

STATE OF SOUTH DAKOTA

IN CIRCUIT COURT

)ss:

COUNTY OF HUGHES

SIXTH JUDICIAL CIRCUIT

STATE OF SOUTH DAKOTA, EX REL.
LARRY DEITER, DIRECTOR OF
INSURANCE OF THE STATE OF
SOUTH DAKOTA

Civ: 18-_____

Petitioner,

**PETITION FOR ORDER
OF LIQUIDATION, JUDICIAL
DECLARATION OF INSOLVENCY,
AND REQUEST FOR INJUNCTIVE
RELIEF**

v.

RELIAMAX SURETY COMPANY

Respondent.

COMES NOW the State of South Dakota, ex rel. Larry Deiter, Director of the South Dakota Division of Insurance, Petitioner, by and through its attorneys, Frank Marnell and Mallori Barnett, and does hereby allege as follows:

PETITION FOR ORDER OF LIQUIDATION

1. Petitioner is the sovereign State of South Dakota on the relation of Larry Deiter, the duly appointed and qualified Director ("Director") of the Division of Insurance ("Division") for the State of South Dakota, who is acting under the authority provided in SDCL Ch. 58-29B in petitioning this court for an Order of Liquidation pursuant to SDCL §§ 58-29B-41 and 58-29B-42.
2. Respondent, ReliaMax Surety Company ("ReliaMax Surety"), whose principal place of business is 2300 E. 54th Street North, Sioux Falls, SD 57104, is a domestic insurer within the meaning of SDCL § 58-29B-3(12) and holds a Certificate of Authority to operate in South Dakota.
3. Jurisdiction and venue for this action lie with the Circuit Court of Hughes County, South Dakota pursuant to SDCL § 58-29B-7.
4. Under the authority of SDCL § 58-29B-41, the Director may petition the Circuit Court of Hughes County for an order to liquidate if the insurer is insolvent, if any grounds for rehabilitation exist, or if the insurer is in such financial condition that further transaction of business would be financially hazardous to its insureds, creditors, or the public.
5. On or about May 18, 2018, ReliaMax Surety filed its financial statements for the period ending March 31, 2018, pertinent parts of which are attached as Exhibit A. These are the most recent financial filings available.

6. Exhibit A shows ReliaMax Surety had a policyholder surplus of \$19.1 million as of March 31, 2018. Exhibit A also shows a receivable of \$21.8 million which represents a series of loans from ReliaMax Surety to its holding company and corporate parent, ReliaMax Holding Company ("Holding Company Loans") which have grown recently. The amount of the receivable is greater than ReliaMax Surety's required level of capital and surplus.
7. On or about April 27, 2018, the Division received preliminary first quarter 2018 financial information for ReliaMax Holding Company, ReliaMax Surety's corporate parent and holding company. Pertinent parts of that filing are attached as Exhibit B to this Petition.
8. Exhibit B shows ReliaMax Holding Company's financial failure. As shown on page 2 of Exhibit B, ReliaMax Surety's equity is greater than the entire holding company system. Without ReliaMax Surety's equity, the remainder of the holding company system's equity is less than zero. ReliaMax Holding Company is in financial distress.
9. ReliaMax Holding Company has recently attempted to raise capital or find a purchaser and these efforts have not come to fruition.
10. Due to the above, on May 10, 2018, the Division called a targeted financial examination of ReliaMax Surety regarding its actuarially projected losses. The examiners' actuarial review revealed higher projected losses than those projected by ReliaMax Surety. If the additional liability is added into ReliaMax Surety's financial statements, the company's financial shortfall increases.
11. An affidavit from Johanna Nickelson, Assistant Director Financial Solvency and Company Licensing, is filed with and in support of the Petition and is attached as Exhibit C. This affidavit analyzes the current financial situation with more detail, concluding that repayment of the Holding Company Loans is unlikely.
12. Due to the statutory accounting principles and analysis espoused in Exhibit C, the Holding Company Loans on ReliaMax's Surety's financial statements must be valued at zero dollars. As a result of the application of this rule, ReliaMax Surety is insolvent.
13. An affidavit from the Director is filed with and in support of this Petition and is attached as Exhibit D.
14. The Exhibits to this Petition demonstrate that ReliaMax Surety is in hazardous financial condition as of March 31, 2018 under any of the grounds provided in ARSD 20:06:23:02(7) (insurer is threatened with insolvency), (8) (contingent liabilities involve a total amount which affect the solvency of an insurer), (16) (the insurer has experienced or will experience cash flow or liquidity problems), (19) (controlling entities do not provide sufficient value or liquidity to assure the insurer's ability to meet its outstanding obligations as they mature), or (21) (any other finding determined by the Director to be hazardous to policyholders, creditors, or the general public).

15. The Exhibits to this Petition and analysis herein demonstrates that ReliaMax Surety is insolvent within the meaning of SDCL § 58-29B-3 because its admitted assets do not exceed its liabilities plus the greater of any capital and surplus as required by law. Subtracting the Holding Company Loans from ReliaMax Surety's stated policyholder surplus in Exhibit A, ReliaMax Surety has a negative policyholder surplus.
16. Petitioner has made appropriate findings pursuant to SDCL § 58-29B-45, including the attached financial reports and analysis in the Exhibits filed with this Petition, of ReliaMax Surety's hazardous financial condition and insolvency.
17. The Director believes that grounds exist for an Order of Liquidation under SDCL § 58-29B-41(1), (2), and (3) and that the Director should immediately be appointed Liquidator of ReliaMax Surety.
18. ReliaMax Surety, through its CEO acting on the authority of the Board of Directors of ReliaMax Surety, has consented to the Director's requests contained in this Petition. A copy of ReliaMax Surety's consent to liquidation is filed with this Petition as Exhibit E.
19. The Liquidator should be authorized and directed to forthwith take possession of ReliaMax Surety and to take all steps necessary in liquidating the business of ReliaMax Surety as allowed by law and as necessary to protect the interests of policyholders, creditors, and the public.
20. The Liquidator should also be authorized to employ such persons including, but not limited to, a Special Deputy, attorneys, accountants and other consultants as from time-to-time may be necessary or appropriate to assist him in the proper performance of his duties as Liquidator of ReliaMax Surety. All reasonable costs and expenses incurred by the Liquidator or such other persons as designated by him from time-to-time to assist in the performance of such duties should be charged to and paid by ReliaMax Surety.
21. Subject to the supervision of the Liquidator, the present employees and officers of ReliaMax Surety should be allowed to continue performing their duties, unless and until the contrary shall have been directed by the Liquidator with respect to all or any of such personnel; and all such persons shall be ordered to cooperate with the Liquidator as required by SDCL § 58-29B-9.
22. It is in the best interests of the policyholders, the public, and the creditors of ReliaMax Surety for ReliaMax Surety be ordered into liquidation.

