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12 **IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
13 **CLARK COUNTY, NEVADA**

14 STATE OF NEVADA, EX REL. COMMISSIONER
15 OF INSURANCE, IN HER OFFICIAL CAPACITY
16 AS STATUTORY RECEIVER FOR DELINQUENT
17 DOMESTIC INSURER,

18 Plaintiff,

19 vs.

20 SPIRIT COMMERCIAL AUTO RISK RETENTION
21 GROUP, INC., a Nevada Domiciled Association
22 Captive Insurance Company,

23 Defendant.

Case No. A-19-787325-B
Dept. No. 27

**TWENTY-NINTH
STATUS REPORT**

24 COMES NOW, the Commissioner of Insurance¹ and CANTILO & BENNETT, L.L.P., Special
25 Deputy Receiver (“SDR”), and files this Receiver’s Status Report in the above-captioned receivership.
26 In accordance with the orders of this Court and the Nevada Revised Statutes (“NRS”) Chapter 696B, the
27 Receiver makes this “true report[s] in summary form of the insurer’s affairs under the receivership and
28 of progress being made in accomplishing the objectives of the receivership.” NRS 696B.290(7).

¹ Ned Gaines was named as the Nevada Insurance Commissioner effective October 6, 2025. Pursuant to NRCPC 25(d), when a public officer stops holding office while an action is pending, “[t]he officer’s successor is automatically substituted as a party.”

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I.

INTRODUCTION

Spirit Commercial Auto Risk Retention Group, Inc. (“Spirit” or the “Company”) is an association captive insurance company organized under the insurance laws of Nevada and the Liability Risk Retention Act of 1986. Spirit received its Certificate of Authority on February 24, 2012, and operates under the authority of NRS Chapter 694C. Spirit transacted commercial auto liability insurance business. Within that line, Spirit specialized in serving commercial truck owners.

Pursuant to NRS 679A.160, Spirit is subject to Nevada laws in Chapters 694C and 695E that pertain to captive insurers (as “captive insurer” is defined in NRS 694C.060) and risk retention groups (as “risk retention group” is defined in NRS 695E.110) that have a Certificate of Authority from the Division. Spirit is considered an association captive insurer (as “association captive insurer” is defined in NRS 694C.050). As a risk retention group (“RRG”), Spirit is subject to the Federal Liability Risk Retention Act of 1986. RRGs domiciled in Nevada do not participate in the Nevada Guaranty Association. Pursuant to NRS 695E.140(1)(a), Spirit is also subject to all laws that pertain to traditional liability insurers (with exceptions given in Bulletin 14-008).

As discussed in the Receiver’s First Status Report that initially described receivership matters, Spirit was part of an Insurance Holding Company System and in large part it only did business with other members of that system. Included with those members were some of the following: (1) CTC Transportation Insurance Services, with offices in Missouri, New Jersey, and California, served as the program administrator and managing general agent for Spirit; (2) Criterion Claims Solutions of Omaha, Inc. (“Criterion”) was the third-party claims administrator for Spirit; (3) Lexicon Insurance Management LLC was the captive manager for the company (after Risk Services initially served in that role through circa July 2018); (4) Chelsea Financial Group, Inc. provided premium financing services for the majority of Spirit’s policies; and (5) the company 10-4 Risk Management provided risk management and loss run services. The owner or ultimate controlling person for each of these entities is or was Thomas Mulligan.² All of these companies were taking a portion of the premium dollars from Spirit-issued policies.

² See Schedule Y: Part 1A, to the Company’s 2018 Annual Statement, the “Detail of Insurance Holding Company System” (the Receiver’s First Status Report, Ex. B).

1 The Commissioner initially filed a petition to put the Company into receivership on January 11,
2 2019, and efforts to protect the policyholders and other creditors of the estate were contested vigorously
3 by the Company. On February 27, 2019, this Court entered its Permanent Receivership Order. Barbara
4 D. Richardson, Commissioner of Insurance, in her capacity as Receiver for Spirit appointed the firm of
5 CANTILO & BENNETT, L.L.P. as the Special Deputy Receiver of the Companies. The “Receiver” and
6 “Special Deputy Receiver” are referred to collectively herein as the “Receiver.”

