

At IAS Part 16 of the Supreme Court of the State of New York, County of New York, at the Courthouse, 60 Centre Street, in the County, City and State of New York, on the 31st day of July, 2008.

P R E S E N T:

HON. ALICE SCHLESINGER, J.S.C.
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In the Matter of

Index No.: 401811/08

the Application of

**ORDER OF
LIQUIDATION**

ERIC R. DINALLO, Superintendent of Insurance of the State of New York, for an order to take possession of and liquidate the business and affairs of and dissolve the corporate charter of

FILED

JUL 31 2008

MDNY HEALTHCARE, INC.
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**NEW YORK
COUNTY CLERK'S OFFICE**

Petitioner, Eric R. Dinallo, Superintendent of Insurance of the State of New York ("Superintendent"), having moved this Court for an order to take possession of the property of MDNY Healthcare, Inc. ("MDNY"), liquidate its business and affairs and dissolve its corporate charter, and upon reading and filing the petition of the Superintendent, duly verified the 16th day of July, 2008, and the exhibits annexed thereto; this Court finds that:

1. MDNY was originally incorporated under the laws of the State of New York on June 21, 1995, under the name MDLI Healthcare, Inc. ("MDLI") and on October 12, 1995, a certificate of amendment to its articles of incorporation was filed changing MDLI's name to MDNY Healthcare, Inc.;

2. Pursuant to a certificate of authority issued by the New York State Department of Health, effective November 1, 1995, MDNY operated as a health

maintenance organization in various counties of the State of New York pursuant to Article 44 of the New York Public Health Law;

3. MDNY is a New York corporation and its principal place of business is located at One Huntington Quadrangle, Suite 4C01, Melville, New York 11747;

4. MDNY, by a unanimous vote of its board of directors, has consented to an order of liquidation being entered against it in this Court;

5. MDNY is insolvent;

6. MDNY is subject to the New York Insurance Law (“Insurance Law”) and, particularly, to Article 74 thereof;

7. MDNY should be dissolved and its corporate charter annulled and forfeited; and

8. It is in the best interest of all persons concerned that the Superintendent be authorized and directed to take possession of MDNY’s property, liquidate its business and affairs, and dissolve its corporate charter;

NOW, on motion of the Honorable Andrew M. Cuomo, Attorney General of the State of New York, it is hereby ORDERED as follows:

1. The petition is granted;
2. The Superintendent, and his successors in office, are appointed liquidator (“Liquidator”) of MDNY and are: (i) vested with all powers and authority expressed or implied under Insurance Law Article 74 in addition to the powers and authority set forth in this order; (ii) authorized and directed to immediately take possession of its property; (iii) vested with title to MDNY’s property, contracts, rights of action and all its books and records, wherever located, as of the date of entry of this order; and (iv) directed to liquidate its business and affairs in accordance with Insurance Law Article 74;
3. The Liquidator may deal with the property and business of MDNY in its name or in the name of the Liquidator;

4. In accordance with Insurance Law Section 7432(b), all claims against MDNY must be presented to the Liquidator within four months of the date of entry of this order;
5. The Liquidator shall provide notice of the entry of this order by publication in the New York Post or Newsday, Long Island Edition, or a publication of similar circulation, once a week for two consecutive weeks, commencing within three weeks of entry of this order, to all creditors, claimants and interested persons to present claims within four months of the date of entry of this order;
6. The notice prescribed herein is sufficient notice to all persons interested in MDNY;
7. In accordance with Insurance Law Section 7405, all contracts, leases, tax sharing agreements, employment contracts, and obligations of MDNY, however described, shall terminate and all liability thereunder shall cease and be fixed as of the date of entry of this order unless ratified by the Liquidator;
8. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all real or personal property, stocks, bonds or securities of MDNY at market price or better, or if there is no market price, at the best price obtainable at private sale at such times and upon such terms and conditions as, in his discretion, he deems is in the best interest of the creditors of MDNY, and he is further authorized to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments;
9. MDNY, its officers, directors, shareholders, members, depositories, policyholders, trustees, agents, servants, employees, attorneys, managers and affiliates, and all other persons, having any property or records belonging or relating to MDNY, wherever located, including but not limited to insurance policy, loss claim and legal files, shall preserve them and are directed to assign, transfer, turn over and deliver to the Liquidator all such property or records;
10. Any persons, firms, corporations or associations having any books, papers or records relating to the business of MDNY shall preserve them and submit them to the Liquidator for examination and copying at all reasonable times;
11. Any person or entity furnishing claims processing, data processing, electronic records retention or other information technology services to MDNY shall maintain and preserve such services and electronic records

and are directed to assign, transfer, turn over and deliver to the Liquidator all such records;