WHEREFORE the Petitioner and State of South Dakota respectfully request that the court issue an Order for Liquidation of ReliaMax Surety pursuant to SDCL §§ 58-29B-41 and 58-29B-42.

PETITION FOR JUDICIAL DECLARATION OF INSOLVENCY
AND REQUEST FOR INJUNCTIVE RELIEF

23. Petitioner, for its request for injunctive relief, hereby incorporates all allegations of law and fact as contained in the above-captioned Petition for Order of Liquidation.
24. Petitioner respectfully requests that a declaration of insolvency be made by the Court pursuant to SDCL § 58-29B-45 given the foregoing.
25. The Director requests that an injunction be issued restraining and enjoining ReliaMax Surety and its officers, managers, agents, and employees and all persons and other legal entities, except the Liquidator, from:
- a. The transaction of further business of ReliaMax Surety herein except as directed by the Liquidator;
 - b. The transfer of ReliaMax Surety's assets and property;
 - c. Interference with the Liquidator or his employees or assistants;
 - d. Waste of ReliaMax Surety's assets;
 - e. Dissipation or transfer of bank accounts of ReliaMax Surety;
 - f. Institution or further prosecution of any actions or proceedings;
 - g. The obtaining of preferences, judgments, attachments, garnishments, or liens against ReliaMax Surety, its assets or its policyholders;
 - h. The levying of execution against ReliaMax Surety, its assets or its policyholders;
 - i. The making of any sale or deed for nonpayment of taxes or assessments which would lessen the value of the assets of ReliaMax Surety;
 - j. The withholding from the Liquidator of books, accounts, documents or other records relating to ReliaMax Surety; and
 - k. Any other threatened or contemplated action that might lessen the value of ReliaMax Surety's assets or prejudice the right of policyholders, creditors or shareholders or the administration of any proceeding under the SDCL Ch. 58-29B.

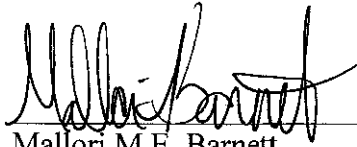
WHEREFORE, Petitioner respectfully requests that the Court enter an order declaring ReliaMax Surety insolvent, placing the company in liquidation, appointing Larry Deiter, Director of the South Dakota Division of Insurance, and his successors in office, as Liquidator, that an Injunction be entered accordingly, and that the court grant such other relief as is appropriate.

Dated this 11th day of June, 2018.



Frank A. Marnell
Special Assistant Attorney General
Attorney for Petitioner State of South Dakota
South Dakota Division of Insurance
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
(605) 773-3563

Dated this 11th day of June, 2018.



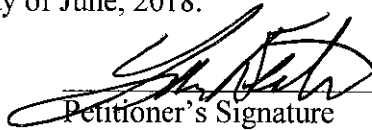
Mallori M.E. Barnett
Special Assistant Attorney General
Attorney for Petitioner State of South Dakota
South Dakota Division of Insurance
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
(605) 773-3563

VERIFICATION

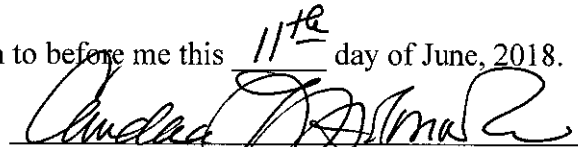
STATE OF SOUTH DAKOTA)
): SS
COUNTY OF HUGHES)

Petitioner, being first duly sworn, deposes and states that they verify the facts expressed within the Petition for Order of Liquidation, Judicial Declaration of Insolvency, and Request for Injunctive Relief are true.

Dated this 11th day of June, 2018.


Petitioner's Signature

Subscribed and sworn to before me this 11th day of June, 2018.


Notary Public/Clerk of Court

(SEAL)

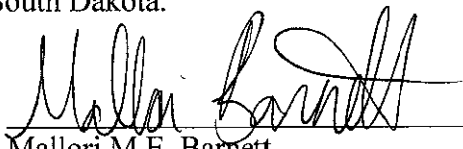
If Notary, my commission expires: 8-29-2022

CERTIFICATE OF SERVICE

I, Mallori Barnett, the undersigned, do hereby certify that on this 11th day of June, 2018, a true and correct copy of the Petition for Order of Liquidation, Judicial Declaration of Insolvency, and Injunctive Relief with respect to the above-titled action was sent U.S. First Class Mail thereon, to the following:

ReliaMax Surety
c/o Mark Payne
2300 E. 54th Street North
Sioux Falls, SD 57104

Dated this 11th day of June, 2018 in Pierre, South Dakota.


