

STATE OF SOUTH DAKOTA)
)
COUNTY OF HUGHES)

IN CIRCUIT COURT

) ss:

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. 6
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 the ReliaMax liquidation estate ending September 30, 2018.
2. Exhibit A contains a Balance Sheet for ReliaMax as of September 30, 2018.
3. Exhibit A contains a schedule of all receipts and disbursements for ReliaMax for the period starting June 27, 2018 to September 30, 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 September 30, 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 this Application.

Respectfully submitted this 10th day of December, 2018.



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Lisa M. Harmon
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that copy of the Liquidator's Application No. 6 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 10th day of December, 2018 in Pierre, South Dakota.



Lisa M. Harmon
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ReliaMax Surety Company in Liquidation
Balance Sheet
September 30, 2018

Assets

Unrestricted

Cash	172,806
Money markets	7,786,107
Bonds	19,879,994
Mortgage loans	673,889
Other invested assets	1,034,623
Total cash and investments	29,547,419

Restricted investments - ReliaMax Global Net Obligations	6,396,390
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Premiums receivable	1,690,387
Investment income accrued	114,267
Premium tax recoverables	631,575
Other	81,780

Total assets	38,461,818
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Liabilities

Loss and loss adjustment expense reserves	7,228,744
Premium refunds related to unearned premiums	49,630,580
Accounts payable and accrued expenses	566,145
Total liabilities	57,425,469

Total policyholders surplus (deficit)	(18,963,651)
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Total liabilities and surplus	38,461,818
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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 will 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.

Premium refunds related to unearned premiums are preliminary estimates computed by applying the Company's historical earnings patterns. Deloitte Consulting LLC ("Deloitte") has been engaged (see Order re: Application # 2) to review and update this earnings process. The final amount determined as part of the Deloitte study will be subject to Proof of Claim ("POC") process and related Court approval. We expect the results from the Deloitte study will result in a material adjustment to the premium refunds related to unearned premiums.

ReliaMax Surety Company in Liquidation
Statement of Cash Receipts and Disbursements
June 27, 2018 to September 30, 2018

	2018				
	6/27 to 6/30	July	August	September	ITD
Beginning cash and cash equivalents	5,608,500	5,574,327	7,182,313	7,219,745	5,608,500
Receipts					
Premiums	8,805	199,455	165,563	22,977	396,801
Subrogation recoveries	4,603	71,296	58,999	124,462	259,360
Shared services from Lending	1,701	26,303	65,587	40,506	134,097
Investment income	8,151	36,162	30,750	32,401	107,464
Reinsurance recovery	-	-	227,752	-	227,752
Proceeds from investments, net	-	1,780,926	77,683	906,907	2,765,516
Other	348	450	4,666	433	5,898
Total receipts	23,608	2,114,593	631,000	1,127,686	3,896,888
Disbursements					
Loss and loss adjustment expenses	-	-	7,500	3,306	10,806
Subrogation recovery fees	-	25,802	4,857	41,046	71,705
Salary and employee benefits	2,994	355,529	403,637	284,477	1,046,637
Professional fees	-	6,017	5,325	10,331	21,673
Legal fees	-	-	15,975	(8,907)	7,068
Special Deputy Liquidator	-	-	-	-	-
Rent, rent items and utilities	53,587	7,123	57,272	2,512	120,494
Moving expenses	-	-	-	7,700	7,700
EDP equipment, software and consulting	-	52,763	53,086	33,457	139,306
Offices supplies, postage and printing	-	19,337	2,802	1,435	23,574
Telephone and internet	-	12,475	14,056	7,422	33,952
Insurance	-	-	109	2,252	2,361
Investment and bank charges	-	8,102	3,357	2,668	14,127
Publication costs	-	436	23,780	-	24,216
Other	1,200	19,023	1,814	820	22,857
Total disbursements	57,781	506,607	593,569	388,518	1,546,474
Net cash flows	(34,173)	1,607,986	37,431	739,168	2,350,413
Ending cash and cash equivalents	5,574,327	7,182,313	7,219,745	7,958,913	7,958,913

Cash Receipts - Disbursements

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

	2018				ITD
	6/27 to 6/30	July	August	September	
Subrogation recovery fees:					
Weltman, Weinberg & Reis Co., LPA	-	-	-	20,000	20,000
Professional fees:					
Eide Bailly LLP	-	6,017	5,325	-	11,342
Daron Ailts	-	-	-	10,331	10,331
Legal fees:					
May, Adam, Gerdes & Thompson LLP	-	-	15,975	(15,975)	-
Gray Plant Mooty	-	-	-	138	138
Rembolt Ludtke LLP	-	-	-	6,930	6,930
Special Deputy Liquidator:					
FitzGibbons & Company	-	-	-	-	-
Total	-	6,017	21,300	21,423	48,741

Payment to Professionals