

State of Minnesota
County of Ramsey

District Court
Second Judicial District
62-CV-11-9400

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

**FIRST REPORT OF CLAIMS AND
PETITION FOR APPROVAL OF
RECOMMENDATIONS ON CLAIMS**

Mike Rothman, Commissioner of the Minnesota Department of Commerce in his capacity as Liquidator ("Liquidator") of Minnesota Surety and Trust Company ("MSTC") and pursuant to Minnesota Statutes § 60B.45, submits this First Report of Claims and Petition for Approval of Recommendations on Claims ("First Report of Claims and Petition") for the allowance of certain claims against MSTC. The Liquidator appointed the following Special Deputies to assist in the liquidation of MSTC, (1) Rick Theisen, Chief Financial Examiner at the Department of Commerce, and (2) Wayne Johnson, Director of Insolvency Consulting of RSM McGladrey, Inc. The Liquidator submits the Affidavit of Rick Theisen in support of this First Report of Claims and Petition. For his report and in support of the Petition, the Liquidator asserts the following:

SUMMARY

1. In accordance with Minnesota Statutes § 60B.45, the Liquidator hereby submits a First Report of Claims and Petition with recommendations on an initial group of claims in the MSTC Liquidation and petitions the Court to Order the following:

- a. Authorizing and directing the Liquidator to pay a combined total of \$60,797.60 for claims under Minnesota Statutes § 60B.44 subds. 2, 4 and 4a as set forth in the Liquidator's Interim Claims Recommendations Report (4/14/2014) ("ICRR");

- b. As a component of the \$60,797.60 amount approved, authorizing and directing the Liquidator to pay the \$15,000 bond amount for the Mesaba Athletic Club claim to the Minnesota Attorney General for payment in accordance with Minnesota Statutes § 325G.27; and
 - c. Authorizing and directing the Liquidator to establish a disputed claims process as described under Minnesota Statutes § 60B.41.
2. The assets of the MSTC liquidation estate are estimated to be \$1,407,592 as of this date. *See* Affidavit of Rick Theisen (“Theisen Aff.”), ¶ 12.
 3. The total amount of claims filed to date is \$1,719,188.93. *See* Theisen Aff., ¶ 15.
 4. The Liquidator has analyzed the claims filed to date and is recommending with this First Report of Claims and Petition payment of \$60,797.60 for claims under Minnesota Statutes § 60B.44, subds. (classes) 2, 4, and 4a. *See* Theisen Aff., ¶ 21 and Exhibit 5, Interim Claims Recommendation Report (4/14/2014) (“ICRR”).
 5. For the remaining claims, the Liquidator will file one or more future reports and recommendations of claims regarding the classes of claims under Minnesota Statutes § 60B.44, subds. (classes) 4b, 4c, 6, 9, and 10. *See* Theisen Aff., ¶ 22 and Exhibit 6, Claims Filed Report (4/14/2014) (“CFR”).

BACKGROUND

6. On November 10, 2011, MSTC signed a Consent Order agreeing to revocation of its trust charter by the Minnesota Department of Commerce. *See* Theisen Aff., Exhibit 1.
7. On November 17, 2011, MSTC signed a Consent Order revoking its certificate of authority and voluntarily agreeing to be subject to liquidation proceedings pursuant to Minnesota Statutes §§ 60B.01-.61 (2010). *See* Theisen Aff., Exhibit 2.

8. On November 22, 2011, the Court entered a Liquidation Order authorizing the liquidation of MSTC and appointing the Liquidator with all the powers set forth under Minnesota Statutes § 60B.25. *See* Theisen Aff., Exhibit 3.

9. On December 14, 2011, under the authority of Minnesota Statutes § 60B.25, the Liquidator appointed the following Special Deputies to assist in the liquidation of MSTC:

- Rick Theisen, Chief Financial Examiner at the Department of Commerce, and
- Wayne Johnson, Director of Insolvency Consulting of RSM McGladrey, Inc.

See Theisen Aff., Exhibit 4.

10. The Liquidator took possession of MSTC's assets and records immediately following issuance of the Liquidation Order. The Liquidator has administered the assets and records of MSTC in accordance with Minnesota Statutes Chapter 60B. *See* Theisen Aff., at ¶ 7.

11. The Liquidator provided the notices required under Minnesota Statutes § 60B.26. Notices were sent to all persons known or reasonably expected to have claims against MSTC, including a proof-of-claim form with instructions for how to properly file a claim. *See* Theisen Aff., at ¶ 8.

12. The deadline for submitting proof-of-claim forms was November 1, 2012. *See* Theisen Aff., at ¶ 9.

13. The Liquidator has reviewed all claims filed to date and seek the Court's approval of claim payment recommendations as set forth in the paragraphs below. *See* Theisen Aff., at ¶ 10.

14. Pursuant to the Liquidation Order and Minnesota Statutes §60B.25, the Liquidator has filed all quarterly reports with the Court detailing the progress of the liquidation. *See* Theisen Aff., at ¶ 11.

REPORT AND RECOMMENDATIONS

15. In accordance with Minnesota Statutes § 60B.45, the Liquidator hereby submits a First Report of Claims with recommendations on an initial group of claims in the MSTC Liquidation. *See* Theisen Aff., Exhibit 5. The ICRR includes the Liquidator's recommendations for payment of administration costs, loss claims and unearned premiums under subds. 2, 4, and 4a of Minnesota Statutes § 60B.44.

16. Minnesota Statutes § 60B.45, subd. 1 establishes the authority for the Liquidator to recommend claims to the Court. It provides, in relevant part, "The liquidator may compound, compromise, or in any other manner negotiate the amount for which claims will be recommended to the court." Minn. Stat. § 60B.45, subd. 1 (2012).

I. Administrative Costs for Minnesota Insurance Guaranty Association

17. Minnesota Statutes § 60B.44, subd. 2 authorizes the payment of costs and expenses associated with the administration of the liquidation. One component of those costs and expenses is the loss adjustment expenses of a state insurance guaranty association charged with the responsibility of adjusting and settling claims of a company in liquidation. Minn. Stat. § 60C.11 subd. 5 (2012). The Minnesota Insurance Guaranty Association ("MIGA") is the only state insurance guaranty association providing coverage for the Minnesota surety bonds issued by MSTC.

18. MIGA has paid \$15,162.81 in administrative expenses related to the MSTC Liquidation through March 31, 2014. For the Court's convenience, a paper copy of MIGA's Quarterly Report for the 1st Quarter of 2014 ("Quarterly Report") is attached. *See* Theisen Aff., Exhibit 7. The details of MIGA's administrative expenses related to the MSTC Liquidation are on the last page of the Quarterly Report. In addition, MIGA engaged legal counsel to dispute a

claim against MSTC. The expense amount was \$1,294.40 and is detailed on the first two pages of MIGA's Quarterly Report. *See* Theisen Aff., Exhibit 7. The Liquidator has determined the administrative expenses, including the legal expenses, are reasonable, and therefore, recommends a total of \$16,457.21 be paid to MIGA to cover the costs and expenses associated with the administration of the liquidation through March 31, 2014. *See* Theisen Aff., at ¶ 23.

19. MIGA's obligation to adjust and settle claims is ongoing and continues past the claims filing deadline of November 1, 2012. MIGA may incur additional costs and expenses and submit them to the Liquidator at a later date.

20. The Liquidator recommends the payment of MIGA's administrative expenses in the amount of \$16,457.21 in accordance with Minnesota Statutes § 60B.44, subd. 2.

II. Loss Claims

21. Minnesota Statutes § 60B.44, subd. 4 authorizes payments of claims for losses incurred under policies or contracts of coverage issued by an insurer in liquidation. Three loss claims were submitted in the MSTC Liquidation, and details regarding these claims are included in section 2 of the ICRR. *See* Theisen Aff., Exhibit 5.

A. Mesaba Athletic Club

22. The largest of the loss claims was filed by Mesaba Athletic Club ("Mesaba"). Mesaba operated as a health club, as defined in Minnesota Statute § 325G.23, subd. 4, from 2004 through July 17, 2011. Under Minnesota Statutes § 325G.27, subd. 2, every health club is required to maintain a surety bond issued by a surety company admitted to do business in Minnesota. Mesaba purchased a surety bond from MSTC for \$15,000 in order to meet the Minnesota legal requirements. *See* Theisen Aff., at ¶ 24.

23. Mesaba ceased operations in July 2011. At the time of its closure, Mesaba had approximately 540 members. The Mesaba members prepaid their membership fees for the use of the facilities. As a result of Mesaba's closure, Mesaba's members have claims against the bond issued by MSTC for loss of their prepaid fees. MSTC was ordered into liquidation before MSTC was able to complete processing the claim filed by Mesaba to cover payment of the amounts owed to members under the surety bond. *See* Theisen Aff., at ¶ 28.

24. On November 1, 2012, the Liquidator received a proof-of-claim from Mesaba for \$15,616.44. The claim amount exceeded the amount of the surety bond issued by MSTC to Mesaba. *See* Theisen Aff., at ¶¶ 29-30.

25. Minnesota Statute § 325G.27, subd. 3(e) states:

If the claims filed exceed the amount of the surety bond, the surety shall pay the amount of the bond to the attorney general for distribution to claimants entitled to restitution and shall be relieved of all liability under the bond.

Minn. Stat. § 325G.27, subd. 3(e) (2012).

26. Pursuant to Minnesota Statutes § 325G.27, the Attorney General's office is charged with identifying which Mesaba club members would be owed money from the bond amount and make payments in accordance with Minnesota Statutes § 325G.27, subd. 3. *See* Theisen Aff., at ¶ 32.

27. The Liquidator recommends the \$15,000 bond amount be delivered to the Attorney General's office in accordance with Minnesota Statutes § 325G.27, subd. 3(e), along with all membership payment records collected to date by the Liquidator to allow the Attorney General to make claim payment determinations and perform other duties in accordance with Minnesota Statutes § 325G.27, subd. 3.

B. Other Loss Claims

28. The Liquidator received proof-of-claim forms for two additional loss claims, one from Minnehaha County, South Dakota, and one from the State Court Administrator's Office of the Minnesota Judicial Branch. *See Theisen Aff.*, at ¶¶ 34-37.

29. MSTC issued a bail bond in the amount of \$6,000 for a defendant in a case in Minnehaha County, South Dakota. The defendant failed to make a scheduled appearance in court, and the bail agent failed to pay the bond. Subsequently, MSTC was required to pay the bond amount to the court. MSTC and the court reached a settlement in the amount of \$5,000, however MSTC was ordered into liquidation before the settlement was paid. *See Theisen Aff.*, at ¶ 35.

30. The State Court Administrator's Office of the Minnesota Judicial Branch ("State Court Administrator") submitted a proof-of-claim on January 30, 2014 after the claims filing deadline. This claim is for a bail bond issued by MSTC which was forfeited by Freedom Bail Bonds on August 11, 2011, in Anoka County prior to the cancellation of the bond. Minnesota Statutes § 60B.37, subd. 2 allows for excused late filings, "[T]o the extent that any such payment will not prejudice the orderly administration of the liquidation." Since the date of the forfeiture, the State Court Administrator has made attempts to collect the amount of the bond from the agent. The agent, Freedom Bail Bonds, has refused to pay the amount of the bond and the State Court Administrator filed a proof-of-claim with the Liquidator. *See Theisen Aff.*, at ¶ 36. The Liquidator has determined justification exists for this late claim filing.

31. The Liquidator recommends the payment of these two loss claims: (1) \$5,000 to Minnehaha County, South Dakota; and (2) \$2,000 to State Court Administrator's Office of the Minnesota Judicial Branch. *See* Theisen Aff., at ¶ 37.

III. Unearned Premium Claims

32. Minnesota Statutes § 60B.44, subd. 4a authorizes payments of claims for unearned premiums under nonassessable policies or contracts of coverage issued by an insurer in liquidation. Seven unearned premium claims were submitted against MSTC as described under section 3 and 4 of the ICRR. *See* Theisen Aff., Exhibit 5.

A. Minnesota Insurance Guaranty Association

33. Unearned premiums due on surety bonds issued by MSTC to Minnesota residents were paid by the Minnesota Insurance Guaranty Association ("MIGA"). *See* Theisen Aff., at ¶¶ 39-41.

34. MIGA filed a claim with the Liquidator seeking reimbursement for payment of unearned premiums on bonds issued by MSTC in the amount of \$20,518.38. *See* Theisen Aff., at ¶¶ 40-41.

35. The Liquidator recommends payment in full for the amount of \$20,518.38 to MIGA, as detailed in section 3 of the ICRR. *See* Theisen Aff., Exhibit 5.

B. Other States' Unearned Premium Claims

36. The Liquidator received claims for unearned premiums related to six surety bonds issued by MSTC in Montana and South Dakota which are detailed in section 4 of the ICRR. *See* Theisen Aff., Exhibit 5. The total amount requested for these six claims is \$2,670.48. All of these bonds issued by MSTC were cancelled due to the liquidation as of December 23, 2011, if not cancelled or terminated prior to that date. Due to the cancellation of the bond, coverage was

only provided for a portion of the policy period. Accordingly, the Liquidator has determined the amount of the unearned premium owed on each bond must be adjusted based on the date of cancellation or termination of the bonds. Therefore, the Liquidator recommends these claims be paid as stated in the ICRR for a combined total amount of \$1,822.01. *See* Theisen Aff., at ¶ 42.