Mallori M.E. Barnett
Special Assistant Attorney General
Attorney for Petitioner State of South Dakota
South Dakota Division of Insurance



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENTAS OF MARCH 31, 2018
OF THE CONDITION AND AFFAIRS OF THE**ReliaMax Surety Company**

NAIC Group Code	00000	00000	NAIC Company Code	12623	Employer's ID Number	20-5145411
	(Current Period)	(Prior Period)				
Organized under the Laws of	South Dakota		State of Domicile or Port of Entry		South Dakota	
Country of Domicile	United States					
Incorporated/Organized	06/27/2006		Commenced Business		07/07/2006	
Statutory Home Office	2300 E. 54th Street North Suite 1		Sioux Falls, SD, US 57104			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	2300 E. 54th Street North Suite 1		Sioux Falls, SD, US 57104		605-444-4800	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	2300 E. 54th Street North Suite 1		Sioux Falls, SD, US 57104		605-444-4800	
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Primary Location of Books and Records	2300 E. 54th Street North Suite 1		Sioux Falls, SD, US 57104		605-444-4800	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.reliamax.com					
Statutory Statement Contact	Bill Kilmer		605-444-4800			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	rkilmer@reliamax.com		605-271-1940			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title	Name	Title
Michael Zeno VanErdewyk	Chief Executive Officer	Mark Allen Payne	Chief Financial Officer
Mark Allen Payne	Secretary	Robert William Kilmer II	Treasurer

OTHER OFFICERS

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DIRECTORS OR TRUSTEES

Michael Zeno VanErdewyk	Mark Allen Payne	Bradley John Messerli	John Martin VanErdewyk
Randy John Schaefer			

State of South DakotaCounty of Minnehaha

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Michael Zeno VanErdewyk	Mark Allen Payne	Mark Allen Payne
Chief Executive Officer	Chief Financial Officer	Secretary

a. Is this an original filing? Yes [X] No []

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached

Subscribed and sworn to before me this

18th day of May, 2018

Daria K Utley, Notary Public
07/17/2020Exhibit A

STATEMENT AS OF MARCH 31, 2018 OF THE ReliaMax Surety Company

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	25,435,100		25,435,100	25,670,621
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens	746,382		746,382	965,424
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 754,947), cash equivalents (\$ 4,447,968) and short-term investments (\$ 0)	5,202,915		5,202,915	5,150,305
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives	0		0	0
8. Other invested assets	1,011,215		1,011,215	981,025
9. Receivables for securities			0	990,000
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	32,395,612	0	32,395,612	33,257,375
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	142,305		142,305	114,444
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,282,066	79,367	2,202,699	5,393,135
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	133,693		133,693	279,357
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	2,738,464	621,677	2,116,687	1,662,318
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	21,836,701		21,836,701	22,176,221
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	181,464	0	181,464	87,258
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	59,710,325	701,244	59,009,081	62,970,109
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	59,710,325	701,244	59,009,081	62,970,109
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Other Receivables	181,464		181,464	87,258
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	181,464	0	181,464	87,258

STATEMENT AS OF MARCH 31, 2018 OF THE ReliaMax Surety Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 2,085,631)	2,085,631	3,241,194
2. Reinsurance payable on paid losses and loss adjustment expenses		0
3. Loss adjustment expenses	22,810	35,289
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)	122,280	110,653
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	55,200	79,228
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 9,594,202 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	37,983,725	39,628,266
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(1369,897)	(935,104)
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance (including \$ certified)		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	36,355	6,338
20. Derivatives	0	0
21. Payable for securities		0
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	39,938,103	42,165,877
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	39,938,103	42,165,877
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	1,000,000	1,000,000
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	8,991,609	8,991,609
34. Gross paid in and contributed surplus	6,400,000	6,400,000
35. Unassigned funds (surplus)	7,679,369	4,412,623
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	19,070,978	20,804,232
38. Totals (Page 2, Line 28, Col. 3)	59,009,081	62,970,109
DETAILS OF WRITE-INS		
2501.		0
2502.		0
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901.		0
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT AS OF MARCH 31, 2018 OF THE ReliaMax Surety Company

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 5,279,723)	6,801,317	6,887,194	29,097,924
1.2 Assumed (written \$)	0	0	0
1.3 Ceded (written \$ 1,629,692)	1,506,725	1,352,118	5,497,098
1.4 Net (written \$ 3,650,032)	5,294,592	5,535,077	23,600,825
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 5,339,584):			
2.1 Direct	6,373,396	3,481,315	20,240,731
2.2 Assumed	0	0	0
2.3 Ceded	417,674	175,222	2,510,216
2.4 Net	5,955,722	3,316,093	17,730,516
3. Loss adjustment expenses incurred	399,804	409,370	1,801,167
4. Other underwriting expenses incurred	1,444,784	2,074,063	7,664,231
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	7,800,310	5,799,525	27,195,914
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(2,505,717)	(284,449)	(3,595,088)
INVESTMENT INCOME			
9. Net investment income earned	365,297	238,352	870,203
10. Net realized capital gains (losses) less capital gains tax of \$	0	(11)	(17)
11. Net investment gain (loss) (Lines 9 + 10)	365,297	238,341	870,186
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)	0	(4,985)	(16,075)
13. Finance and service charges not included in premiums	0	0	0
14. Aggregate write-ins for miscellaneous income	0	0	0
15. Total other income (Lines 12 through 14)	0	(4,985)	(16,075)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(2,140,420)	(41,092)	(2,740,977)
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(2,140,420)	(41,092)	(2,740,977)
19. Federal and foreign income taxes incurred	0	(99,546)	18,268
20. Net income (Line 18 minus Line 19)(to Line 22)	(2,140,420)	58,454	(2,759,265)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	20,804,232	20,091,092	20,091,092
22. Net income (from Line 20)	(2,140,420)	58,454	(2,759,265)
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	30,190	31,589	124,926
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	467,443	0	(468,930)
27. Change in nonadmitted assets	(90,467)	0	256,408
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	3,550,000
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	(1,733,254)	90,043	713,140
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	19,070,978	20,181,135	20,804,232
DETAILS OF WRITE-INS			
0501.	0	0	0
0502.	0	0	0
0503.	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401.	0	0	0
1402.	0	0	0
1403.	0	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
3701.	0	0	0
3702.	0	0	0
3703.	0	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