7 In brief, the Permanent Receivership Order established the following key points for the Spirit
8 receivership:

- 9 1) that the Company’s in-force insurance policies are to be canceled effective on the earlier
10 of April 15, 2019, or the date when the insured ceased making premium payments to
11 Spirit;
- 12 2) that the Receiver may impose a full suspension on all disbursements owed by Spirit,
13 including insurance policy disbursements, and costs related to the defense or adjudication
14 of insurance policy claims;
- 15 3) that the receivership court has exclusive jurisdiction over all matters pertaining to Spirit
16 and all persons are enjoined from commencing, bringing, maintaining, or further
17 prosecuting any action at law, suit in equity, arbitration, or special or other proceeding
18 against the Company, Receiver, or Special Deputy Receiver;
- 19 4) that the Receiver is vested with exclusive title both legal and equitable to all of Spirit’s
20 property wherever located, to administer under the general supervisions of the Court;
- 21 5) that the Receiver may change to her own name, the name of any of Spirit’s accounts,
22 funds, or other property or assets, held with any bank, savings and loan association, other
23 financial institution, or any other person, wherever located, and may withdraw such
24 funds, accounts and other assets from such institutions or take any lesser action necessary
25 for the proper conduct of the receivership; and
- 26 6) that the Receiver is authorized to establish a receivership claims and appeal procedure,
27 for all receivership claims. The receivership claims and appeals procedures shall be used
28

1 to facilitate the orderly disposition or resolution of claims or controversies involving the
2 receivership or the receivership estate.

3 On September 16, 2019, the Receiver filed a consolidated motion for a Final Order Placing Spirit
4 Commercial Auto Risk Retention Group into Liquidation, and for an Order Setting a Claims Filing
5 Deadline, and Granting Related Relief (the “Consolidated Motion”). The Consolidated Motion was
6 heard and granted on October 24, 2019. On November 6, 2019, the Court entered its Final Order Placing
7 Spirit into Liquidation (the “Liquidation Order”) and its Final Order Setting Claims Filing Deadline for
8 Spirit and Related Relief (the “Claims Order”). The Claims Order established a Claims Filing Deadline,
9 and procedures for filing claims against Spirit. The Liquidation Order also granted the Receiver’s
10 request to formally place Spirit into liquidation effective on November 6, 2019. On September 30, 2020,
11 the Court entered an *Order Extending the Claims Filing Deadline for Spirit Commercial Auto Risk*
12 *Retention Group, Inc.* The Claims Filing Deadline was extended to May 31, 2021, and has now expired.

13 II.

14 RECEIVERSHIP ADMINISTRATION

15 A. Notice of Developments in Receivership

16 On August 19, 2019, the Court entered its Order Regarding Motion for Instructions Including
17 Notice Requirements (the “Notice Order”). Future notices about Spirit’s receivership will be provided
18 to interested parties in accordance with the Court’s Notice Order. Interested parties may also monitor
19 the Spirit receivership web site (www.spiritinsure.com) to keep up to date about developments in the
20 receivership.

21 B. Claims Administration and Third-Party Support Services

22 TRISTAR Risk Management (“TRISTAR”) assisted the Receiver in evaluating the Proofs of
23 Claim (“POCs”) that have been received. TRISTAR’s initial work for the estate included an evaluation
24 of the outstanding policy claims liabilities of the estate. TRISTAR’s work in this regard is detailed in
25 the Sixth Status Report and exhibits thereto. TRISTAR assisted the Receiver in evaluating and
26 determining the POCs filed in the Spirit estate. Through the appeals phase of the claims process for the
27 estate (*i.e.*, as claimants submit appeals of the Receiver’s claim determinations), TRISTAR will evaluate
28

1 the appeal submissions from claimants and make recommendations to the Receiver regarding proposed
2 resolutions of such appeals. The Receiver anticipates that it will continue to utilize TRISTAR’s
3 assistance for claims matters, on an as-needed basis, until all claims and appeals of the estate are
4 resolved. The Receiver also anticipates that TRISTAR will continue to maintain the estate’s electronic
5 claim records, and to assist with any required Medicare Secondary Payor reporting, through the claim
6 distributions phase of the receivership. The Receiver will continue to evaluate the need for TRISTAR’s
7 assistance and will continue to report TRISTAR’s ongoing work for the estate.