12. Any bank, savings and loan association, other financial institution or any other entity or person, which has on deposit or in its possession, custody or control of any funds, accounts or assets of MDNY shall immediately transfer title, custody and control of all such funds, accounts or assets to the Liquidator and is instructed that the Liquidator has absolute control over such funds, accounts and other assets, and that the Liquidator may change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of the liquidation proceeding;
13. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
14. The officers, directors, shareholders, trustees, agents, servants, employees, attorneys and managers of MDNY and all other persons are permanently enjoined and restrained from the transaction of MDNY's business, the waste or disposition of its property, and interfering with the Liquidator in the possession, control or management of the property of MDNY or in the discharge of his duties;
15. In accordance with Insurance Law Section 4307(d), no individual subscriber or enrollee shall be liable to any health care provider ("Provider") for any monies related to services covered by MDNY and no Provider shall collect or attempt to collect from any individual subscriber or enrollee monies related to services covered by MDNY or maintain any action against an individual subscriber or enrollee to collect such monies;
16. All persons are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings against MDNY, the Liquidator of MDNY or the New York Liquidation Bureau, its employees, attorneys and/or agents with respect to any claims against MDNY;
17. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against MDNY's assets or any part thereof;
18. The corporate charter of MDNY is relinquished, forfeited, surrendered and annulled, and MDNY is dissolved;
19. The Liquidator, his successors in office, and their agents and employees, are relieved of any liability for any cause of action of any nature against them for any actions or omissions by any one or more of them when acting

in accordance with this order or in the performance of their powers and duties pursuant to Insurance Law Article 74;

20. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;
21. A copy of this order shall be served forthwith upon MDNY;
22. This Court shall retain jurisdiction over this matter for all purposes necessary to effectuate and enforce this order;
23. All further papers in this proceeding shall bear the caption:

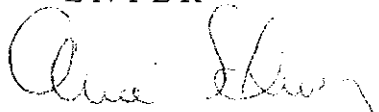
“In the Matter of

the Liquidation of

MDNY Healthcare, Inc.”

24. The Liquidator shall serve a conformed copy of this order upon the county clerk and the clerk of the trial support office for amendment of the court and computer records.

ENTER



J.S.C.

ALICE SCHLESINGER
J.S.C.

FILED

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INDEX NO: 401811/08
SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

IN THE MATTER OF
THE LIQUIDATION OF
MDNY HEALTHCARE, INC.

LIQUIDATION ORDER

Andrew J. Lorin

Attorney for Superintendent
of Insurance as Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau
123 William Street
New York, NY 10038-3889
(212) 341-6528

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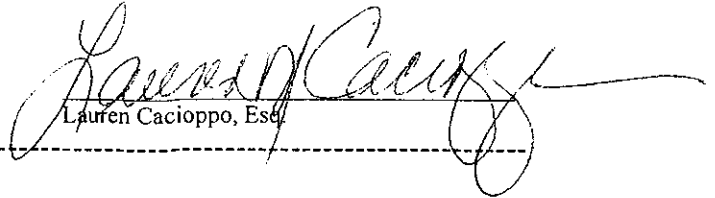
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ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York state, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated: July 31, 2008
New York, New York



Lauren Cacioppo, Esq.

Sir: Please take notice

NOTICE OF ENTRY

that the within is a (*certified*) true copy of a
duly entered in the office of the clerk of the within named court on the day of 2008

NOTICE OF SETTLEMENT

that an order
presented for settlement to the HON.

of which the within is a true copy will be
one of the judges of the within named court, at
2008 at

Dated:

, on

Yours, etc.

Andrew J. Lorin

Attorney for Superintendent
of Insurance as Liquidator

Office and Post Office Address, Telephone

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123 William Street
New York, NY 10038-3889
(212) 341-6528