

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS-----X
In the Matter of

Index No.

the Application of

VERIFIED PETITION

Maria T. Vullo, Superintendent of Financial Services
of the State of New York, for an order to take
possession and liquidate the business and affairs of

CUATRO LLC.
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Maria T. Vullo, Superintendent of Financial Services of the State of New York (the “Superintendent”), respectfully petitions the Court for an order substantially in the form annexed hereto as Exhibit “1” (the “Liquidation Order”), *inter alia*, placing Cuatro LLC (“Cuatro”) into liquidation under Article 74 of the New York Insurance Law (“Insurance Law”), Insurance Law §§ 7401 *et. seq.*, appointing the Superintendent and her successors in office as liquidator of Cuatro (“Liquidator”) and directing the Liquidator to take possession of Cuatro’s property and liquidate the business and affairs of Cuatro on the grounds that: (i) Cuatro has consented to the entry of an order of liquidation; and (ii) Cuatro is insolvent. Each of these grounds, by itself, is sufficient to place Cuatro into liquidation and grant the relief sought.

Background

1. As set forth in the affidavit of Stephen J. Wiest, Deputy Bureau Chief, Health Bureau, New York State Department of Financial Services (“DFS”), sworn to on December 21, 2017 (“Wiest Aff.”), annexed hereto as Exhibit “2,” Cuatro was incorporated in the State of New York on or about March 23, 2009 and obtained a Certificate of Authority, effective May 4, 2010, from the New York State Department of Health to operate as a “Medicare Only” health maintenance organization in the counties of Bronx, New York, and Queens. The company

offered plans (“Plans”) providing Medicare Advantage and Medicare Advantage Part D prescription drug coverage (“MA–PD Coverage”) to Medicare beneficiaries (“Members”) and healthcare services for Members through a network of hospitals and other healthcare service providers (“Providers”) pursuant to Article 44 of the New York Public Health Law. Cuatro is licensed to conduct the business of insurance only in the State of New York. Wiest Aff., ¶ 2.

2. Cuatro’s statutory office is located at 93-20 Roosevelt Avenue, Suite 3C, Jackson Heights, New York 11372. Wiest Aff., ¶ 3.

3. By a letter dated April 12, 2016 (the “CMS Letter”), the U.S. Centers for Medicare & Medicaid Services notified Cuatro that the contract for Cuatro to provide MA–PD Coverage would not be renewed, and would expire effective December 31, 2016. A copy of the CMS Letter is annexed to the Wiest Aff. as Exhibit “A.” Wiest Aff., ¶ 4, Exh. A.

4. All of Cuatro’s remaining Plans were terminated effective December 31, 2016 and Cuatro has no other Plans in effect. Wiest Aff., ¶ 5.

Grounds for Liquidation

5. Under Insurance Law § 7404, the Superintendent may apply for an order seeking the liquidation of an insurer if sufficient grounds exist pursuant to Insurance Law § 7402.

A. Cuatro Consented to Liquidation

6. Insurance Law § 7402(I) provides that an insurer may be placed into liquidation if the majority of its directors, shareholders, or members consent to liquidation. By a written resolution dated April 7, 2016, Cuatro’s directors unanimously consented to the entry of an order of liquidation pursuant to Insurance Law Article 74 (the “Board Resolution”). Wiest Aff., ¶ 9. A copy of the Board Resolution is annexed to the Wiest Aff. as Exhibit “D.”

7. The unanimous consent of Cuatro's directors to the entry of an order of liquidation, by itself, is grounds to place Cuatro into liquidation under Insurance Law § 7402(l).

B. Cuatro is Insolvent

8. Insurance Law § 7402(a) provides that an insurer may be placed into liquidation upon a finding by the Superintendent that the insurer is insolvent within the meaning of Insurance Law § 1309. The Superintendent has found Cuatro to be insolvent within the meaning of Insurance Law § 1309 pursuant to Insurance Law § 7402(a).

9. Insolvency is defined under Insurance Law § 1309(a) as follows:

[w]hensoever the superintendent finds from a financial statement or report on examination that an authorized insurer is unable to pay its outstanding lawful obligations as they mature in the regular course of business, as shown by an excess of required reserves and other liabilities over admitted assets, or by its not having sufficient assets to reinsure all outstanding risks with other solvent authorized assuming insurers after paying all accrued claims owed, such insurer shall be deemed insolvent and the superintendent may proceed against it pursuant to the provisions of article seventy-four of this chapter.

10. Cuatro's most recent audited financial statement, for the year ending December 31, 2015 (the "2015 Statement", annexed to the Wiest Aff. as Exhibit "B"), showed that Cuatro's reported reserves and other liabilities exceeded its assets by \$4,311,312. Wiest Aff., ¶ 6, Exh. B. Cuatro did not file annual statements for 2016; however, Cuatro submitted a balance sheet for the year ending December 31, 2016 (the "2016 Balance Sheet," a copy of which is annexed to the Wiest Aff. as Exhibit "C"), once again showing that Cuatro is insolvent, as its reported reserves and other liabilities exceeded its assets by \$5,286,198. Wiest Aff., ¶ 6, Exh. C.

11. As a result of the foregoing, the Superintendent has found that Cuatro is, in fact, insolvent as a matter of law, for which reason Cuatro should be placed into liquidation.

Process for Commencing an Article 74 Liquidation Proceeding in this Court

12. An application for liquidation, pursuant to Insurance Law § 7417, is made by order to show cause filed by the Attorney General in the judicial district in which the insurer's principal office is located. This Verified Petition is submitted to Supreme Court, Queens County, the location of Cuatro's principal office, in support of the application by order to show cause filed by the Office of the Attorney General of the State of New York to place Cuatro into liquidation.

13. The Insurance Law provides that a hearing to place an insurer into liquidation shall be held without delay and a decision on the requested relief made expeditiously. Insurance Law § 7417.

Process of Liquidation and Relief Requested

14. Insurance Law Article 74 requires that the Superintendent be appointed Liquidator and take control of and manage Cuatro's property in order to liquidate the business (Insurance Law §7405(a)). Therefore, it is respectfully requested that the Court issue the Liquidation Order, *inter alia*: (a) appointing the Superintendent, and her successors in office, as Liquidator of Cuatro; (b) directing the Liquidator to take possession of Cuatro's property, and to liquidate Cuatro's business and affairs; (c) vesting title to all of Cuatro's property, contracts, rights of action, and all of its books and records, wherever located, in the Liquidator and her successors; and (d) permitting the Liquidator to deal with the property and business of Cuatro in Cuatro's name or in the name of the Liquidator. The Superintendent also requests the establishment of a bar date for the submission of claims ("Bar Date") and authority to refrain from adjudicating claims below the Class Two classification set forth in Insurance Law § 7434(a)(1), as more fully explained below.