	RSC	NAT	GLO	SURS	SLTC	LEND	RHC	Eliminations	Total
ASSETS									
<i>Current Assets</i>									
Cash and cash equivalents	\$5,202,915.27	\$524,593.90	\$408,805.70	\$85,354.27	\$331.33	\$3,089,276.82	\$931,804.96	(2,282,065.89)	\$10,243,142.25
Preminums receivable	2,282,065.89	1,856,658.46				411,730.78			1,856,658.46
Deferred interest receivable	29,913,630.00		45,980.54				1,057,956.75	(1,080,805.06)	29,913,630.00
Accrued interest receivable	142,305.24						208,708.39		155,477.47
Other receivables	181,464.48								390,172.87
Contract receivables receivable				1,013,699.00					1,013,699.00
Shared receivables receivable				1,161,519.00					1,161,519.00
Receivables receivable	133,692.74		4,404,990.36					(4,348,889.76)	189,793.34
Prepaid expenses	10,654,027.24		15,606.40					(10,654,027.24)	
Prepaid income tax receivable							348,955.80		348,955.80
Deferred tax asset							552,125.00	(552,125.00)	
Deferred revenue on loan purchase	3,340,542.61						1,514,513.00	(1,897,461.00)	
Deferred management fee expense	389,729.97	3,264,866.90		(153,400.43)	382,948.00			(3,340,542.61)	
Notes receivable - other								153,400.43	
Line of credit receivable - intercompany							300,000.00	(3,674,586.87)	
Intercompany receivables								(1,500,000.00)	
Total Current Assets	55,240,373.44	9,078,194.63	6,562,363.00	2,569,940.61	383,339.33	3,501,007.60	10,565,100.09	(9,486,840.33)	46,175,365.37
<i>Non-Current Assets</i>									
Long-term investments	25,435,100.44		8,755,636.68				8,991,609.18	(8,991,609.18)	34,190,737.12
Notes receivable - intercompany	21,858,193.47							(21,858,193.47)	
Mortgage Loans	746,381.66						35,337,438.48	(35,337,438.48)	746,381.66
Investment in subsidiaries							21,897,617.05	(41,804,541.68)	
Intercompany receivables - long term		19,906,924.63							1,011,214.83
Other Invested Assets	1,011,214.83						215,427.30		215,427.30
Furniture, net of accumulated depreciation							8,396.07		8,396.07
Equipment, net of accumulated depreciation							61,147.01		61,147.01
EDP Hardware, net of accumulated depreciation							26,274.33		26,274.33
EDP Software, net of accumulated depreciation							1,258,656.93		1,258,656.93
Enterprise Software, net of accumulated depreciation							52,988.37		52,988.37
Leasehold improvements, net of accumulated depreciation							695,119.93		695,119.93
Assets not in service	19,906,924.63							(19,906,924.63)	
Deferred expenses - long term	2,322,474.55	19,575,142.50						(21,897,617.05)	
Deferred management fee expense - long term		39,482,067.13					68,544,674.65	(149,796,324.49)	
Total Non-Current Assets	71,280,289.58	39,482,067.13	8,755,636.68				68,544,674.65	(149,796,324.49)	38,206,343.55
<i>Other Assets</i>									
Miscellaneous deposits							31,173.00		31,173.00
Goodwill - FUTR, net of accumulated amortization							14,125.00		14,125.00
Intellectual Property - FUTR							25,000.00		25,000.00
Contracts - FUTR, net of accumulated amortization							94,167.00		94,167.00
Total Other Assets							154,465.00		154,465.00
Total Assets	\$723,520,653.02	\$48,560,261.76	\$15,256,019.68	\$2,569,940.61	\$383,339.33	\$3,501,007.60	\$79,275,239.74	(\$188,460,277.82)	\$84,606,193.92

Exhibit

B

	RSC	NAT	GLO	SLRS	SLIC	LEND	RMC	Eliminations	Total
LIABILITIES AND STOCKHOLDERS' EQUITY									
Current Liabilities									
Accounts payable	1,369,851.19	2,282,065.89	26,051.19	1,190,519.00		2,989,177.85	\$432,850.81	(2,282,065.89)	\$432,850.81
Accounts payable - premiums - intercompany		101,748.50						(1,080,805.06)	3,958,129.58
Other payables	4,215,197.02		133,652.74				572,005.91	(1,190,519.00)	
Participation payable	48,129,513.11							(4,348,889.76)	
Reinsurance payable								1,190,519.00	49,320,032.11
Direct loss reserves								(10,654,027.24)	
Assumed loss reserves			10,654,027.24					(519,010.51)	32,214.09
Federal income tax payable			552,125.00					(1,897,451.00)	1,376,457.00
Deferred income tax liability			377,669.00					(3,340,542.61)	
Deferred revenues	2,896,259.00	3,340,542.61					3,674,596.87	(3,674,596.87)	481,295.13
Deferred management fee revenue		481,295.13					1,500,000.00	(1,500,000.00)	
Reserve for claims management exp	3,750,120.17	2,019,732.71	5,551.39		2,861,964.50	353,524.79	455,946.77	(9,486,840.33)	
Intercompany payables	60,401,040.49	8,225,384.84	11,749,106.56	1,190,519.00	2,861,964.50	3,322,702.64	6,635,400.36	(36,735,133.67)	55,600,928.72
Total Current Liabilities									
Long-Term Liabilities									
Bank loans payable	8,991,609.18						6,692,671.23	(8,991,609.18)	6,692,671.23
Surplus note							21,858,193.47	(21,858,193.47)	
Notes payable - intercompany		19,575,142.50						(41,804,541.88)	
Intercompany payables - long term	22,229,395.18	19,906,924.63						(19,906,924.63)	
Deferred management fee revenue - long term							21,897,617.05	(21,897,617.05)	
Total Long-Term Liabilities									
Total Liabilities									
Stockholders' Equity									
Common stock	1,000,000.00		1.00		1,000.00		43.15	(1,001,001.00)	43.15
Additional paid-in capital	6,400,000.00		431,861.05		86,000.00		7,458,679.32	(6,917,861.05)	7,458,679.32
Equity Transfer							600,000.00		600,000.00
Members' equity				1,350,000.00		5,682,140.80		(7,032,140.80)	
Retained earnings	24,498,614.17	852,809.79	3,075,051.07	29,421.61	(2,565,625.17)	(5,503,835.84)	14,132,635.16	(20,265,249.29)	14,253,821.50
Total Stockholders' Equity									
	31,898,614.17	852,809.79	3,506,913.12	1,379,421.61	(2,478,625.17)	178,304.96	22,191,357.63	(35,216,252.14)	22,312,543.97
Total Liabilities and Stockholders' Equity									
	\$123,520,562.02	\$48,560,261.76	\$15,266,019.68	\$2,569,940.61	\$283,339.33	\$3,507,007.60	\$79,275,239.74	(\$188,460,277.82)	\$84,606,193.92

