

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,)

NOTICE OF ENTRY OF ORDER

Petitioner,)

APPROVING FINANCIAL

STATEMENTS PURSUANT

v.)

TO LIQUIDATOR'S

APPLICATION NO. 11

RELIAMAX SURETY COMPANY,)

Respondent.)

PLEASE TAKE NOTICE that an Order Approving Financial Statements Pursuant to Liquidator's Application No. 11 was entered in the above-entitled matter on September 3, 2019 by the Honorable Bobbi Rank and duly filed by the Clerk of Courts of Hughes County, South Dakota. A copy of said order is attached hereto.

Dated this 9th day of September, 2019:

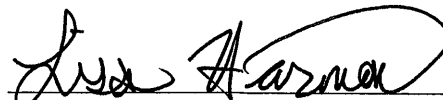


Frank A. Marnell
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
(605) 773-3563

CERTIFICATE OF SERVICE

The undersigned hereby certifies that copy of the Notice of Entry of Order Approving Financial Statements Pursuant to Liquidator's Application No. 11 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 9th day of September, 2019.



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

STATE OF SOUTH DAKOTA)
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) SS:
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INSURANCE OF THE STATE OF SOUTH)
DAKOTA,)

32CIV18-125

Petitioner,)

ORDER APPROVING FINANCIAL
STATEMENTS PURSUANT TO
LIQUIDATOR'S
APPLICATION NO. 11

v.)

RELIAMAX SURETY COMPANY,)
)
Respondent.)

This matter came for consideration on the application of Larry Deiter, Director of Insurance for South Dakota, acting as Liquidator of ReliaMax Surety Company pursuant to SDCL Ch. 58-29B ("the Liquidator"), for an Order approving the financial statements as contained in his Application No. 11 For Order Approving Financial Statements (hereinafter "Application No. 11"). This application was made pursuant to SDCL § 58-29B-46 for this Court's approval of financial statements of ReliaMax (In Liquidation). The Court has reviewed Application No. 11 and its Exhibit.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the financial statements and other financial exhibits as provided in Liquidator's Application No. 11 is hereby approved by the Court

DATED this ____ day of _____, 2019, in Pierre, South Dakota.

ATTEST:

Attest:
Deuter-Cross, TaraJo
Clerk/Deputy

Signed: 9/3/2019 3:56:55 PM

BY THE COURT:

Bobbi J Rank

The Honorable Bobbi Rank
Sixth Circuit Court Judge



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. 11
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:

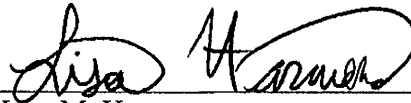
1. Attached hereto as Exhibit A are financial statements of ReliaMax liquidation estate ending June 30, 2019;
2. Exhibit A contains a Balance Sheet for ReliaMax as of June 30, 2019;
3. Exhibit A contains schedule of all receipts and disbursements for ReliaMax for the period starting June 27, 2019 to June 30, 2019;
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 June 30, 2019;
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 7th day of September, 2019.



Frank A. Marnell
Attorney for Liquidator of ReliaMax Surety
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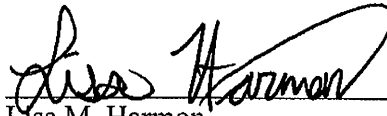


Lisa M. Harmon
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
Pierre, SD 57501
(605) 773-3563

CERTIFICATE OF SERVICE

The undersigned hereby certifies that copy of the Liquidator's Application No. 11 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 3rd day of September, 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

ReliaMax Surety Company in Liquidation
Balance Sheet
December 31, 2018 and June 30, 2019

	December 31, 2018	June 30, 2019
Assets		
Unrestricted		
Cash	179,825	636,672
Money markets	10,945,722	12,747,400
Bonds	16,636,397	14,223,409
Mortgage loans	637,070	562,269
Other invested assets	1,105,144	982,887
Total cash and investments	<u>29,504,159</u>	<u>29,152,637</u>
Restricted investments - funds held	8,326,685	9,016,200
Due from ReliaMax Global	792,259	683,019
Premiums receivable	1,216,413	1,216,413
Investment income accrued	81,031	76,623
Premium tax recoverables	1,079,462	465,812
Other	93,978	37,858
Total assets	<u>41,093,987</u>	<u>40,648,560</u>
Liabilities		
Loss and loss adjustment expense reserves	7,256,229	7,452,564
Premium refunds related to unearned premiums	87,602,446	87,602,446
Funds Held	0	600,000
Accounts payable and accrued expenses	540,934	425,447
Total liabilities	<u>95,399,608</u>	<u>96,080,457</u>
Total policyholders surplus (deficit)	(54,305,622)	(55,431,897)
Total liabilities and surplus	<u>41,093,987</u>	<u>40,648,560</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.