15. In order that the Liquidator may take possession and manage the business affairs of Cuatro and liquidate its assets in a fair and orderly manner, the injunctions permitted by Insurance Law § 7419 should be granted.

16. The Court may issue permanent injunctions ("Permanent Injunctions") for the purpose of protecting the assets of the company and preventing waste or interference with the Liquidator's duties. Under Insurance Law § 7419(a), the Court may enjoin and restrain the insurer, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, managers, and all other persons from wasting the assets of Cuatro, from transacting Cuatro's business (including the issuance of Plans) or disposing of Cuatro's property. The injunction sought permits the transaction of business provided that the Liquidator authorizes such business transaction(s).

17. Under Insurance Law § 7419(b), the Court may issue such other permanent injunctions or orders as it deems necessary to prevent interference with the Liquidator or this proceeding, or the commencement or prosecution of any actions or proceedings: (a) against the Liquidator, Cuatro, the New York Liquidation Bureau, as the organization that carries out the duties of the Liquidator, or their present or former employees, attorneys or agents, with respect to this proceeding or the discharge of their duties under Article 74 in relation thereto or (b) to assert preferences, judgments, attachments, liens, or any levy against Cuatro, its assets or any part thereof.

18. The Permanent Injunctions are central to the performance of the Liquidator's duties. Permitting anyone other than the Liquidator to have the power to manage the business affairs of Cuatro would defeat the legislative scheme of receivership of insurance companies set forth in Article 74. *See, e.g., Knickerbocker Agency, Inc. v. Holz*, 4 A.D.2d 71, 73 (1st Dep't

1957), *aff'd*, 4 N.Y.2d 245 (1958). In addition, the injunctions restraining third parties from pursuing legal actions outside this proceeding are necessary to prevent third parties from obtaining preferences over others in a manner incompatible with Insurance Law Article 74.

19. The Permanent Injunctions are routinely issued in liquidation proceedings. *See, e.g., In the Matter of the Liquidation of Fiduciary Insurance Company of America*, S. Ct., Queens County, Index #703264/2017, Order of July 12, 2017; *In the Matter of the Liquidation of American Medical and Life Insurance Company*, S. Ct., N.Y. County, Index #452041/2016, Order of December 21, 2016; *In the Matter of the Liquidation of Eveready Insurance Company*, S. Ct., N.Y. County, Index #160307/2014, Order of December 3, 2014; *In the Matter of the Liquidation of ICM Insurance Company*, S. Ct., N.Y. County, Index #452122/13, Order of December 23, 2013; *In the Matter of the Liquidation of Colonial Cooperative Insurance Company*, S. Ct., N.Y. County, Index #400236/10, Order of September 30, 2010; *In the Matter of the Liquidation of Realm National Insurance Company*, S. Ct., N.Y. County, Index #401876/05, Order of June 15, 2005. Copies of the liquidation orders in each of these liquidation proceedings are annexed hereto as Exhibit “3.”

20. In addition to granting the Permanent Injunctions, this Court should grant the temporary restraining orders sought in the Order to Show Cause (the “TROs”), which preserve the status quo pending the hearing and determination of this petition. The TROs will prevent waste, dissipation, and transfer of assets and proprietary information, and will ensure that no creditor obtains a judgment or a litigation advantage resulting in an illegal preference due to being paid ahead of Members or obtains another advantage in the time frame between the signing of the Order to Show Cause and the determination of this petition.

21. It is respectfully requested that, in accordance with Insurance Law § 7405, the Court vest all rights in Cuatro's contracts and agreements, however described, in the Liquidator and permit the Liquidator the discretion to reject any executory contracts to which Cuatro is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection.

22. It is further requested that the Court order any bank, savings and loan association, other financial institution, or any other entity or person that has on deposit or in its possession, custody or control any of Cuatro's funds, accounts (including escrow accounts) or assets, to immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts, or assets to the Liquidator; (b) transfer title of such funds, accounts, or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association, or other financial institution; and (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding.

23. It is further requested that the Court (i) direct that all persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, Plans, underwriting data, any reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Cuatro shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such information to the Liquidator, and (ii) authorize, permit and allow the Liquidator to sell, assign, or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in her discretion, she deems to be in the best interest of the creditors of Cuatro, and further authorize the Liquidator 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, without the further approval of the Court.

24. In order to administer the liquidation proceeding in a timely and cost-effective manner, it is necessary for the Court to: (a) establish a bar date for the submission of claims to the Liquidator, including all evidence supporting such claims; and (b) authorize the Liquidator to refrain from adjudicating non-Member creditor claims unless the Liquidator, within her business discretion, determines that it is in the interest of the estate to do so.

25. As set forth in the Wiest Aff., ¶ 5, all of Cuatro's remaining Plans were terminated effective December 31, 2016, and Cuatro has had no Plans in effect since then. The Liquidator requests that the Court establish the date by which all claims against Cuatro, other than the Liquidator's claim for administrative expenses ("Administrative Claims"), and all evidence supporting such claims, must be submitted to the Liquidator (the "Bar Date") as the earlier of: (1) the contractual deadline for the submission of claims established in a Plan or an agreement between Cuatro and a Provider for the provision of healthcare services to Members defined as being under Plans (each a "Provider Contract"); or (2) the date that is six (6) months after the issuance of the Liquidation Order, and that all claims submitted after the Bar Date be barred and discharged. The Liquidator further requests that the Court require all claims against Cuatro submitted for the first time after the issuance of the Liquidation Order, and all evidence supporting such claims, be filed on or before the Bar Date using the electronic portal for the submission of claims located on the website www.nylbpoc.org (the "Portal"). Previously submitted claims against Cuatro that are already recorded in Cuatro's books and records on the date of the Liquidation Order need not be re-submitted through the Portal, but must in all respects comply with the Bar Date.

26. The Bar Date set forth in the preceding paragraph is fair and reasonable because it is expected that the vast majority of claims will be for unpaid services by Providers under Provider Contracts that require submission of a claim by a date certain. Such Provider Claims are already substantially developed as they are for medical services that have already been performed, and for which invoiced amounts are already known. Wiest Aff., ¶ 7. The Superintendent respectfully submits that it is also appropriate to apply the Bar Date to any other claims against Cuatro, including claims of Members defined as being under Plans or claims for unpaid services by vendors of Cuatro, as it is expected that the amounts of such claims are, or by the applicable Bar Date will be, fully known. Wiest Aff., ¶ 8.