Note: The loss reserves and loss incurred amounts shown on these financial statements are preliminary and will be adjusted after an actuarial review. The amount of the adjustment is expected to increase both the loss reserve balance and loss incurred amount significantly.

Peoples Holding Company
Consolidating Income Statement (Unaudited)
For the Three Months Ending March 31, 2018

	RSC	GLO	NAT	SUNS	Total PSU	LEND	SLTC	RHC	Total Non-Insurance	Eliminations	Total
Gross Written Premium	\$7,864,307.34	\$2,036,971.79			\$10,001,279.13					(\$2,036,971.79)	\$7,864,307.34
Cash Written Premium	(2,321,851.80)				(2,321,851.80)					(264,880.01)	(2,586,731.81)
Net Written Premium	\$5,542,455.54	\$2,036,971.79			\$7,578,330.93					2,026,971.79	\$9,605,302.72
Revenues:											
Gross earned premiums	\$7,864,307.34	\$2,036,971.79			\$10,001,279.13					(\$2,036,971.79)	\$7,864,307.34
Origination & servicing revenue			2,040,395.09		2,040,395.09				586,957.81	(2,040,395.09)	586,957.81
Commission revenue				21,374.31	21,374.31						21,374.31
Management fee revenue											
Miscellaneous revenue	365,257.02	71,913.14	485.39		437,655.55			45,210.02	45,210.02	(45,000.00)	210.02
Gain (loss) on asset disposal		(5,942.32)			(5,942.32)			187,951.14	187,951.14	(445,558.43)	180,078.26
Equity in earnings of subsidiaries	30,190.07				30,190.07			205,095.55	205,095.55	(205,095.55)	30,190.07
Gross Revenues	8,359,794.43	2,103,842.61	2,040,880.48	21,374.31	12,525,891.83			436,257.82	1,006,215.63	(4,774,031.97)	8,756,075.49
Ceded earned premiums	(2,321,851.80)				(2,321,851.80)					2,036,971.79	(294,880.01)
Net Revenues	6,037,942.63	2,103,842.61	2,040,880.48	21,374.31	10,204,040.03			436,257.82	1,006,215.63	(2,737,060.18)	8,423,385.46
Operating expenses:											
Loss and loss adjustment expenses	3,520,840.57	982,121.48	(26,167.53)		4,576,794.52					(501,343.77)	4,075,450.75
Commissions	531,405.79	598,890.93			1,130,296.72					(1,530,296.32)	41,073.00
Premium taxes	41,073.00				41,073.00						41,073.00
General and administrative expenses	280,550.78	26,479.37	2,009,855.21	23,514.31	2,340,399.67			878,481.76	2,603,515.03	(45,000.00)	4,901,414.70
Total Losses and Expenses	4,374,270.14	1,609,491.38	1,990,067.68	23,514.31	8,497,363.51			878,481.76	2,603,515.03	(2,076,640.09)	9,014,338.45
EBITDA	1,653,662.49	494,351.23	60,192.80	(2,140.00)	1,716,265.52			(436,257.82)	(1,597,300.40)	(660,420.09)	(644,552.97)
Other (Income)/Expense:											
Depreciation and amortization expense								188,451.96	197,846.55		197,846.55
Stock based compensation								90,529.00	90,529.00		90,529.00
Interest expense	179,832.16				179,832.16			345,332.76	345,332.76	(445,568.43)	83,596.51
Actuarial adjustment expense				(15,803.00)	(15,803.00)						(15,803.00)
(Gain) Loss on loans purchased				3,806.63	3,806.63					(3,806.63)	
Income Before Income Taxes	984,030.31	494,351.23	60,192.80	9,916.37	1,548,490.71			(1,067,537.66)	(2,235,107.71)	(211,045.03)	(897,652.03)
Income tax expense (benefit)	199,018.00	103,263.00			302,281.00			(353,939.00)	(481,396.00)	(1,009.16)	(180,124.16)
GAAP Net Income	\$785,012.31	\$391,088.23	\$60,192.80	\$9,916.37	\$1,246,209.71			(\$715,598.66)	(\$1,753,711.71)	(\$970,036.87)	(\$717,537.87)

Note: The loss reserves and loss incurred amounts shown on these financial statements are preliminary and will be adjusted after an actuarial review. The amount of the adjustment is expected to increase both the loss reserve balance and loss incurred amount significantly.