CONCLUSION

37. Under Minnesota Statutes § 60B.41, claimants whose claims are denied in whole or in part are entitled to written notice of the Liquidator's determination. Disputed claims will be handled pursuant to Minnesota Statutes § 60B.41.

38. The Liquidator requests the recommendations included in this First Report of Claims and Petition be approved unless an objection is filed within the objection filing deadline authorized by Minnesota Statutes § 60B.41.

39. Minnesota Statutes § 60B.45, subd. 2 provides the Court with the authority to approve, disapprove, or modify the claims by the Liquidator except for claims settled for \$500 or less.


40. Pursuant to this authority, the Liquidator respectfully petitions the Court to Order the following:

- a. Authorizing and directing the Liquidator to pay a combined total of \$60,797.60 for claims under Minnesota Statutes § 60B.44 subds. 2, 4 and 4a as set forth in the Liquidator's Interim Claims Recommendations Report (4/14/2014) (ICRR);
- b. As a component of the \$60,797.60 amount recommended, authorizing and directing the Liquidator to pay the \$15,000 bond amount for the Mesaba claim to the Minnesota Attorney General for payment in accordance with Minnesota Statutes §325G.27; and

- c. Authorizing and directing the Liquidator to establish a disputed claims process as described under Minnesota Statutes § 60B.41.

Respectfully submitted,

MIKE ROTHMAN
Commissioner of Commerce



Dated: June 25, 2014

By: Rick Theisen
Special Deputy Commissioner

6. Attached hereto as Exhibit 4 is a true and correct copy of the Liquidator's Notice of Appointment of Special Deputies. This document was previously filed with the Court on December 22, 2011.

7. The Liquidator took possession of MSTC's assets and records immediately following issuance of the Liquidation Order. The Liquidator has administered the assets and records of MSTC in accordance with Minnesota Statutes Chapter 60B .

8. The Liquidator provided the notices required under Minnesota Statutes § 60B.26. Notices were sent to all persons known or reasonably expected to have claims against MSTC, including a proof-of-claim form with instructions for how to properly file a claim.

9. The deadline for submitting proof-of-claim forms was November 1, 2012.

10. The Liquidator has reviewed all claims filed to date.

11. Pursuant to the Liquidation Order and Minnesota Statutes § 60B.25, the Liquidator has filed all quarterly reports with the Court detailing the progress of the liquidation.

12. The assets of the MSTC liquidation estate are estimated to be \$1,407,592 as of this date.

13. Attached hereto as Exhibit 5 is a true and correct copy of the Interim Claims Recommendation Report (4/14/2014) ("ICRR") of claims reported and recommended to the Court with this filing.

14. Attached hereto as Exhibit 6 is a true and correct copy of the Claims Filed Report (4/14/2014) ("CFR") of all claims received to date by the Liquidator.

15. The total amount of claims filed to date is \$1,719,188.93. *See* the CFR, Exhibit 6.

16. The claims contained in the ICRR are a subset of the larger group of submitted claims, which are reported in the CFR. However, only claims reported in the ICRR are recommended for Court approval at this time.

17. Attached hereto as Exhibit 7 is a true and correct copy of the Minnesota Insurance Guaranty Association's Quarterly Report – 1st Quarter 2014.

18. Attached hereto as Exhibit 8 is a true and correct copy of Mesaba Athletic Club's claim.

19. Attached hereto as Exhibit 9 is a true and correct copy of Mesaba's Letter of Credit from MSTC.

20. Attached hereto as Exhibit 10 is a true and correct copy of Yvonne Peterson's Affidavit regarding Mesaba's records.

21. In the Liquidator's First Report of Claims and Petition for Approval of Recommendations on Claims, the Liquidator is recommending to the Court payment of all claims under Minnesota Statutes § 60B.44, subds. (classes) 2, 4, and 4a as set forth in the ICRR. *See* Exhibit 5.

22. The Liquidator is continuing to process claims and will file one or more future reports and recommendations of claims regarding classes of claims under Minnesota Statutes § 60B.44 subds. (classes) 4b, 4c, 6, 9 and 10. *See* the CFR, Exhibit 6.

Administrative Costs: Minnesota Insurance Guaranty Association

23. The Minnesota Insurance Guaranty Association ("MIGA") is the only state insurance guaranty association providing coverage for the surety bonds issued by MSTC. MIGA has paid \$15,162.81 in administrative expenses related to the MSTC Liquidation through March 31, 2014. The details of MIGA's administrative expenses related to the MSTC

Liquidation are on the last page of its Quarterly Report, attached as Exhibit 7. In addition, MIGA incurred legal expenses from a loss claim filed with the Liquidator as a letter, not a Proof of Claim form. If the claim would have been a valid claim, MIGA would have been responsible to pay the claim. However, the Liquidator determined the claim was not valid. Therefore, the Liquidator forwarded the claim to MIGA with a recommendation indicating the Liquidator did not believe it was a valid claim. MIGA agreed and engaged legal counsel to assist the guaranty association in disputing the claim. The disputed claim was dismissed. The legal expenses for disputing the claim was \$1,294.40, detailed on the first two pages of MIGA's Quarterly Report, attached as Exhibit 7. The Liquidator has determined the administrative expenses, including the legal expenses, are reasonable, and therefore, recommends a total of \$16,457.21 be paid to MIGA to cover the costs and expenses associated with the administration of the liquidation through March 31, 2014.

Loss Claims: Mesaba Athletic Club Claim

24. One of the loss claims filed under Minnesota Statutes § 60B.44, subd. 2 was submitted by Mesaba Athletic Club ("Mesaba"). Mesaba purchased a \$15,000 surety bond from MSTC in 2006 to meet the requirements under Minnesota Statutes § 325G.27.

25. Attached hereto as Exhibit 9 is the Letter of Credit from MSTC to Mesaba, dated November 10, 2006.

26. Attached hereto as Exhibit 10 is the Affidavit of Yvonne Peterson, owner of Mesaba, dated September 4, 2013.

27. Athletic clubs are required to register with the Minnesota Attorney General pursuant to Minnesota Statutes § 325G.27. Under Minnesota Statutes § 325G.27, subd. 3, a member of a club who suffers or sustains any loss of prepayment of membership fee by reason of

the closing of a facility or bankruptcy by the seller of club membership agreements shall file a claim with the surety.

28. Mesaba ceased operations as an athletic club in July 2011. At the time of closure, Mesaba had approximately 540 active members. *See* Affidavit of Yvonne Peterson attached as Exhibit 10. On August 4, 2011, Mesaba filed a claim with MSTC to cover payment of the amounts owed to members under the terms of the surety bond. MSTC did not receive sufficient claim information from Mesaba to determine the appropriate process to be used under Minnesota Statutes § 325G.27 before MSTC was ordered into liquidation on November 22, 2011.

29. Mesaba Athletic Club submitted a claim with the Liquidator on November 1, 2012. *See* Exhibit 8.

30. The owners of Mesaba submitted membership payment information to the Liquidator for purposes of distribution of the surety bond amount to members of the club. To determine the total amount of prepaid membership reimbursement due to members, the Liquidator needed to reconstruct the payment records to the best of their ability, based on the inefficient recordkeeping practices of Mesaba. The Liquidator has been able to determine the prepaid membership fees owed to members are estimated to be at least \$15,616.44, which exceeds the amount of the surety bond of \$15,000.

31. Minnesota Statutes § 325G.27, subd. 3(e) states if claims filed exceed the amount of the surety bond, the surety shall pay the amount of the bond to the Attorney General for distribution to claimants entitled to restitution and shall be relieved of all liability under the bond.

32. The Liquidator has determined that while Minnesota Statutes Chapter 60B governs this claim with respect to priority payment in accordance with statutory preferences, that statute does not require the abandonment of the process under Minnesota Statutes § 325G.27

requiring a surety to pay the amount of the bond to the Attorney General's office for distribution to the athletic club's members. Pursuant to Minnesota Statutes § 325G.27, the Attorney General's office has the power to identify which Mesaba club members would be owed money from the bond amount and make payments in accordance with Minnesota Statutes § 325G.27, subd. 3.

33. The Liquidator recommends the \$15,000 bond amount be delivered to the Attorney General's office in accordance with Minnesota Statutes § 325G.27, subd. 3(e), along with all membership payment records collected to date by the Liquidator to allow the Attorney General to make claim payment determinations and perform other duties in accordance with Minnesota Statutes § 325G.27, subd. 3.

Other States' Loss Claims

34. The Liquidator received proof-of-claim forms for two additional loss claims, one from Minnehaha County, South Dakota, and one from the State Court Administrator's Office of the Minnesota Judicial Branch.

35. MSTC issued a bail bond in the amount of \$6,000 for a defendant in a case in Minnehaha County, South Dakota. The defendant failed to make a scheduled appearance in court, and the bail agent failed to pay the bond. Subsequently, MSTC was required to pay the bond amount to the court. MSTC and the court reached a settlement in the amount of \$5,000, however MSTC was ordered into liquidation before the settlement was paid.

36. The State Court Administrator's Office of the Minnesota Judicial Branch ("State Court Administrator") submitted a proof-of-claim on January 30, 2014 after the claims filing deadline. This claim is for a bail bond issued by MSTC which was forfeited by Freedom Bail Bonds on August 11, 2011, in Anoka County prior to the cancellation of the bond. Minnesota

Statutes § 60B.37, subd. 2 allows for excused late filings, “[T]o the extent that any such payment will not prejudice the orderly administration of the liquidation.” Since the date of the forfeiture, the State Court Administrator has made attempts to collect the amount of the bond from the agent. The agent, Freedom Bail Bonds, has refused to pay the amount of the bond and the State Court Administrator filed a proof-of-claim with the Liquidator. The Liquidator has determined justification exists for this late claim filing.

37. The Liquidator recommends the payment of these two loss claims: (1) \$5,000 to Minnehaha County, South Dakota; and (2) \$2,000 to State Court Administrator’s Office of the Minnesota Judicial Branch.

Unearned Premium Claims

38. MSTC issued both bail bonds and surety bonds in other states and received claims from: Minnesota, Montana, and South Dakota. All of these bonds were cancelled pursuant to Minnesota Statutes § 60B.22 when MSTC was put into liquidation. In some cases, the cancellation occurred prior to the full term of the bond. Premiums on bail bonds are considered to be fully earned when the bond is written, and as such, no unearned premiums are due on the bail bonds issued by MSTC.

Unearned Premium Claim: Minnesota Insurance Guaranty Association

39. The Minnesota Insurance Guaranty Association (“MIGA”) is an organization established under Minnesota Statutes Chapter 60C whose membership is composed of insurers authorized to transact insurance business or execute surety bonds in Minnesota. The purpose of MIGA is to provide a mechanism for payment of covered claims under certain insurance policies and surety bonds to claimants or policyholders due to the liquidation of an insurer in Minnesota.

40. Minnesota Statutes § 60B.26, subd. 2 states the Liquidator need not require persons claiming unearned premiums to file a claim with the Liquidator. Instead, the Liquidator

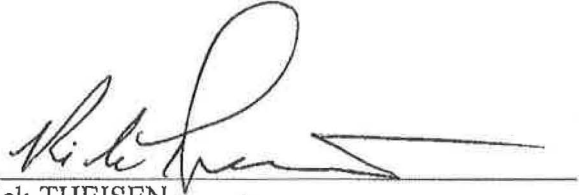
prepared a listing of unearned premium claims paid by policyholders of MSTC and computed the amounts of the claims. The Liquidator provided the list to MIGA to enable MIGA to cover the payments for Minnesota residents. MIGA paid the unearned premiums and submitted a claim to the Liquidator for reimbursement of the amounts paid to MSTC policyholders.

41. MIGA provided MSTC with a copy of the Minnesota Insurance Guaranty Association Quarterly Report – 1st Quarter 2014. *See Exhibit 7.* The quarterly report included detailed information on unearned premium claims paid by MSTC. The total amount of unearned premiums paid by MIGA as of March 31, 2014 was \$20,518.38. The Liquidator has determined this amount is reasonable and should be paid to MIGA.

Unearned Premium Claims: Other States

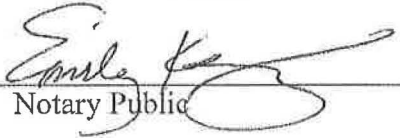
42. The Liquidator received claims for unearned premiums related to six surety bonds issued by MSTC in Montana and South Dakota which are detailed in section 4 of the ICRR. The total amount requested for these six claims is \$2,670.48. All of these bonds issued by MSTC were cancelled due to the liquidation as of December 23, 2011, if not cancelled or terminated prior to that date. Due to the cancellation of the bond, coverage was only provided for a portion of the policy period. Accordingly, the Liquidator has determined the amount of the unearned premium owed on each bond must be adjusted based on the date of cancellation or termination of the bonds. Therefore, the Liquidator recommends these claims be paid as stated in the ICRR for a combined total amount of \$1,822.01.

FURTHER YOUR AFFIANT SAYETH NOT.



Rick THEISEN
Special Deputy

Subscribed and sworn to before me this
25 day of ~~July~~ ^{June}, 2014.


