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*Proposed Attorneys for The Official Committee of Unsecured Creditors
Of LandAmerica 1031 Exchange Services, Inc.*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

..... X
In re: : Chapter 11
: :
LandAmerica Financial Group, Inc., et al., : Case No. 08-35994
: :
Debtors. : Jointly Administered
..... X

**LIMITED OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF LANDAMERICA 1031 EXCHANGE SERVICES, INC.
TO THE DEBTOR'S MOTION FOR AN ORDER (A) SCHEDULING EXPEDITED
SALE HEARING TO CONSIDER APPROVAL OF SALE OF DEBTOR'S STOCK
IN CERTAIN UNDERWRITING SUBSIDIARIES; (B) APPROVING RELATED
STOCK PURCHASE AGREEMENT; (C) APPROVING FORM AND MANNER
OF NOTICE OF SALE HEARING; AND (D) GRANTING RELATED RELIEF**

The Official Committee of Unsecured Creditors of LandAmerica 1031 Exchange Services, Inc. (the "LES Committee"), by and through its undersigned counsel, files this limited

objection (the “Limited Objection”) to the Debtor’s Motion for an Order (A) Scheduling Expedited Sale Hearing to Consider Approval of Sale of Debtor’s Stock in Certain Underwriting Subsidiaries; (B) Approving Related Stock Purchase Agreement; (C) Approving Form and Manner of Notice of Sale Hearing; and (D) Granting Related Relief (the “Sale Motion”) filed by LandAmerica Financial Group, Inc. (“LFG”). In support of the Limited Objection, the LES Committee respectfully represents as follows:

I. BACKGROUND

1. On November 26, 2008, LFG and LandAmerica 1031 Exchange Services, Inc. (“LES,” and collectively with LFG, the “Debtors”) filed their respective petitions for relief in the Bankruptcy Court for the Eastern District of Virginia.¹

2. That same day, LFG filed the Sale Motion. The Sale Motion seeks the unusual relief of the expedited sale of the companies (the “Underwriting Companies”)² that produce substantially all of LFG’s revenue through a private sale to Fidelity National Title Insurance Company (“Fidelity”) and Chicago Title Insurance Company (“Chicago Title,” and collectively with Fidelity, the “Buyers”) as well as the potential sale of some yet unidentified assets. The Sale Motion contemplates a purchase price of: (i) \$298 million in cash; and (ii) the assumption by the Buyers of (a) \$150 million in alleged intercompany liabilities owed by LFG and its non-debtor subsidiaries to the Underwriting Companies, (b) approximately \$45 million in deferred compensation liabilities and other employee-related liabilities, and (c) LFG’s obligations under a number of contracts, licenses, and leases that provide services to the Underwriting Companies. The Sale Motion does not contemplate establishing a typical chapter 11 sale process that would

¹ On November 26, 2008, the Court entered an order administratively consolidating the Debtors’ cases.

² The Underwriting Companies consist of Commonwealth Land Title Insurance Company, United Capital Title Insurance Company, and Lawyers Title Insurance Corporation.

provide the Buyers with appropriate stalking horse protections while allowing third parties to bid for LFG's assets.

3. On December 5, 2008, the Official Committee of Unsecured Creditors for LFG (the "LFG Committee") filed its Initial Objection by the Official Committee of Unsecured Creditors to the Debtors' Motion for an Order (A) Scheduling Expedited Sale Hearing to Consider Approval of Sale of Debtor's Stock in Certain Underwriting Subsidiaries; (B) Approving Related Stock Purchase Agreement; (C) Approving Form and Manner of Notice of Sale Hearing; and (D) Granting Related Relief (the "LFG Committee Objection"). In sum, the LFG Committee Objection asserts, *inter alia*, that for various reasons LFG has failed to provide sufficient evidence that the proposed sale is in the best interest of LFG's estates.

