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April 4, 2012

VIA ELECTRONIC FILING

The Honorable Joel H. Peck, Clerk
State Corporation Commission
Tyler Building - 1st Floor
1300 East Main Street
Richmond, Virginia 23219

ATTN.: DOCUMENT CONTROL CENTER

Re: Commonwealth of Virginia ex rel. State Corporation Commission v. Southern Title Insurance Corporation; Case No. INS-2011-00239; Our File No. 62000-002

Dear Mr. Peck:

On behalf of the Deputy Receiver of Southern Title Insurance Corporation, please find attached for filing the following pleading:

APPLICATION FOR ORDER IN AID OF RECEIVERSHIP

Thank you for your kind assistance in regard to this matter. Please let us know if you have any questions.

Respectfully submitted,



Joseph N. West
Counsel to the Deputy Receiver

JNW:jmw
Attachment

cc: All Parties of Record

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA *ex rel.* §
STATE CORPORATION COMMISSION §
v. §
SOUTHERN TITLE INSURANCE §
CORPORATION, in Receivership, §
Defendant. §

Case No. INS-2011-00239

APPLICATION FOR ORDER IN AID OF RECEIVERSHIP

Jacqueline K. Cunningham, Commissioner of Insurance, Bureau of Insurance, State Corporation Commission (“Commission”), Commonwealth of Virginia, in her capacity as Deputy Receiver (the “Deputy Receiver”) of Southern Title Insurance Corporation (“Southern”), in Receivership, by counsel, respectfully submits this Application for Order in Aid of Receivership (the “Application”) in connection with the receivership proceedings involving Southern (the “Receivership Proceeding(s)”), and hereby seeks an order from the Commission adopting supplemental rules of practice and procedure applicable to the Receivership Proceedings.

I. BACKGROUND

1. On December 20, 2011, in the case styled Commonwealth of Virginia ex rel. State Corporation Commission v. Southern Title Insurance Corporation and Manju S. Ganeriwala, Treasurer of Virginia, Case No. CL11-5660-RDT, the Circuit Court of the City of Richmond, Virginia (the “Court”), found Southern to be in a condition where any further transaction of business would be hazardous to the insureds, policyholders, creditors, and the public. Therefore, pursuant to Title 38.2, Chapters 15 of the Virginia Code, the Court issued its Final Order Appointing Receiver

for Rehabilitation or Liquidation (the "Receivership Order"), appointing the Commission as Receiver of Southern.

2. On the same date, the Commission entered its Order Appointing Deputy Receiver for Conservation and Rehabilitation, pursuant to Title 38.2, Chapter 15 of the Virginia Code, and appointed Commissioner Cunningham as Deputy Receiver of Southern.

3. By this Application, the Deputy Receiver now seeks approval of certain actions necessary to assist with the disposition of the receivership estate assets and to defend any present or future claims, obligations, and liabilities of the receivership estate. The Deputy Receiver believes that these actions are also necessary in the event that institution of additional litigation against other parties may be required.

II. SUPPLEMENTAL RULES OF PRACTICE AND PROCEDURE

4. In order to manage the affairs and operations of Southern effectively, to investigate the merit and advisability of instituting litigation against potential debtors to the Receivership, and to investigate, adjudicate, prosecute, and defend claims by and against the Receivership, the Deputy Receiver respectfully submits to the Commission that she presently requires the ability to obtain the testimony and production of documents by a variety of persons and entities who may or may not become parties in such litigation or claim proceedings. However, current rules of procedure applicable to the Receivership Proceedings do not expressly authorize the Deputy Receiver to obtain such testimony or production of documents.

5. Accordingly, the Deputy Receiver respectfully submits to the Commission that an order should be entered permitting her to seek an order or process from the Commission to compel the testimony and production of documents by persons and entities within the Commission's

jurisdiction in order that she may discover the affairs of the Receivership fully, including all assets potentially recoverable by Southern and any defenses to claims asserted against it. If the Deputy Receiver is not granted the ability to obtain such testimony and production of documents through process or an order of the Commission, she respectfully submits to the Commission that there exists a substantial probability that she will be unable to discharge fully and most effectively her duties as Deputy Receiver for the protection of Southern's insureds, policyholders, and creditors.