27. Establishing the Bar Date will enable the Liquidator to expeditiously fix the actual number of claims eligible to receive distributions from the insolvent estate while also providing adequate time for Members and other creditors to timely file claims with the Liquidator.

28. Among the duties of the liquidator are the conservation of the property and the administration of the assets of an insolvent estate in an orderly and fair manner for the benefit of creditors. *Dinallo v. DiNapoli*, 9 N.Y.3d 94, 97 (2007). An important element of this process is the adjudication of claims to determine whether payment should be made, in whole or in part, in accordance with the priority of distribution scheme set forth in Insurance Law Article 74.

29. In order to conserve Cuatro's assets, the Superintendent requests that any claim, other than Administrative Claims or claims of Members defined as being under Plans, not be adjudicated unless and until: (a) the Superintendent determines that it is in the interest of the estate to do so or (b) it is likely that the Cuatro estate will have sufficient assets to pay claims of such class. Permitting the Liquidator to adjudicate claims only for those classes that are likely to

receive a distribution will reduce administrative expenses, promote judicial economy, and help the Liquidator to maximize assets available for distribution to claimants.

30. In addition, it is further requested that the Court prohibit Providers from collecting, attempting to collect, or maintaining any action to collect, any amounts owed by Cuatro for covered services from any Member (except for any coinsurance payments, copayment and deductibles owed by such Member). This prohibition on what is commonly referred to as “balance billing” is mandated by Insurance Law § 4307(d) and minimizes any harm to Members that would otherwise result from Cuatro’s insolvency.

31. Finally, it is respectfully requested that the Court order that the Liquidator of Cuatro, her successors in office, the New York Liquidation Bureau, and their agents and employees, be granted immunity from any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Article 74. The Liquidator would be acting in a “judicial and private” capacity under the supervision of the Court pursuant to Article 74 of the Insurance Law. *See Dinallo, supra*, at 103. In addition, the Supreme Court, New York County has held that “a court-appointed receiver [in this case, the Liquidator] acts as an arm of the court and is immune from liability for actions grounded in his or her conduct as receiver.” *In the Matter of the Liquidation of U.S. Capital Insurance Company*, 36. Misc.3d 635, 637 (2012).

32. There has been no previous application for the relief requested herein.

WHEREFORE, it is respectfully requested that the petition be granted, that this Court enter an order substantially in the form of the Liquidation Order, and that the Court grant the Superintendent such other and further relief as is just and proper.

Dated: New York, New York
December 22, 2017

A handwritten signature in black ink, appearing to read "Maria T. Vullo", is written over a horizontal line.

Maria T. Vullo
Superintendent of Financial Services
of the State of New York

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Maria T. Vullo, being duly sworn, deposes and says:

That I am the Superintendent of Financial Services of the State of New York and that I executed the foregoing petition; that I am acquainted with the facts therein stated; that I know the contents of the petition and that the same is true to my own knowledge, except as to the matters therein stated to be alleged upon information and belief, and that as to those matters I believe them to be true.

The sources of information and the grounds of my belief as to the matters stated in said petition to be alleged upon information and belief are the records of the New York State Department of Financial Services and the affidavit of Stephen J. Wiest, Deputy Bureau Chief, Health Bureau, New York State Department of Financial Services, sworn to on December 21, 2017, in support of the verified petition.



Maria T. Vullo
Superintendent of Financial Services
of the State of New York

Sworn to before me this
22nd day of December, 2017

Martha A. Lees
Notary Public

MARTHA A. LEES
Notary Public, State of New York
No. 02LE6129105
Qualified in Kings County
Commission Expires 06/20 21

EXHIBIT 1

[Proposed Liquidation Order]

At IAS Part ____ of the Supreme Court of the State of New York, County of Queens, at the courthouse located at _____, New York, on the ____ day of _____, 2018.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS

-----X
In the Matter of

Index No.

the Application of

ORDER

Maria T. Vullo, Superintendent of Financial Services of the State of New York, for an order to take possession and liquidate the business and affairs of

CUATRO LLC.
-----X

Maria T. Vullo, Superintendent of Financial Services of the State of New York ("Superintendent"), having moved this Court by order to show cause ("Order to Show Cause") for an order placing Cuatro LLC ("Cuatro") into liquidation, appointing the Superintendent and her successors in office as liquidator ("Liquidator") of Cuatro, and directing the Liquidator to take possession of the property of Cuatro and to liquidate its business and affairs, and upon reading and filing the petition of the Superintendent, duly verified on December 22, 2017 (the "Petition"), the affidavit of Stephen J. Wiest, sworn to on December 21, 2017, and the exhibits and schedules annexed thereto, this Court finds that Cuatro should be placed into liquidation under Insurance Law Article 74 because: (i) it consented to the entry of an order of liquidation; and (ii) it is insolvent within the meaning of New York Insurance Law ("Insurance Law") § 1309(a);

NOW, on motion of the Honorable Eric T. Schneiderman, Attorney General of the State of New York, it is hereby

ORDERED as follows:

1. The relief requested in the Petition for an order of liquidation ("Order") is granted;
2. The Superintendent and her successors in office are appointed Liquidator of Cuatro;
3. The Liquidator is directed to take possession of Cuatro's property and liquidate Cuatro's business and affairs in accordance with Insurance Law Article 74;
4. The Liquidator is 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 and with title to Cuatro's property, contracts, rights of action, and all of its books and records, wherever located, as of the date of entry of this Order;
5. The Liquidator may deal with the property and business of Cuatro in Cuatro's name or in the name of the Liquidator;
6. All persons and entities are permanently enjoined and restrained from wasting the assets of Cuatro, and are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting Cuatro's business or disposing of Cuatro's property;
7. All persons and entities are permanently enjoined and restrained from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, making any levy against Cuatro, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Cuatro, the New York Liquidation Bureau, or their present or former employees, attorneys, or agents, relating to this proceeding or the discharge of their duties under Insurance Law Article 74 in relation thereto;
8. The Liquidator is vested with all rights in Cuatro's contracts and agreements, however described, and is permitted to, in her discretion, reject any executory contracts to which Cuatro is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;
9. Any bank, savings and loan association, other financial institution, or any other entity or person, that has on deposit or in its possession, custody, or control any of Cuatro's funds, accounts (including escrow accounts), or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds,

accounts, or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association, or other financial institution; and (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;