STATE OF SOUTH DAKOTA

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IN CIRCUIT COURT

)ss:

COUNTY OF HUGHES

)

SIXTH JUDICIAL CIRCUIT

)

STATE OF SOUTH DAKOTA, EX REL.

)

Civ: 18-_____

LARRY DEITER, DIRECTOR OF

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INSURANCE OF THE STATE OF

)

SOUTH DAKOTA

)

Petitioner,

)

AFFIDAVIT OF JOHANNA NICKELSON

)

v.

)

)

RELIAMAX SURETY COMPANY

)

)

Respondent.

)

STATE OF SOUTH DAKOTA

)

)ss:

COUNTY OF HUGHES

)

I, Johanna Nickelson, of lawful age and being first duly sworn, states as follows:

1. I am the Assistant Director of Financial Solvency and Company Licensing at the South Dakota Division of Insurance ("Division") and have held this position concerning the oversight of insurer financial condition and solvency since 2013. I was previously an auditor at a public accounting firm. I am a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.
2. In my position I am responsible for the financial oversight of insurance companies operating in South Dakota and have heightened financial oversight regarding South Dakota domiciled insurance companies. My staff and I spend substantially all of our working hours reviewing and analyzing insurance company financials under Statutory Accounting Principles, which are unique to the insurance industry and differ from U.S. Generally Accepted Accounting Principles.
3. In my position I am familiar with the history and present condition of ReliaMax Surety Company ("ReliaMax Surety"), a South Dakota domiciled insurer licensed or otherwise authorized to write insurance in many U.S. jurisdictions.
4. I support the Director's Petition for Order of Liquidation, Judicial Declaration of Insolvency, and Request for Injunctive Relief ("Petition").
5. On or about May 18, 2018, ReliaMax Surety filed its financial statements for the period ending March 31, 2018, pertinent parts of which are attached as Exhibit A to the Petition.

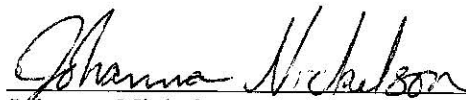
Exhibit A shows ReliaMax Surety's policyholder surplus for the period ending March 31, 2018 was about \$19.1 million. Exhibit A also shows a receivable consisting of ReliaMax Surety's loans to its corporate parent, ReliaMax Holding Company, of about \$21.8 million ("Holding Company Loans").

6. The Holding Company Loans have risen to become larger than the entirety of ReliaMax Surety's capital and surplus.
7. On or about April 27, 2018, the Division received first quarter 2018 financial information regarding ReliaMax Holding Company, ReliaMax Surety's corporate parent. Parts of that filing are attached as Exhibit B to the Petition.
8. Exhibit B shows ReliaMax Holding Company's impending financial failure. Looking at the second page of Exhibit B, on the *Total Stockholders' Equity* line, the *Total* Column, the recorded equity of the holding company system is about \$22.3 million. On the same line, under the *RSC* column, ReliaMax Surety's equity is about \$31.9 million. The value of the insurance company is greater than the total of all affiliated companies.
9. ReliaMax Surety's holding company has recently attempted to raise capital or find a purchaser and those efforts have failed. The holding company has shown no immediate methods available to remedy its condition. The holding company system has no apparent means to support itself.
10. Additionally, ReliaMax Surety's equipment, support, and housing are provided by its holding company. The employees of ReliaMax Holding Company are also the employees for ReliaMax Surety. Should ReliaMax Holding Company fail financially, ReliaMax Surety would have no support to conduct its ongoing insurance business.
11. In my opinion, due to the information above and my analysis, it is probable the receivables due from the holding company are impaired and uncollectible at this time. Given the analysis, the facts, and circumstances of the financial condition of ReliaMax Holding Company and ReliaMax Surety, I believe this is the only reasonable conclusion.
12. The Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles Nos. 25 and 5R, adopted at ARSD 20:06:25:01, requires receivables which are determined to be uncollectible due to impairment to be completely written off from an insurance company's balance sheet.
13. Under the rule, the value of the uncollectible Holding Company Loans is zero. Subtracting the receivable for Holding Company Loans from ReliaMax Surety's policyholder surplus in Exhibit C, ReliaMax Surety has a negative policyholder surplus.
14. On May 10, 2018, pursuant to SDCL Ch. 58-3, the Division called a targeted financial examination of ReliaMax Surety's actuarially projected losses.

15. The Division's examiners calculated ReliaMax Surety's actuarially projected losses at a higher level than ReliaMax Surety, meaning current loss calculations are likely understated. ReliaMax Surety likely requires additional loss reserves, which further deteriorates ReliaMax Surety's financial position.
16. Pursuant to any one of the grounds in ARSD 20:06:23:02(7), (8), (16), (19), and (21), ReliaMax Surety is in hazardous financial condition.
17. The absence of the receivable for the Holding Company Loans makes ReliaMax Surety insolvent within the meaning of SDCL § 58-29B-3(11) because its admitted assets do not exceed its liabilities plus the greater of any capital and surplus required by law for its organization.
18. ReliaMax Surety is insolvent.
19. It is in the best interests of the policyholders and the public that ReliaMax Surety be ordered into liquidation to permit a Liquidator to protect policyholders, creditors, and the public.
20. It is my understanding that ReliaMax Surety has no apparent and immediate methods available to remedy its financial position.
21. The appropriate way to protect policyholders, creditors, and the public is to liquidate ReliaMax Surety.

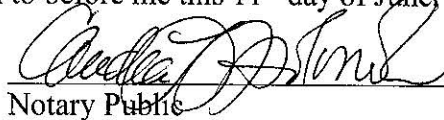
Further Affiant sayeth not.

Dated this 11th day of June, 2018.



Johanna Nickelson
Assistant Director Financial Solvency & Company Licensing
South Dakota Division of Insurance

Subscribed and sworn to before me this 11th day of June, 2018.