8 The Claims Filing Deadline expired on May 31, 2021. Approximately one thousand four hundred
9 seventy-two (1,472) POC submissions have been received and logged by the SDR to date. One thousand
10 three hundred ninety-six (1,396) of these filed POCs required a written Notice of Claim Determination
11 (“NCD”).³

12 The Receiver has evaluated the claims against the estate and mailed written NCDs to claimants—
13 and these notices advise claimants of whether their claims are approved (in full or in part) or denied.
14 Approximately one thousand three hundred ninety-five (1,395) NCDs have been completed and mailed
15 to the claimants to date. The Receiver regularly posts updates regarding Spirit claims to the home page
16 of the Spirit receivership web site. Approximately eighty-eight (88) objections to the Receiver’s claim
17 determinations have been received to date. Enclosed is a report on the determination of the Receiver on
18 each claim approved in whole or in part through December 31, 2025, as well as a report of each claim
19 determination to which an objection has been filed⁴ pursuant to NRS 696B.330(6-8). A copy of the
20 claims report, without the names of the claimants, is being submitted as **Exhibit 1** to this report.⁵

21
22 ³ Seventy-Six (76) POCs will not receive NCDs. Eleven POCs (11) were withdrawn by the claimants, three (3)
23 were rejected in writing by the SDR (*i.e.*, due to being related to a different insurance company), thirteen (13) could not be
24 processed due to the POC form being almost entirely incomplete, seven (7) were closed by the SDR due to the file being
25 opened in error (*i.e.*, a different POC number had already been opened for the claim), and thirteen (13) were duplicate
submissions by the claimant, and have been consolidated under the POC number assigned to the claimant’s original
submission. An additional twenty-nine (29) POCs have been filed late, after the bar date that was set by this Court – these
claimants have or will receive notices that their claim is barred and cannot be processed by the Receiver.

26 ⁴ The report on these objections will be updated to reflect the Court’s determination of each objection once hearings
have been held, pursuant to NRS 696B.330, and final orders are entered by the Court thereon.

27 ⁵ Individual claimant names have been removed from the public document out of concern for privacy. Exhibit 1
28 submitted to the Court for in camera review includes claimants’ names.

1 The Order Granting Motion to Establish Claims Appeal Process and Procedure and for the
2 Appointment of a Special Master to Assist with the Same was entered on March 3, 2023. The Order
3 appoints two Special Masters to preside over appeal hearings, and sets out the procedures for such
4 appeals, as well as the procedure for certain other appeals which are to be reviewed by the receivership
5 court. The above-referenced motions and orders have been posted to the receivership web site,
6 www.spiritinsure.com (“Receivership Documents” tab).

7 Counsel for the Receiver is working with the Special Masters to schedule appeal hearings and
8 briefing schedules. Recently, the Receiver also filed a Motion for Hearing of Remaining Claimant
9 Objections Involving Legal Issues Pursuant to NRS 696B.330(8), which was heard by the Court on
10 January 12, 2026, and granted on January 26, 2026. The Court will hear these objections on April 13,
11 2026.

12 As claims are scheduled for hearing, counsel for the Receiver is notifying claimants of the time
13 and place for the hearing of their objections, as well as the briefing schedule. Additional hearings will
14 continue to be scheduled on a rolling basis as needed. As appeals are resolved through the hearing
15 process, the Receiver will update the claim and appeal report exhibits to the status report to reflect the
16 appeal resolution and the final determination of the claims. The Court’s final orders concerning the
17 claim objections are final orders appealable to the Nevada Supreme Court.