10. All persons or entities having property, papers (including attorney work product and documents held by attorneys), and/or information, including, but not limited to, plans offered by Cuatro providing Medicare Advantage and Medicare Advantage Part D prescription drug coverage ("Plans"), underwriting data, any reinsurance policies, claims files (electronic or paper), software programs, and/or bank records owned by, belonging to, or relating to Cuatro shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over, and deliver such property and/or information to the Liquidator;
11. The Liquidator is authorized, permitted, and allowed to sell, assign, or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in her discretion, she deems to be in the best interest of the creditors of Cuatro, and 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, without the further approval of this Court;
12. The date by which all claims against Cuatro, other than the Liquidator's claim for administrative expenses ("Administrative Claims"), and all evidence supporting such claims, must be submitted to the Liquidator ("Bar Date") is the earlier of either: (a) the contractual deadline for the submission of claims established in a Plan or an agreement between Cuatro and a hospital or other provider of healthcare services ("Provider") for the provision of such services to beneficiaries under the Plans ("Members"); or (b) the date that is six (6) months after the issuance of the order placing Cuatro into liquidation, and all claims submitted after the Bar Date are barred and discharged;
13. All claims against Cuatro submitted for the first time after the issuance of this Order, and all evidence supporting such claims, shall be filed on or before the Bar Date using the electronic portal for the submission of claims located on the website www.nylbpc.org;
14. In accordance with Insurance Law § 4307(d): (i) no Member shall be liable to any Provider for any services covered by Cuatro; (ii) no Provider shall collect, or attempt to collect, any amounts owed by Cuatro from any Member; and (iii) no Provider shall maintain any action against any Member to recover any such amount; provided that the foregoing shall not apply in respect of any coinsurance amounts, copayments, and/or deductibles owed by any Member;

15. The Liquidator is authorized, in her discretion, to refrain from adjudicating claims of any class other than Administrative Claims or claims of Members defined as being under Plans unless and until: (a) she reasonably believes that adjudication of such claims would be in the best interests of the estate or (b) it is likely that the Cuatro estate will have sufficient assets to pay claims of such class;
16. Immunity is extended to the Superintendent in her capacity as Liquidator of Cuatro, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74;
17. The Liquidator may at any time make further application to this Court for such further and different relief as she sees fit;
18. The Liquidator shall serve a copy of this Order by overnight delivery upon: (a) Juan Tomas Estevez, MD, Chairman and Chief Executive Officer, Cuatro LLC, 93-20 Roosevelt Avenue, Suite 3C, Jackson Heights, New York 11372; and (b) any person or entity who or that timely filed and served papers in opposition to the relief sought;
19. The Liquidator shall provide notice of this Order to all creditors, claimants, and interested persons by: (i) publication of notice of this Order, in a form substantially similar to the one attached hereto as Annex A, in the *New York Post*, once a week for two consecutive weeks, commencing within 30 days of entry of this Order; and (ii) posting this Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 15 days after the entry of this Order;
20. This Court shall retain jurisdiction over this matter for all purposes;
21. The caption for this proceeding is hereby amended as follows:

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS

-----X
In the Matter of

the Liquidation of

CUATRO LLC.

-----X

22. All further papers in this proceeding shall bear the above amended caption.

ENTER

J.S.C.

ANNEX A

[Form of Notice of Liquidation Order]

NEW YORK LIQUIDATION BUREAU
110 WILLIAM STREET
NEW YORK, NEW YORK 10038
(212) 341-6400

To all persons or entities interested in the affairs of
CUATRO LLC

Notice is Hereby Given:

Maria T. Vullo, Superintendent of Financial Services of the State of New York ("Superintendent"), has been appointed by an order (the "Order") of the Supreme Court of the State of New York, County of Queens ("Court"), entered on _____, 2018, as the liquidator (the "Liquidator") of Cuatro LLC ("Cuatro") and, as such, has been: (i) directed to take possession of Cuatro's property and liquidate Cuatro's business and affairs in accordance with New York Insurance Law ("Insurance Law") Article 74; and (ii) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in the Order and with title to Cuatro's property, contracts, rights of action, and all of its books and records, wherever located, as of the date of entry of the Order. The Liquidator has, pursuant to Insurance Law Article 74, appointed David Axinn, Special Deputy Superintendent (the "Special Deputy"), as her agent to carry out her duties as Liquidator. The Special Deputy carries out his duties through the New York Liquidation Bureau ("Bureau"), 110 William Street, New York, New York 10038. The Order provides that:

- I. The Liquidator is permitted to deal with the property and business of Cuatro in Cuatro's name or in the name of the Liquidator;
- II. All persons and entities are permanently enjoined and restrained from wasting the assets of Cuatro, and all persons are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting Cuatro's business or disposing of Cuatro's property;
- III. All persons and entities are permanently enjoined and restrained from interfering with the Liquidator or the proceeding, obtaining any preferences, judgments, attachments, or other liens, making any levy against Cuatro, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Cuatro, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to the proceeding or the discharge of their duties under Insurance Law Article 74 in relation thereto;
- IV. The Liquidator is vested with all rights in Cuatro's contracts and agreements, however described, and the Liquidator is permitted to, in her discretion, reject any executory contracts to which Cuatro is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;
- V. Any bank, savings and loan association, other financial institution, or any other entity or person, that has on deposit or in its possession, custody, or control any of Cuatro's funds, accounts (including escrow accounts), or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;

- VI. All persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, Plans, underwriting data, any reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Cuatro shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
- VII. The Liquidator is authorized, permitted, and allowed to sell, assign, or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in her discretion, she deems to be in the best interest of the creditors of Cuatro, and 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, without the further approval of the Court;
- VIII. The date by which all claims against Cuatro, other than the Liquidator's claim for administrative expenses ("Administrative Claims"), and all evidence supporting such claims, must be submitted to the Liquidator ("Bar Date") is the earlier of: (a) the contractual deadline for the submission of claims established in a Plan or a contract between Cuatro and a hospital or other provider of healthcare services ("Provider") for the provision of such services to beneficiaries under the Plans ("Members"); or (b) the date that is six (6) months after the issuance of the Order, and all claims submitted after the Bar Date are barred and discharged;
- IX. All claims against Cuatro submitted for the first time after issuance of the Order, and all evidence supporting such claims, shall be filed using the electronic portal for the submission of claims located on the website www.nylbpc.org on or before the Bar Date;
- X. In accordance with Insurance Law § 4307(d); (i) no Member shall be liable to any Provider for any services covered by Cuatro; (ii) no Provider shall collect, or attempt to collect, any amounts owed by Cuatro from any Member; and (iii) no Provider shall maintain any action against any Member to recover any such amount; provided that the foregoing shall not apply with respect to any coinsurance amounts, copayments, and/or deductibles owed by any Member;
- XI. The Liquidator is authorized, in her discretion, to refrain from adjudicating claims of any class other than Administrative Claims or claims of Members defined as being under Plans unless and until: (a) she reasonably believes that adjudication of such claims would be in the best interests of the estate or (b) it is likely that the Cuatro estate will have sufficient assets to pay claims of such class;
- XII. Immunity is extended to the Superintendent in her capacity as Liquidator of Cuatro, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Article 74;
- XIII. Cuatro is insolvent within the meaning of Insurance Law § 1309(a);
- XIV. The Liquidator may at any time make further application to the Court for such further and different relief as she sees fit;
- XV. The Court shall retain jurisdiction over this matter for all purposes; and