Notary Public

(SEAL)

My commission expires: 8-29-2022

STATE OF SOUTH DAKOTA

)

IN CIRCUIT COURT

)ss:

COUNTY OF HUGHES

)

SIXTH JUDICIAL CIRCUIT

STATE OF SOUTH DAKOTA, EX REL.
LARRY DEITER, DIRECTOR OF
INSURANCE OF THE STATE OF
SOUTH DAKOTA

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Petitioner,

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v.

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)

RELIAMAX SURETY COMPANY

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)

Respondent.

)

STATE OF SOUTH DAKOTA

)

)ss:

COUNTY OF HUGHES

)

Civ: 18-_____

AFFIDAVIT OF LARRY DEITER

Larry Deiter, of lawful age and being first duly sworn states as follows:

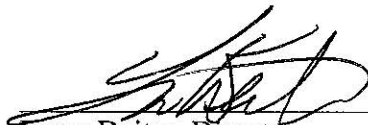
1. I am the duly appointed Director of the Division of Insurance for the State of South Dakota.
2. ReliaMax Surety Company ("ReliaMax Surety") is a surety insurer organized and operating under the laws of the State of South Dakota, with its principal office located in Sioux Falls, South Dakota.
3. I have become familiar with the financial condition of ReliaMax Surety, the Respondent in this case.
4. I have reviewed the Petition for Order of Liquidation, Judicial Declaration of Insolvency, and Request for Injunctive Relief ("Petition") and its exhibits.
5. I have determined and find, based upon analysis of ReliaMax Surety's records, financial information, reports received by professional consultants, and such other information and data as I have determined is appropriate, that the Respondent, ReliaMax Surety Company, is in a hazardous financial condition and insolvent within the meaning of South Dakota law.
6. It appears ReliaMax Surety cannot extricate itself from its current financial position.

Exhibit D

7. The Division has worked with ReliaMax Surety and potential purchasers of the company's book of business. Those efforts have failed.
8. Due to the above, I believe that efforts to rehabilitate ReliaMax Surety would be unsuccessful due to the uncollectability of substantial loans to its holding company, ReliaMax Surety's corporate parent, totaling more than ReliaMax Surety's policyholder surplus.
9. I am not aware of and have no expectation of a significant capital infusion or substantial positive cash flows to offset ReliaMax Surety's position.
10. Liquidation of ReliaMax Surety is necessary to preserve assets for its policyholders, creditors, and the public as allowed by law.
11. ReliaMax Surety should be liquidated.

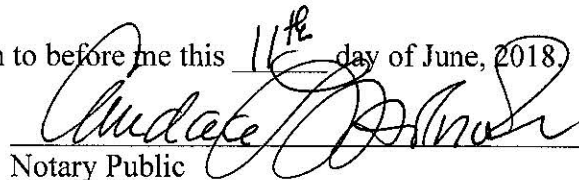
Further Affiant sayeth not.

Dated this 11th day of June, 2018.



Larry Deiter, Director
South Dakota Division of Insurance

Subscribed and sworn to before me this 11th day of June, 2018.



Notary Public

(SEAL)

My commission expires: 8-29-2022



June 8, 2018

Larry Deiter, Director
South Dakota Division of Insurance
124 South Euclid
Pierre, SD 57501

Re: Consent to Liquidation of ReliaMax Surety Company

Dear Director Deiter,

On June 7, 2018, as CEO of ReliaMax Surety Company ("ReliaMax Surety"), I had a discussion with all of the Directors of ReliaMax Surety and ReliaMax Holding Company, attending either in person, via telephone, or being updated individually. During this discussion, the Board of Directors of both entities discussed the current financial and regulatory status of ReliaMax Surety. After the discussion among board members concerning the status of ReliaMax Surety, a Motion was adopted by written action of each Board of Directors, authorizing me to consent by an Affidavit to the entry of an Order of Liquidation of ReliaMax Surety and to further waive any and all rights that ReliaMax Surety would have to appear at a hearing on such a proposed Order of Liquidation.

I have attached an affidavit signed by me which consents to such an order and waives ReliaMax Surety's rights to appear at a hearing considering such an order. If needed, I am happy to provide copies of the written actions as certified by the Secretary which further certifies that the Board of Directors consent.

I understand that ReliaMax Surety and Joshua Andersen, as counsel for ReliaMax Surety, will be receiving notices concerning these matters as they proceed.

Please contact me if you require any other information regarding this matter.

Sincerely,

Mark Payne
Acting CEO of ReliaMax Surety Company and Acting CEO of ReliaMax Holding Company

Exhibit E

ReliaMax Holding Company · 2300 East 54th Street North | Sioux Falls, SD 57104

**AFFIDAVIT OF THE ACTING CEO AND CFO OF
RELIAMAX SURETY COMPANY**

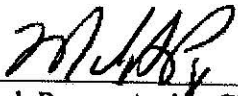
STATE OF SOUTH DAKOTA)
)ss:
COUNTY OF MINNEHAHA)

I, Mark Payne, being first duly sworn, depose and state as follows:


1. I am the Acting CEO and CFO of ReliaMax Surety Company ("ReliaMax Surety") and ReliaMax Holding Company ("ReliaMax Holding").
2. I have been directed, pursuant to written action of the Board of Directors of ReliaMax Surety and ReliaMax Holding dated June 7, 2018, to execute on behalf of ReliaMax Surety and ReliaMax Holding this Affidavit.
3. On behalf of ReliaMax Surety and ReliaMax Holding, I hereby consent to an Entry of an Order of Liquidation of ReliaMax Surety, as such order is described in SDCL § 58-29B-42.
4. On behalf of ReliaMax Surety and ReliaMax Holding, I hereby waive any and all rights ReliaMax Surety may have to appear at a hearing on the proposed Order of Liquidation of ReliaMax Surety brought by Larry Deiter, Director of Insurance for the State of South Dakota before the Circuit Court of Hughes County, South Dakota, pursuant to SDCL § 58-29B-41.

