

STATE OF SOUTH DAKOTA ) IN CIRCUIT COURT

) ss:

COUNTY OF HUGHES ) SIXTH JUDICIAL CIRCUIT

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STATE OF SOUTH DAKOTA, EX REL.	)	32CIV18-125
LARRY DEITER, DIRECTOR OF	)	
INSURANCE OF THE STATE OF SOUTH	)	
DAKOTA,	)	<b>APPLICATION NO. 17</b>
Petitioner,	)	<b>FOR ORDER APPROVING</b>
	)	<b>FINANCIAL STATEMENTS</b>
v.	)	
	)	
RELIAMAX SURETY COMPANY,	)	
Respondent.	)	
	)	
	)	

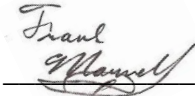
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COMES NOW Larry Deiter, Liquidator (“the Liquidator”) of ReliaMax Surety Company (“ReliaMax”), and hereby applies to the Court for an Order approving financial statements for ReliaMax pursuant to SDCL § 58-29B-46 and the Court’s Order of Liquidation 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 June 30, 2020;
2. Exhibit A contains a Balance Sheet for ReliaMax as of June 20, 2020;
3. Exhibit A contains a schedule of all receipts and disbursements for ReliaMax for the period starting December 31, 2019 to June 30, 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 of December 31, 2019 to June 30, 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;

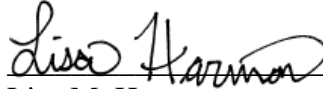
WHEREFORE the Liquidator respectfully requests that the court enter an order approving the financial statements contained in this Application.

Respectfully submitted this 16<sup>th</sup> day of September, 2020.



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



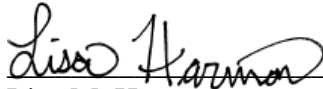
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Lisa M. Harmon  
Attorney for Liquidator of ReliaMax Surety  
124 S. Euclid Avenue, 2<sup>nd</sup> Floor  
Pierre, SD 57501  
(605) 773-3563

### **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that copy of the Liquidator's Application No. 17 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 16<sup>th</sup> day of September, 2020 in Pierre, South Dakota.



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Lisa M. Harmon  
Attorney for Liquidator of ReliaMax Surety  
124 S. Euclid Avenue, 2<sup>nd</sup> Floor  
Pierre, SD 57501  
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**ReliaMax Surety Company in Liquidation**  
**Balance Sheet**  
**December 31, 2019 and June 30, 2020**

	<b>December 31, 2019</b>	<b>June 30, 2020</b>
<b>Assets</b>		
Unrestricted		
Cash	324,028	313,485
Money markets	15,762,115	16,060,231
Bonds	15,684,159	14,280,639
Mortgage loans	485,889	407,897
Other invested assets	1,049,024	1,061,376
Total cash and investments	<u>33,305,215</u>	<u>32,123,628</u>
Restricted investments - funds held	600,000	-
Premiums receivable	712,154	516,870
Investment income accrued	90,978	61,640
Premium tax recoverables	465,291	102,519
Other	41,371	31,372
<b>Total assets</b>	<b><u>35,215,009</u></b>	<b><u>32,836,028</u></b>
<b>Liabilities</b>		
Loss and loss adjustment expense reserves	1,905,128	926,705
Premium refunds related to unearned premiums	87,602,446	87,943,346
Funds Held	600,000	-
Accounts payable and accrued expenses	486,268	443,517
<b>Total liabilities</b>	<b><u>90,593,842</u></b>	<b><u>89,313,568</u></b>
<b>Total policyholders surplus (deficit)</b>	<b>(55,378,833)</b>	<b>(56,477,540)</b>
<b>Total liabilities and surplus</b>	<b><u>35,215,009</u></b>	<b><u>32,836,028</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 June 30, 2020**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>ITD</u>
<b>Beginning cash and cash equivalents</b>	5,608,500	11,125,547	16,086,143	5,608,500
<b>Receipts</b>				
Premiums	870,775	390,907	95,339	1,357,021
Subrogation recoveries	488,933	1,015,901	548,578	2,053,413
Shared services from Lending	205,888	24,191	-	230,079
Investment income	290,220	794,379	275,883	1,360,482
Reinsurance recovery	227,752	-	-	227,752
Proceeds from investments, net	6,042,144	1,014,000	1,476,393	8,532,537
Premium tax refund	34,821	614,171	361,472	1,010,464
ReliaMax Properties distribution	-	125,000	-	125,000
Global commutation	-	8,971,883	-	8,971,883
LOC proceeds	-	450,000	-	450,000
Consulting	-	13,613	19,888	33,501
Other	24,315	2,000	545	26,860
<b>Total receipts</b>	<u>8,184,848</u>	<u>13,416,045</u>	<u>2,778,098</u>	<u>24,378,991</u>
<b>Disbursements</b>				
Loss and loss adjustment expenses	21,348	5,166,635	884,791	6,072,774
Subrogation recovery fees	85,064	227,424	96,639	409,126
Salary and employee benefits	1,450,506	1,732,915	845,485	4,028,906
Professional fees	220,817	348,475	180,656	749,948
Legal fees	37,718	109,619	84,289	231,625
Special Deputy Liquidator	242,881	280,982	103,062	626,925
Rent, rent items and utilities	199,312	115,692	56,470	371,474
Moving expenses	5,936	-	-	5,936
EDP equipment, software and consulting	227,208	270,373	123,322	620,903
Offices supplies, postage and printing	28,451	9,959	5,460	43,869
Telephone and internet	54,115	32,995	13,826	100,936
Insurance	3,299	115,358	59,139	177,796
Investment and bank charges	20,746	32,988	17,861	71,595
Publication costs	24,216	-	-	24,216
Other	46,185	12,035	19,525	77,745
<b>Total disbursements</b>	<u>2,667,800</u>	<u>8,455,449</u>	<u>2,490,526</u>	<u>13,613,775</u>
<b>Net cash flows</b>	<u>5,517,048</u>	<u>4,960,596</u>	<u>287,572</u>	<u>10,765,216</u>
<b>Ending cash and cash equivalents</b>	<u>11,125,547</u>	<u>16,086,143</u>	<u>16,373,716</u>	<u>16,373,716</u>

**ReliaMax Surety Company in Liquidation**  
**Payment to Consultants and Other Professionals**  
**June 27, 2018 to June 30, 2020**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>ITD</u>
<b>Subrogation recovery fees:</b>				
Weltman, Weinberg & Reis Co., LPA	20,000	58,894	12,750	91,644
<b>Professional fees:</b>				
Eide Bailly LLP	22,764	11,928	8,254	42,946
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	71,533	168,174
May, Adam, Gerdes & Thompson LLP	-	2,652	831	3,483
Stradley Ronon Stevens & Young LLP	-	-	10,874	10,874
<b>Special Deputy Liquidator:</b>				
FitzGibbons & Company	242,881	280,982	103,062	626,925
<b>Total</b>	<u><u>521,416</u></u>	<u><u>797,969</u></u>	<u><u>380,757</u></u>	<u><u>1,700,142</u></u>