Notary Public

Minnesota Surety & Trust Company Liquidation
62-CV-11-9400
Exhibits

Exhibit	Exhibit Title
1.	Consent Order terminating trust charter, 11/10/2011 (Previously filed with the Court on 11/18/2011)
2.	Consent Order revoking certificate of authority and voluntary liquidation, 11/17/2011 (Previously filed with the Court on 11/18/2011)
3.	Court Liquidation Order, 11/22/2011
4.	Notice of Appointment of Special Deputies, 12/14/2011 (Previously filed with the Court on 12/22/2011)
5.	Interim Claims Recommendation Report, 4/14/2014 ("ICRR") Summary of claims reported and recommended to the Court herein
6.	Claims Filed Report, 4/14/2014 ("CFR") Summary of all received claims to date
7.	Minnesota Insurance Guaranty Association (MIGA) Quarterly Report – 1st Quarter 2014
8.	Mesaba Athletic Club claim
9.	Mesaba Letter of Credit from MSTC
10.	Affidavit of Yvonne Peterson Regarding Records of Mesaba, 9/4/2013

Exhibit 1

STATE OF MINNESOTA
COMMISSIONER OF COMMERCE

IN THE MATTER OF MINNESOTA SURETY
AND TRUST COMPANY, AUSTIN, MINNESOTA

CONSENT ORDER

TRUST CHARTER 39

TO: Peter D. Plunkett, President
Minnesota Surety and Trust Company
107 West Oakland Avenue
Austin, Minnesota 55912

Deputy Commissioner of Commerce Kevin M. Murphy ("Commissioner") has determined as follows:

1. The Commissioner has advised Minnesota Surety and Trust Company ("Respondent") that he is prepared to commence formal action pursuant to Minn. Stat. §§ 45.027, subd. 5, 46.24, and 49.04 (2010) against Respondent's Trust Company Charter due to the June 30, 2011 Report of Condition and Income that reported Equity Capital as negative \$32,454 and a year to date operating loss of \$404,837.
2. Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner and to appeal from any adverse determination at a hearing, and Respondent hereby expressly waives those rights. Respondent further acknowledges that it has been represented by legal counsel throughout these proceedings, or has been advised of its right to be represented by legal counsel, which right it hereby waives.
3. Respondent has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2010) and Minn. R. 1400.5900 (2011).
4. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, that pursuant to Minn. Stat. §§ 45.027, and 46.24 (2010), as follows:

1. Respondent's trust charter is revoked;
2. Within 30 days from the effective date of this Order, the Respondent's Board of Directors shall arrange for the transfer of all trust accounts to a qualified fiduciary acceptable to the Department. If Respondent fails to arrange such a transfer of all trust accounts to a qualified fiduciary acceptable to the Department within 30 days, the Department may commence involuntary liquidation proceedings as set forth in Minn. Stat. § 49.04 (2010);
3. If, despite Respondent's best efforts, it is unable to arrange for the transfer of accounts within 30 days of the effective date of this Order, Respondent will notify the Commissioner of accounts for which there is not an arrangement and continue its best efforts to arrange for a transfer through either the earlier of the time of transfer or the conclusion of liquidation; and,
4. Respondent shall immediately refrain from soliciting or accepting any new trust-related business, although it is permitted to service its current accounts until the same are transferred to another entity or the liquidation is complete. Following the transfer of its trust accounts, Respondent shall cease and desist from acting or holding itself out as a trust company in the State of Minnesota.

This Order shall be effective upon signature by or on behalf of the Commissioner.

Dated: 11/10/2011

By: 

KEVIN M. MURPHY
Deputy Commissioner

85 Seventh Place East, Suite 500
Saint Paul, Minnesota
Telephone: (651)296-2715

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of Minnesota Surety and Trust Company ("Respondent"), states that he has read the foregoing Consent Order; that he knows and fully understands its contents and effect; that he is authorized to execute this Consent to Entry of Order on behalf of Respondent; that he has been advised of Respondent's right to a hearing; that Respondent has been represented by legal counsel in this matter; or that he has been advised of Respondent's right to be represented by legal counsel and that he has waived this right; and that he consents to entry of this Order by the Commissioner of Commerce. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

Minnesota Surety & Trust Company

By: [Signature]
(Name)

Its: President
(Title)

STATE OF Minnesota

COUNTY OF Mower

Signed or attested before me on 11-4, 2011, by Peter Plunkett, President,
on behalf of Minnesota Surety & Trust Company (title)

(Seal, if any)

[Signature]
(Signature of notarial officer)

Notary Public
Title

My commission expires: 1-31-12

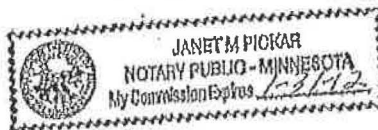


Exhibit 2

12696/MCP

OAH Docket No. 2-1004-22234-2

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF COMMERCE

In the Matter of the Certificate of Authority of
Minnesota Surety & Trust Company and the
Insurance Producer License of Peter Plunkett

CONSENT ORDER

Commissioner of Commerce Mike Rothman ("Commissioner") has determined as follows:

1. The Commissioner commenced formal action pursuant to a Notice and Order for Prehearing Conference against Minnesota Surety & Trust Company ("MSTC") and a Notice and Order for Hearing, Order for Summary Suspension, and Statement of Charges issued against Peter Plunkett ("Plunkett"). The Commissioner alleged that MSTC and Plunkett (collectively "Respondents") committed the following violations:

A. MSTC's board of directors, including Plunkett, are incompetent or untrustworthy because they participated in, directed, or authorized, or failed to learn about, diligently investigate, or prevent the scheme to alter bail bond files after the fact and in anticipation of a market conduct examination in violation of Minn. Stat. § 60A.052, subd. 1(1) (2010);

B. MSTC committed unfair methods of competition and unfair and deceptive acts or practices by engaging in fraudulent, coercive, or dishonest practices in connection with the insurance business in violation of Minn. Stat. §§ 60A.052, subd. 1(11), 72A.19, subd. 1, and 72A.20, subd. 18(b) (2010);

C. MSTC engaged in acts or practices which demonstrates that it is untrustworthy or incompetent to act under the authority granted by the Commissioner in violation of Minn. Stat. §§ 45.027, subd. 7(a)(4), and 60A.052, subd. 1(11) (2010);

D. MSTC made at least 4,000 false entries in books, reports, or statements with the intent to deceive any agent or examiner lawfully appointed to examine its affairs in violation of Minn. Stat. §§ 60A.052, subd. 1(11), and 72A.20, subd. 6 (2010);

E. MSTC had its certificate of authority revoked and has been required to pay a monetary penalty or fine in another state in violation of Minn. Stat. § 60A.052, subd. 1(9) (2010);

F. Plunkett committed unfair methods of competition and unfair and deceptive acts or practices, engaged in fraudulent, coercive, or dishonest practices in connection with the insurance business, engaged in acts or practices that demonstrate he is untrustworthy and otherwise incompetent or unqualified to act under the licenses granted by the Commissioner, and failed to observe high standards of commercial honor and just and equitable principles of trade in the conduct of his insurance business in violation of Minn. Stat. §§ 45.027, subd. 7(a)(4), 60K.43, subd. 1(2), (5), (7) and (8), 72A.19, subd. 1, and 72A.20, subd. 18(b) (2010), and Minn. Rule 2795.1000 (2011); and,

G. Plunkett has been the subject of discipline in the State of Colorado as part of the Final Agency Order against MSTC in violation of Minn. Stat. § 60K.43, subd. 1(9) (2010).

2. Respondents acknowledge that they were advised of their right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing. Respondents hereby expressly waive those rights. Respondents further acknowledge that they were advised of their right to be represented by legal counsel, and that they were represented by counsel.

3. For purposes of Minn. Stat. § 16D.17(1) (2010), Respondents expressly waive their right to any notice or opportunity for a hearing on the civil penalty imposed by this Order.

4. Respondents acknowledge that the civil penalty and/or any resulting judgment arising from this Consent Order is non-dischargeable in any bankruptcy proceeding. See 11 U.S.C. 523(a)(7) (2008) ("A discharge under section 727, 1141, 1228(a), 1228(b), or 1328(b) of this title does not discharge an individual debtor from any debt . . . to the extent such debt is for a fine, penalty, or forfeiture payable to and for the benefit of a governmental unit, and is not compensation for actual pecuniary loss, other than a tax penalty . . .").

5. Respondents have agreed to an informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2010) and Minn. Rule 1400.5900 (2011).

6. The following Order is in the public interest.

NOW, THEREFORE, IT IS ORDERED that, pursuant to Minn. Stat. §§ 45.027, 60A.052, 60B.01-.61, and 60K.43 (2008), as follows:

A. Minnesota Surety & Trust Company's certificate of authority is **REVOKED**;

B. Peter Plunkett's resident insurance producer's license, No. 20119964, is **REVOKED**;

C. Respondents shall **CEASE AND DESIST** from violating any laws, rules, or orders related to the duties and responsibilities entrusted to the Commissioner, including without limitation engaging in any activities in Minnesota for which any license from the Commissioner is required;

D. MSTC shall be the subject of **VOLUNTARY LIQUIDATION** proceedings pursuant to Minn. Stat. §§ 60B.01-.61 (2010), and the Commissioner shall file a petition for liquidation in Ramsey County District Court; and

E. Respondents, jointly and severally, **SHALL PAY** a \$50,000 civil penalty; however, \$40,000 of that civil penalty is **STAYED** so long as Respondents (1) comply with this

Consent Order and (2) comply with their duties as set forth in Minn. Stat. § 60B.07 (2010). If either MSTC or Plunkett fail at any time to comply with this Consent Order or comply with their duties as set forth in Minn. Stat. § 60B.07 (2010), the stay shall be lifted as to that Respondent and the \$40,000 civil penalty shall become due and payable against that Respondent. In any proceeding to lift the stayed civil penalty, the Respondent may only challenge the reason for lifting the stay and not the appropriateness of the civil penalty.

IT IS FURTHER ORDERED THAT, pursuant to Minn. Stat. § 16D.17 (2010), the Commissioner may file and enforce any civil penalty imposed by this Order as a judgment against Respondents in district court without further notice or additional proceedings. In addition, pursuant to Minn. Stat. § 16D.13 (2010), Respondents are hereby notified that 30 days after the date of this Consent Order, simple interest computed in accordance with Minn. Stat. § 16D.13, subd. 2 (2010) will begin to accrue on the civil penalty imposed against Respondents.

This Consent Order shall be effective upon signature on behalf of the Commissioner.

Dated: 11-17-11

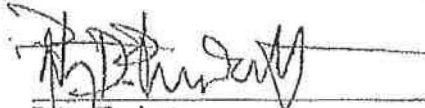


MIKE ROTHMAN
Commissioner

Minnesota Department of Commerce
85 Seventh Place East, Suite 500
St. Paul, MN 55101

CONSENT TO ENTRY OF ORDER

The undersigned, Peter Plunkett, states that he has read the foregoing Consent Order, that he fully understands its contents and effect, that he is authorized to execute this Consent Order on his behalf, that he has been advised of his right to a hearing, that he has been advised of his right to legal counsel in this matter, and that he consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.



Peter Plunkett

STATE OF MINNESOTA

COUNTY OF Mower

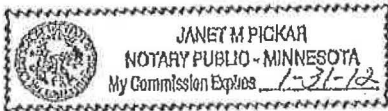
Signed or attested before me on 11-1, 2011, by Peter Plunkett

(Seal, if any)


(Signature of notarial officer)

Notary Public
Title

My commission expires: 1-31-12



CONSENT TO ENTRY OF ORDER

The undersigned, Peter Plunkett, states that he has read the foregoing Consent Order, that he fully understands its contents and effect, that he is authorized to execute this Consent Order on Minnesota Surety & Trust Company's behalf, that he has been advised of its right to a hearing, that he has been advised of its right to legal counsel in this matter, and that it consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.

Minnesota Surety & Trust Company

By: [Signature]
(Name)

Its: President
(Title)

STATE OF MINNESOTA

COUNTY OF Wabasha

Signed or attested before me on 11-1, 2011, by Peter Plunkett, President, on behalf of Minnesota Surety & Trust Company
(title)

(Seal, if any)



[Signature]
(Signature of notarial officer)

Notary Public
Title

My commission expires: 1-31-12

Exhibit 3

Filed In Second Judicial District Court
11/22/2011 4:10:50 PM
Ramsey County Civil, MN

STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT

Case Type: Other Civil

Court File No. 62CV-11-9400

In the Matter of the Liquidation of
Minnesota Surety and Trust Company

LIQUIDATION ORDER

This matter is before the Court upon the Verified Petition For Liquidation Order ("Petition") from the Minnesota Department of Commerce ("Department").

FINDINGS OF FACT

1. The Court has reviewed the Verified Petition of the Minnesota Commissioner of Commerce Mike Rothman and the supporting Affidavit of Martin Fleischacker.
2. Mike Rothman is the Minnesota Commissioner of Commerce, duly appointed by Governor Mark Dayton in accordance with Minn. Stat. §§ 15.06 and 60A.03, subd. 1 (2010). Commissioner Rothman is charged with administering and enforcing the laws of the State of Minnesota relating to insurance, including the Insurers Rehabilitation and Liquidation Act, set forth in Chapter 60B of the Minnesota Statutes.
3. MSTC has been a Minnesota domiciled and licensed insurance company since February 11, 1965. MSTC is engaged in the business of writing property and casualty insurance, with fidelity and surety as its primary lines.
4. In the course and scope of his duties, the Commissioner has examined the affairs and conditions of MSTC. The Commissioner determined that MSTC is in an unsafe and

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Ramsey County Civil, MN

unsound condition based upon his review of its financial reports and based upon interviews and meetings with its officers and directors.

5. On June 27, 2008, MSTC entered into a Consent Order whereby it agreed to maintain its total capital and surplus at or above \$1,100,000 at all times. MSTC has failed to maintain the minimum amount agreed upon according to the most recent two quarterly filings with the Department. By doing so, MSTC has failed to take all reasonable steps to remedy its violation of the Consent Order and, moreover, failed to prevent the same violations from occurring in the future. Minn. Stat. § 60B.15(10) (2010).

