

State of Minnesota

District Court

County of Ramsey

Second Judicial District

62-CV-11-9400

**In Re: The Matter of the Liquidation of
Minnesota Surety and Trust Company**

**QUARTERLY REPORT
MINN. STAT. § 60B.25**

REPORT ON PROGRESS OF LIQUIDATION PROCEEDINGS

July 1, 2020

NOW COMES Steve Kelley, Commissioner of Commerce of the State of Minnesota, in his capacity as the statutory and court-appointed liquidator of Minnesota Surety and Trust Company, (“MSTC”) and for his summary of progress and current status of the MSTC liquidation proceedings, states as follows:

1. The court placed MSTC in liquidation on November 22, 2011.
2. The court appointed the Commissioner of the Minnesota Department of Commerce (hereinafter “Commerce”) as liquidator of MSTC.
3. MSTC, a Minnesota insurance company, was also licensed as a trust company and actively administered a number of trusts.

REPORT

I. Financial Statements

4. The liquidator attaches hereto as Exhibit A the financial statement for MSTC as of March 30, 2020.

II. Notice and Claims

5. Prior to being ordered into liquidation, Minnesota Surety and Trust Company (MSTC) wrote immigration bonds. The U.S. Immigration & Customs Enforcement (ICE) filed a \$483,735.25 claim with the liquidator in April 2016, claiming that 62 immigration bonds

issued by MSTC were breached in 2014 and 2015. The liquidator denied ICE's claim in November 2016 on the grounds that all insurance policies and similar contracts of coverage issued by MSTC were terminated as a matter of law effective December 23, 2011. See Minn. Stat. § 60B.22. The liquidator and ICE litigated the issue and came to a settlement.

6. The liquidator reviewed and adjudicated all claims filed in the MSTC receivership. On August 17, 2018, pursuant to Minnesota Statutes § 60B.41, the liquidator sent written notice to all claimants with claims in MSTC that were denied in whole or in part by the liquidator. The Receiver resolved all claim objections and filed a final claims and distribution report with the court.
7. The court approved the final claims and distribution report and the settlement with ICE effective March 20, 2019. After the final claims and distribution report was approved by the court, the Receiver distributed the approved claims payments pursuant to the distribution report.

III. Operations

8. The Receiver is making final preparations to close the estate. Complications due to Covid-19 have slowed the process. Pursuant to Minnesota Statutes §60B.47, the Receiver is preparing all unclaimed funds, including distribution amounts for claimants that cannot be found, for deposit with the Commissioner of Management and Budget. The Receiver is also preparing for the disposition of the MSTC company records pursuant to Minnesota Statutes §60B.50.

Respectfully submitted,

STEVE KELLEY
Commissioner
Minnesota Department of Commerce

By his Special Deputy Liquidator

Kathleen Orth

____/____/____

Date