18 To date, there have been three such appeals to the Nevada Supreme Court and two have been
19 resolved. On January 16, 2025, the Nevada Supreme Court issued a ruling in Protective Ins. Co. v.
20 Comm’r of Ins., 141 Nev. Adv. Op. 3, 562 P.3d 215, 216 (2025). Therein the Court affirmed the
21 Receivership Court’s final order, which had affirmed the Receiver’s classification of Protective
22 Insurance’s subrogation claim as a Class G claim pursuant to NRS 696B.420(1)(g). The Supreme Court
23 confirmed that NRS 696B.420(1)(b) (*i.e.*, “Class B”) does not include a private insurer’s subrogation
24 claim.

25 The second appeal was resolved by Jimale v. Comm’r of Ins., No. 87117, 2025 WL 3772861
26 (Nev. Dec. 30, 2025), which found that the Receiver’s factual findings were supported by substantial
27 evidence and affirmed the Receivership Court’s order upholding the Receiver’s denial of the POC.
28

1 A third appeal was filed on May 16, 2025, and remains pending. Appellants filed an opening
2 brief in December 2025, and also filed a motion requesting to include documents in the appendix that do
3 not bear the district court file stamp. Such Motion was denied on January 26, 2026, and Appellants have
4 fourteen days to amend their appendix and opening brief.

5 The United States has filed a POC in the receivership, asserting the priority of its claims—if any
6 (they are unknown at this time according to the POC)—over and above any other claims against the
7 estate pursuant to 31 U.S. Code § 3713, also known as the government “superpriority” statute. The
8 Receiver sent letters to the United States to provide a reminder that its claim must be complete, non-
9 contingent, and liquidated in amount on or before the May 31, 2021, deadline. No amendment or
10 supplement from the United States has been received as of the date of this report. The Receiver has also
11 written to the Centers for Medicare and Medicaid Services (“CMS”), seeking policy guidance regarding
12 the applicability of certain claim reporting requirements for the Spirit receivership. The CMS written
13 response did not clarify the regulatory requirements for the Spirit estate. This and other federal claim
14 issues were addressed by the Receiver in his November 7, 2025, motion to this Court for approval of a
15 *pro rata* distribution of estate assets for the approved Class B claims of the estate.

16 **C. Claim Distributions**

17 The Receiver filed his Motion for Order Approving Plan of Distribution in the Receivership
18 Court on November 7, 2025 (the “Motion”). The Motion was heard on December 10, 2025. The Court’s
19 Order entered on January 14, 2026 (the “Distribution Order”), *inter alia* authorizes the Receiver to make
20 a distribution of payments on a 20% *pro rata* percentage basis from Spirit to those claimants whose
21 claims have been allowed in full or in part, and assigned the statutory distribution priority class specified
22 in NRS 696B.420(1)(b) (*i.e.*, “Class B” policy claims). The Distribution Order also authorized the
23 Receiver to conserve the remaining assets, in cash or in cash equivalents, for the payment of necessary
24 additional administrative expenses and to maintain an additional contingency reserve for the continued
25 administration of the Spirit estate.

1 The Distribution Order also addressed the above-referenced federal claim issues, directing that
2 the Receiver may proceed with the claim distributions if no opposition is filed by the United States within
3 thirty (30) days of the entry of the Distribution Order.

4 The SDR has begun mailing correspondence on a rolling basis to Class B claimant distributees.
5 This mailing is expected to conclude by the end of February 2026 and includes forms (and instructions)
6 that must be completed and submitted to the SDR by claimants to receive their distribution checks.⁶ The
7 SDR will process distribution paperwork, and mail checks for those claimants who have submitted
8 completed paperwork, on a rolling basis as well. No checks will be issued until the time has elapsed as
9 specified in the Distribution Order for the United States to file any opposition or bring forward any legal
10 arguments about matters described in the Motion and Distribution Order.

11 The Receiver’s initial distribution plan, originally attached to the Motion as Exhibit C,⁷ is
12 attached to this Report as **Exhibit 2**.

