

STATE OF SOUTH DAKOTA) IN CIRCUIT COURT

) ss:

COUNTY OF HUGHES) SIXTH JUDICIAL CIRCUIT

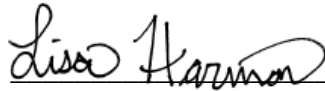
STATE OF SOUTH DAKOTA, EX REL.)	32CIV18-125
LARRY DEITER, DIRECTOR OF)	
INSURANCE OF THE STATE OF SOUTH)	
DAKOTA,)	APPLICATION NO. 27
Petitioner,)	FOR ORDER APPROVING
)	FINANCIAL STATEMENTS
v.)	
)	
RELIAMAX SURETY COMPANY,)	
Respondent.)	
)	
)	

COMES NOW Larry Deiter, Liquidator (“the Liquidator”) of ReliaMax Surety Company (“ReliaMax”), and hereby applies to the Court for an Order approving financial statements for ReliaMax pursuant to SDCL § 58-29B-46 and the Court’s Order of Liquidation on June 27, 2018 as follows:

1. Attached hereto as Exhibit A are financial statements of ReliaMax Surety Company in Liquidation, for the period ending December 31, 2022;
2. Exhibit A contains a Balance Sheet for ReliaMax as of December 31, 2022;
3. Exhibit A contains a schedule of all receipts and disbursements for ReliaMax for the period through December 31, 2022;
4. Exhibit A contains a schedule of all payments made to professionals pursuant to the Court’s approvals for compensation in previous applications for the period through December 31, 2022;
5. The Liquidator will submit a proposed order approving the financials submitted in this Application 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 approving the financial statements contained in this Application.

Respectfully submitted this 4th day of April, 2023.

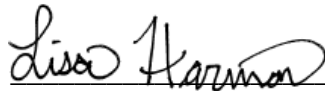


Lisa M. Harmon
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
(605) 773-3563

CERTIFICATE OF SERVICE

The undersigned hereby certifies that copy of the Liquidator's Application No. 27 was served upon ReliaMax Surety Company in Liquidation via regular U.S. Mail, postage prepaid, to the company's mailing address at 8701 E. Vista Bonita Dr., Ste. 200, Scottsdale, AZ 85255.

Dated this 4th day of April, 2023 in Pierre, South Dakota.



Lisa M. Harmon
Attorney for Liquidator of ReliaMax Surety
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ReliaMax Surety Company in Liquidation
Balance Sheet
December 31, 2021 and 2022

	December 31,	
	2021	2022
Assets		
Cash and investments		
Cash	115,260	102,016
Money markets	16,612,763	8,486,568
Total cash and investments	<u>16,728,023</u>	<u>8,588,584</u>
Premiums receivable	18,562	5,904
Investment income accrued	297	38,653
Other	22,529	-
Total assets	<u>16,769,411</u>	<u>8,633,141</u>
Liabilities		
Loss and loss adjustment expense reserves	797,424	797,424
Premium refunds related to unearned premiums	62,950,802	55,286,621
Accounts payable and accrued expenses	316,375	119,277
Total liabilities	<u>64,064,601</u>	<u>56,203,322</u>
Total policyholders surplus (deficit)	(47,295,190)	(47,570,181)
Total liabilities and surplus	<u>16,769,411</u>	<u>8,633,141</u>

Estimated subrogation recoveries on the defaulted loan portfolio of the Company were not recorded on the balance sheet. Actual subrogation receipts are reflected on the Statement of Cash Receipts and Disbursements. The loan portfolio was sold on October 31, 2021. Negative subrogation recoveries in 2022 reflect post sale adjustments.

Deloitte Consulting LLC ("Deloitte") was engaged to review and update the premium earnings methodology. Premium refunds related to unearned premiums were updated as of December 31, 2018 by applying Deloitte's updated earnings methodology and patterns.

