

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. 9

v.

**FOR ORDER APPROVING
COMPENSATION OF CONTRACTOR
TO BE EMPLOYED BY THE
LIQUIDATOR**


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 compensation as follows:

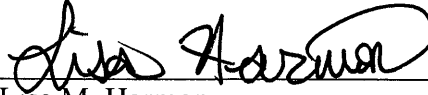
1. This application is made pursuant to SDCL § 58-29B-49(3) requesting Court approval of the compensation levels of employees, consultants, and other professionals employed by the Liquidator in the pursuit of his duties under SDCL Ch. 58-29B;
2. Pursuant to SDCL § 58-29B-49(2) and (3), the Liquidator has the power to employ those the Liquidator considers necessary to assist in the liquidation and fix compensation with Court approval;
3. The Liquidator has determined that the engagement of the individual and organization in this application are necessary for the liquidation to proceed;
4. Attached hereto as Exhibit A is an amended and expanded engagement agreement, filed in support of this Application which provides details regarding the contractor included in this Application;
5. As previously approved in the Liquidator’s Application No. 1 and incorporated herein by reference is the previous engagement agreement and compensation level for the Court’s review;
6. Attached also 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 28th day of May, 2019.



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. 9 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 57501.

Dated this 28th day of May, 2019 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

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May 23, 2019

ROBERT B. ANDERSON
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JUSTIN L. BELL
DOUGLAS A. ABRAHAM
KARA C. SEMMLER
TERRA M. FISHER

GLENN W. MARTENS 1881-1965
KARL GOLDSMITH 1885-1966
WARREN W. MAY 1920-2018
BRENT A. WILBUR 1949-2006
TELEPHONE
605 224-8805
FAX
605 224-6289
E-MAIL
mfa@mayadam.net

Larry Deiter, Director
South Dakota Division of Insurance
and
Court-Appointed Liquidator of ReliaMax Surety Company
124 South Euclid Avenue, Second Floor
Pierre, South Dakota 57501

RE: RELIAMAX SURETY COMPANY
Our file: 7485

Dear Director Deiter:

Please accept this correspondence as an extension of my July 26, 2018, letter of representation to you in your capacity as the court-appointed liquidator of ReliaMax Surety Company.

As you will recall, I undertook representation of you to issue several opinions last summer relating to the possible sale of the corporate shell, insurance licenses and selected assets of ReliaMax Surety Company to Gallatin Point, along with the potential placement of tangible and intangible assets and liabilities of the company in a separate legal entity. I would note that I had issued an opinion letter to you dated August 6, 2018, in that regard.

Gallatin Point did not proceed with a purchase and acquisition of the assets of ReliaMax Surety Company but now there is another potential purchaser, Comenius MGA, LLC, which is owned in whole by Peter Shaw and Todd Stevens. As you know, Comenius has asked that I represent them in a Form A filing to acquire certain assets of ReliaMax. I have sent Comenius a retainer agreement along with a request for a waiver of any potential conflicts regarding my representation of Comenius in the Form A filing and my representation of you as Liquidator regarding receiving court approvals as are necessary regarding this transaction as outlined in my August 6, 2018, opinion. I would note that we have already received your written waiver of any conflicts with Comenius and once we receive the waiver of conflicts from Comenius we will be sure to share the same with you.

I would propose to charge you the same hourly rate as I am charging Comenius, \$300 per hour, for services in petitioning and securing court approvals. In addition to this we are required to charge 6.5 percent professional sales tax and would ask that you reimburse us for any costs

MAY, ADAM, GERDES & THOMPSON LLP
503 SOUTH PIERRE STREET • P.O. BOX 160
PIERRE, SOUTH DAKOTA 57501-0160

Exhibit A

May 23, 2019

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incurred in our representation. We will send billings on a monthly basis. Make sure to let me know if this is not acceptable.

I would expect that my services to you under this agreement would include identifying assets to be purchased by Comenius as well as identifying the assets that need to be transferred to a separate legal entity to remain in the liquidation estate, identification and possible creation of a legal entity to whom we could transfer the remaining assets and liabilities of ReliaMax Surety Company following the Form A acquisition, petitioning the court for approval of the upcoming transfer and sale of assets of ReliaMax Surety Company to Comenius, and securing court approval for the transfer of the remaining assets and obligations of ReliaMax Surety to a separate legal entity after the sale to Comenius. There would also be representation of the Division in communications with Comenius and coordinating the acquisition and control of the company through a Form A filing with the petitions for various approvals of the Circuit Court.

The billings to you will only relate to the separation of assets of ReliaMax and matters relating to the application and receipt of court approval for this and approval of the sale under the Liquidation proceedings. All billing for the Form A filing, hearing and approval will be the responsibility of Comenius. No double billing will occur between the two. Of course if you ask for other related services those will also be your responsibility.

If you are in agreement with the terms of our representation, I would ask that you execute this correspondence in the space provided below and return the same to me. For that purpose I have provided an addressed and postage prepaid envelope. Make sure to let me know if you have any questions.

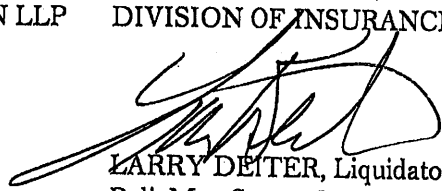
Best regards.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP

DIVISION OF INSURANCE


MICHAEL F. SHAW


LARRY DEITER, Liquidator of
ReliaMax Surety Co.

MFS:mw

Enclosure