13 **D. Spirit Records and Third-Party Vendors**

14 The policy data of Spirit is held in the Aspire Information System (“Aspire”), which was created
15 by Maple Technologies. The Aspire system has value to the receivership during the pendency of the
16 POC process and certain litigation matters. At the outset of the receivership, the Receiver worked with
17 Maple Technologies to continue Spirit’s pre-receivership arrangement.

18 Calhoun, Thompson & Matza, L.L.P. is a CPA firm that has been hired by the Receiver to prepare
19 Spirit’s federal and state tax returns.

20 PALOMAR FINANCIAL, LC (“Palomar”) is an affiliated company of the Special Deputy Receiver
21 and performs financial and technical administrative support services for Spirit in receivership—and
22 those services are now being performed by Palomar. Palomar is being used to facilitate the
23 receivership’s administration of financial matters. The Receiver, with assistance from Palomar, has
24 finalized all outstanding premium tax matters for the Company, including tax matters that remained
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26 ⁶ The Receiver is employing distribution procedures substantially in the form as those described within and
27 presented as exhibits to the Motion, as authorized by the Distribution Order.

28 ⁷ The Exhibit has been slightly updated to correct scrivener’s errors and make adjustments for additional claim
amounts which were allowed upon objections filed by the claimants.

1 outstanding and overdue by former Spirit leadership at the outset of the receivership. The Receiver, with
2 assistance from Palomar, continues routine reporting as required for certain state jurisdictions. As the
3 Court is aware, the Receiver has engaged the law firm of Greenberg Traurig LLP (“Greenberg Traurig”)
4 as counsel in this receivership matter.

5 The Receiver has received notice from time to time of lawsuits filed against Spirit in violation of
6 the Court’s Permanent Receivership Order. The Receiver will continue its established procedure of
7 writing to the parties involved to inform them of the injunctions of the Permanent Receivership Order
8 and request a voluntary dismissal of Spirit from the matter. The Receiver has made efforts to secure
9 Spirit’s electronic records from third parties. The Receiver will continue with the evaluation of the
10 Company and will continue gathering the Company’s records and data. This process will remain
11 ongoing.

12 **E. Asset Recovery Litigation and Arbitration**

13 On February 6, 2020, the Receiver filed an asset recovery lawsuit against a number of parties,
14 including Thomas Mulligan, CTC Transportation Insurance Services of Missouri, LLC (“CTC
15 Missouri”), CTC Transportation Insurance Services, LLC (“CTC California”), and CTC Transportation
16 Insurance Services of Hawaii, LLC (“CTC Hawaii”) (together, “CTC”), Criterion, Spirit’s former
17 directors and officers, various other former vendors of Spirit, and various other related persons and
18 entities (“Asset Recovery Lawsuit”).⁸ The Asset Recovery Lawsuit was filed in the Eighth Judicial
19 District Court of Clark County, Nevada, and assigned Case No. A-20-809963-B. Although the majority

20 ⁸ The Defendants in the Asset Recovery Lawsuit are: Thomas Mulligan, an Individual; CTC; Criterion; Pavel
21 Kapelnikov, an Individual; Chelsea Financial Group, Inc., a California Corporation; Chelsea Financial Group, Inc., a Missouri
22 Corporation; Chelsea Financial Group, Inc., a New Jersey Corporation D/B/A Chelsea Premium Finance Corporation;
23 Chelsea Financial Group, Inc., a Delaware Corporation; Chelsea Holding Company, LLC, a Nevada Limited Liability
24 Company; Chelsea Holdings, LLC, a Nevada Limited Liability Company; Fourgorean Capital, LLC, a New Jersey Limited
25 Liability Company; Kapa Management Consulting, Inc., a New Jersey Corporation; Kapa Ventures, Inc., a New Jersey
26 Corporation; Global Forwarding Enterprises Limited Liability Company, a New Jersey Limited Liability Company; Global
27 Capital Group, LLC, a New Jersey Limited Liability Company; Global Consulting; New Tech Capital, LLC, a Delaware
28 Limited Liability Company; Lexicon Insurance Management LLC, a North Carolina Limited Liability Company; Icap
Management Solutions, LLC, a Vermont Limited Liability Company; Six Eleven LLC, a Missouri Limited Liability
Company; 10-4 Preferred Risk Managers Inc., a Missouri Corporation; Ironjab LLC, a New Jersey Limited Liability
Company; Yanina G. Kapelnikov, an Individual; Igor Kapelnikov, an Individual; Quote My Rig LLC, a New Jersey Limited
Liability Company; Matthew Simon, an Individual; Daniel George, an Individual; John Maloney, an Individual; James Marx,
an Individual; Carlos Torres, an Individual; Virginia Torres, an Individual; Scott McCrae, an Individual; Brenda Guffey, an
Individual; 195 Gluten Free LLC, a New Jersey Limited Liability Company, Doe Individuals I-X; and Roe Corporate Entities
I-X. The Receiver’s previous Twelfth Status Report provides the dates that answers to the suit were filed by the defendants.

