

# EXHIBIT 1

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**VIA REGULAR MAIL**

All General Unsecured Creditors (the “unsecured creditors”) of LandAmerica 1031 Exchange Services, Inc. (“LES”)

RE: Case No. 08-35994; *In re LandAmerica Financial Group, Inc., et al.*, in the United State Bankruptcy Court, Eastern District of Virginia

Dear Exchange Customers:

We are counsel to several Commingled Exchangers who have filed class litigation against (i) SunTrust Banks (“SunTrust”) for assisting LandAmerica Exchange Services (“LES”) in operating a Ponzi scheme after the Auction Rate Securities (“ARS”) market froze in February 2008, and (ii) certain officers and directors of LES and LandAmerica Financial Group (“LFG”) who organized and implemented the Ponzi scheme. A copy of the Complaint may be viewed at [www.hbsb.com](http://www.hbsb.com). Click on the “Class Actions” link and see under “LandAmerica.” The case has been coordinated pursuant to an order issued by the United States Judicial Panel on Multidistrict Litigation, under MDL No. 2054, which is styled *In Re: LandAmerica 1031 Exchange Services, Inc. Internal Revenue Services § 1031 Tax Deferred Exchange Litigation* (“The MDL Class Action”).

The MDL Class Action is brought as a direct action on behalf of the Commingled Exchangers and is pending in the Federal Court in South Carolina. The proposed Amended Plan seeks to enjoin the continuation of this direct action brought by the Commingled Exchangers in favor of the proposed actions to be brought against some of the same defendants by LES and LFG. The proposed litigation of LES or LFG against SunTrust is described as the “ARS Litigation” and the proposed litigation against certain officers and directors of LES and LFG (as well as other pre-petition professionals), is referred to as the “Other Litigation.”

In order to recover a small percentage of their exchange funds deposited with LES, the Commingled Exchangers are asked to delay their direct claims now being prosecuted in the

MDL Class Action indefinitely and perhaps permanently. For exchangers to evaluate the prudence of this course of action, adequate disclosure of the viability of pursuing direct claims brought by the innocent Commingled Exchangers versus claims brought against third parties by the corporate Debtors – LFG and LES – is required.

**(i) The Proposed Injunction.**

Nowhere in the proposed Amended Plan of reorganization, the Amended Disclosure Statement, or the Supplemental Letter of the Unsecured Creditors Committee is there given an estimated time frame for the ARS Litigation or the “Other Litigation.” The MDL Class Action sought to be enjoined is presently governed by a Scheduling Order that sets the case for trial during the term of Court beginning September 14, 2010

The injunction set forth by the proposed Amended Plan against the Commingled Exchangers’ direct third party claims was not a part of the mediation term sheets agreed to by the various parties at the two Bankruptcy mediations referred to in the Amended Disclosure Statement.

The proposed Amended Plan, Amended Disclosure Statement and the Supplemental Letter of the Unsecured Creditors Committee all mention the potential for myriad widespread decentralized litigation by individual exchangers and raise the specter of a race to the courthouse. The materials do not mention the impact of the order of the Judicial Panel on Multidistrict Litigation, which consolidated the pending class actions into a consolidated Multidistrict Litigation before the District Court in South Carolina. Pursuant to the Rules of the MDL Panel, any action filed in any district court involving common questions with the MDL Class Action would be considered a “tag-along action.” A tag-a-long action will be transferred to the MDL Class Action for consolidated proceedings unless transfer is successfully opposed before the MDL Panel.

The MDL Panel’s treatment of the MDL Class Action is a factor to be considered in evaluating the justifications for a permanent injunction contained in the proposed Plan.

Also, only three creditor cases have been filed against LES/LFG officers and directors since November 26, 2008. This is a factor to be considered in evaluating the justifications for a permanent injunction contained in the proposed Plan.

**(ii) The ARS Litigation.**

The proposed Amended Plan and Amended Disclosure Statement describe in some detail the basis for the ARS litigation. The proposed Amended Plan and Amended Disclosure Statement do not provide an analysis of litigation risk for these claims. Two adverse District Court decisions in ARS cases have been filed in the past several months. These rulings did not dismiss the cases outright but narrowed the scope of available claims. The citations for these opinions are: *In re Citigroup Auction Rate Sec. Litig.*, MDL Case No. 092043, 2009 U.S. Dist. LEXIS 83046 (S.D.N.Y. Sept. 11, 2009); *Defer LP v. Raymond James Fin., Inc.*, Case No. 08-Civ.-3449-LAK, 2009 U.S. Dist. LEXIS 84685 (S.D.N.Y. Sept. 17, 2009).