ReliaMax Surety Company in Liquidation
Statement of Cash Receipts and Disbursements
June 27, 2018 to December 31, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>ITD</u>
Beginning cash and cash equivalents	5,608,500	11,125,547	16,086,143	8,435,153	16,728,023	5,608,500
Receipts						
Premiums	870,775	390,907	580,715	73,431	-	1,915,828
Subrogation recoveries	488,933	1,015,901	1,056,527	2,206,864	(23,207)	4,745,018
Shared services from Lending	205,888	24,191	-	-	-	230,079
Investment income	290,220	794,379	459,971	209,916	192,828	1,947,313
Reinsurance recovery	227,752	-	-	-	-	227,752
Proceeds from investments, net	6,042,144	1,014,000	7,254,678	9,181,825	-	23,492,647
Premium tax and other state refunds	34,821	614,171	361,472	97,167	-	1,107,631
ReliaMax Properties distribution	-	125,000	-	1,944,317	-	2,069,317
Global commutation	-	8,971,883	-	-	-	8,971,883
LOC proceeds	-	450,000	-	-	-	450,000
Consulting	-	13,613	29,494	19,968	19,039	82,114
RSM	-	-	-	3,000,000	-	3,000,000
D&O - primary	-	-	-	2,758,490	-	2,758,490
Federal income tax refund	-	-	-	2,559,682	-	2,559,682
Other	24,315	2,000	545	29,000	18	55,878
Total receipts	<u>8,184,848</u>	<u>13,416,045</u>	<u>9,743,401</u>	<u>22,080,660</u>	<u>188,678</u>	<u>53,613,632</u>
Disbursements						
Loss and loss adjustment expenses	21,348	5,166,635	981,869	2,203	-	6,172,055
Premium refunds related to unearned premiums	-	-	13,496,272	11,496,272	7,651,522	32,644,066
Claims of general creditors	-	-	16,270	16,270	10,847	43,387
Subrogation recovery fees	85,064	227,424	150,558	125,656	-	588,702
Salary and employee benefits	1,450,506	1,732,915	1,646,961	1,463,615	435,945	6,729,941
Professional fees	220,817	348,475	217,393	21,794	36,440	844,919
Legal fees	37,718	109,619	161,513	120,933	31,821	461,603
Special Deputy Liquidator	242,881	280,982	209,528	292,317	80,967	1,106,675
Rent, rent items and utilities	199,312	115,692	112,859	80,932	8,078	516,873
Moving expenses	5,936	-	-	-	-	5,936
EDP equipment, software and consulting	227,208	270,373	233,530	70,236	22,187	823,534
Offices supplies, postage and printing	28,451	9,959	12,045	9,266	8,862	68,582
Telephone and internet	54,115	32,995	34,358	20,471	5,050	146,989
Insurance	3,299	115,358	58,425	24,727	13,036	214,845
Investment and bank charges	20,746	32,988	34,909	28,092	19,023	135,758
Publication costs	24,216	-	-	-	-	24,216
Other	46,185	12,035	27,902	15,006	4,339	105,467
Total disbursements	<u>2,667,800</u>	<u>8,455,449</u>	<u>17,394,391</u>	<u>13,787,790</u>	<u>8,328,117</u>	<u>50,633,548</u>
Net cash flows	<u>5,517,048</u>	<u>4,960,596</u>	<u>(7,650,990)</u>	<u>8,292,870</u>	<u>(8,139,439)</u>	<u>2,980,084</u>
Ending cash and cash equivalents	<u>11,125,547</u>	<u>16,086,143</u>	<u>8,435,153</u>	<u>16,728,023</u>	<u>8,588,584</u>	<u>8,588,584</u>

ReliaMax Surety Company in Liquidation
Payment to Consultants and Other Professionals
June 27, 2018 to December 31, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>ITD</u>
Subrogation recovery fees (a):						
Weltman, Weinberg & Reis Co., LPA	20,000	58,894	21,048	6,586	-	106,527
Professional fees:						
Eide Bailly LLP	22,764	11,928	44,991	10,603	9,585	99,871
Daron Ailts	43,665	89,194	-	-	-	132,859
Luke Schwingler	9,159	1,065	-	-	-	10,224
Deloitte Consulting LLP	145,229	152,907	-	-	-	298,136
Veris Consulting	-	93,381	171,839	-	-	265,220
Darin DeBoer	-	-	563	-	-	563
Austin Cutright	-	-	-	11,191	-	11,191
Joshua Andersen	-	-	-	-	14,405	14,405
Anita Randall	-	-	-	-	3,722	3,722
Kathy Schroeder	-	-	-	-	8,283	8,283
Bryan Thill	-	-	-	-	445	445
Legal fees:						
Gray Plant Mooty	138	-	-	-	-	138
Rembolt Ludtke LLP	6,930	-	1,050	-	-	7,980
Hudson Cook LLP	10,000	30,976	-	-	-	40,976
Cadwell Sanford Deibert & Garry LLP	20,650	75,991	143,889	120,933	31,821	393,284
May, Adam, Gerdes & Thompson LLP	-	2,652	831	-	-	3,483
Stradley Ronon Stevens & Young LLP	-	-	15,742	-	-	15,742
Special Deputy Liquidator:						
FitzGibbons & Company	242,881	280,982	209,528	292,317	80,967	1,106,675
Total	<u><u>521,416</u></u>	<u><u>797,969</u></u>	<u><u>609,481</u></u>	<u><u>441,630</u></u>	<u><u>149,228</u></u>	<u><u>2,519,724</u></u>

(a) - Does not include third-party recoveries expenses.