1 of Defendants filed answers to the Asset Recovery Lawsuit, CTC and Criterion Claim Solutions of
2 Omaha, Inc. each filed Motions to Compel Arbitration of the claims asserted by the Receiver in her asset
3 recovery lawsuit. The Motions to Compel Arbitration were granted by Judge Denton and thereafter nine
4 of the defendants⁹ filed a Motion to Stay Pending Arbitration, and joinders were filed by nineteen
5 additional defendants. The case was stayed pending the outcome of arbitration proceedings. Both
6 arbitration proceedings have now concluded, subject to post-judgment motions.

7 As discussed in prior status reports, the Receiver and Criterion agreed to a Stipulated Dismissal
8 of the Receiver’s arbitration demand/complaint against Criterion.

9 The Receiver initiated arbitration against CTC on August 2, 2022 (“CTC Arbitration”). Pursuant
10 to the terms of the Program Administrator Agreement (“PSA”), the arbitration thereafter proceeded with
11 a three-person arbitration panel.¹⁰ Despite the arbitration starting on August 2, 2022, there were
12 numerous delays by CTC and CTC was sanctioned by the Arbitration Panel for discovery misconduct.
13 Ultimately, the close of discovery was December 3, 2024, and the arbitration hearing took place on
14 February 3-4, 2025. On March 11, 2025, the Arbitration Panel rendered its decision and awarded Spirit
15 a total of \$82,909,671.00 in damages (\$44,022,915.00 in principal, and \$38,886,756.00 in interest).
16 Interest continues to accrue on the award daily. This Court entered an order confirming the Arbitration
17 Award on June 6, 2025.

18 The CTC entities have ignored the Receiver’s demands for payment of the Arbitration Award,
19 and the Receiver is taking further legal action to collect the judgment. The Receiver filed petitions for
20 relief under Chapter 7 of the U.S. Bankruptcy Code, against CTC California and CTC Missouri.¹¹ The
21 petitions were granted in September 2025.

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24 ⁹ Six Eleven LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free LLC, 10-4 Preferred Risk
25 Managers, Inc., Ironjab LLC, Fourgorean Capital LLC, Chelsea Holdings Company, LLC (“Chelsea Holdings”), and Chelsea
26 Financial Group, Inc. (MO) (“Chelsea Financial MO”) (collectively, “Six Eleven Defendants”).

27 ¹⁰ The arbitrators for this matter are Robert Hall, Ret. Judge Elizabeth Gonzalez, and Susan Claflin will serve as the
28 umpire (“Arbitration Panel”). The Receiver is responsible to pay Mr. Hall’s fees and half of Ms. Claflin’s fees associated
with the arbitration. CTC will pay Judge Gonzalez’s fees and half the fees of Ms. Claflin.

¹¹ County Hall Insurance Company, Inc. filed such a petition against CTC Hawaii on October 3, 2025, which was
granted on October 30, 2025.

