

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,	)	
Petitioner,	)	APPLICATION NO. 14
	)	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 December 31, 2019;
2. Exhibit A contains a Balance Sheet for ReliaMax as of December 31, 2019;
3. Exhibit A contains schedule of all receipts and disbursements for ReliaMax for the period starting June 27, 2018 to December 31, 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 December 31, 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 6th day of April, 2020.



Frank A. Marnell
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
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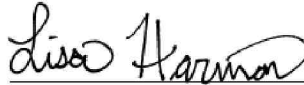


Lisa M. Harmon
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that copy of the Liquidator's Application No. 14 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 6th day of April, 2020 in Pierre, South Dakota.



Lisa M. Harmon
Attorney for Liquidator of ReliaMax Surety
124 S. Euclid Avenue, 2nd Floor
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ReliaMax Surety Company in Liquidation
Balance Sheet
December 31, 2018 and 2019

	December 31,	
	2018	2019
Assets		
Unrestricted		
Cash	179,825	324,028
Money markets	10,945,722	15,762,115
Bonds	16,636,397	15,684,159
Mortgage loans	637,070	485,889
Other invested assets	1,105,144	1,049,024
Total cash and investments	<u>29,504,159</u>	<u>33,305,215</u>
Restricted investments - funds held	8,326,685	600,000
Due from ReliaMax Global	792,259	-
Premiums receivable	1,216,413	712,154
Investment income accrued	81,031	90,978
Premium tax recoverables	1,079,462	465,291
Other	93,978	41,371
Total assets	<u>41,093,987</u>	<u>35,215,009</u>
Liabilities		
Loss and loss adjustment expense reserves	7,256,229	1,905,128
Premium refunds related to unearned premiums	87,602,446	87,602,446
Funds Held	-	600,000
Accounts payable and accrued expenses	540,934	486,268
Total liabilities	<u>95,399,608</u>	<u>90,593,842</u>
Total policyholders surplus (deficit)	(54,305,622)	(55,378,833)
Total liabilities and surplus	<u>41,093,987</u>	<u>35,215,009</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, 2019

	2018				2019				ITD	
	6/27 to 6/30	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th 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	13,384,072	19,027,725	11,125,547	5,608,500
Receipts										
Premiums	8,805	387,996	473,974	870,775	-	-	-	390,907	390,907	1,261,682
Subrogation recoveries	4,603	254,756	229,574	488,933	207,032	324,453	207,493	276,924	1,015,901	1,504,834
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	200,432	276,660	794,379	1,084,598
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	(3,433,310)	1,963,532	1,014,000	7,056,144
Premium tax refund	-	-	34,821	34,821	-	613,650	521	-	614,171	648,992
ReliaMax Properties distribution	-	-	-	-	-	125,000	-	-	125,000	125,000
Global commutation	-	-	-	-	-	-	8,971,883	-	8,971,883	8,971,883
LOC proceeds	-	-	-	-	-	-	450,000	-	450,000	450,000
Consulting	-	-	-	-	-	-	-	13,613	13,613	13,613
Other	348	5,549	18,418	24,315	800	1,000	-	200	2,000	26,315
Total receipts	23,608	3,873,279	4,287,960	8,184,848	2,160,101	1,937,091	6,397,018	2,921,835	13,416,045	21,600,893
Disbursements										
Loss and loss adjustment expenses	-	10,806	10,542	21,348	2,769	-	-	5,163,867	5,166,635	5,187,983
Subrogation recovery fees	-	71,705	13,359	85,064	42,155	62,202	58,481	64,587	227,424	312,488
Salary and employee benefits	2,994	1,043,643	403,869	1,450,506	554,298	334,251	510,708	333,658	1,732,915	3,183,421
Professional fees	-	21,673	199,144	220,817	133,950	79,609	16,721	118,195	348,475	569,292
Legal fees	-	7,068	30,650	37,718	19,773	43,670	9,745	36,431	109,619	147,337
Special Deputy Liquidator	-	-	242,881	242,881	138,764	51,630	51,983	38,605	280,982	523,863
Rent, rent items and utilities	53,587	66,907	78,818	199,312	29,464	27,446	30,040	28,742	115,692	315,004
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	55,800	60,506	270,373	497,581
Offices supplies, postage and printing	-	23,574	4,876	28,451	2,795	1,741	2,380	3,043	9,959	38,409
Telephone and Internet	-	33,952	20,162	54,115	7,828	8,314	8,379	8,475	32,995	87,110
Insurance	-	2,361	939	3,299	21,554	109,138	(5,189)	(10,145)	115,358	118,657
Investment and bank charges	-	14,127	6,619	20,746	7,206	6,046	9,871	9,865	32,988	53,734
Publication costs	-	24,216	-	24,216	-	-	-	-	-	24,216
Other	1,200	21,657	23,328	46,185	(2,180)	2,178	4,447	7,590	12,035	58,220
Total disbursements	57,781	1,488,693	1,121,326	2,667,800	1,041,754	796,913	753,365	5,863,417	8,455,449	11,123,249
Net cash flows	(34,173)	2,384,586	3,166,634	5,517,048	1,118,347	1,140,178	5,643,653	(2,941,582)	4,960,596	10,477,644
Ending cash and cash equivalents	5,574,327	7,958,913	11,125,547	11,125,547	12,243,894	13,384,072	19,027,725	16,086,143	16,086,143	16,086,143

ReliaMax Surety Company in Liquidation
Payment to Consultants and Other Professionals
June 27, 2018 to December 31, 2019

	2018				2019				ITD
	6/27 to 6/30	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Subrogation recovery fees:									
Weltman, Weinberg & Reis Co., LPA	-	20,000	-	20,000	6,381	11,162	28,350	13,000	58,894
78,894									
Professional fees:									
Eide Bailly LLP	-	11,342	11,422	22,764	-	4,686	-	7,242	11,928
Daron Ailts	-	10,331	33,335	43,665	27,850	27,051	16,721	17,573	89,194
Luke Schwingler	-	-	9,159	9,159	639	426	-	-	1,065
Deloitte Consulting LLP	-	-	145,229	145,229	105,462	47,446	-	-	152,907
Veris Consulting	-	-	-	-	-	-	-	93,381	93,381
93,381									
Legal fees:									
Gray Plant Mooty	-	138	-	138	-	-	-	-	-
Rembolt Ludtke LLP	-	6,930	-	6,930	-	-	-	-	-
Hudson Cook LLP	-	-	10,000	10,000	-	30,976	-	-	30,976
Cadwell Sanford Deibert & Garry LLP	-	-	20,650	20,650	19,773	12,694	7,732	35,792	75,991
May, Adam, Gerdes & Thompson LLP	-	-	-	-	-	-	2,013	639	2,652
2,652									
Special Deputy Liquidator:									
FitzGibbons & Company	-	-	242,881	242,881	138,764	51,630	51,983	38,605	280,982
523,863									
Total	-	48,741	472,675	521,416	298,869	186,070	106,799	206,231	797,969
1,319,385									