The Commingled Exchangers’ case against SunTrust is not premised on LES’s decision to acquire ARS with exchange funds. By contrast, the Commingled Exchangers’ case against

SunTrust arises out of the decision by LES, with the assistance of SunTrust, to continue accepting exchange funds after the ARS market froze in February of 2008. Neither the imprudence of buying ARS nor the misrepresentations by SunTrust in selling ARS are elements of the MDL Class Action.

**(iii) The Other Litigation**

The proposed Amended Plan and Amended Disclosure Statement do not describe the referenced "Other litigation" except as such claims may be asserted or investigated as potential claims against the LES and LFG officers and directors and pre-petition professionals. The nature of the anticipated claims is not disclosed. The nature of the alleged damages to be claimed by either LES or LFG is not disclosed.

The proposed Amended Plan and Amended Disclosure Statement do not provide an analysis of litigation risk for the "Other litigation." To the extent that wrongdoing of LES's and LFG's own officers and directors is alleged, there is a risk that defenses may be raised by those officers and directors and by their insurance companies based on possible imputation of wrongdoing to the corporations. In the case of potential claims against pre-petition professionals, there is a risk that defenses based on alleged wrong-doing by LES and/or LFG may be raised by defenses known as *in pari delicto* defenses. There is also a risk that these cases may be defended by questioning whether LES and/or LFG have standing to pursue the claims or whether it is the exchangers who have standing to assert them

**(iv) The Tolling Agreements**

The proposed Amended Plan and Amended Disclosure Statement describe Tolling Agreements designed to protect the enjoined direct claims of the Commingled Exchangers from being lost to a statute of limitations defense. Tolling agreements are not uniformly enforced by courts. There is a risk that even with the Tolling Agreements described in the Amended Plan, a statute of limitations defense will still be successful.

The proposed Amended Plan and Amended Disclosure Statement do not identify the officers and directors who have signed Tolling Agreements and whether signed Tolling Agreements are actually in hand. Nor do they disclose whether there are potentially culpable officers and directors who will not be among the Tolled Parties. There is a risk that claims against non-tolled parties may be lost to a statute of limitations defense.

The proposed Amended Plan and Amended Disclosure Statement do not set forth any of the terms of the Tolling Agreements. The terms of the Tolling Agreements may be a material factor to be considered in evaluating the Amended Plan.

The proposed Amended Plan and Amended Disclosure Statement do not confirm insurance company consent to the Tolling Agreements, but rather only assert "notice" to the insurance companies. Without insurance company consent, there is a risk that the insurance companies may assert a coverage defense based on the Tolling Agreements.

The proposed Amended Plan and Amended Disclosure Statement do not describe any Tolling Agreements with regard to Commingled Exchangers' direct claims against SunTrust

Bank. To the extent the proposed Amended Plan seeks to enjoin these direct claims, there is a risk that the statute of limitations will run and bar recovery

The proposed Amended Plan and Amended Disclosure Statement do not describe any Tolling Agreement with regard to Commingled Exchangers' direct claims against pre-petition professionals, Commonwealth Title or Lawyers Title. To the extent the proposed Amended Plan seeks to enjoin these direct claims, there is a risk that the statute of limitations will run and bar recovery

**(v) The Exculpation Clause**

The exculpation clause precludes lawsuits by any party arising post-petition against any of the attorneys representing the debtors and any of the attorneys representing the Creditors Committees and any of the attorneys representing the Litigation trusts (including the newly hired Jenner & Block LLP) based on negligence, which is a failure to use due and reasonable care and competence in undertaking the services they were hired to perform. Under the proposed Amended Plan, no party could pursue an action for damages against these attorneys for conduct during the Bankruptcy or during future proposed ARS Litigation and Other Litigation, without proof of gross negligence or willful, intentional or criminal conduct.

In conclusion, the above information is pertinent to the Amended Plan and the undersigned urge due consideration in the Voting process.

Sincerely,

Robert L. Brace

James R. Gilreath