XVI. All communications relating to Cuatro and to the liquidation proceeding thereof should be addressed to:

New York Liquidation Bureau
110 William Street, 15th Floor
Attention: General Counsel
New York, New York 10038
(212) 341-6400

A copy of the Order may be viewed at <http://www.nylb.org>. To the extent there are any discrepancies between this notice and the Order, then the verbiage of the Order controls.

MARIA T. VULLO
Superintendent of Financial Services of
the State of New York as Liquidator of
Cuatro LLC

DAVID AXINN
Special Deputy Superintendent
and Agent of the Liquidator

EXHIBIT 2

[Affidavit of Stephen J. Wiest]

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS

-----X
In the Matter of

Index No.

the Application of

AFFIDAVIT

Maria T. Vullo, Superintendent of Financial Services
of the State of New York, for an order to take
possession and liquidate the business and affairs of

CUATRO LLC.
-----X

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

Stephen J. Wiest, being duly sworn, deposes and says:

1. I am employed at the New York State Department of Financial Services ("DFS") as a Deputy Bureau Chief of the Health Bureau. I submit this affidavit in support of the petition of the Superintendent of Financial Services of the State of New York ("Superintendent") for an order placing Cuatro LLC ("Cuatro") into liquidation and appointing the Superintendent and her successors-in-office as liquidator of Cuatro under Article 74 of the New York Insurance Law ("Insurance Law"). This affidavit is based upon personal knowledge, the sources of which are the records maintained by DFS.

2. Cuatro was incorporated in the State of New York on or about March 23, 2009 and obtained a Certificate of Authority, effective May 4, 2010, from the New York State Department of Health to operate as a "Medicare Only" health maintenance organization in the counties of Bronx, New York, and Queens. The company offered plans ("Plans") providing Medicare Advantage and Medicare Advantage Part D prescription drug coverage ("MA-PD Coverage") to Medicare beneficiaries ("Members") and healthcare services for Members through

a network of hospitals and other healthcare service providers ("Providers") pursuant to Article 44 of the New York Public Health Law. Cuatro is licensed to conduct the business of insurance only in the State of New York.

3. Cuatro's statutory office is located at 93-20 Roosevelt Avenue, Suite 3C, Jackson Heights, New York 11372.

4. By a letter dated April 12, 2016 (the "CMS Letter"), the U.S. Centers for Medicare & Medicaid Services notified Cuatro that the contract for Cuatro to provide MA-PD Coverage would not be renewed, and would expire effective December 31, 2016. A copy of the CMS Letter is annexed hereto as Exhibit "A."

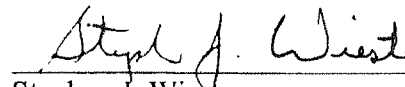
5. All of Cuatro's remaining Plans were terminated effective December 31, 2016 and Cuatro has no other Plans in effect.

6. Cuatro's most recent audited financial statement, for the year ending December 31, 2015 (the "2015 Statement", annexed hereto as Exhibit "B"), showed that Cuatro's reported reserves and other liabilities exceeded its assets by \$4,311,312. Cuatro did not file annual statements for 2016; however, Cuatro submitted a balance sheet for the year ending December 31, 2016 (the "2016 Balance Sheet"), once again showing that Cuatro is insolvent as its reported reserves and other liabilities exceeded its assets by \$5,286,198. A copy of the 2016 Balance Sheet is annexed hereto as Exhibit "C."

7. DFS expects that the vast majority of claims against Cuatro will be for unpaid services by Providers under the governing contracts for the provision by Providers of services to Members defined as being under Plans. Such claims of Providers are already substantially developed as they are for medical services already performed, for which invoiced amounts are already known.

8. DFS also expects that (i) the amounts of any claims of Members defined as being under Plans are, or by the deadline for submission of claims set forth in the applicable Plan will be, fully known, and that (ii) the amounts of any other claims against Cuatro are, or by the date that is six (6) months after an order of liquidation in respect of Cuatro is issued will be, fully known.

9. By a written resolution dated April 7, 2016, Cuatro's directors unanimously consented to the entry of an order of liquidation pursuant to Insurance Law Article 74. A copy of this written resolution is annexed hereto as Exhibit "D."



Stephen J. Wiest
Deputy Bureau Chief
Health Bureau
New York State Department of Financial Services

Sworn to before me this
21st day of December, 2017


Notary Public

MARTHA A. LEES
Notary Public, State of New York
No. 02LE6129105
Qualified in Kings County
Commission Expires 06/20 21

EXHIBIT A

[CMS Letter]

Department of Health & Human Services
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



Center for Medicare

April 12, 2016

Dr. Juan Estevez
Chief Executive Officer
Cuatro LLC
93-20a Roosevelt Avenue, Suite 3C
Jackson Heights, New York 11372

Delivered by electronic mail to jestevez@accessmedicareny.com

Dear Dr. Estevez:

The Centers for Medicare & Medicaid Services (CMS) hereby notifies you of its decision to non-renew (effective 11:59:59 PM EST on December 31, 2016) Cuatro LLC's ("Cuatro") Medicare Advantage Prescription Drug (MA-PD) contract H4866 pursuant to section 1857(c)(2) of the Social Security Act (the Act) and 42 C.F.R. §§422.506(b)(1)(ii) and 422.510(a)(4)(xi). CMS has determined that the failure of Cuatro's contract H4866 to achieve a Part C summary rating of at least three stars in at least one of the three most recent star rating periods constitutes a substantial failure to carry out the terms of its MA-PD contract.