6. In a Letter of Expectations dated June 14, 2010, the Department directed MSTC to find a successor trustee for the trust business within 90 days. MSTC failed to move the trust business as agreed upon.

7. In addition, the June 14, 2010 letter required MSTC to record all financial examination report adjustments on its financial statements. This included non-admitted amounts due from affiliates. MSTC has continued to admit affiliate receivables on subsequent financial filings, which causes its surplus position to be overstated. By doing so, MSTC has failed to take all reasonable steps to remedy the situation resulting from the violation of the Department's Letter of Expectations and failed to prevent the same violations from occurring in the future. Minn. Stat. § 60B.15(10) (2010).

8. The June 30, 2011 Statement of Condition filed by MSTC with the Department, reported negative Equity Capital of \$32,454 and negative year to date income of \$404,873. Based on these figures, the Department considered the trust company to be in an unsafe and unsound financial condition.

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9. Effective November 10, 2011, MSTC's trust charter was revoked via Consent Order.

10. Effective November 17, 2011, MSTC's certificate of authority to operate as an insurance company were revoked via Consent Order. As part of the November 17, 2011 Consent Order, MSTC voluntarily agreed to be subject to liquidation by the Commissioner pursuant to Minn. Stat. §§ 60B.01-.61 (2010).

11. MSTC has since informed its agents and assured the Department that it is not accepting any further business which will result in no further income to MSTC; however, there remains liabilities to other entities which will leave MSTC in such a condition that the further transaction of business would be hazardous financially or otherwise to its policyholders, its creditors, or the public. In addition, MSTC would not satisfy the requirements that would be applicable if MSTC were seeking initial authorization in this state to do the business for which it was organized or incorporated, pursuant to the June 27, 2008 Consent Order.

Based upon the foregoing Findings of Fact, the Court makes the following:

CONCLUSIONS OF LAW

1. This Court has jurisdiction over the subject matter of this case pursuant to Minn. Stat. § 60B.04, subd. 1 (2010). Venue is appropriate in Ramsey County in accordance with Minn. Stat. §§ 60B.04, subd. 4 and 60B.20 (2010).

2. MSTC meets the definition of an insurer as set forth in Minn. Stat. § 60B.03, subd. 4 (2010), and is a covered person as that term is defined under the Insurers Rehabilitation and Liquidation Act, pursuant to Minn. Stat. § 60B.02(5) (2010).

3. The Insurers Rehabilitation and Liquidation Act, Minn. Stat. §§ 60B.01, *et seq.* (2010), is to be liberally construed to effect, its public purposes of protecting the interests of

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11/22/2011 1:10:50 PM
Ramsey County Civil, MN

policyholders, creditors, and the public by the early detection of potentially dangerous conditions in an insurer and promptly applying appropriate corrective measures. Minn. Stat. § 60B.01, subds. 3 and 4a (2010).

4. The Commissioner submitted a Verified Petition, supported by the Affidavit of Martin Fleischhacker. Those documents establish to the satisfaction of the Court that sufficient grounds exist for the issuance of an order to liquidate MSTC pursuant to Minn. Stat. §§ 60B.15(10) and (16), and 60B.20(1) and (6) (2010). The accompanying exhibits also include a November 17, 2011 Consent Order whereby MSTC consented that it should be subject to liquidation proceedings.

Based upon the foregoing Findings of Fact and Conclusions of Law:

IT IS HEREBY ORDERED, pursuant to Minn. Stat. § 60B.21 (2010), that the Commissioner shall liquidate MSTC.

IT IS FURTHER ORDERED, that the Commissioner and his successors in office are hereby appointed as Liquidator of MSTC, and that the Commissioner shall forthwith take possession of the assets of the insurer and administer them under the orders of the Court. The Liquidator shall be vested by operation of law with the title to all of the property, contracts, and rights of action and all of the books and records of the insurer ordered liquidated, wherever located, as of the date of the filing of the petition for liquidation. The Commissioner may recover and reduce the same to possession except that ancillary receivers in reciprocal states shall have, as to assets located in their respective states, the rights and powers which are prescribed in section 60B.55, subdivision 3, for ancillary receivers appointed in this state as to assets located in this state. The recording of the order with any county recorder in this state

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Ramsey County Civil, MN

imparts the same notice as a deed, bill of sale, or other evidence of title duly recorded with that county recorder. Minn. Stat. § 60B.21, subd. 1 (2010).

IT IS FURTHER ORDERED, that the Commissioner is hereby authorized to exercise all powers set forth in Minn. Stat. § 60B.25 (2010).

IT IS FURTHER ORDERED, that if the Commissioner employs a Special Deputy Commissioner to assist in the liquidation of MSTC, the Special Deputy shall have all of the powers of the Liquidator granted by this action and shall serve at the pleasure of the Liquidator pursuant to Minn. Stat. § 60B.25(1) (2010). The Court will approve any arrangements for compensation at a future date.

IT IS FURTHER ORDERED, that MSTC's former officers, directors, managers, trustees, agents, or general agents, shall cooperate fully with the Commissioner, his agents, employees, and designees, including any Special Deputy, in liquidation of MSTC as required by Minn. Stat. § 60B.07 (2010).

IT IS FURTHER ORDERED, that commencing April 1, 2011, the Commissioner or his Special Deputy shall file quarterly reports with this Court on the progress of the liquidation.

DATED: 11-22, 2011

BY THE COURT:

John A. Guthman

Judge of District Court

AG: #2915667-v1

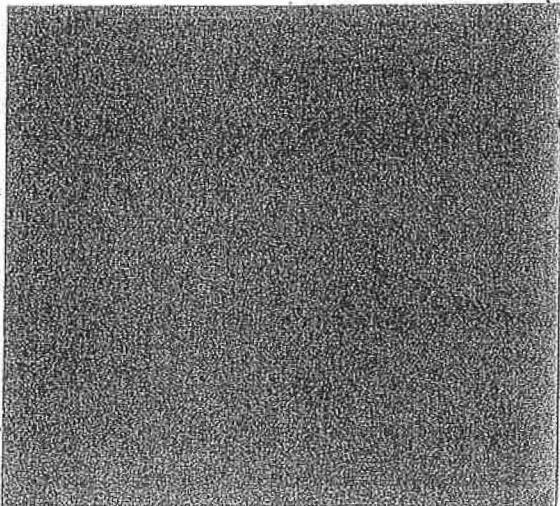


Exhibit 4

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF COMMERCE

In the Matter of the Liquidation of
Minnesota Surety and Trust Company

OAH DOCKET NO. 2-1004-22234-2
COURT FILE NO. 62-CV-11-9400
NOTICE OF APPOINTMENT

I, Mike Rothman, the Commissioner of Commerce for the State of Minnesota, ("Commissioner") do hereby appoint, subject to the control of the Court pursuant to Minnesota Statutes section 60B.25, the following individuals Special Deputy Liquidators in the above-referenced matter:

1. Rick Theisen
Chief Financial Examiner, Minnesota Department of Commerce
2. Wayne Johnson
Director of Insolvency Consulting, RSM McGladrey

This appointment is made pursuant to authority granted to me by Minnesota Statutes section 60B.25, subdivision (1). Each of the individuals identified above shall have all of the powers and duties granted to me as Liquidator pursuant to Minnesota Statutes Section 60B.01 to 60B.61 and the Court's Order for Liquidation dated November 22, 2011 in this matter.

This appointment shall continue until terminated at discretion of the Liquidator and each Special Deputy Liquidator shall serve at the pleasure of the Liquidator. Minn. Stat. § 60B.25, subd. (1). The compensation for those non-state employees appointed pursuant to Minnesota Statutes Section 60B.25 shall be fixed in accordance with the Minnesota Department of

Commerce's Master Contract T-Number 1013A, CFMS Number B44087, with an hourly rate not to exceed \$150 per hour, subject to the control of the Court, Minn. Stat. § 60B.25; subd. (3).

Dated: 12-14-11

MIKE ROTHMAN
Commissioner of Commerce

By: Mike Rothman
85 Seventh Place East, Suite 500
St. Paul, Minnesota 55101
Telephone: (651) 296-6025

Exhibit 5

**Minnesota Surety and Trust Company
Interim Claims Recommendation Report
Section 60B.45 Minnesota Statutes
4/14/2014**

LCN #	Date POC Received by Liquidator	Claimant Last Name or Company	Claimant First Name	Claimant Address #1	Claimant Address #2	Claimant City	Claimant State	Claimant Zip	Type of Claim	Recommended Claim Priority	Claim Amount	Amount Recommended	Payment due to
Section 1-Subdivision 2 Claims													
496	11/5/2012	Minnesota Insurance Guaranty Association		7600 Parklawn Avenue	Suite 460	Edina	MN	55435	Administration Costs	2	15,162.81	16,457.21	MIGA
Total Subdivision 2 Claims												16,457.21	
Section 2-Subdivision 4 Claims													
315	11/1/2012	Peterson (Mesaba)	James	2530 6th Avenue East		Hibbing	MN	55746	Bond Claim	4	15,616.44	15,000.00	Attorney General
453	6/18/2012	Minnehaha County	c/o States Attorney	415 N. Dakota Avenue		Sioux Falls	SD	57104	Bail Bond	4	5,000.00	5,000.00	Claimant
506	1/30/2014	State Court Administrator's Office		25 Rev. Dr. Martin Luther King Jr. Blvd		St. Paul	MN	55455	Bail Bond	4	2,000.00	2,000.00	Claimant
Total Subdivision 4 Claims												22,000.00	
Section 3-Subdivision 4a Claims (Minnesota)													
	11/5/2012	Minnesota Insurance Guaranty Association		7600 Parklawn Avenue	Suite 460	Edina	MN	55435	Administration Costs	2	20,518.38	20,518.38	MIGA
Total Subdivision 4a Claims (Minnesota)												20,518.38	
Section 4-Subdivision 4a Claims (Other States)													
175	8/3/2012	Marias Ridge Farms, inc.		10907 Rudyard Rd S		Rudyard	MT	59546	Unearned	4a	1,260.48	574.19	Claimant
220	7/13/2012	Kogel	Linda	P.O. Box 493		Vermillion	SD	57069	Unearned	4a	50.00	11.03	Claimant
221	7/13/2012	Kogel	Linda	P.O. Box 493		Vermillion	SD	57069	Unearned	4a	50.00	11.03	Claimant
346	5/16/2012	Homestake Oil & Gas		P.O. Box 213		Kevin	MT	59454	Unearned	4a	480.00	136.71	Claimant
347	5/16/2012	Homestake Oil & Gas		P.O. Box 213		Kevin	MT	59454	Unearned	4a	480.00	849.32	Claimant
364	7/6/2012	Hader	Linda	P.O. Box 1414		Huron	SD	57350	Unearned	4a	350.00	239.73	Claimant
Total Subdivision 4a Claims (Other States)												1,822.01	
TOTAL FOR CLAIMS RECOMMENDED											\$60,797.60		

62-CV-11-9400

Exhibit 6

**Minnesota Surety and Trust
Claims Filed Report
4/14/2014**

LCN #	Date POC Received by Liquidator	Claimant Last Name or Company	Claimant First Name	Claimant Address #1	Claimant Address #2	Claimant City	Claimant State	Claimant Zip	Type of Claim	Recommended Claim Priority	Claim Amount	Amount Recommended
496		Minnesota Insurance Guaranty Association		7800 Parklawn Avenue	Suite 460	Edina	MN	55435	Administration Costs	2	15,162.81	16,457.21
Total for Priority 2 Claims											15,162.81	16,457.21
315	11/1/2012	Peterson (Mesaba)	James	2530 6th Avenue East		Hibbing	MN	55746	Bond Claim	4	15,616.44	15,000.00
453	6/18/2012	Minnehaha County	c/o States Attorney	415 N. Dakota Avenue		Sioux Falls	SD	57104	Bail Bond	4	5,000.00	5,000.00
506	1/30/2014	State Court Administrator's Office		25 Rev. Dr. Martin Luther King Jr. Blvd.		St. Paul	MN	55455	Bail Bond	4	2,000.00	2,000.00
Total for Priority 4 Claims											22,616.44	22,000.00
	11/5/2012	Minnesota Insurance Guaranty Association		7600 Parklawn Avenue	Suite 460	Edina	MN	55435	Unearned	4a	20,518.38	20,518.38
Total for Priority 4a Claims (Minnesota)											20,518.38	20,518.38
175	Yes	Marias Ridge Farms, Inc.		10907 Rudyard Rd S		Rudyard	MT	59546	Unearned	4a	1,260.48	574.19
220	7/13/2012	Kogel	Linda	P.O. Box 493		Vermillion	SD	57069	Unearned	4a	50.00	11.03
221	7/13/2012	Kogel	Linda	P.O. Box 493		Vermillion	SD	57069	Unearned	4a	50.00	11.03
346	5/16/2012	Homestake Oil & Gas		P.O. Box 213		Kevin	MT	59454	Unearned	4a	480.00	136.71
347	5/16/2012	Homestake Oil & Gas		P.O. Box 213		Kevin	MT	59454	Unearned	4a	480.00	849.32
364	7/6/2012	Hader	Linda	P.O. Box 1414		Huron	SD	57350	Unearned	4a	350.00	239.73
Total for Priority 4a Claims (Other States)											2,670.48	1,822.01
371		Department of Agriculture	Secretary Thomas J. Vilsack						Federal Government	4b		
372		Department of Commerce	Secretary Gary F. Locke						Federal Government	4b		
373		Department of Defense	Secretary Robert M. Gates						Federal Government	4b		
374		Department of the Interior	Secretary Kenneth L. Salazar						Federal Government	4b		
375		Department of Justice	Attorney General Eric H. Holder						Federal Government	4b		
376		Department of Labor	Ed Walman						Federal Government	4b		
377		Department of Education	Ray Santiago						Federal Government	4b		
378		Department of Energy	Secretary Steven Chu						Federal Government	4b		
379		Department of Health & Human Services	Secretary Kathleen Sebelius						Federal Government	4b		
380		Department of Homeland Security	Secretary Janet A. Napolitano						Federal Government	4b		
381		Department of State	Attn: Barnert						Federal Government	4b		
382		Department of Transportation	Secretary Ray LaHood						Federal Government	4b		
383		Department of the Treasury	Ms. Summers						Federal Government	4b		
384		Department of Veterans Affairs	Secretary Eric K. Shinseki						Federal Government	4b		
385		Department of Housing & Urban Development	Secretary Shaun L.S. Donovan						Federal Government	4b		
386		Internal Revenue Service	Commissioner Douglas H. Shulman						Federal Government	4b		
387		Centers for Medicare & Medicaid	Sidney J Lindenberg						Federal Government	4b		

