

STATE OF SOUTH DAKOTA )

IN CIRCUIT COURT

) ss:

COUNTY OF HUGHES )

SIXTH JUDICIAL CIRCUIT

\*\*\*\*\*

STATE OF SOUTH DAKOTA, EXREL. )  
LARRY DEITER, DIRECTOR OF )  
INSURANCE OF THE STATE OF SOUTH )  
DAKOTA, )

32CIV18-125

Petitioner, )

**APPLICATION NO. 20  
FOR ORDER APPROVING  
FINANCIAL STATEMENTS**

◆ )

RELIAMAX SURETY COMPANY, )  
Respondent. )

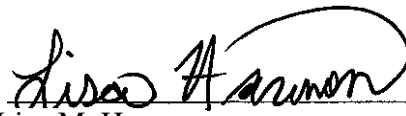
\*\*\*\*\*

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, 2020;
2. Exhibit A contains a Balance Sheet for ReliaMax as of December 31, 2020;
3. Exhibit A contains a schedule of all receipts and disbursements for ReliaMax for the period through December 31, 2020;
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, 2020;
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 29<sup>th</sup> day of April, 2021.

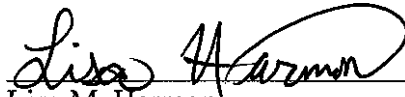
A handwritten signature in black ink, reading "Lisa M. Harmon", is written over a horizontal line. The signature is cursive and includes a large loop at the end.

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

### **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that copy of the Liquidator's Application No. 20 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 29<sup>th</sup> day of April, 2021 in Pierre, South Dakota.

A handwritten signature in black ink, reading "Lisa M. Harmon", is written over a horizontal line. The signature is cursive and includes a large loop at the end.

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

**ReliaMax Surety Company in Liquidation**  
**Balance Sheet**  
**December 31, 2019 and 2020**

	<b>December 31,</b>	
	<b><u>2019</u></b>	<b><u>2020</u></b>
<b>Assets</b>		
Unrestricted		
Cash	324,028	266,111
Money markets	15,762,115	8,169,042
Bonds	15,684,159	8,726,951
Mortgage loans	485,889	328,258
Other invested assets	1,049,024	1,117,250
Total cash and investments	<u>33,305,215</u>	<u>18,607,612</u>
Restricted investments - funds held	600,000	
Premiums receivable	712,154	56,043
Investment income accrued	90,978	28,632
Premium tax recoverables	465,291	106,302
Other	41,371	13,264
<b>Total assets</b>	<b><u>35,215,009</u></b>	<b><u>18,811,853</u></b>
<b>Liabilities</b>		
Loss and loss adjustment expense reserves	1,905,128	829,408
Premium refunds related to unearned premiums	87,602,446	74,447,074
Funds Held	600,000	
Accounts payable and accrued expenses	486,268	373,473
<b>Total liabilities</b>	<b><u>90,593,842</u></b>	<b><u>75,649,955</u></b>
<b>Total policyholders surplus (deficit)</b>	<b>(55,378,833)</b>	<b>(56,838,102)</b>
<b>Total liabilities and surplus</b>	<b><u>35,215,009</u></b>	<b><u>18,811,853</u></b>

Estimated subrogation recoveries on the defaulted loan portfolio of the Company are not recorded on the balance sheet. This presentation is consistent with financial statements prepared by prior Management of the Company. These subrogation recoveries include the SLRS portfolio which was subject to Application No. 4 For Order Confirming Title to SLRS Loan Portfolio. Actual subrogation receipts are reflected on the Statement of Cash Receipts and Disbursements.

