

STATE OF SOUTH DAKOTA) IN CIRCUIT COURT

) ss:

COUNTY OF HUGHES) SIXTH JUDICIAL CIRCUIT

STATE OF SOUTH DAKOTA, EX REL.)	32CIV18-125
LARRY DEITER, DIRECTOR OF)	
INSURANCE OF THE STATE OF SOUTH)	
DAKOTA,)	APPLICATION NO. 24
Petitioner,)	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 financial statements for ReliaMax pursuant to SDCL § 58-29B-46 and the Court’s Order of Liquidation on June 27, 2018 as follows:

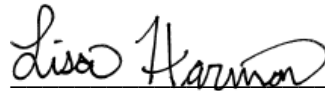
1. Attached hereto as Exhibit A are financial statements of ReliaMax Surety Company in Liquidation, for the period ending December 31, 2021;
2. Exhibit A contains a Balance Sheet for ReliaMax as of December 31, 2021;
3. Exhibit A contains a schedule of all receipts and disbursements for ReliaMax for the period through December 31, 2021;
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, 2021;
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 4th day of April, 2022.



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. 24 was served upon ReliaMax Surety Company in Liquidation via regular U.S. Mail, postage prepaid, to the company's mailing address at PO Box 19603, Sioux Falls, SD 57109.

Dated this this 4th day of April, 2022 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

ReliaMax Surety Company in Liquidation
Balance Sheet
December 31, 2020 and 2021

	December 31,	
	2020	2021
Assets		
Cash and investments		
Cash	266,111	115,260
Money markets	8,169,042	16,612,763
Bonds	8,726,951	-
Mortgage loans	328,258	-
Other invested assets	1,117,250	-
Total cash and investments	<u>18,607,612</u>	<u>16,728,023</u>
Premiums receivable	56,043	18,562
Investment income accrued	28,632	297
Premium tax recoverables	106,302	-
Other	13,264	22,529
Total assets	<u>18,811,853</u>	<u>16,769,411</u>
Liabilities		
Loss and loss adjustment expense reserves	829,408	797,424
Premium refunds related to unearned premiums	74,447,074	62,950,802
Accounts payable and accrued expenses	373,473	316,375
Total liabilities	<u>75,649,955</u>	<u>64,064,601</u>
Total policyholders surplus (deficit)	(56,838,102)	(47,295,190)
Total liabilities and surplus	<u>18,811,853</u>	<u>16,769,411</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. The loan portfolio was sold on October 31, 2021.

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, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>ITD</u>
Beginning cash and cash equivalents	5,608,500	11,125,547	16,086,143	8,435,153	5,608,500
Receipts					
Premiums	870,775	390,907	580,715	73,431	1,915,828
Subrogation recoveries	488,933	1,015,901	1,056,527	2,206,864	4,768,225
Shared services from Lending	205,888	24,191	-	-	230,079
Investment income	290,220	794,379	459,971	209,916	1,754,485
Reinsurance recovery	227,752	-	-	-	227,752
Proceeds from investments, net	6,042,144	1,014,000	7,254,678	9,181,825	23,492,647
Premium tax and other state refunds	34,821	614,171	361,472	97,167	1,107,631
ReliaMax Properties distribution	-	125,000	-	1,944,317	2,069,317
Global commutation	-	8,971,883	-	-	8,971,883
LOC proceeds	-	450,000	-	-	450,000
Consulting	-	13,613	29,494	19,968	63,075
RSM	-	-	-	3,000,000	3,000,000
D&O - primary	-	-	-	2,758,490	2,758,490
Federal income tax refund	-	-	-	2,559,682	2,559,682
Other	24,315	2,000	545	29,000	55,860
Total receipts	<u>8,184,848</u>	<u>13,416,045</u>	<u>9,743,401</u>	<u>22,080,660</u>	<u>53,424,954</u>
Disbursements					
Loss and loss adjustment expenses	21,348	5,166,635	981,869	2,203	6,172,055
Premium refunds related to unearned premiums	-	-	13,496,272	11,496,272	24,992,544
Claims of general creditors	-	-	16,270	16,270	32,540
Subrogation recovery fees	85,064	227,424	150,558	125,656	588,702
Salary and employee benefits	1,450,506	1,732,915	1,646,961	1,463,615	6,293,996
Professional fees	220,817	348,475	217,393	21,794	808,479
Legal fees	37,718	109,619	161,513	120,933	429,782
Special Deputy Liquidator	242,881	280,982	209,528	292,317	1,025,708
Rent, rent items and utilities	199,312	115,692	112,859	80,932	508,795
Moving expenses	5,936	-	-	-	5,936
EDP equipment, software and consulting	227,208	270,373	233,530	70,236	801,347
Offices supplies, postage and printing	28,451	9,959	12,045	9,266	59,720
Telephone and internet	54,115	32,995	34,358	20,471	141,939
Insurance	3,299	115,358	58,425	24,727	201,809
Investment and bank charges	20,746	32,988	34,909	28,092	116,735
Publication costs	24,216	-	-	-	24,216
Other	46,185	12,035	27,902	15,006	101,128
Total disbursements	<u>2,667,800</u>	<u>8,455,449</u>	<u>17,394,391</u>	<u>13,787,790</u>	<u>42,305,431</u>
Net cash flows	<u>5,517,048</u>	<u>4,960,596</u>	<u>(7,650,990)</u>	<u>8,292,870</u>	<u>11,119,523</u>
Ending cash and cash equivalents	<u>11,125,547</u>	<u>16,086,143</u>	<u>8,435,153</u>	<u>16,728,023</u>	<u>16,728,023</u>

ReliaMax Surety Company in Liquidation
Payment to Consultants and Other Professionals
June 27, 2018 to December 31, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>ITD</u>
Subrogation recovery fees (a):					
Weltman, Weinberg & Reis Co., LPA	20,000	58,894	21,048	6,586	106,527
Professional fees:					
Eide Bailly LLP	22,764	11,928	44,991	10,603	90,286
Daron Ailts	43,665	89,194	-	-	132,859
Luke Schwinger	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
Austin Cutright	-	-	-	11,191	11,191
Legal fees:					
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	120,933	361,463
May, Adam, Gerdes & Thompson LLP	-	2,652	831	-	3,483
Stradley Ronon Stevens & Young LLP	-	-	15,742	-	15,742
Special Deputy Liquidator:					
FitzGibbons & Company	242,881	280,982	209,528	292,317	1,025,708
Total	<u><u>521,416</u></u>	<u><u>797,969</u></u>	<u><u>609,481</u></u>	<u><u>441,630</u></u>	<u><u>2,370,496</u></u>

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