62-CV-11-9400

**Minnesota Surety and Trust
Claims Filed Report
4/14/2014**

LCN #	Date POC Received by Liquidator	Claimant Last Name or Company	Claimant First Name	Claimant Address #1	Claimant Address #2	Claimant City	Claimant State	Claimant Zip	Type of Claim	Recommended Claim Priority	Claim Amount	Amount Recommended
388		Environmental Protection Agency	Administrator Lisa P. Jackson						Federal Government	4b		
389		US Postal Service	Aurie Finley						Federal Government	4b		
390		FEMA	W. Craig Fugate						Federal Government	4b		
391		Securities Exchange Commission/Atlanta Regional Ofc. Ofc of Reorganization	David W. Baddley						Federal Government	4b		
392		Small Business Administration	Administrator Karen G. Mills						Federal Government	4b		
393		Commodity Futures Trading Commission	Ms. Wathal						Federal Government	4b		
394		Federal Trade Commission	Beth Arvan Wiggins						Federal Government	4b		
395		US Equal Opportunity Employment Commission	Chair Jaqueline A. Berrien						Federal Government	4b		
396		Occupational Safety & Health Review Commission	Laura Marin						Federal Government	4b		
397		Pension Benefit Guaranty Corp	Kimberly E. Neureiter						Federal Government	4b		
398		Internal Revenue Service							Federal Government	4b		
399		Immigration and Customs Enforcement							Federal Government	4b		
Total for Priority 4b Claims											0.00	
459	10/3/2012	Plunkett & Associates		P.O. Box 463		Austin	MN	55912	Vacation Pay	4c	1,248.48	
504	# 5/10/2013	Meyer	Penny	813 NE 13th Street		Austin	MN	55912	Wages	4c and Subd. 9 (c)	>\$1.00	
441	10/26/2012	Yerhart	Keri	13405 535th Avenue		Austin	MN	55912	Wages/ Residual	4c/6	>\$1.00	
500	Yes	Pickar	Janet	1702 5th Street NW		Austin	MN	55912	Wages/ Residual	4c/6	>\$1.00	
Total for Priority 4c Claims											1,248.48	
7	11/1/2012	Dex Media East, inc		19820 N 7th Avenue	Suite 200	Phoenix	AZ	85027	Residual	6	12,221.60	
8	6/13/2012	Messerli & Kramer		1400 Fifth Street Towers	100 South Fifth Street	Minneapolis	MN	55402-1217	Residual	6	7,087.65	
23	10/24/2012	Minnesota Department of Commerce		85 7th Place East	Suite 500	St. Paul	MN	55101	Residual	6	2,838.90	
25	5/16/2012	Baldwin Cooke		P.O. Box 312		Gloversville	NY	12078	Residual	6	557.90	
27	5/29/2012	Co Active Capital Partners		655 Business Center Drive	Suite 250	Horsham	PA	19044	Residual	6	10,035.50	
41	9/17/2012	Oman	Janet	3563 Simpson Road SE		Rochester	MN	55904	Residual- Safe Deposit Box	6	18.00	
50	10/22/2012	Systeme Software Inc		P.O. Box 586		Bovertown	PA	19512	Residual	6	250.00	
52	5/31/2012	Yanowitz	Alan	18 Third Street SW		Rochester	MN	55902	Residual	6	632.50	
437	10/26/2012	Pickar	Janet	1702 5th Street NW		Austin	MN	55912	Residual	6	55.00	
447	6/18/2012	Minnesota Department of Revenue		Mail Station 1780		St. Paul	MN	55145-1780	Residual	6	0.00	
454	6/18/2012	Meuwissen, Flygare, Kadrlík, and Associates, P.A.		6400 Flying Cloud Drive	Suite 100	Eden Prairie	MN	55344	Residual	6	16,300.00	
455	8/27/2012	Plunkett	Peter	P.O. Box 463		Austin	MN	55912	Residual	6	14,496.73	
456	10/15/2012	Plunkett	Peter	P.O. Box 463		Austin	MN	55912	Residual	6	12,997.52	

62-CV-11-9400

**Minnesota Surety and Trust
Claims Filed Report
4/14/2014**

LCN #	Date POC Received by Liquidator	Claimant Last Name or Company	Claimant First Name	Claimant Address #1	Claimant Address #2	Claimant City	Claimant State	Claimant Zip	Type of Claim	Recommended Claim Priority	Claim Amount	Amount Recommended
		Rivera Bail Bonds	Mr. Felix Rivera						Preferred Ownership	10	12,000	
		Young Bonding	Mr. James Moe						Preferred Ownership	10	50,000	
		Howe Bonding							Preferred Ownership	10	24,000	
		All American Bail Bonding	Mr. Brett Daugherty						Preferred Ownership	10	3,500	
		E-F Bail Bonds	Mr. Frank Garcia						Preferred Ownership	10	40,000	
401		1st Call Bail Bonds, LLC.							Preferred Ownership	10	24,000	
		Thomes Bail Bonds Inc.	Mr. Ramon Thomes						Preferred Ownership	10	52,000	
		Bail Bonds by Edie	Ms. Edith Ashley						Preferred Ownership	10	16,000	
		Freedom Bail Bonds							Preferred Ownership	10	12,000	
		Salty Dog Bail Bonds							Preferred Ownership	10	4,000	
		Bail City Bail Bonds	Ms. Erin Gallegos						Preferred Ownership	10	12,000	
		ACME Bail Bonds, LLC.	Mr. Roe Naylor						Preferred Ownership	10	20,000	
		A Plus Bail Bonds							Preferred Ownership	10	8,000	
		Details Investigation and Bail Bonds, LLC.							Preferred Ownership	10	2,000	
		Gregory Thomes							Preferred Ownership	10	25,000	
		Ramon E. Thomes							Preferred Ownership	10	25,000	
Total Priority 10 Claims											1,212,000.00	
TOTAL AMOUNT OF CLAIMS TO DATE											1,731,107.53	

Exhibit 7

MINNESOTA INSURANCE GUARANTY ASSOCIATION

**QUARTERLY REPORT
FOR**

63

**MINNESOTA SURETY AND TRUST
IN LIQUIDATION**

1st QUARTER 2014

VOLUME 1 OF 1

09/2014

MINNESOTA INSURANCE GUARANTY ASSOCIATION CLAIM FILE DATA BY COMPANY CLAIM NO

Claimant	Insured	D/L	Acc	Adjuster	Policy #	Company Cl #	Liq #	Ret				
Claimant		Kind	Reserve	Exp Res	Closed	Paid	Exp	6 7 8 9 Sub/6	Sal/7	Oth/8	Exp/9	
120019	JEFFREY NIEMALA		01/28/2009	3	STEFFEN	Bond 1516						
	M&M AUTO RECYCLERS	SUR			10/14/2013		1294.40					N
								MN63002				

04/09/2014

SUMMARY OF LOSS CLAIMS FOR INSOLVENCY CODE 63 ON 04/09/2014

	Files	Suffs	Suffs Closed	Suffs Open	Reserve	Loss Paid	Exp Reserve	Exp Paid	Total Paid	Total Incurred
1 Auto	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
2 T/M	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
3 F/S	1	1	1	0	0.00	0.00	0.00	1,294.40	1,294.40	1,294.40
4 Other	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
5 W/C	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
Total	1	1	1	0	0.00	0.00	0.00	1,294.40	1,294.40	1,294.40

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MINNESOTA INSURANCE GUARANTY ASSOCIATION - U/E PREMIUM CLAIM DATA BY INSURED

U/E CI #	Insured	Liquidator #	U/E Prem Pd	Expense Pd	U/E Recov	Exp Recov	Closed	Rtd
3-P10000	AMLEE		20.55	0.00	0.00	0.00	12/05/2013	N
1	P29256						10/31/2012	
3-P10001	ANDA		64.93	0.00	0.00	0.00	12/05/2013	N
1	J83447						11/08/2012	
3-P10002	ANDREWS		23.29	0.00	0.00	0.00	12/05/2013	N
1	P29257						11/08/2012	
3-P10003	ANDREWS		23.29	0.00	0.00	0.00	12/05/2013	N
1	P29258						11/08/2012	
3-P10004	BAKKER		11.59	0.00	0.00	0.00	12/05/2013	N
1	P17411						11/08/2012	
3-P10005	BARON		209.59	0.00	0.00	0.00	12/05/2013	N
1	718						11/08/2012	
3-P10006	BECK		15.34	0.00	0.00	0.00	12/05/2013	N
1	P1210E						11/08/2012	
3-P10007	BEDNEY		1,089.86	0.00	0.00	0.00	12/05/2013	N
1	P281E						11/08/2012	
3-P10008	BORWEGE		13.97	0.00	0.00	0.00	12/05/2013	N
1	P1019E						11/08/2012	
3-P10009	BORWEGE		15.62	0.00	0.00	0.00	12/05/2013	N
1	P1020E						11/08/2012	
3-P10010	BOUGHTON		25.62	0.00	0.00	0.00	12/05/2013	N
1	P15602						11/08/2012	
3-P10011	BOWEN		15.53	0.00	0.00	0.00	12/05/2013	N
1	P14103						11/08/2012	
3-P10012	BUREAU OF COLLECTION RECOVERY		0.00	0.00	0.00	0.00	12/05/2013	N
1	2115						12/05/2013	
3-P10013	BURKE		115.27	0.00	0.00	0.00	12/05/2013	N
1	P9074						11/08/2012	
3-P10014	BURT		179.45	0.00	0.00	0.00	12/05/2013	N
1	551						11/08/2012	
3-P10015	CAIN		37.81	0.00	0.00	0.00	12/05/2013	N
1	P2112						11/08/2012	
3-P10016	CALL US LEASING, INC.		742.47	0.00	0.00	0.00	12/05/2013	N
1	1526722						03/12/2013	

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Miga Cl #	Insured		U/E Prem Pd	Expense Pd	U/E Recov	Exp Recov	Closed	Rtd
Suf	Policy #	Liquidator #					Closed	
63-P10017	CARLSON		6.30	0.00	0.00	0.00	12/05/2013	N
1	618						11/08/2012	
63-P10018	CARLSON		22.19	0.00	0.00	0.00	12/05/2013	N
1	725						11/08/2012	
63-P10019	CHEESEMAN		0.00	0.00	0.00	0.00	12/05/2013	N
1	P1271E						12/05/2013	
63-P10020	CHRISTIAN		24.11	0.00	0.00	0.00	12/05/2013	N
1	P998E						11/08/2012	
63-P10021	CHRISTIANSON		15.09	0.00	0.00	0.00	12/05/2013	N
1	P4307						11/08/2012	
63-P10022	CONROY		480.66	0.00	0.00	0.00	12/05/2013	N
1	P1263E						11/08/2012	
63-P10023	COOK		0.00	0.00	0.00	0.00	11/18/2013	N
1	P9033						11/18/2013	
63-P10024	DAHLHEIMER		178.85	0.00	0.00	0.00	12/05/2013	N
1	P1264E						11/08/2012	
63-P10025	EDMAN		329.38	0.00	0.00	0.00	12/05/2013	N
1	P14362						11/08/2012	
63-P10026	EDMAN		46.99	0.00	0.00	0.00	12/05/2013	N
1	P4608						11/08/2012	
63-P10027	ENGWALL		0.00	0.00	0.00	0.00	11/18/2013	N
1	P31281						11/18/2013	
63-P10028	ERICKSON		36.55	0.00	0.00	0.00	12/05/2013	N
1	P29243						11/08/2012	
63-P10029	ESTATE SUPPORT SERVICES		0.00	0.00	0.00	0.00	12/05/2013	N
1	P119E						12/05/2013	
63-P10030	ESTENSON		58.68	0.00	0.00	0.00	12/05/2013	N
1	P4949						11/08/2012	
63-P10099	FAYE PETERSON		12.99	0.00	0.00	0.00	12/05/2013	N
1	J982E	305					01/31/2013	
63-P10031	FREDRICKSON		102.58	0.00	0.00	0.00	12/05/2013	N
1	P13014						11/08/2012	
63-P10032	GARVEY		263.01	0.00	0.00	0.00	12/05/2013	N
1	P1187E						11/08/2012	
63-P10033	GAYLORD HOMES, INC.		375.89	0.00	0.00	0.00	12/05/2013	N
1	79						03/12/2013	
63-P10034	GERALD GRAHAM DBA SUN AVIATION		46.99	0.00	0.00	0.00	12/05/2013	N
1	659						03/12/2013	