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, 2020**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>ITD</b>
<b>Beginning cash and cash equivalents</b>	5,608,500	11,125,547	16,086,143	5,608,500
<b>Receipts</b>				
<b>Premiums</b>	870,775	390,907	580,715	1,842,397
<b>Subrogation recoveries</b>	488,933	1,015,901	1,056,527	2,561,361
<b>Shared services from Lending</b>	205,888	24,191		230,079
<b>Investment income</b>	290,220	794,379	459,971	1,544,569
<b>Reinsurance recovery</b>	227,752			227,752
<b>Proceeds from investments, net</b>	6,042,144	1,014,000	7,254,678	14,310,822
<b>Premium tax refund</b>	34,821	614,171	361,472	1,010,464
<b>ReliaMax Properties distribution</b>		125,000		125,000
<b>Global commutation</b>		8,971,883		8,971,883
LOC proceeds		450,000		450,000
<b>Consulting</b>		13,613	29,494	43,107
Other	24,315	2,000	545	26,860
<b>Total receipts</b>	<u>8,184,848</u>	<u>13,416,045</u>	<u>9,743,401</u>	<u>31,344,294</u>
<b>Disbursements</b>				
<b>Loss and loss adjustment expenses</b>	21,348	5,166,635	981,869	6,169,852
<b>Premium refunds related to unearned premiums</b>			13,496,272	13,496,272
<b>Claims of general creditors</b>			16,270	16,270
<b>Subrogation recovery fees</b>	85,064	227,424	150,558	463,046
Salary and employee benefits	1,450,506	1,732,915	1,646,961	4,830,381
<b>Professional fees</b>	220,817	348,475	217,393	786,685
Legal fees	37,718	109,619	161,513	308,849
Special Deputy Liquidator	242,881	280,982	209,528	733,391
<b>Rent, rent items and utilities</b>	199,312	115,692	112,859	427,863
<b>Moving expenses</b>	5,936			5,936
<b>EDP equipment, software and consulting</b>	227,208	270,373	233,530	731,111
<b>Offices supplies, postage and printing</b>	28,451	9,959	12,045	50,454
<b>Telephone and internet</b>	54,115	32,995	34,358	121,468
<b>Insurance</b>	3,299	115,358	58,425	177,082
<b>Investment and bank charges</b>	20,746	32,988	34,909	88,643
<b>Publication costs</b>	24,216			24,216
Other	46,185	12,035	27,902	86,122
<b>Total disbursements</b>	<u>2,667,800</u>	<u>8,455,449</u>	<u>17,394,391</u>	<u>28,517,640</u>
<b>Net cash flows</b>	<u>5,517,048</u>	<u>4,960,596</u>	<u>(7,650,990)</u>	<u>2,826,654</u>
<b>Ending cash and cash equivalents</b>	11,125,547	<u>16,086,143</u>	<u>8,435,153</u>	<u>8,435,153</u>

**ReliaMax Surety Company in Liquidation**  
**Payment to Consultants and Other Professionals**  
**June 27, 2018 to December 31, 2020**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>ITD</u>
<b>Subrogation recovery fees (a):</b>				
Weitman, Weinberg & Reis Co., LPA	20,000	58,894	21,048	99,941
<b>Professional fees:</b>				
Eide Bailly LLP	22,764	11,928	44,991	79,683
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
<b>Legal fees:</b>				
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	240,530
May, Adam, Gerdes & Thompson LLP		2,652	831	3,483
Stradley Ronan Stevens & Young LLP			15,742	15,742
<b>Special Deputy Liquidator:</b>				
FitzGibbons & Company	242,881	280,982	209,528	733,391
<b>Total</b>	<u><b>521,416</b></u>	<u><b>797,969</b></u>	<u><b>609,481</b></u>	<u><b>1,928,866</b></u>

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

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, )

32CIV18-125

Petitioner, )

**ORDER APPROVING FINANCIAL  
STATEMENTS PURSUANT TO  
LIQUIDATOR'S  
APPLICATION NO. 20**

v. )

RELIAMAX SURETY COMPANY, )  
Respondent. )

\*\*\*\*\*

This matter came for consideration on the application of Larry Deiter, Director of insurance for South Dakota, acting as Liquidator of ReliaMax Surety Company pursuant to SDCL Ch. 58-29B ("the Liquidator"), for an Order approving the financial statements as contained in his Application No. 20 For Order Approving Financial Statements (hereinafter "Application No. 20"). This application was made pursuant to SDCL § 58-29B-46 for this Court's approval of financial statements of ReliaMax (In Liquidation). The Court has reviewed Application No. 20 and its Exhibit.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the financial statements and other financial exhibits as provided in Liquidator's Application No. 20 is hereby approved by the Court.

DATED this\_ day of\_\_\_\_ , 2021, in Pierre, South Dakota.

ATTEST:

BY THE COURT:

\_\_\_\_\_  
The Honorable Bobbi Rank  
Sixth Circuit Court Judge