I. Medicare Advantage Program Requirement – Achieve Performance Rating of At Least Three Stars

Since 2007, CMS has developed and published annual performance ratings for all stand-alone Medicare prescription drug plan (PDP) contracts. In 2008, CMS began issuing ratings for Medicare Advantage (MA) contracts as well. The ratings are based on measures that address a range of health and drug plan performance categories, including access to care, communication with members, and clinical quality of care. The scores in each performance category are based on data reported by MA organizations and PDP sponsors, member satisfaction, and monitoring conducted by CMS and its contractors. The contracts receive a score for each performance measure, a summary score each for Part C and Part D, as well as an overall rating. Under the methodology adopted by CMS for its star rating process, a rating of three or more stars is an indication of contracts with "average" or better performance.

To qualify for an MA contract, organizations must demonstrate that they have administrative and management arrangements satisfactory to CMS, including personnel and systems sufficient for the organization to implement, control, and evaluate the activities associated with the delivery of Part C benefits. 42 C.F.R. §422.503(b)(4)(ii). Once under contract with CMS, MA organizations remain obligated to maintain satisfactory administrative and management

arrangements. §422.504(a)(17). Because the star ratings are a direct indicator of the ongoing effectiveness of a contracting organization's administrative and management arrangements, to demonstrate compliance with this requirement, MA organizations are required to achieve a Part C summary rating of at least three stars each year. 42 C.F.R. §422.504(a)(18).

II. Legal Basis for Non-Renewal

CMS has the authority, under section 1857(c)(2) of the Act, to terminate CMS's contract with an MA organization when we determine that the organization has failed substantially to carry out the contract or is carrying out the contract in a manner inconsistent with the efficient and effective administration of the Part C program. A summary rating of less than three stars can be achieved only when an organization demonstrates poor performance across a range of measures, and organizations that consistently achieve poor plan ratings have demonstrated a substantial failure to comply with the terms of its Medicare contract. Accordingly, CMS has established that an MA contract that fails to achieve a Part C summary rating of at least three stars in at least one out of three consecutive years has failed in a significant way to meet its obligations as an MA organization and is therefore eligible for termination by CMS. 42 C.F.R. §422.510(a)(4)(xi).

In October 2015, CMS released the Part C and Part D star ratings for 2016. Cuatro's contract H4866 earned a Part C summary rating of 2 stars, which, when combined with its rating of two stars in the 2015 set of ratings and 2.5 stars in the 2014 set of ratings, constituted the third consecutive year in which it failed to achieve a Part C summary rating of at least 3 stars. As a result, CMS has made the determination to non-renew contract H4866, pursuant to 42 C.F.R. §§422.506(b)(1)(ii) and 422.510(a)(4)(xi).

III. Right to Request a Hearing

This contract determination is effective at 11:59:59 PM EST on December 31, 2016. Cuatro does not have any additional opportunity to take corrective action prior to termination as CMS has already informed Cuatro of the need to take corrective action with respect to its star ratings through notices issued on April 17, 2014, and July 20, 2015. The contract determination may be appealed by an authorized official of Cuatro timely requesting a hearing pursuant to the procedures outlined in 42 C.F.R. Part 422 Subpart N. In the event that Cuatro makes timely hearing request, the effective date of the contract determination will be postponed pursuant to 42 C.F.R. §422.664. Pursuant to 42 C.F.R. §422.662, your written request for a hearing must be received by CMS within 15 calendar days from the date CMS notified you of this determination, or no later than April 27, 2016. CMS considers receipt of notice as the day after notice is sent by fax, e-mail, or overnight mail (i.e., April 13, 2016). Your hearing request will be considered officially filed on the date that it is mailed; accordingly, we recommend using an overnight traceable mail carrier.

The request for a hearing must be sent to the CMS Hearing Officer at the following address:

Benjamin Cohen
CMS Hearing Officer
Office of Hearings
ATTN: HEARING REQUEST
Centers for Medicare and Medicaid Services
2520 Lord Baltimore Drive
Suite L
Mail Stop LB-01-22
Baltimore, MD 20244-2670
Phone: (410) 786-3169
E-Mail: Benjamin.Cohen@cms.hhs.gov

A courtesy copy of the hearing request should also be sent by e-mail to CMS at the following address:

John Scott
Director, Division of Compliance Enforcement
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244
MAIL STOP: C1-22-06
Email: john.scott@cms.hhs.gov

CMS will consider the date the Office of Hearings receives the e-mail or the date it receives the fax or traceable mail document, whichever is earlier, as the date of receipt of the request. The request for a hearing must include the name, fax number and e-mail address of the contact within your organization (or an attorney who has a letter of authorization to represent your organization) with whom you wish us to communicate regarding the hearing request.

CMS will continue to monitor Cuatro's Medicare contract performance throughout the remainder of 2016. In the event that CMS determines that Cuatro's performance warrants termination of contract H4866 before December 31, 2016 (e.g., financial distress, failure to provide health or drug benefit services to enrollees), CMS reserves the right to issue a notice of termination with an earlier effective date that would supersede the determination described in this notice.

If you have any questions about this determination, please contact John Scott at john.scott@cms.hhs.gov.

Sincerely,



Sean Cavanaugh
Director
Center for Medicare

EXHIBIT B

[2015 Statement]

CUATRO, LLC (DBA: ACCESS MEDICARE)

NAIC #13931

Jackson Heights, New York

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2015 and 2014

CUATRO, LLC (DBA: ACCESS MEDICARE)**TABLE OF CONTENTS**
As of and for the Years Ended December 31, 2015 and 2014

Independent Auditors' Report	1 - 2
Financial Statements	
Balance Sheets	3
Statements of Operations	4
Statements of Members' Deficit	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 16
Supplemental Information	
Schedules of General and Administrative Expenses	17

**BAKER TILLY**

Baker Tilly Virchow Krause, LLP
One Penn Plaza, Suite 3000
New York, NY 10119
tel 212 697 6900
fax 212 490 1412
bakertilly.com

INDEPENDENT AUDITORS' REPORT

Members and Board of Directors
Cuatro, LLC (DBA: Access
Medicare)
Jackson Heights, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Cuatro, LLC (DBA: Access Medicare) (the "Company"), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations, members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Members and Board of Directors
Cuatro, LLC (DBA: Access Medicare)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cuatro, LLC (DBA: Access Medicare) as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 in the financial statements, which indicates that, on April 6, 2016, the Company's Board of Directors consented to the entry of an Order of Liquidation by the New York State Department of Financial Services pursuant to Article 74 of the New York Insurance Law. Further, on April 12, 2016, the entity received notification from the U.S. Department of Health & Human Services and Centers for Medicare & Medicaid Services that its contracts will not be renewed beyond December 31, 2016. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations since inception and has negative working capital and net capital deficiency, which raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of the reported asset amounts or adjustments relating to the establishment, settlement, and classification of liabilities that may be required in connection with these matters. Our opinion is not modified with respect to these matters.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly Virchow Krause, LLP