1 The Receiver also filed a declaratory judgment action in the Southern District of California
2 against the insurance carriers for the CTC defendants, to collect insurance coverage for the Arbitration
3 Award. The suit was necessitated because the insurers refused to pay for the Arbitration Award, claiming
4 that it did not fall within the scope of the policies. The court in the California declaratory judgment
5 action found the action is related to the bankruptcy proceedings and referred the case against CTC’s
6 insurers to the bankruptcy court on October 22, 2025.¹² On January 22, 2026, the Receiver filed his
7 amended complaint, which names the individual CTC officers and directors as nominal parties who may
8 also have a right to the insurance proceeds as a result of the claims made by the Receiver.¹³

9 The insurance carriers had previously filed their own declaratory judgment action against CTC
10 and Tom Mulligan in New Jersey. The Receiver was granted leave to intervene for the limited purpose
11 of moving to stay or dismiss that case in light of the California bankruptcy proceedings. The Receiver
12 filed its motion on January 6, 2026, and briefing will be complete on February 12, 2026. All coverage
13 issues have been stayed until the Court can rule on the motion.

14 With the completion of the arbitration proceedings against Criterion and CTC, the stay has been
15 lifted in the Asset Recovery Lawsuit and discovery is underway. The Receiver has propounded written
16 discovery and taken more than 20 depositions. On December 18, 2025, the Receiver filed a First
17 Amended Complaint (“FAC”) to conform the allegations to the evidence, reduce and/or clarify
18 allegations, eliminate certain claims for relief, and narrow certain claims at issue to specific actors.
19 Instead of answering the allegations in the FAC, nearly every Defendant filed motions dismiss the FAC
20 which are currently being briefed. Only, Daniel George, Lexicon Insurance Management and ICAP
21 Management Solutions (“George Parties”) answered the FAC and they each filed a third party complaint
22 against Risk Services-Nevada, Inc. and Risk Services, LLC. As a result of the activity in the Asset
23 Recovery Lawsuit, the parties stipulated to move the trial to a firm setting in October of 2026 instead of

24 ¹² On January 12, 2026, the California court entered an amended order of referral to include the case numbers for
25 the related bankruptcy proceedings. Aside from the inclusion of the case numbers, the order was substantively identical and
was thus entered *nunc pro tunc*.

26 ¹³ The Defendants in the adversary proceeding are QBE Insurance Corporation, Capitol Specialty Insurance
27 Company, Argonaut Insurance Company, Axis Surplus Insurance Company, Maxum Indemnity Company, CTC California,
and CTC Missouri. The Nominal Defendants are CTC Hawaii, Brenda Guffey, Daniel George, Matthew Simon, and Scott
28 McCrae.

1 the May 2026 trial stack. Pending an order from the court, on January 12, 2026, Spirit disclosed two
2 expert reports.¹⁴ On January 29, 2026, the Court issued a trial order setting a first setting on a five week
3 stack to begin on October 13, 2026. The parties are currently conferring on a new discovery schedule.

4 **F. Tax Matters**

5 The Receiver has filed the federal tax returns of Spirit with the IRS through 2024 and has also
6 filed requests for prompt assessment along with the submission of each return. Once a request for prompt
7 assessment is approved by the IRS, the assessment filing will trigger an approximate eighteen-month
8 timeframe for the IRS to assert any tax claims related to the relevant tax year.

9 The IRS has approved the Receiver's prompt assessment request for tax year 2020, and provided
10 the closing date of December 23, 2026. On January 22, 2026, the IRS also approved the Receiver's
11 prompt assessment requests for the 2021, 2022, and 2024 tax years, and provided the same closing date
12 of March 23, 2027, for each of these tax years. As of this report, the IRS has not yet approved the
13 Receiver's 2019 or 2023 prompt assessment requests.

14 **G. Receivership Assets and Liabilities**

15 The Receiver has been gathering information and evaluating the assets and liabilities of Spirit.
16 The Receiver's liability analysis will continue to evolve as the claims of the estate are determined and
17 asset recoveries are made. Below is an overview of some key assets and liability matters thus far
18 identified by the Receiver.