Plan #	Insured	Liquidator #	U/E Prem Pd	Expense Pd	U/E Recov	Exp Recov	Closed	Rtd
							Closed	
-P10035	GOETSCH		9.18	0.00	0.00	0.00	12/05/2013	N
1	P2361						11/08/2012	
-P10036	GOOD		12.34	0.00	0.00	0.00	12/05/2013	N
1	P2811						11/08/2012	
-P10037	HAEFELE		53.70	0.00	0.00	0.00	12/05/2013	N
1	J83422						11/08/2012	
-P10038	HAMRE		53.42	0.00	0.00	0.00	12/05/2013	N
1	P1246E						11/08/2012	
-P10039	HANSON		7.12	0.00	0.00	0.00	12/05/2013	N
1	P30532						11/08/2012	
-P10040	HELLICKSON		18.36	0.00	0.00	0.00	12/05/2013	N
1	575						11/08/2012	
-P10041	HOLDEN		75.07	0.00	0.00	0.00	12/05/2013	N
1	J1265E						11/08/2012	
-P10042	HOLTEN		180.00	0.00	0.00	0.00	12/05/2013	N
1	P21811						11/08/2012	
-P10043	HUDSON		34.52	0.00	0.00	0.00	12/05/2013	N
1	P996E						11/08/2012	
-P10044	HUTCHINSON HEALTH AND FITNESS		232.33	0.00	0.00	0.00	12/05/2013	N
1	401						03/12/2013	
-P10045	JERDE		437.67	0.00	0.00	0.00	12/05/2013	N
1	P182E						11/08/2012	
-P10046	JOHNSON		12.33	0.00	0.00	0.00	12/05/2013	N
1	9003						11/08/2012	
-P10048	JOHNSON		198.49	0.00	0.00	0.00	12/05/2013	N
1	P29111						11/08/2012	
-P10097	JOYCE ENSER		504.68	0.00	0.00	0.00	12/05/2013	N
1	P9063	61					01/31/2013	
-P10098	JOYCE GREGORY		274.85	0.00	0.00	0.00	12/05/2013	N
1	P29254	310					01/31/2013	
-P10049	K.C.G. HOSPITALITY, INC.		117.12	0.00	0.00	0.00	12/05/2013	N
1	597						03/12/2013	
-P10050	K.C.G. HOSPITALITY, INC.		65.07	0.00	0.00	0.00	12/05/2013	N
1	598						03/12/2013	
-P10051	KASTEN		133.15	0.00	0.00	0.00	12/05/2013	N
1	P27086						11/08/2012	
-P10052	LAMAACK		30.82	0.00	0.00	0.00	12/05/2013	N
1	P22135						11/08/2012	

Miga CI #	Insured		U/E Prem Pd	Expense Pd	U/E Recov	Exp Recov	Closed	Rtd
Suf	Policy #	Liquidator #					Closed	
63-P10053	LEE		72.33	0.00	0.00	0.00	12/05/2013	N
1	J1259E						11/08/2012	
63-P10054	LEHN		364.38	0.00	0.00	0.00	12/05/2013	N
1	P29255						11/08/2012	
63-P10055	LIST		23.29	0.00	0.00	0.00	12/05/2013	N
1	P13577						11/08/2012	
63-P10056	LOPER		19.56	0.00	0.00	0.00	12/05/2013	N
1	P1203E						11/08/2012	
63-P10057	LUX		20.71	0.00	0.00	0.00	12/05/2013	N
1	J83276						11/08/2012	
63-P10058	MANAHAN		21.64	0.00	0.00	0.00	12/05/2013	N
1	P14513						11/08/2012	
63-P10059	MID SUMMER INVESTORS, LLC		67.51	0.00	0.00	0.00	12/05/2013	N
1	J80391						03/12/2013	
63-P10060	MILBRATH		112.00	0.00	0.00	0.00	12/05/2013	N
1	J84263						11/08/2012	
63-P10061	MILHAUSEN AUTO & TRUCK REPAIR		428.77	0.00	0.00	0.00	12/05/2013	N
1	644						11/08/2012	
63-P10062	MITCHELL		1,350.00	0.00	0.00	0.00	12/05/2013	N
1	P250E						11/08/2012	
63-P10063	MUNOZ		347.97	0.00	0.00	0.00	12/05/2013	N
1	P1190E						11/08/2012	
63-P10064	MURPHY		21.64	0.00	0.00	0.00	12/05/2013	N
1	P14513						11/08/2012	
63-P10065	NELSON		764.38	0.00	0.00	0.00	12/05/2013	N
1	P622E						11/08/2012	
63-P10066	NESBIT		17.01	0.00	0.00	0.00	12/05/2013	N
1	P21002						11/08/2012	
63-P10067	O'CONNOR		2,586.30	0.00	0.00	0.00	12/05/2013	N
1	J632E						11/08/2012	
63-P10068	OLSON		473.42	0.00	0.00	0.00	12/05/2013	N
1	P636E						11/08/2012	
63-P10069	PAJOR		41.64	0.00	0.00	0.00	12/05/2013	N
1	J83421						11/08/2012	
63-P10070	PERSON		1,635.00	0.00	0.00	0.00	12/05/2013	N
1	P30233						11/08/2012	
63-P10071	PINTO		136.30	0.00	0.00	0.00	12/05/2013	N
1	676						11/08/2012	

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File #	Insured	Liquidator #	U/E Prem Pd	Expense Pd	U/E Recov	Exp Recov	Closed	Rtd
3-P10072	REDLEAF		18.90	0.00	0.00	0.00	12/05/2013	N
1	J1211E						11/08/2012	
3-P10073	REDLEAF		11.51	0.00	0.00	0.00	12/05/2013	N
1	J83264						11/08/2012	
3-P10074	REDLEAF		22.47	0.00	0.00	0.00	12/05/2013	N
1	J83265						11/08/2012	
3-P10075	REDLEAF		68.49	0.00	0.00	0.00	12/05/2013	N
1	J83423						11/08/2012	
3-P10076	REDLEAF		79.73	0.00	0.00	0.00	12/05/2013	N
1	J83424						11/08/2012	
3-P10077	REGAN		376.82	0.00	0.00	0.00	12/05/2013	N
1	P1270E						11/08/2012	
3-P10078	REINARTS		32.05	0.00	0.00	0.00	12/05/2013	N
1	P5151						11/08/2012	
3-P10079	RENAISSANCE FIREWORKS		0.00	0.00	0.00	0.00	12/05/2013	N
1	602						12/05/2013	
3-P10047	RICHARD AND BARBARA JOHNSON		501.29	0.00	0.00	0.00	12/05/2013	N
1	P1273E						11/08/2012	
3-P10080	RITTER		59.85	0.00	0.00	0.00	12/05/2013	N
1	P12456						11/08/2012	
3-P10081	RITTER		160.89	0.00	0.00	0.00	12/05/2013	N
1	P22723						11/08/2012	
3-P10082	SANKHAR FOREX, INC.		0.00	0.00	0.00	0.00	12/05/2013	N
1	590						12/05/2013	
3-P10083	SCHUTZ		43.84	0.00	0.00	0.00	12/05/2013	N
1	J1002E						11/08/2012	
3-P10084	STALLKAMP		215.75	0.00	0.00	0.00	12/05/2013	N
1	P909E						11/08/2012	
3-P10085	STARK		118.73	0.00	0.00	0.00	12/05/2013	N
1	P15605						11/08/2012	
3-P10086	STELZER		213.92	0.00	0.00	0.00	12/05/2013	N
1	P1253E						11/08/2012	
3-P10087	STRAND		432.74	0.00	0.00	0.00	12/05/2013	N
1	P190E						11/08/2012	
3-P10088	SWANSON		653.84	0.00	0.00	0.00	12/05/2013	N
1	P1169E						11/08/2012	
3-P10089	TE SLAA		834.19	0.00	0.00	0.00	12/05/2013	N
1	P29112						11/08/2012	

Miga CI #	Insured		U/E Prem Pd	Expense Pd	U/E Recov	Exp Recov	Closed	Rtd
Suf	Policy #	Liquidator #					Closed	
63-P10090	THOMPSON		0.00	0.00	0.00	0.00	12/05/2013	N
1	P15773						12/05/2013	
63-P10091	UBBENS		76.71	0.00	0.00	0.00	12/05/2013	N
1	P4452						11/08/2012	
63-P10092	WAGNER		169.08	0.00	0.00	0.00	12/05/2013	N
1	P28492						11/08/2012	
63-P10093	WALERAK		550.68	0.00	0.00	0.00	12/05/2013	N
1	J84262						11/08/2012	
63-P10094	WALSH		47.67	0.00	0.00	0.00	12/05/2013	N
1	P619E						11/08/2012	
63-P10095	YERBICH		236.47	0.00	0.00	0.00	12/05/2013	N
1	P17317						11/08/2012	
63-P10096	ZETWICK		34.25	0.00	0.00	0.00	12/05/2013	N
1	J1170E						11/08/2012	

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SUMMARY OF U/E PREMIUM CLAIMS FOR INSOLVENCY 63 ON 04/09/2014

Ac Name	U/E Paid	Exp Paid	Tot Paid	Claims	Closed
Auto	0.00	0.00	0.00		
Township	0.00	0.00	0.00		
Fid/Sur	20,518.38	0.00	20,518.38		
Other	0.00	0.00	0.00		
Workcomp	0.00	0.00	0.00		
Total	20,518.38	0.00	20,518.38	100	100

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04/09/2014

SUMMARY OF LOSS CLAIMS FOR INSOLVENCY CODE 63 ON 04/09/2014

	Files	Suffs	Suffs Closed	Suffs Open	Reserve	Loss Paid	Exp Reserve	Exp Paid	Total Paid	Total Incurred
1 Auto	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
2 T/M	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
3 F/S	1	1	1	0	0.00	0.00	0.00	1,294.40	1,294.40	1,294.40
4 Other	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
5 W/C	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
Total	1	1	1	0	0.00	0.00	0.00	1,294.40	1,294.40	1,294.40

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SUMMARY OF LOSS CLAIMS, U/E PREMIUM CLAIMS AND ADMINISTRATIVE EXPENSE FOR INSOLVENCY 63 ON 04/09/2014

	Loss Res	Loss Paid	Exp Res	Exp Paid	Tot Loss Pd	U/E Paid	U/E Exp	Tot U/E Pd	Total Paid	Admin Exp	Total Incred
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Partnership	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sur	0.00	0.00	0.00	1,294.40	1,294.40	20,518.38	0.00	20,518.38	21,812.78	15,162.81	36,975.59
er	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	1,294.40	1,294.40	20,518.38	0.00	20,518.38	21,812.78	15,162.81	36,975.59

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SUMMARY OF U/E PREMIUM CLAIMS FOR INSOLVENCY 63 ON 04/09/2014

Ac Name	U/E Paid	Exp Paid	Tot Paid	Claims	Closed
Auto	0.00	0.00	0.00		
Township	0.00	0.00	0.00		
Fid/Sur	20,518.38	0.00	20,518.38		
Other	0.00	0.00	0.00		
W/C	0.00	0.00	0.00		
Total	20,518.38	0.00	20,518.38	100	100

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ADMINISTRATIVE EXPENSE CHECKS FOR INSOLVENCY 63

Claim #	Check #	Date	Amount	Payee	Type	Note
999999	1-408481	02/29/2012	499.50	DORSEY & WHITNEY LLP	504	
999999	1-409787	03/20/2012	5,068.50	DORSEY & WHITNEY LLP	504	
999999	1-410009	04/03/2012	1,859.36	MIGA	504	
999999	1-411960	07/09/2012	650.10	MIGA	504	
999999	1-415072	10/09/2012	1,118.90	MIGA	504	
999999	1-417825	01/08/2013	1,519.51	MIGA	504	
999999	1-417881	01/09/2013	905.50	DORSEY & WHITNEY LLP	504	
999999	1-420267	03/05/2013	1,444.88	DORSEY & WHITNEY LLP	504	
999999	1-420885	04/02/2013	1,781.30	MIGA	504	
999999	1-423948	07/10/2013	167.91	MIGA	504	
999999	1-426959	10/09/2013	62.30	MIGA	504	
999999	1-429084	01/09/2014	85.05	MIGA	504	

ADMINISTRATIVE EXPENSE SUMMARY FOR INSOLVENCY 63

Check Type 504	15,162.81
*Less Type 504 Recoveries	0.00
Net Type 504 Expense	15,162.81
Check Type 503 IAX	0.00
Total Administrative Expense	15,162.81
Net Claim	15,162.81

* Recoveries do not include payments made from the insolvent estate.

NOTE: Each quarter MIGA reimburses its Operating Account for disbursements made in the previous quarter. This operating expense is allocated among active insolvencies according to hours worked on each insolvency by MIGA technical staff. The portion of that expense allocated to this insolvency during this reporting period is shown in the above check list by the check carrying the MIGA claim number "99-999999". Supporting data for the amount of the check are shown in the MIGA Quarterly Report for the previous quarter.