4. On December 10, 2008, Beau Street Associates, Limited Partnership filed its Objection by Beau Street Associates, Limited Partnership to the Debtor's Motion for an Order (A) Scheduling Expedited Sale Hearing to Consider Approval of Sale of Debtor's Stock in Certain Underwriting Subsidiaries; (B) Approving Related Stock Purchase Agreement; (C) Approving Form and Manner of Notice of Sale Hearing; and (D) Granting Related Relief (the "Beau Street Objection"). The Beau Street Objection asserts that the assets LFG seeks to sell are not property of the estate. While the Beau Street Objection is based primarily on speculation, it is indicative of the lack of information provided by LFG regarding the proposed asset transfer.

II. LIMITED OBJECTION

5. As set forth below, the Sale Motion fails to provide sufficient information regarding the proposed sale, including the identification of assets to be transferred to the Buyers. Further, the Sale Motion requests authority to transfer substantially all of the assets of LFG (the Underwriting Companies comprise more than 90% of LFG's assets) to the Buyers without the benefit of a more typical court-sanctioned auction process. Absent such a process, it is

impossible to determine, in the compressed timeframe proposed by LFG, that the assets in question have been properly marketed and that LFG's estate will receive fair value. Furthermore, the Sale Motion provides no protections to ensure that the proceeds of the sale will be properly escrowed until all claims against LFG's estate have been identified and resolved. Absent the establishment of an appropriate sales process and procedures to ensure that all parties who may have an interest in the sale proceeds are protected, the Sale Motion must be denied.

A. LFG Has Not Provided Sufficient Information Regarding the Transferred Assets

6. The Sale Motion fails to properly define and identify the body of assets to be sold. Section 5-10 of the Stock Purchase Agreement (the "SPA") provides that, at or before the closing of the sale, the Buyers will have the option to purchase, in addition to the Underwriting Companies: (i) certain assets known as the "Southland Assets;" and (ii) certain other businesses of the Debtors (collectively, the "Additional Assets"). Neither the SPA nor the Sale Motion provides a schedule detailing either of these asset/business groups. Rather, such schedule will only be provided by the Buyers at or near the closing of the sale of the Underwriting Companies. Similarly, the Sale Motion fails to provide any information regarding the intercompany claims being assumed by the Buyers. Absent additional information regarding the composition of the Additional Assets and the underlying information regarding the intercompany claims to be assumed, it is impossible for any party in interest to determine the appropriateness of the proposed transfer.

B. LFG Has Not Established That a Private Sale of the Underwriting Companies, Without an Expedited Auction Process, Is Necessary and In the Best Interest of Its Estate

(i) *The Sale Price Proposed in the Sale Motion May Be Inadequate*

7. The \$493 million sale price (comprised of \$298 million in cash and \$195 million in assumed liabilities) proposed in the Sale Motion, which has not been market tested, appears to

be below market value. On information and belief, the deal proposed by the Prior Merger Agreement³ entered into less than 20 days prior to the Petition Date contemplated a sale price of approximately \$800 million, an amount more than 50% greater than the price proposed under the Sale Motion. The LES Committee questions, therefore, how the value of the Underwriting Companies could experience such a precipitous drop in such a short time. The sale proposed by the Sale Motion immediately after the Prior Merger Agreement was terminated appears to be for less than the potential value of the Underwriting Companies. The Sale Motion is devoid of explanation for this drop in price. To ensure that LFG is receiving the highest and best bid for the Underwriting Companies, LFG should establish a rapid auction process with the Buyers acting as stalking horse bidders.

(ii) *The Sale Motion Presents No Evidence Regarding the Market Value of the Underwriting Companies*

8. Further, the Debtors have presented no evidence of the market value of the Underwriting Companies or alternative sale proposals by other prospective buyers. Consequently, the LES Committee is unable to determine whether the Debtors are receiving the highest and best recovery for the sale of the Underwriting Companies, or whether the proposed sale price comports with the current market value of the Underwriting Companies.