- 19 1. CTC owes a large balance to Spirit, which is nearly \$90 million and accruing
20 interest daily, as referenced above. Other parties also owe damages to Spirit. The
21 Receiver filed the Asset Recovery Lawsuit seeking the return of this money *inter*
22 *alia* as detailed above and has also pursued and won claims in arbitration as also
23 detailed above.
- 24 2. The cash and invested assets of the Company were approximately \$32,981,490 as
25 of December 31, 2025.

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28 ¹⁴ Expert reports were also disclosed by seven of the defendants. However, the George Parties requested additional time to make initial expert disclosures.

1 3. Other Personal Property or Real Property Assets: There is no known tangible
2 personal property or real property owned by the Company.

3 4. Reinsurance Commutation: The Receiver received \$3,884,157 from Wesco on
4 May 16, 2025.

5 We are enclosing the consultants and SDR bills paid or approved for payment since the last status
6 report filed with the Court, and the detailed billings are submitted *in-camera*, with summaries of such
7 bills being submitted as **Exhibit 3** to this report.¹⁵ The Receiver is including, as **Exhibit 4** attached
8 hereto, a cash flow report for December 31, 2025, reflecting recoveries, disbursements, and cash flow
9 since the receivership began.

10 ///

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12 ///

17 ¹⁵ The *in-camera* materials are being submitted in a separate envelope that reflect paid invoices. Certain billings
18 submitted to the Court are appropriate for *in-camera* review (as opposed to being made part of a public filing). More
19 particularly, and as discussed in further detail below, certain consultants in this matter will provide expert witness related
20 services. As such, the billing entries relating thereto should be considered confidential and/or otherwise not subject to
21 discovery.

22 In this regard, courts have held that the bills of legal counsel and experts may be withheld from legal discovery and
23 are not subject to legal disclosure, as this information may provide indications or context concerning potential litigation
24 strategy and the nature of the expert services being provided. See, e.g., Avnet, Inc. v. Avana Technologies Inc., No. 2:13-
25 cv-00929-GMN-PAL, 2014 WL 6882345, at *1 (D. Nev. Dec. 4, 2014) (finding that billing entries were privileged because
26 they reveal a party’s strategy and the nature of services provided); Fed. Sav. & Loan Ins. Corp. v. Ferm, 909 F.2d 372, 374-
27 75 (9th Cir. 1990) (considering whether or not fee information revealed counsel’s mental impressions concerning litigation
28 strategy). Other courts that have addressed this issue have recognized that the “attorney-client privilege embraces attorney
 time, records and statements to the extent that they reveal litigation strategy and the nature of the services provided.” Real
 v. Cont’l Grp., Inc., 116 F.R.D. 211, 213 (N.D. Cal. 1986).

25 The *in-camera* review should apply not only to documentation concerning attorney fees, but it also extends to
26 “details of work revealed in [an] expert’s work description [which] would relate to tasks for which she [or he] was
27 compensated[.]” a situation which is “analogous to protecting attorney-client privileged information contained in counsel’s
28 bills describing work performed.” See DaVita Healthcare Partners, Inc. v. United States, 128 Fed. Cl. 584, 592-93 (2016);
 see also Chaudhry v. Gallerizzo, 174 F.3d 394, 402 (4th Cir. 1999) (recognizing that “correspondence, bills, ledgers,
 statements, and time records which also reveal the motive of the client in seeking representation, litigation strategy, or the
 specific nature of the services provided, such as researching particular areas of law,” are protected from disclosure) (quoting
 Clarke v. Am. Commerce Nat’l Bank, 974 F.2d 127, 129 (9th Cir. 1992)).

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III.

CONCLUSION

In compliance with this Court’s instructions for a status report regarding the affairs of the Company, the Receiver has submitted the aforementioned status report and requests that the Court approve this Status Report and the actions taken by the Receiver.

DATED this 4th day of February 2026.

Respectfully submitted:

By: /s/ CANTILO & BENNETT, L.L.P.
Special Deputy Receiver
By Its Authorized Representative
Mark F. Bennett

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[Exhibits may be requested by contacting the Special Deputy Receiver at 512-478-6000](#)