945

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

**SPECIAL DEPUTY RECEIVER'S REPORT ON OBJECTIONS
TO APPLICATION FOR ORDER OF LIQUIDATION AND
FOR ORDER APPROVING PLAN OF LIQUIDATION**

TO THE HONORABLE JUDGE OF SAID COURT:

Donna J. Garrett, the Special Deputy Receiver ("SDR") of Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Company and National Prearranged Services, Inc., files this *Report on Objections to Application for Order of Liquidation and for Order Approving Plan of Liquidation*, and would show as follows.

I. INTRODUCTION

1.1 The SDR filed her *Application for Order of Liquidation and for Order Approving Plan of Liquidation* (the "Application") on August 11, 2008. Five objections were filed to the Application. One objection was filed by the affiliates of the former management of the companies in receivership; two objections were filed by attorneys involved in two alleged class actions; and two objections were filed by or on behalf of individual funeral homes.

1.2 On August 27, 2008, the *Special Master's Order Regarding Briefing Schedule* was entered in this proceeding. The Special Master required the SDR to file a report on any resolved objections, a response to any unresolved objections, and time estimate and designation

of witnesses. The SDR files this Report in compliance with this order. A separate Response to the specific objections is filed concurrently with this pleading.

II. REPORT ON RESOLVED OBJECTIONS

2.1 The SDR has conferred with counsel or the principal for each of the objections. As of September 4, 2008, no objections have been resolved. The SDR will continue to communicate with the Objectors to resolve or narrow disputed issues. It is anticipated that the two objections filed by individual funeral homes will be resolved but that the objections filed by the former management's affiliates and the class action attorneys will need to be tried.

III. RESPONSE TO OBJECTIONS

3.1 The SDR has filed its Response to the Objections herewith, which is incorporated by reference.

IV. TIME ESTIMATE AND DESIGNATION OF WITNESSES

4.1 The SDR estimates that the presentation of her case in chief will take nine (9) hours of time for the presentation of direct and re-direct examination of her witnesses.

4.2 The SDR designates the following as potential witnesses:

- A. Donna J. Garrett, Special Deputy Receiver,
- B. Kim Harrigan, Director of Claims for the Special Deputy Receiver,
- C. Lester Sprouse, CPA; and
- D. Bart Boles, Executive Director of the Texas Life, Accident, Health & Hospital Service Insurance Guaranty Association
- E. Paul Peterson; Vice President, Accounting & Finance, National Organization of Life & Health Insurance Guaranty Associations
- F. Douglas A. Ballweg, Partner in Strohm Ballweg, LLP.

4.3 The SDR reserves the right to present additional, supplemental and rebuttal witnesses and to use such additional time as may be necessary to respond to the Objectors.

Respectfully submitted,

By: Christopher Fuller

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Memorial Service Life Insurance Company,
and National Prearranged Services, Inc.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was sent to the following in accordance with TEX. INS. CODE ANN § 443.007 on the 4th day of September, 2008:


Christopher Fuller

<p><i>Via Email:</i> Leanne.Layne@tdi.state.tx.us Leanne Layne Texas Department of Insurance Liquidation Oversight - 305-1D PO Box 149104 Austin, TX 78714-9104</p>	<p><i>Via Email:</i> Rachel.Giani@tdi.state.tx.us Rachel Giani Texas Department of Insurance Financial Counsel/Legal Services - 821 PO Box 149104 Austin, Texas 78714-9104</p>
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