9. The Sale Motion also ignores the potential presence of alternative purchasers, and instead attempts to force a quick sale of the Underwriting Companies to the Buyers without allowing for the possibility that a higher and better offer might be received through an auction process. In fact, counsel for the LFG Committee asserts that it has been contacted on several occasions by parties expressing an interest in purchasing the Underwriting Companies. A

³ On November 7, 2008, the Debtors and Fidelity negotiated a merger agreement (the "Prior Merger Agreement") which the Debtors believed would inject needed liquidity into their businesses. However, on November 21, 2008, Fidelity exercised a "diligence out" and terminated the Prior Merger Agreement.

process that provides interested potential purchasers with an adequate opportunity to bid, while providing the Buyers with appropriate stalking horse protections, should be undertaken. Absent such a process, LFG will likely not receive maximum value for these assets.

(iii) *The Sale Motion Presents No Detail as to Why the Value of the Underwriting Companies Will Deteriorate if the Sale is Not Immediately Consummated*

10. In support of the request to ignore a more traditional chapter 11 auction process, LFG asserts that, absent an immediate sale of the Underwriting Companies, the value of LFG's assets will deteriorate significantly. Contrary to the assertions of the Sale Motion, there is no evidence of an emergency requiring the sale of the Underwriting Companies through a private sale rather than by an expedited auction process. Simply put, the Sale Motion provides nothing but a naked, unsupported statement that "significant value deterioration" will occur in the absence of an expedited sale, a conclusive statement that the Debtors somehow expect its constituents to accept on faith alone.

C. The Sale Motion Fails to Establish Appropriate Escrow Mechanisms for the Sale Proceeds Pending a Determination of All Parties' Rights in Such Sale Proceeds

11. Evidence exists suggesting that mismanagement has occurred within both LFG and LES. The possible irregularities center around certain Exchange Agreements entered into between LES and LES's 1031 customers (collectively, the "Exchange Agreements"). Further, significant intercompany obligations are alleged owed by the Debtors to the Underwriting Companies. Unfortunately, the nature of these obligations are currently unknown to the LES Committee and this Court. Despite this, the Sale Motion fails to provide any mechanisms to prevent LFG from utilizing the sale proceeds until an investigation is conducted as to the transfers under the Exchange Agreements and other intercompany transfers. These protections are particularly important in the instant case because the Debtors have not yet filed their

schedules and, accordingly, it is impossible to know that all parties who may assert an interest in the sale proceeds have received notice of the Sale Motion and the associated proposed sale.

III. WAIVER OF MEMORANDUM OF LAW

12. The legal authority supporting the relief requested by this Limited Objection has been cited herein. Accordingly, the LES Committee respectfully requests that the Court waive the requirement in Rule 9013-1(H)(2) of the Local Rules of the United States Bankruptcy Court for the Eastern District of Virginia that a response in opposition be accompanied by a memorandum of law.

IV. CONCLUSION

In light of the foregoing, the LES Committee respectfully requests that the Court: (i) modify the Sale Motion to provide for an expedited auction sale of the Underwriting Companies while granting the appropriate stalking horse protections; (ii) modify the Sale Motion to establish an appropriate mechanism to protect all parties' rights in the sale proceeds; and (iii) grant the LES Committee such other and further relief as the Court deems appropriate.

Dated: Richmond, Virginia
December 11, 2008

/s/ Mary A. House

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*Proposed Attorneys for The Official Committee of
Unsecured Creditors of LandAmerica 1031
Exchange Services, Inc.*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing *Limited Objection to the Debtor's Motion for an Order (A) Scheduling Expedited Sale Hearing to Consider Approval of Sale of Debtor's Stock in Certain Underwriting Subsidiaries; (B) Approving Related Stock Purchase Agreement; (C) Approving Form and Manner of Notice of Sale Hearing; and (D) Granting Related Relief* has been served: (i) via United States mail, first class, postage prepaid; and (ii) via email on the parties listed below and on all parties receiving notification through the Court's ECF system on this the 11th day of December, 2008.

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