Exhibit 8



**Minnesota Department of Commerce
Liquidation of Minnesota Surety and Trust**

Claim Review

Date: December 20, 2012
To: File
From: Wayne Johnson, Special Deputy Liquidator
RE: LCN #315
Name of Claimant: Mesaba Athletic Club

Amount of Claim Filed:	\$15,616.44
Class of Claim Recommended By Liquidator:	Subd. 4
Amount Payable Recommended By Liquidator:	\$15,000.00

Claim File Review:

This POC is for a loss as a result of the closure of Mesaba Athletic Club. MSTC issued surety bond #647 in the amount of \$15,000 to Mesaba Athletic Club on January 11, 2011. The term of the bond was from December 8, 2010 to December 8, 2011. A claim was submitted to MSTC on August 4, 2011, and MSTC subsequently drew on the letter of credit that had been posted as collateral. As indicated on the bond, it was issued to meet the requirements of Minnesota Statutes Section 325G.23. Mesaba Athletic Club was operating as a health club with members that pre-paid for use of the facilities.

Minnesota Statutes, Section 325G.27, subd. 2, requires that every club shall maintain a surety bond issued by a surety company admitted to do business in Minnesota. In the event of the closure of a club, if the claims filed exceeds the amount of the surety bond, the surety is required to pay the amount of the bond to the attorney general for distribution (Subd. 3.(e)). The amount claimed exceeds the amount of the bond, therefore the Liquidator recommends that the amount of the bond be paid to the attorney general.

Class of Claim Approved By Judge:	
Amount Payable Approved By Judge:	\$



MINNESOTA
COMMISSIONER
OF COMMERCE
LIQUIDATOR

For MNDCC Official Use Only

I: _____

S: _____

Minnesota Surety and Trust Company
PROOF OF CLAIM FORM
CLAIMS FILING DEADLINE: November 1, 2012

LCN: MSTC 315
James Peterson, Mesaba Athletic Club
1515 7th Avenue East
2530 6TH AVE E
Hibbing MN 55746

CIVIL ACTION: 6201-119400
Ramsey County District Court
St. Paul, Minnesota

BOND NUMBER/ACCOUNT NUMBER: 647

LOSS DATE: * 7/18/11

DATE OF LIQUIDATION: November 22, 2011

"Date of Liquidation is the default date where date of loss is not known or not applicable."

The Minnesota Commissioner of Commerce (as Liquidator) has been directed by Court Order to liquidate the above company. You have been identified as someone who may have a claim ("potential claimant") against this company. **If you have no claim, please ignore this form.** If you have a claim, you must fill out this form according to the instructions on the back of this form and return the form to the Liquidator no later than the claims filing deadline indicated above. As a potential claimant, you have been assigned a Liquidation Claim Number (a "LCN"). A LCN is a unique number that is assigned to each individual potential claimant. If the potential claimant name that appears above is not your name or the name of your organization, please request another proof of claim form so we may assign your claim a unique LCN.

Failure to complete and return this form to the Liquidator by the claims deadline may result in your claim being denied in full or in part.

PLEASE PRINT OR TYPE THIS SECTION

If the mailing address above is incorrect, please complete the address information below:

Name or Business Name		MSTC	
Address1	<u>2530 6TH AVE E #151</u>		
Address2			
City	<u>HIBBING</u>	St	<u>MN</u> Zip <u>55746</u>

Date of Birth	<u>6/26/1949</u>	If you receive a distribution in this liquidation, will it be considered income for you?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, you must submit a W-9 Form. Go to: www.irs.gov
Attorney Name:	<u>PETER GREENLEE</u>			
Attorney Address:	<u>1907 3RD AVE E / HIBBING, MN 55746 888-588-3558</u>			
Email Address	<u>nabeam1974@yahoo.com</u>	Daytime Phone	<u>(218)262-4167</u>	
Total Amount of Claim:	<u>15,000.00</u>	<u>\$ 15,616.44</u> <i>documented</i>		
Is this a Secured Claim? (additional documentation of security interest must be provided) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (A secured claim is any claim secured by a mortgage, trust deed, security agreement, etc.)		Is this a FEDERAL GOVERNMENT claim? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

I swear or affirm that I am the claimant referenced in the mailing address on this form and/or am authorized to sign this form on the claimant's behalf. I further swear under penalty of law that all information contained on this form as well as all attachments are true and correct to the best of my knowledge. The filing of a claim in the receivership proceeding is a release of the insured to the extent of coverage provided by the insurant insurance company [Minnesota Statutes, section 60B.40, Subdivision 1].

X [Signature] 5/23/12 Yvonne L Peterson
Signature of/for Claimant Date Signed Printed Name of Person Signing & Title (if signing for business)

X Spouse
business partner
Relationship of person signing this form to the above named claimant if other than the claimant.

**Proof of Claim Form
General Instructions**

Do not duplicate or distribute this form. Because each Liquidation Claim Number ("LCN") is assigned to a specific claimant, it is very important that you use only the Proof of Claim Form with the LCN that is assigned to you or your organization. If your name or the name of your organization does not appear on this form and you would like to request a form, please contact the Liquidator at the number below. Remember to include your unique LCN on all correspondence with the Liquidator.

1. **Supporting Documentation:** In order to evaluate your claim, the Liquidator needs documentation that supports your claim. Please submit all documentation that supports your claim when you submit your completed Proof of Claim Form. Examples of the types of supporting documentation that should be submitted are: paid medical bills, police reports, repair estimates, witness statements, cancelled checks or receipts, invoices, proof of accrued vacation leave, bond or warranty contracts, proof of stock value, etc. **Please Note:** Any supporting documentation submitted with your Proof of Claim Form will not be returned to you. Make a copy for your records.
2. **Completing the Proof of Claim Form:** In order to assist the Liquidator in processing, please print or type your information on the Proof of Claim Form. If you are not sure of the total amount of your claim, print or type: Value undetermined in excess of \$1.00.
3. **Request for Social Security Number:** If any part of payment of your claim would constitute rent, salaries, wages, premiums, annuities, compensations, remunerations or other fixed or determinable gains, profits, and income to you, please fill out an Internal Revenue Service form W-9 and return it with your completed Proof of Claim Form. A W-9 Form can be downloaded from the Internal Revenue Service website at www.irs.gov. The request for your Social Security Number or other Taxpayer Identification Number on the form W-9, is authorized by 26 U.S.C. s. 6041 and related IRS regulations. Your Social Security Number or other Taxpayer Identification Number will be used to report claim payments made to the U.S. Internal Revenue Service. Your failure to provide a Taxpayer Identification Number may result in additional "Backup Withholding" on payments made to you, and may subject you to penalties by the Internal Revenue Service. Your Social Security Number may also be used for any other purpose specifically required or authorized by state or federal law.

Certified Mail: It is recommended that you return the Proof of Claim Form to the Liquidator using Certified mail, return receipt requested, to prove delivery of this form.

Change of Name or Address: If you move after you send your Proof of Claim Form to us, it is your responsibility to notify the Liquidator in writing that your address has changed. Be sure to include your LCN, which is located on the Proof of Claim Form. Some liquidations may take several years to conclude, therefore, you must keep the Liquidator advised of your current address. A change of name or address form can be obtained at

<http://mn.gov/commerce/topics/enforcement/liquidations.jsp>

Once you have completed and signed the Proof of Claim Form (and the W-9 Form, if applicable), make a copy for your records and return the forms with all supporting documentation to the following address:

Minnesota Surety and Trust Company in Liquidation
P.O. Box 133
Farmington, CT 06034

Contact Information:

E-Mail: MnSurety.Commerce@state.mn.us

Telephone Number: (888) 723-0004

Website: <http://mn.gov/commerce/topics/enforcement/liquidations.jsp>

After all claims against the company are evaluated and approved by the Court, claims will be paid based on available funds. The amount of payment will depend on the percentage of assets to total claims, as well as the priority class of your claim. The Liquidator will not know the percentage that can be paid on any individual claim until all claims are evaluated and assets converted to cash. This process may take a number of years after the deadline for filing claims has passed.

IMPORTANT INFORMATION: THE INFORMATION YOU PROVIDE ON THIS PROOF OF CLAIM FORM MAY BE SHARED WITH A THIRD PARTY FOR THE PURPOSE OF EVALUATING YOUR CLAIM OR OTHER INTERNAL LIQUIDATION OPERATIONS. THE LIQUIDATOR BY CONTRACT REQUIRES ANY THIRD PARTY CONTRACTOR TO MAINTAIN CONFIDENTIALITY REGARDING THE PERTINENT INFORMATION IN ITS POSSESSION.



GENERAL LIABILITY NOTICE OF OCCURRENCE/CLAIM

DATE (MM/DD/YYYY)
08/04/2011

OP ID JP

AGENCY RWLarson Agency 2226 1st Avenue Hibbing MN 55746 Jim Underwood FAX (A/C, No.): 218-262-6472 E-MAIL ADDRESS:	PHONE (A/C, No, Ext): 218-262-6611	NOTICE OF OCCURRENCE NOTICE OF CLAIM	DATE OF OCCURRENCE AND TIME 07/18/11	AM PM	DATE OF CLAIM	PREVIOUSLY REPORTED YES X NO
EFFECTIVE DATE 12/08/10	EXPIRATION DATE 12/08/11	POLICY TYPE OCCURRENCE		CLAIMS MADE		RETROACTIVE DATE
COMPANY Minnesota Surety & Trust Compa.	NAIC CODE:	MISCELLANEOUS INFO (Site & location code)				
CODE:	SUB CODE:	POLICY NUMBER MST647	REFERENCE NUMBER			
AGENCY CUSTOMER ID: MMSAB14						

INSURED		CONTACT		<input checked="" type="checkbox"/> CONTACT INSURED	
NAME AND ADDRESS Mesaba Diversified Investments dba Mesaba Athletic Club 1515 7th Ave E Hibbing MN 55746 E-MAIL ADDRESS:	SOC SEC # OR FEIN:	NAME AND ADDRESS Mesaba Diversified Investments James or Yvonne Peterson 1515 7th Ave E Hibbing MN 55746 E-MAIL ADDRESS:	WHERE TO CONTACT 218-262-4167	WHEN TO CONTACT	
RESIDENCE PHONE (A/C, No) 218 262-4167	BUSINESS PHONE (A/C, No, Ext) 218 262-5593	RESIDENCE PHONE (A/C, No) 218 262-4167	BUSINESS PHONE (A/C, No, Ext) 218 262-5593		

OCCURRENCE

LOCATION OF OCCURRENCE (Include city & state)

DESCRIPTION OF OCCURRENCE (Use separate sheet, if necessary)
Bond: Surety, Business closed on 7/18/11- Insrd working with their accounting service gathering data for clients/customers that had advanced paid memberships

AUTHORITY CONTACTED

POLICY INFORMATION

COVERAGE PART OR FORMS (Insert form #s and edition dates) \$15000. limit

GENERAL AGGREGATE	PROD/DOMP OP AGG	PERS & ADV (U)	EACH OCCURRENCE	FIRE DAMAGE	MEDICAL EXPENSE	DEDUCTIBLE	PD
UMBRELLA/ EXCESS	UMBRELLA	EXCESS	CARRIER:	LIMITS:	ASGR	PER CLAIM/CCC	SIG/DED

TYPE OF LIABILITY

PREMISES: INSURED IS OWNER TENANT OTHER:

OWNER'S NAME & ADDRESS (if not insured)

OWNERS PHONE (A/C, No, Ext):

PRODUCTS: INSURED IS MANUFACTURER VENDOR OTHER:

TYPE OF PRODUCT

MANUFACTURER'S NAME & ADDRESS (if not insured)

MANUFACT PHONE (A/C, No, Ext):

WHERE CAN PRODUCT BE SEEN?

OTHER LIABILITY INCLUDING COMPLETED OPERATIONS (explain)

INJURED/PROPERTY DAMAGED

NAME & ADDRESS (Injured/Owner)

PHONE (A/C, No, Ext)

AGE SEX OCCUPATION

EMPLOYER'S NAME & ADDRESS

PHONE (A/C, No, Ext)

DESCRIBE INJURY

WHERE TAKEN

WHAT WAS INJURED DOING?

FATALITY

DESCRIBE PROPERTY (Type, model, etc)

ESTIMATE AMOUNT

WHERE CAN PROPERTY BE SEEN?

WHEN CAN PROPERTY BE SEEN?

WITNESSES

NAME & ADDRESS	BUSINESS PHONE (A/C, No, Ext)	RESIDENCE PHONE (A/C, No)

REMARKS

Please contact the insured for additional details.

REPORTED BY: Yvonne Peterson

REPORTED TO: Judith L. Pauling

SIGNATURE OF INSURED: *J. Pauling*

SIGNATURE OF PRODUCER: *Jim Underwood*

Exhibit 9



REC 2 17 2006

Minnesota Surety and Trust Company
107 W. Oakland Avenue
PO Box 463
Austin, MN 55912

Letter of Credit No. 837

November 10, 2006

We hereby establish our Irrevocable Letter of Credit in favor of all of the aforesaid addresses (each, the "Beneficiary"), at the request of Mesaba Diversified Investments, Inc. We authorize you to draw on American Bank of the North located at Hibbing, Minnesota, 55746 up to an aggregate amount of \$15,000.00 U.S. Dollars available by your drafts at sight in the event you deem it necessary by reason of your having executed bond(s) on behalf of Mesaba Diversified Investments, Inc., and accompanied by a signed statement that "Minnesota Surety and Trust Company (MSTC) has heretofore or hereafter caused a bond or bonds to be executed on behalf of Mesaba Diversified Investments, Inc. and in favor of various obligees and that a claim has been made or a situation exists under which, in the sole judgment of MSTC as the Surety, a claim may be made or liability or loss or costs or expense sustained or premium or fees are due under or for said bonds and that moneys represented by the draft or drafts are required for any of those reasons or any other reasons set forth in this Letter of Credit."