New York, New York
June 16, 2016

FINANCIAL STATEMENTS

**CUATRO, LLC
(DBA: ACCESS MEDICARE)**

**BALANCE SHEETS
As of December 31, 2015 and 2014**

ASSETS		2015	2014
CURRENT ASSETS			
Cash and cash equivalents	\$	816,935	\$ 2,256,740
Accounts receivable, net		5,583,761	3,251,962
Prepaid expenses and other current assets		436,798	275,297
Total Current Assets		6,837,494	5,783,999
Property and Equipment, net		157,490	77,522
Restricted Cash		2,903,690	2,902,839
Deferred Implementation Costs, net		448,978	337,500
TOTAL ASSETS	\$	10,347,652	\$ 9,101,860
LIABILITIES AND MEMBERS' DEFICIT			
CURRENT LIABILITIES			
Medical claims payable	\$	12,955,584	\$ 8,188,488
Premium deficiency reserve		764,412	816,437
Accounts payable		172,906	69,195
Accrued expenses		766,062	379,901
Total Current Liabilities		14,658,964	9,454,021
COMMITMENTS AND CONTINGENCIES			
MEMBERS' DEFICIT			
Total Members' Deficit		(4,311,312)	(352,161)
TOTAL LIABILITIES AND MEMBERS' DEFICIT	\$	10,347,652	\$ 9,101,860

See notes to financial statements.

**CUATRO, LLC
(DBA: ACCESS MEDICARE)**

**STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
OPERATING REVENUE		
Medicare premiums revenue	\$ 46,513,353	\$ 44,620,098
Member premiums	84,779	3,304
Total Operating Revenue	<u>46,598,132</u>	<u>44,623,402</u>
OPERATING EXPENSES		
Medical services expenses	42,669,645	39,708,608
Change in premium deficiency reserve	(52,025)	816,437
Selling and marketing expenses	783,876	577,173
General and administrative expenses	10,526,006	8,835,409
Depreciation and amortization expenses	192,273	67,303
Total Operating Expenses	<u>54,119,775</u>	<u>50,004,930</u>
LOSS FROM OPERATIONS	<u>(7,521,643)</u>	<u>(5,381,528)</u>
OTHER INCOME		
Net interest income	<u>12,751</u>	<u>2,109</u>
Loss before Provision for (Benefit from) Income and Franchise Taxes	(7,508,892)	(5,379,419)
Provision for (Benefit from) Income and Franchise Taxes	<u>259</u>	<u>(715)</u>
NET LOSS	<u>\$ (7,509,151)</u>	<u>\$ (5,378,704)</u>

See notes to financial statements.

Page 4

CUATRO, LLC
(DBA: ACCESS MEDICARE)

STATEMENTS OF MEMBERS' DEFICIT
For the Years Ended December 31, 2015 and 2014

	Date of Transaction	Dollar Value Per Unit	Number of Units			Members' Equity (Deficit)
			Class A	Class B	Class C	
BALANCE, January 1, 2014			100	15,676,500	3,824,000	\$ 1,591,543
Issuance of Class B Units and Class C Units for Cash	January 2014	1.00	-	150,000	50,000	200,000
Issuance of Class B Units for Cash	February 2014	1.00	-	50,000	-	50,000
Issuance of Class B Units for Cash	March 2014	1.00	-	150,000	-	150,000
Issuance of Class B Units for Cash	April 2014	1.00	-	300,000	-	300,000
Issuance of Class B Units and Class C Units for Cash	May 2014	1.00	-	450,000	500,000	950,000
Issuance of Class B Units for Cash	June 2014	1.00	-	150,000	-	150,000
Issuance of Class B Units and Class C Units for Cash	December 2014	1.00	-	528,333	1,106,667	1,635,000
2014 Net Loss			-	-	-	(5,378,704)
BALANCE, December 31, 2014			100	17,454,833	5,480,667	(352,161)
Issuance of Class B Units and Class C Units for Cash	April 2015	1.00	-	392,000	108,000	500,000
Issuance of Class B Units for Cash	August 2015	1.00	-	3,000,000	-	3,000,000
Issuance of Class B Units for Cash	October 2015	1.00	-	50,000	-	50,000
2015 Net Loss			-	-	-	(7,509,151)
BALANCE, DECEMBER 31, 2015			100	20,896,833	5,588,667	\$ (4,311,312)

See notes to financial statements.

CUATRO, LLC
(DBA: ACCESS MEDICARE)

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (7,509,151)	\$ (5,378,704)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation and amortization	192,273	67,303
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,331,799)	193,469
Prepaid expenses and other current assets	(161,501)	64,510
Other assets	-	12,925
Medical claims payable	4,767,096	2,375,375
Premium deficiency reserve	(52,025)	816,437
Accounts payable	103,711	(166,204)
Accrued expenses	386,161	1,287
Net Cash Flows from Operating Activities	<u>(4,605,235)</u>	<u>(2,013,602)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred implementation costs	(241,800)	(337,500)
Capital expenditures	(141,919)	(20,051)
Restricted cash	(851)	(1,138)
Net Cash Flows from Investing Activities	<u>(384,570)</u>	<u>(358,689)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Class B Units and Class C Units	3,550,000	3,435,000
Net Cash Flows from Financing Activities	<u>3,550,000</u>	<u>3,435,000</u>
Net Change in Cash and Cash Equivalents	(1,439,805)	1,062,709
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,256,740</u>	<u>1,194,031</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 816,935</u>	<u>\$ 2,256,740</u>

See notes to financial statements.

Page 6

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014

NOTE 1 - Organization and Basis of Presentation

Nature of Operations

Cuatro, LLC (DBA: Access Medicare) (the "Company" or "we") was formed on March 23, 2009 in the State of New York as a Health Maintenance Organization ("HMO"). The Company was licensed on May 4, 2010, pursuant to Article 44 of the New York State Public Health Law, to enroll members in Bronx and Queens counties in New York. On April 8, 2011, the Company filed Form 8832 to request late filing relief under Revenue Procedure 2009-41, 2009-39 I.R.B. 439 to be treated as a "C" Corporation for tax purposes effective as of March 23, 2009 (inception).

The majority of healthcare services will be provided by physicians who are members of affiliated independent practice associations ("IPAs").