Further Affiant sayeth not.

Dated this 11th day of June, 2018.

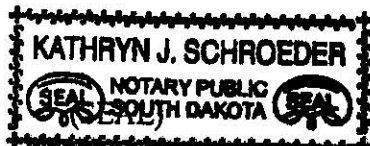


Mark Payne, Acting CEO and CFO
ReliaMax Surety Company



Mark Payne, Acting CEO and CFO
ReliaMax Holding Company

Subscribed and sworn to before me this 11th day of June, 2018.





Notary Public

My commission expires: August 13, 2021

**WRITTEN ACTION
OF THE
BOARD OF DIRECTORS
OF
RELIAMAX SURETY COMPANY**

The undersigned, being all of the members of the Board of Directors (the “**Board**”) of ReliaMax Surety Company, a South Dakota corporation (the “**Company**”), acting together as the Board of Directors pursuant to the provisions of the South Dakota Business Company Act, Section 47-1A-821, do hereby adopt the following resolutions in lieu of a meeting, dated effective as of June 7, 2018:

Elect President and CEO

WHEREAS, the Company’s President and CEO recently resigned and the Company desires to elect a new President and CEO:

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that the Board of Directors of the Company hereby elects Mark Payne to serve as the Company’s President and CEO to serve until his successor is duly elected and qualified.

Consent to Liquidation

WHEREAS, the Director of the South Dakota Division of Insurance (the “**Division**”) is going to file a Petition for Insolvency and a Plan of Liquidation of the Company; and

WHEREAS, the Division has requested that the Company consent to the Plan of Liquidation; and

WHEREAS, management of the Company has provided information regarding the financial status of the Company, which information the directors have reviewed:

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that the Board of Directors of the Company has reviewed the Company’s financial statements and related information regarding the Company’s financial status; and

FURTHER RESOLVED, that the Board of Directors of the Company hereby consents to the Division entering an Order of Liquidation of the Company and further waives any and all rights that the Company has to appear at a hearing regarding such proposed Order of Liquidation; and

FURTHER RESOLVED, that the officers of the Company are hereby authorized and instructed, for and on behalf of the Company, to take or to cause to be taken any and all

ReliaMax Surety Company
Written Action of the Board of Directors
June 7, 2018

actions as such officers may deem necessary or advisable to carry out and perform the obligations of the Company in relation to the foregoing resolutions and to carry out the purposes and intent of the foregoing resolutions, including but not limited to executing and delivering to the Division an affidavit consenting to the entry of an order for liquidation of the Company; and

FURTHER RESOLVED, that any actions taken by the officers of the Company that are within the authority provided in the foregoing resolutions are hereby ratified and approved as the acts and deeds of the Company.

Signatures

RESOLVED, that this written action may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one instrument.

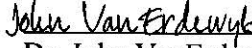
[Signature Page Follows]

ReliaMax Surety Company
Written Action of the Board of Directors
June 7, 2018

IN WITNESS WHEREOF, the undersigned members of the Board have executed this written action effective as of the date set forth above.

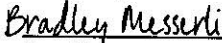
DIRECTORS:

DocuSigned by:



Dr. John VanErdewyk

DocuSigned by:



Bradley J. Messerli

DocuSigned by:



Mark Payne

DocuSigned by:



Randy Schaefer

GP:4838-7557-5400 v1

Certificate Of Completion

Envelope Id: 4B5C631366C441BBBFD0836424CA6A8
 Subject: Please DocuSign: Surety_Board_Minutes_of_Action_6_7_18__Liquidation_.docx
 Source Envelope:
 Document Pages: 3
 Certificate Pages: 5
 AutoNav: Enabled
 EnvelopeId Stamping: Enabled
 Time Zone: (UTC-06:00) Central Time (US & Canada)

Status: Completed

Envelope Originator:
 Terry Jacobsen
 80 South Eighth Street
 500 IDS Center
 Minneapolis, MN 55402
 terry.jacobsen@gpmlaw.com
 IP Address: 38.104.197.10

Record Tracking

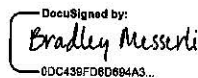
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 Holder: Terry Jacobsen
 terry.jacobsen@gpmlaw.com

Location: DocuSign

Signer Events

Bradley Messerli
 bmesserli@reliamax.com
 Security Level: Email, Account Authentication
 (None)

Signature

DocuSigned by:

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Using IP Address: 107.4.217.10
 Signed using mobile

Timestamp

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 Signed: 6/11/2018 11:50:02 AM

Electronic Record and Signature Disclosure:
 Accepted: 6/11/2018 11:49:40 AM
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John VanErdewyk
 jvanerdewyk@santel.net
 Security Level: Email, Account Authentication
 (None)

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 ID: 4ca1ac04-d809-4dbd-8ee4-5096babb9115

Mark Payne
 mpayne@rellamax.com
 Security Level: Email, Account Authentication
 (None)

DocuSigned by:

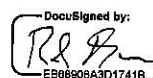
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Randy Schaefer
 randyschaeferagency@gmail.com
 Security Level: Email, Account Authentication
 (None)

DocuSigned by:

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 Signed using mobile

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In Person Signer Events

Signature

Timestamp

Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events Doug Ramler doug.ramler@gpmlaw.com Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Not Offered via DocuSign	Status <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">COPIED</div>	Timestamp Sent: 6/8/2018 1:33:05 PM Viewed: 6/8/2018 1:33:56 PM
Notary Events	Signature	Timestamp
Envelope Summary Events Envelope Sent Certified Delivered Signing Complete Completed	Status Hashed/Encrypted Security Checked Security Checked Security Checked	Timestamps 6/8/2018 1:33:05 PM 6/9/2018 10:54:42 AM 6/11/2018 11:50:02 AM 6/11/2018 11:50:02 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

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Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari®, 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

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