All drafts so drawn must be marked drawn under our Letter of Credit No. 837.

It is a condition of this Letter of Credit that this letter shall be deemed automatically extended without amendment for additional periods of one year each from the present or any future anniversary of the expiration date hereof, unless forty-five (45) days prior to any such date we shall notify you in writing by certified mail at the above listed address that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw hereunder by means of your draft on us at sight accompanied by your written certification that you have potential outstanding liability by reason of having executed the aforesaid bond(s), that the proceeds of your drafts will be retained and used by you, and that in the event your liability under your bond(s), that the proceed of your drafts will be retained and used by you, and that in the event your liability under your bond(s) is exonerated, you will refund to us the amount paid, less any amounts which may have been paid by you in the meantime under your bond(s) and any unpaid premium due you on the said bond(s).

We engage with you that all drafts drawn under and in compliance with the terms of this credit will be duly honored if presented at this office on or before November 10, 2007 or any automatically extended date, as hereinbefore set forth. We confirm credit and hereby undertake that all drafts drawn and presented will be duly honored by us.

Except so far as otherwise expressly stated, this credit is subject to the "Uniform Customs and Practices for Documentary Credit (1993 Revision), International Chamber of Commerce Publication No. 500".

Sincerely,

Aaron Chusiau
Vice President

2015 East Third Avenue
Hibbing, MN 55746
Phone (218) 262-5000
Fax (218) 262-1466

231 W. Lake Street
Chisholm, MN 55719
Phone (218) 254-3341
Fax (218) 254-5467



Minnesota Surety and Trust Company

MINNESOTA'S FOREMOST INDEPENDENT SURETY AND TRUST COMPANY

107 West Oakland Avenue • P.O. Box 463

AUSTIN, MINNESOTA 55912

507 / 437-3231 800 / 322-3502

Fax: 507 / 437-8376

www.minnesotasurety.com

August 11, 2011

Aaron Clusiau
Vice President
American Bank
2015 East Third Avenue
Hibbing, MN 55746

VIA CERTIFIED MAIL
7011 0470 0001 3158 9207

Re: Mesaba Athletic Club
Bond Number: MST647
Penal Amount: \$15,000
Letter of Credit Number: 837

Dear Mr. Clusiau:

As you know, Minnesota Surety and Trust Company has heretofore executed the above captioned bond on behalf of Mesaba Diversified Investments, Inc. and in favor of various obligees. A claim has been made on the above captioned bond which will result in a payment by our company on behalf of the above captioned bond and that funds represented by your Letter of Credit 837 are required for these reasons. Accordingly, please forward your check in the amount of \$15,000 payable to Minnesota Surety and Trust Company so that we may satisfy claims on the above captioned bond.

I am enclosing a copy of your Letter of Credit, the bond, and the claim that we received. If you have any questions, please do not hesitate to contact the undersigned.

Yours Very Truly,

MINNESOTA SURETY & TRUST COMPANY

Peter D. Plunkett, President

PDP/jel
Enc.

cc: RW Larson Insurance
James Peterson
Mesaba Athletic Club

Call Toll Free 1-800-322-3502 Monday through Friday and Saturday Mornings for Bond Advice.

Ball Bonds
Court Bonds
Fiduciary Bonds
Savings Department
Complete Trust Services

Bond No.: MST647

Bonding Company: Minnesota Surety and Trust Company

**SURETY BOND
OF HEALTH, DATING OR BUYING CLUB**

We, Mesaba Athletic Club of 1515 7th Ave East, Hibbing, MN 55746, as Principal and Minnesota Surety and Trust Company of Austin, MN, as Surety authorized to do business in the State of Minnesota, are held and firmly bound to the State of Minnesota solely for the benefit of any consumer who was damaged because of the closing or bankruptcy of the Principal in the amount of (\$15,000.00) Fifteen Thousand and 00/100 Dollars for the payment of which we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally.

Signed, sealed and dated this 6th day of December 2010.

It is agreed that any claim under this bond must be made with the surety within one (1) year after the cancellation or expiration of this bond, whichever occurs first.

This bond may not be construed to require the surety to be responsible for damages resulting from any breach of a principal's service agreement entered into after the expiration or revocation of this bond, provided that the surety gave at least thirty (30) days advance written notice to the Office of the Attorney General at Suite 1400, 445 Minnesota Street, St. Paul, Minnesota 55101 by certified mail of the cancellation or revocation of this bond.

In no event shall the liability of the surety under this bond for all claims exceed the penalty of this bond.

This bond is issued in accordance with the provisions of Minnesota Statute § 325G.23. This bond shall be issued for the term December 8, 2010 to December 8, 2011.

Mesaba Athletic Club

By [Signature]
James Peterson, Owner

Minnesota Surety and Trust Company

By [Signature]
Warren Plunkett, Vice President



Name of Agency: Minnesota Surety and Trust Company
Address: 107 West Oakland Avenue, Austin, MN 55912
Phone: 507-437-3231
Submit claims to: Peter Plunkett

DIVIDUAL ACKNOWLEDGMENT

STATE OF MINNESOTA
COUNTY OF _____

On this _____ day of _____, before me personally came _____, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he/she acknowledged to me that he/she executed the same.

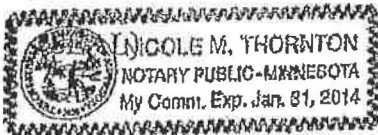
(SEAL)

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF MINNESOTA
COUNTY OF St. Louis

On this 11th day of January, 2011, before me personally came James Peterson, to be known, who being by me duly sworn did depose and say that he/she is the owner of Missouri Athletic Club, the corporation described in and which executed the foregoing instrument, that he/she knows the seal of said corporation described in and which executed the foregoing instrument.



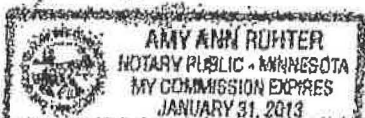
Nicole Marie Thornton
Notary Public

ACKNOWLEDGMENT OF SURETY

STATE OF MINNESOTA
COUNTY OF Mower

On this 6th day of December, 2010 before me, a notary public in and for said County, personally appeared Warren Plunkett, to me personally known and being by me duly sworn, did say that he/she is the Vice President of Minnesota Surety and Trust Company, a corporation of Minnesota, created, organized and existing under and by virtue of the laws of the State of Minnesota, that the said instrument was executed on behalf of the said corporation by authority of its Board of Directors and that the said Warren Plunkett acknowledges said instrument to be the free act and deed of said corporation and that he/she has authority to sign said instrument without affixing the corporate seal of said corporation, IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal at 12/6/2010, the day and year last above written.

(SEAL)



Amy Ann Richter
Notary Public

Exhibit 10

AFFIDAVIT REGARDING RECORDS OF MESABA ATHLETIC CLUB

I Yvonne Peterson, am one of the owners of Mesaba Athletic Club (Mesaba). My husband, James Peterson and I purchased the club in 2004 and operated Mesaba as a health club in Hibbing, Minnesota through July 17, 2011. In order to meet the requirements of Minnesota Statute 325G.27, Subd.2., Mesaba purchased a surety bond from Minnesota Surety and Trust Company in the amount of \$15,000. At the time of its closure Mesaba had approximately 540 active members. On August 4, 2011 a claim was submitted to Minnesota Surety and Trust Company for payment of the amounts owed to the members under the terms of the surety bond. Before the claim could be settled, Minnesota Surety and Trust Company was ordered into Liquidation on November 22, 2011.

On or about July 18, 2011, the office manager for Mesaba printed a list of the members of Mesaba from one of the computers used by Mesaba. Shortly after the list was printed, the power to the building was cut off and the computers were put in storage. The computers are still in storage, however I no longer have the access codes to the computers and do not know whether the computers are operational. In order to facilitate the payment of Mesaba's claim, Nadine Peterson provided a copy of the list of members to the Liquidator of Minnesota Surety and Trust Company. The list contains the best information available regarding Mesaba's members. The list is comprised of 64 pages numbered 1-64. The odd numbered pages contain the name and address of the member along with the rate and dates of membership and some notes. The even numbered pages contain two or three columns of information regarding the status of the contract and the contract number for each member and are a continuation of the odd numbered pages. Pages must be read in pairs (1-2 and 3-4, etc.) in order to review information regarding any single member. In addition, the list contained several additional pages number 65-66 which represent duplicated or irrelevant data.

The list contains a number of codes and notations which in some cases specify the type of membership, status of the membership or provision for the payment of membership fees. Those codes and notations, and the correct interpretation of those codes and notations are as follows:

1. **AD:** The AD code indicates that the member's bank account was automatically debited each month for the membership fee. All of the AD members were billed for the months of July and August 2011.
2. **ADcc:** The ADcc code indicates that the member's credit card was automatically debited each month for the membership fee. ADcc members were billed for the months of July and August 2011.
3. **SS:** The SS code refers to a "Silver Sneaker" account and indicates that the membership fee was paid by an insurance company; however no payments were made in advance, including those SS accounts which indicate AD.
4. **PIF:** The PIF code indicates that the membership was paid in full through the end of the time period indicated.
5. **GC:** The GC code indicates that all or part of the membership fee was paid through a gift certificate.
6. **Expire or Expired:** That the membership for the individual listed had expired and that no refund was due to the member even where an AD code was also present.
7. **Cancel or Cancelled:** That the membership for the individual listed had been cancelled and that no refund was due to the member even where an AD code was also present.
8. **Trade:** The membership was paid through a barter exchange, and no refund was due to the member.
9. **Exchange:** The membership was paid through a barter exchange, and no refund was due to the member.
10. **Pre-pay [Number]:** The membership was prepaid from the date indicated for the period of months indicated.
11. **[Month] pre-pay:** Indicates the membership is prepaid through that month.
12. **[Month] AD:** Indicates the month the membership started and that the fees are paid by an AD.

- 13. **UMCM:** Refers to the University Medical Center- Mesabi located in Hibbing, Minnesota. Mesaba had an arrangement with UMCM whereby the membership fees were paid one year in advance by UMCM and the employees repaid UMCM through a payroll deduction plan.
- 14. **Finish Date:** The last day of the member's Mesaba membership. Where the Finish Date is prior to July 17, 2011 no refund is due to the member, including those members that paid with an AD,

In the determination of any amount due to a former member of Mesaba the following interpretations of the information contained in the list of members applies:

- 1. Where only one date is shown in the "St & Finish Date" column that date is the start date of the membership.
- 2. Where there is only one date in the "St & Finish Date" column and there is also a notation for "AD" and no notation for cancelled or expired that membership was active on July 17, 2011.
- 3. Where monthly rates are listed for pre-paid members, the total collected was 12 times the monthly amount and was paid in a lump sum.

Mesaba utilized a billing company by the name of Axis Billing Services of Clearwater, Florida to process payments from members, including those that paid by an automatic debit to their bank accounts. Axis debited the accounts of those members that paid by an automatic debit for the full month of July 2011 and also for August 2011. All active members that paid by automatic debit are entitled to a partial refund for July 2011 and a full refund for August 2011 or a portion of August as may be indicated. The members with paid in full membership are entitled to a refund of that portion of the paid membership period after July 17, 2011.

I, Yvonne Peterson, do hereby represent to the Liquidator that the foregoing is true and correct to the best of my knowledge.

Dated: 09/04/2013

Signature:

Yvonne Peterson
Yvonne Peterson

State of Minnesota

County of St. Louis

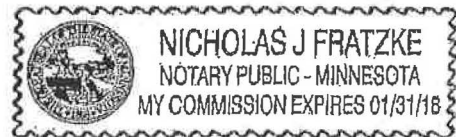
On this 4th day of September, 201~~3~~³ before me personally appeared

Yvonne Peterson, to me known to be the person described in and who executed

the foregoing instrument and acknowledged that he/she executed the same as his/her free act and deed,

for the purposes therein set forth.

Nicholas J Fratzke
(Notary Public)



My commission expires: 01/31/18

State of Minnesota
County of Ramsey

District Court
Second Judicial District
62-CV-11-9400

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

[PROPOSED]
ORDER APPROVING THE
ALLOWANCE OF CERTAIN CLAIMS

This matter is before the Court upon the verified First Report of Claims and Petition for Approval of Recommendations on Claims ("First Report of Claims and Petition") submitted by Mike Rothman, Commissioner of the Minnesota Department of Commerce, in his capacity as Liquidator ("Liquidator") of the Minnesota Surety and Trust Company ("MSTC").

IT IS HEREBY ORDERED, pursuant to Minnesota Statutes § 60B.45, subd. 2:

1. The Liquidator is authorized and directed to pay a combined total of \$60,797.60 for claims under Minnesota Statutes § 60B.44, subs. 2, 4, and 4a as set forth in the First Report of Claims and Petition;

2. As a component of the \$60,797.60 amount approved, the Liquidator is authorized to pay the \$15,000 bond amount for the Mesaba Athletic Club claim to the Minnesota Attorney General for payment in accordance with Minnesota Statutes § 325G.27 as set forth in the First Report of Claims and Petition;

3. The Liquidator of MSTC is authorized and directed to establish a disputed claims process as described under Minnesota Statutes § 60B.41; and

4. The Liquidator of MSTC is authorized to take any and all actions necessary to accomplish the purposes of this Order.

Dated: _____, 2014

John H. Guthmann
Judge of District Court