

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

IN CIRCUIT COURT
 SIXTH JUDICIAL CIRCUIT

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

32CIV18-125

Petitioner,

APPLICATION NO. 10
 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 2018 financial statements for ReliaMax pursuant to SDCL § 58-29B-46 and the Court’s Order of Liquidation on June 27, 2018 as follows:

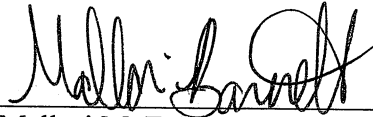
1. Attached hereto as Exhibit A are financial statements of ReliaMax liquidation estate ending December 31, 2018;
2. Exhibit A contains a Balance Sheet for ReliaMax as of December 31, 2018;
3. Exhibit A contains a schedule of all receipts and disbursements for ReliaMax for the period starting June 27, 2018 to December 31, 2018
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 June 27, 2018 to December 31, 2018
5. Beginning with the period ending December 31, 2018 the Liquidator intends to file these financials semiannually;
6. 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 12th day of July, 2019.



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that copy of the Liquidator's Application No. 10 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 July, 2019 in Pierre, South Dakota.



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ReliaMax Surety Company in Liquidation
Balance Sheet
September 30, 2018 and December 31, 2018

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2018</u>
Assets		
Unrestricted		
Cash	172,806	179,825
Money markets	7,786,107	10,945,722
Bonds	19,879,994	16,636,397
Mortgage loans	673,889	637,070
Other invested assets	1,034,623	1,105,144
Total cash and investments	<u>29,547,419</u>	<u>29,504,159</u>
Restricted investments - funds held - ReliaMax Global	6,396,390	8,326,685
Due from ReliaMax Global in excess of funds held	0	792,259
Premiums receivable	1,690,387	1,216,413
Investment income accrued	114,267	81,031
Premium tax recoverables	631,575	1,079,462
Other	81,780	93,978
Total Assets	<u>38,461,818</u>	<u>41,093,987</u>
Liabilities		
Loss and loss adjustment expense reserves	7,228,744	7,256,229
Premium refunds related to unearned premiums	49,630,580	87,602,446
Accounts payable and accrued expenses	566,145	540,934
Total Liabilities	<u>57,425,469</u>	<u>95,399,608</u>
Total Policyholders Surplus (Deficit)	(18,963,651)	(54,305,622)
Total Liabilities and Surplus	<u>38,461,818</u>	<u>41,093,987</u>

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, 2018

	2018			
	6/27 to 6/30	3rd Qtr	4th Qtr	Total
Beginning Cash and Cash Equivalents	5,608,500	5,574,327	7,958,913	5,608,500
Receipts				
Premiums	8,805	387,996	473,974	870,775
Subrogation recoveries	4,603	254,756	229,574	488,933
Shared services from Lending	1,701	132,396	71,791	205,888
Investment income	8,151	99,313	182,756	290,220
Reinsurance recovery	-	227,752	-	227,752
Proceeds from investments, net	-	2,765,516	3,276,627	6,042,144
Premium tax refund	-	-	34,821	34,821
Other	348	5,549	18,418	24,315
Total Receipts	23,608	3,873,279	4,287,960	8,184,848
Disbursements				
Loss and loss adjustment expenses	-	10,806	10,542	21,348
Subrogation recovery fees	-	71,705	13,359	85,064
Salary and employee benefits	2,994	1,043,643	403,869	1,450,506
Professional fees	-	21,673	199,144	220,817
Legal fees	-	7,068	30,650	37,718
Special Deputy Liquidator	-	-	242,881	242,881
Rent, rent items and utilities	53,587	66,907	78,818	199,312
Moving expenses	-	7,700	(1,764)	5,936
EDP equipment, software and consulting	-	139,306	87,903	227,208
Offices supplies, postage and printing	-	23,574	4,876	28,451
Telephone and internet	-	33,952	20,162	54,115
Insurance	-	2,361	939	3,299
Investment and bank charges	-	14,127	6,619	20,746
Publication costs	-	24,216	-	24,216
Other	1,200	21,657	23,328	46,185
Total Disbursements	57,781	1,488,693	1,121,326	2,667,800
Net Cash Flows	(34,173)	2,384,586	3,166,634	5,517,048
Ending Cash and Cash Equivalents	5,574,327	7,958,913	11,125,547	11,125,547

Cash Receipts - Disbursements

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

	2018			Total
	6/27 to 6/30	3rd Qtr	4th Qtr	
Subrogation Recovery Fees:				
Weltman, Weinberg & Reis Co., LPA	-	20,000	-	20,000
Professional Fees:				
Eide Bailly LLP	-	11,342	11,422	22,764
Daron Ailts	-	10,331	33,335	43,665
Luke Schwingler	-	-	9,159	9,159
Deloitte Consulting LLP	-	-	145,229	145,229
Legal Fees:				
Gray Plant Mooty	-	138	-	138
Rembolt Ludtke LLP	-	6,930	-	6,930
Hudson Cook LLP	-	-	10,000	10,000
Cadwell Sanford Deibert & Garry LLP	-	-	20,650	20,650
Special Deputy Liquidator:				
FitzGibbons & Company	-	-	242,881	242,881
Total	-	48,741	472,675	521,416

Payments to Professionals