Balance Sheet

ReliaMax Surety Company in Liquidation
Statement of Cash Receipts and Disbursements
June 27, 2018 to June 30, 2019

	2018				2019			1TD
	6/27 to 6/30	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	Total	
Beginning cash and cash equivalents	5,608,500	5,574,327	7,958,913	5,608,500	11,125,547	12,243,894	11,125,547	5,608,500
Receipts								
Premiums	8,805	387,996	473,974	870,775	-	-	-	870,775
Subrogation recoveries	4,603	254,756	229,574	488,933	207,032	324,453	531,485	1,020,418
Shared services from Lending	1,701	132,396	71,791	205,888	23,999	192	24,191	230,079
Investment Income	8,151	99,313	182,756	290,220	129,407	187,881	317,288	607,507
Reinsurance recovery	-	227,752	-	227,752	-	-	-	227,752
Proceeds from investments, net	-	2,765,516	3,276,627	6,042,144	1,798,864	684,915	2,483,779	8,525,922
Premium tax refund	-	-	34,821	34,821	-	613,650	613,650	648,471
ReliaMax Properties distribution	-	-	-	-	-	125,000	125,000	125,000
Other	348	5,549	18,418	24,315	800	1,000	1,800	26,115
Total receipts	23,608	3,873,279	4,287,960	8,184,848	2,160,101	1,937,091	4,097,192	12,282,039
Disbursements								
Loss and loss adjustment expenses	-	10,806	10,542	21,348	2,769	-	2,769	24,117
Subrogation recovery fees	-	71,705	13,359	85,064	42,155	62,202	104,357	189,420
Salary and employee benefits	2,994	1,043,643	403,869	1,450,506	554,298	334,251	888,549	2,339,055
Professional fees	-	21,673	199,144	220,817	133,950	79,609	213,559	434,376
Legal fees	-	7,068	30,650	37,718	19,773	43,670	63,443	101,161
Special Deputy Liquidator	-	-	242,881	242,881	138,764	51,630	190,394	433,274
Rent, rent items and utilities	53,587	66,907	78,818	199,312	29,464	27,446	56,910	256,222
Moving expenses	-	7,700	(1,764)	5,936	-	-	-	5,936
EDP equipment, software and consulting	-	139,306	87,903	227,208	83,379	70,688	154,068	381,276
Offices supplies, postage and printing	-	23,574	4,876	28,451	2,795	1,741	4,536	32,986
Telephone and Internet	-	33,952	20,162	54,115	7,828	8,314	16,141	70,256
Insurance	-	2,361	939	3,299	21,554	109,138	130,692	133,991
Investment and bank charges	-	14,127	6,619	20,746	7,206	6,046	13,252	33,998
Publication costs	-	24,216	-	24,216	-	-	-	24,216
Other	1,200	21,657	23,328	46,185	(2,180)	2,178	(1)	46,183
Total disbursements	57,781	1,488,693	1,121,326	2,667,800	1,041,754	796,913	1,838,667	4,506,467
Net cash flows	(34,173)	2,384,586	3,166,634	5,517,048	1,118,347	1,140,178	2,258,524	7,775,572
Ending cash and cash equivalents	5,574,327	7,958,913	11,125,547	11,125,547	12,243,894	13,384,072	13,384,072	13,384,072

Cash Receipts - Disbursements

ReliaMax Surety Company in Liquidation
 Payment to Consultants and Other Professionals
 June 27, 2018 to June 30, 2019

	2018			2019			ITD	
	6/27 to 6/30	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr		Total
Subrogation recovery fees:								
Weltman, Weinberg & Reis Co., LPA	-	20,000	-	20,000	6,381	11,162	17,543	37,543
Professional fees:								
Eide Bailly LLP	-	11,342	11,422	22,764	-	4,686	4,686	27,450
Daron Ailts	-	10,331	33,335	43,665	27,850	27,051	54,901	98,566
Luke Schwingler	-	-	9,159	9,159	639	426	1,065	10,224
Deloitte Consulting LLP	-	-	145,229	145,229	105,462	47,446	152,907	298,136
Legal fees:								
Gray Plant Mooty	-	138	-	138	-	-	-	138
Rembolt Ludtke LLP	-	6,930	-	6,930	-	-	-	6,930
Hudson Cook LLP	-	-	10,000	10,000	-	30,976	30,976	40,976
Cadwell Sanford Deibert & Garry LLP	-	-	20,650	20,650	19,773	12,694	32,467	53,117
Special Deputy Liquidator:								
FitzGibbons & Company	-	-	242,881	242,881	138,764	51,630	190,394	433,274
Total	-	48,741	472,675	521,416	298,869	186,070	484,939	1,006,355

Payments to Professionals