

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,)

Petitioner,)

v.)

RELIAMAX SURETY COMPANY,)
Respondent.)

32CIV18-125

APPLICATION NO. 19
FOR ORDER APPROVING
COMPENSATION OF EMPLOYEES

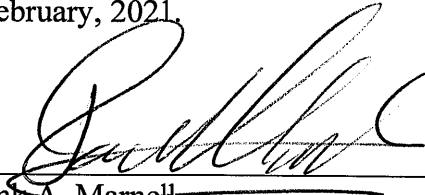
COMES NOW Larry Deiter, Liquidator ("the Liquidator") of ReliaMax Surety Company ("ReliaMax"), and hereby applies to the Court for an Order approving compensation as follows:

1. This application is made pursuant to SDCL 58-29B-49(3) requesting Court approval of the compensation levels of employees, consultants, and other professionals employed by the Liquidator in the pursuit of his duties under SDCL Ch. 58-29B;
2. Pursuant to SDCL 58-29B-49(2) and (3), the Liquidator has the power to employ those the Liquidator considers necessary to assist in the liquidation and fix compensation with Court approval;
3. On August 2, 2018, the Court approved the Liquidator's Application No. 1 approving compensation of certain employees;
4. The Liquidator has determined that the continued employment of certain employees in this application are necessary for the liquidation to conclude without unnecessary administrative issues;
5. Attached hereto as Exhibit A is an Affidavit of Michael FitzGibbons, Special Deputy Liquidator, filed in support of this application;
6. ReliaMax's aggregate compensation to employees is discussed at Exhibit B to this application;

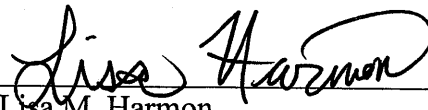
7. Also attached to this application is a proposed Order of Approval for the Court's consideration without necessity of a hearing unless the Court should require;

WHEREFORE the Liquidator respectfully requests that the court enter an Order of Approval for the compensation levels as contained this application.

Respectfully submitted this 12th day of February, 2021.



Frank A. Marnell
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
(605) 773-3563

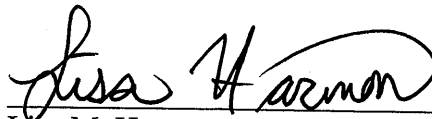


Lisa M. Harmon
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
(605) 773-3563

CERTIFICATE OF SERVICE

The undersigned hereby certifies that copy of the Liquidator's Application No. 19 was served upon ReliaMax Surety Company in Liquidation via regular U.S. Mail, postage prepaid, to the company's mailing address at 3801 W. Technology Circle, Sioux Falls, SD 57106.

Dated this 12th day of February, 2021 in Pierre, South Dakota.



Lisa M. Harmon
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
(605) 773-3563

Exhibit A

STATE OF SOUTH DAKOTA)	
) ss:	IN CIRCUIT COURT
COUNTY OF HUGHES)	SIXTH JUDICIAL CIRCUIT

STATE OF SOUTH DAKOTA, EX REL.)	
LARRY DEITER, DIRECTOR OF)	32CIV18-125
INSURANCE OF THE STATE OF)	
SOUTH DAKOTA)	
)	
Petitioner,)	AFFIDAVIT OF MICHAEL FITZGIBBONS
)	IN SUPPORT OF LIQUIDATOR'S
v.)	APPLICATION NO. 19
)	
RELIAMAX SURETY COMPANY)	
)	
Respondent.)	

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

Michael FitzGibbons, of lawful age and being first duly sworn states as follows:

1. I am the duly appointed Special Deputy Liquidator of ReliaMax Surety Company ("ReliaMax"). Under the general supervision of the Court and the Liquidator, my staff and I oversee the day-to-day operations of ReliaMax to ensure a timely and efficiently wind down of the ReliaMax liquidation estate. I am very knowledgeable about the current affairs, needs, and financial condition of ReliaMax.
2. The liquidation of ReliaMax has proceeded in an orderly manner and the remaining administrative tasks are manageable with the remaining employee base.
3. In my experience as a Special Deputy Liquidator it becomes difficult for the Liquidation Estate to retain key employees as the liquidation reaches its natural conclusion. In my experience enhanced severance, so as to retain key employees to the conclusion of liquidations, is a preferred course of action.
4. Retaining key employees will allow the estate to be concluded in an expeditious and cost-efficient manner.
5. Based on the foregoing, I have proposed increasing the severance for the remaining employees from 30 days, as outlined in Application No. 1, to 60 or 90 days depending on

the duration of remaining employment. This is the only change requested in the Liquidator's Application No. 19.

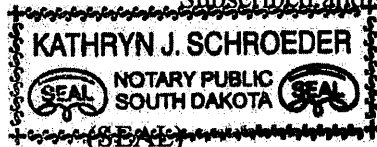
6. I have reviewed and support the Liquidator's Application No. 19, its exhibits, this Affidavit and most importantly the enhanced severance for the remaining employees of ReliaMax.

7. To fulfill my obligations as outlined in SDCL 58-29B-49, I have determined that it is the best interest of the Liquidation Estate and creditors to approve Exhibit B to retain employees through the completion of the liquidation of ReliaMax.

Dated this 11th day of February, 2021.

Michael J. FitzGibbons, Special Deputy Liquidator
ReliaMax Surety Company, in Liquidation

Subscribed and sworn to before me this 11 day of February, 2021.



Kathryn J. Schroeder
Notary Public

My commission expires: 8/13/2021

Exhibit B
Compensation of Employees of
ReliaMax Surety Company (in Liquidation)

At the date of liquidation, the annualized salary of ReliaMax Surety Company (“ReliaMax”) was zero (\$0), as all of the employees were employees of Reliamax Holdings Company (Holdings).

On July 7, 2018 ReliaMax initiated its payroll which replicated the salaries and benefits of Holdings’ employees. As of July 8, 2018, the annualized salary for ReliaMax was \$2,546,566. As of February 1, 2021, the annualized salary for ReliaMax was \$ 1,072,460.27.

As part of ReliaMax’s compensation package to its employees the Liquidator has paid a 20% retention bonus quarterly and has paid at termination a 30-day severance. All in accordance with Court’s Order approving Application No. 1.

The Liquidator now wishes to amend the severance provision of the compensation from 30 days at termination to 60 or 90 days at termination for the reasons noted in Application No. 19 and its exhibits.¹ All other conditions to employment remain unchanged.

It is the finding of the Liquidator and Special Deputy Liquidator that the increase in severance is a reasonable and necessary expense of ReliaMax.

¹ Only certain of the remaining employees will be responsible for the final closing and are being provided the 90-day severance. All other employees are being provided the 60-day severance.