6. For purposes of illustration only, and not by way of limitation, the Deputy Receiver would show the Commission that the kind of investigation and discovery she would expect to conduct under such authority includes the following:

- a. Deposing persons or entities with knowledge of facts relevant to claims asserted, or which might be asserted by or against the Deputy Receiver or the Receivership estate;
- b. Obtaining the testimony and production of documents regarding Southern's affairs by its former consultants, officers, agents, and employees who are not otherwise parties to litigation with the Deputy Receiver;
- c. Obtaining the testimony and production of documents of persons who have had business arrangements or transactions with Southern;
- d. Obtaining the testimony or production of documents by persons or entities involved in litigation to which the Deputy Receiver is not a party but which indirectly or tangentially involves the affairs of the Receivership, such as class action litigation or bankruptcy proceedings in other courts where such persons or entities are nonetheless subject to the Commission's jurisdiction;

- e. Obtaining testimony and documents in proceedings in which such testimony and documents are only available pursuant to orders entered by courts of competent jurisdiction, the Commission being such a court under the circumstances;
- f. Obtaining testimony or production of documents by actuaries, accountants, and other persons who possess knowledge of the business affairs of the Receivership but who are not parties to litigation with the Deputy Receiver;
- g. Obtaining the testimony or production of documents relating to the existence and contents of insurance agreements by which an insurer may be liable to satisfy all or part of a judgment in favor of or against the estate or to indemnify or reimburse for payments made to satisfy any such judgment; and
- h. Obtaining testimony or production of documents by insurers, reinsurers, and others who possess knowledge of the existence, availability, and potential dissipation of insurance and reinsurance policy proceeds that may be available for the benefit of the Deputy Receiver and her constituents.

7. To accomplish the legitimate objectives of the Receivership, it is essential that appropriate rules be established to govern various procedural matters that may arise in the discharge of the Deputy Receiver's duties and to provide for the orderly and efficient use of the powers and responsibilities imposed upon the Deputy Receiver by the Receivership Order. Specifically, supplementation of the Rules of Practice and Procedure of the State Corporation Commission (the "Commission Rules") is required to allow the Deputy Receiver to investigate certain matters pertaining to the affairs and business of Southern.

8. Therefore, the Deputy Receiver requests that the Supplemental Rules of Practice and Procedure in Aid of Receivership Proceedings (the "Supplemental Rules"), in the form attached hereto as Exhibit A, be adopted by the Commission to supplement the Commission Rules.

9. The Deputy Receiver believes that the adoption of the Supplemental Rules is fair, reasonable, and consonant with the best interests of the public, the receivership estate, and Southern's insureds, policyholders, and creditors. For these reasons, the Deputy Receiver requests that the Commission adopt the Supplemental Rules for use in connection with the Receivership Proceedings.

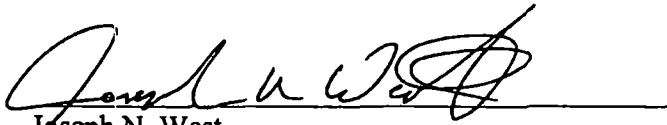
WHEREFORE, the Deputy Receiver prays for an Order in Aid of Receivership as follows:

1. Adopting the Supplemental Rules, attached hereto as Exhibit A, as part of the Receivership Proceedings; and

2. Granting such other and further relief to which the Deputy Receiver may show herself justly entitled.

Respectfully submitted,

Jacqueline K. Cunningham, Commissioner of Insurance,
Bureau of Insurance, State Corporation Commission, as
Deputy Receiver of Southern Title Insurance Corporation

By: 
Joseph N. West

Patrick H. Cantilo (*Pro Hac Vice*)
Joseph N. West (*Pro Hac Vice*)
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Counsel to the Deputy Receiver

CERTIFICATE OF SERVICE

I hereby certify that on April 4, 2012, the foregoing document was filed electronically with the Clerk of the Commission and one copy was sent via overnight delivery to:

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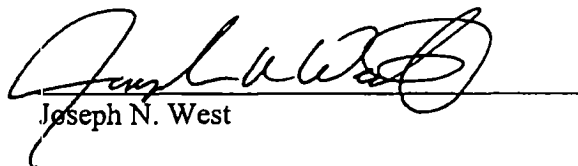

Joseph N. West

EXHIBIT A

**Supplemental Rules of Practice and Procedure
in Aid of Receivership Proceedings**

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**Supplemental Rules of Practice and Procedure
in Aid of Receivership Proceedings**

1. Scope

1:1 Application of Supplemental Rules. These Supplemental Rules of Practice and Procedure in Aid of Receivership Proceedings (the “Supplemental Rules”) shall be applicable to matters relating to the receivership (the “Receivership Proceeding(s)”) of Southern Title Insurance Corporation (“Southern”) as a supplement to the Commission’s standing Rules of Practice and Procedure (the “Commission Rule(s)”).

1:2 Application of Certain Rules of Supreme Court of Virginia. The Commission shall, as set forth herein, apply certain Rules of the Supreme Court of Virginia (“Virginia Rules”) as may be necessary to facilitate the orderly investigation, discovery, and disposition of certain matters in these Receivership Proceedings. To this end, certain terms in the Virginia Rules must be subject to certain interpretations and deemed changes for use in this Receivership Proceeding. These Supplemental Rules, and the adopted Virginia Rules, shall be liberally construed to facilitate a viable procedural mechanism for aiding the orderly investigation, discovery, and disposition of matters involving the Receivership Proceedings.

2. Pretrial Procedures Depositions and Production

Subject to interpretations and deemed changes in accordance with Supplemental Rule 1:2, Virginia Rules 4:0, 4:1, 4:2, 4:3, 4:4, 4:5, 4:6, 4:6A, 4:7, 4:7A, 4:8, 4:9, 4:10, 4:11, 4:12, 4:13, and 4:14 shall apply to the Receivership Proceedings.

3. Investigative Subpoena Power; Examination of Witnesses Under Oath in Receivership Proceedings

3:1 Investigative Depositions and Production of Documents. The Commission may, upon good cause shown by the Deputy Receiver, issue, *ex parte*, a subpoena to compel the attendance and testimony of witnesses before a person empowered to administer oaths and the production of any books, accounts, records, papers, and correspondence or other records relating to any matter that pertains to the receivership of Southern and may, upon good cause shown, compel such attendance and production of records at the Deputy Receiver's offices in Richmond, Virginia, or at such other place as the Deputy Receiver may designate in Richmond, Virginia, as well as in cities or counties adjacent to Richmond, Virginia, as the Deputy Receiver may deem necessary to designate.

3:2 Protection from Investigative Depositions and Production of Documents. Any person served with a subpoena under this section may file a motion with the Commission for a protective order pursuant to Virginia Rule 4:1(c). The filing of such a motion does not relieve the person subject to the subpoena from compliance until such time as a protective order is entered by the Commission.

3:3 Sanctions for Disobedience. In any case of disobedience of (i) a subpoena issued under Rule 3:1 of these supplementary rules, including the contumacy of a witness appearing before the Deputy Receiver or her designated representative, or (ii) a subpoena issued under Part 2 of these rules or any other requirement thereunder, the Commission may, pursuant to Virginia Rule 4:12, issue an order requiring the person subpoenaed to obey the subpoena to give evidence or produce books, accounts, records, papers, and correspondence or other records respecting the matter in question. Any failure to obey such an order of the Commission may be punished as contempt by the Commission.

3:4 Application to Witnesses Outside Virginia. If the Deputy Receiver desires to subpoena documents or things, or to take the deposition of a witness who resides outside the Commonwealth of Virginia, such documents may be compelled in accordance with Virginia Rule 4:9A or the deposition taken in accordance with Virginia Rule 4:3, as the case may be, as adopted in these Supplemental Rules and as provided under Virginia Code sections 8.01-412.8-8.01-412.15.

4. Discovery Materials Not Filed with Clerk

Unless otherwise directed by the Commission, discovery materials shall not be filed with the Clerk of the Commission.