Basis of Presentation

The financial statements of the Company have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Going Concern and Subsequent Events

The financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred operating losses since its inception, has negative working capital totaling \$7,821,470 and \$3,670,022 at December 31, 2015 and 2014, respectively, and net capital deficiency totaling \$4,311,312 and \$352,161 at December 21, 2015 and 2014, respectively. On April 6, 2016, the Company's Board of Directors consented to the entry of an Order of Liquidation by the New York State Department of Financial Services pursuant to Article 74 of the New York Insurance Law. Further, on April 12, 2016, the Company received notification from the Department of Health & Human Services and Centers for Medicare & Medicaid Services that its contracts will not be renewed beyond December 31, 2016. Although an Order of Liquidation has not yet been issued as of June 16, 2016, the date these financial statements were available to be issued, these matters raise substantial doubt about the Company's ability to continue as a going concern beyond December 31, 2016.

NOTE 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company defines cash and cash equivalents as highly liquid, short-term investments with a maturity date at the date of acquisition of three months or less.

At various times throughout the years, the Company has had amounts in excess of federally insured limits on deposit with its bank. The Company has not experienced any losses of such amounts and management believes it is not exposed to any significant credit risk on its cash equivalents.

Restricted Cash

The Company is required to maintain an escrow trust account with a custodian as a condition of licensure.

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014

NOTE 2 - Summary of Significant Accounting Policies (cont.)

Accounts Receivable

In the normal course of business, the Company provides services to enrolled eligible Medicare beneficiaries as a Medicare Advantage Part D ("MA-PD") HMO contracted with the Centers for Medicare and Medicaid Services ("CMS"). As an MA-PD, the Company does not have accounts receivable associated with premium revenue. CMS will remit payment for the monthly premium for each enrolled beneficiary on the first day of the month for which benefit coverage is provided by the Company. The Company bills members for any premiums for which they are responsible according to their respective plan. For qualifying low-income subsidy ("LIS") members, CMS reimburses for all or a portion of the LIS member's deductible, coinsurance and co-payment amounts above the out-of-pocket threshold. At December 31, 2015 and 2014, accounts receivable primarily consists of risk adjustments, Part D settlements and low-income cost-sharing subsidies expected from CMS.

Management makes estimates of the uncollectability of accounts receivable. Management specifically analyzes historical bad debts, current economic trends and changes in payment terms when evaluating the allowance for doubtful accounts. Receivables are written off when management determines they are uncollectible. The allowance for doubtful accounts for each of the years ended December 31, 2015 and 2014 was \$28,532.

Advertising

Advertising costs are charged to operations when incurred. Advertising costs were approximately \$16,000 and \$219,000 for the years ended December 31, 2015 and 2014, respectively.

Property and Equipment

Property and equipment are stated at depreciated cost. Major expenditures for property and equipment are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives.

Income Taxes

The Company uses the asset and liability method of calculating deferred taxes. The liability method estimates future tax consequences resulting from differences in the financial reporting and tax basis of assets and liabilities.

The Board of Directors of the Company has elected for the Company to be treated as a "C" Corporation, pursuant to Revenue Procedure 2009-41, 2009-39 I.R.B. 439. As a result of this election, the Company will be treated as a "C" Corporation for tax purposes.

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014

NOTE 2 - Summary of Significant Accounting Policies (cont.)

Income Taxes (cont.)

Deferred income taxes recorded by the Company reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

For federal income tax purposes, substantially all start-up and organizational expenses must be deferred until the Company commences operations. The Company may elect a limited deduction of up to \$10,000 in the taxable year in which the trade or business begins. The \$10,000 must be reduced by the amount of start-up costs in excess of \$60,000. The remainder of the expenses not deductible must be amortized over a 180 month period beginning with the month in which the active trade or business begins. These expenses will not be deducted for tax purposes and will represent a deferred tax asset. The Company records a valuation allowance in the full amount of the deferred tax asset since there is no assurance of future taxable income.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The areas involving the most significant use of estimates are the estimation of medical claims payable, the impact of risk-sharing provisions related to Medicare contracts, premium deficiency reserves and receivables from CMS. These estimates are based on knowledge of current events and anticipated future events and, accordingly, actual results may ultimately differ materially from those estimates.

Reclassification

For comparability, certain 2014 amounts have been reclassified to conform with classifications adopted in 2015. These reclassifications had no effect on members' deficit or net loss as previously reported.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to credit risk consist principally of cash and cash equivalents.

Premium Revenue

Membership applications are submitted to CMS on a monthly basis subject to disenrollment by the member through CMS. Members with certain Low Income Subsidies ("LIS") and members with Medicaid may disenroll monthly throughout the year. Members not eligible for LIS may only disenroll annually effective December 31. Member premiums are billed monthly to CMS in advance of coverage and the premiums are recognized as revenue during the period in which the Company is obligated to provide services to subscribers. Premiums collected in advance will be deferred and recorded as unearned premium revenue in the balance sheets. Actual LIS and claims experience for Part D, which are included in monthly premiums, may result in settlements due from or payable to CMS.

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014

NOTE 2 - Summary of Significant Accounting Policies (cont.)

Medicare Risk-Adjusted Premiums

CMS employs a risk-adjustment model to determine the premium amount it pays for each Medicare member. The risk-adjustment model apportions premiums paid to all plans according to the health status of each beneficiary enrolled and pays more for Medicare Advantage ("MA") members with predictably higher costs. The Company collects claims and encounters data from inpatient and ambulatory treatment settings and submits the data to CMS, within prescribed deadlines, which are used to calculate the risk-adjusted premiums the Company receives. CMS establishes the premium payments to MA plans generally at the beginning of the plan year, and then adjusts premium levels on two separate occasions on a retroactive basis. The first retroactive adjustment for a given plan year generally occurs during the third quarter of that year. This initial settlement represents the update of risk scores for the current plan year based on the severity of claims incurred in the prior plan year. CMS then issues a final retroactive risk-adjusted premium settlement for that plan year in the following year.

The Company develops estimates for MA risk-adjusted premiums utilizing historical experience, or other data, and predictive models as sufficient member risk score data becomes available over the course of each CMS plan year. The Company's estimates are periodically updated as additional diagnosis code information is reported to CMS and are adjusted to actual amounts when the ultimate adjustment settlements are either received from CMS or the Company receives notification from CMS of such settlement amounts. Since inception, the Company has not experienced significant differences between the amounts that the Company has recorded and ultimately received; however, it is possible that adjustments to premium revenue could have a material effect on the Company's results of operations, financial position, and cash flows in a particular period.

The data provided to CMS to determine members' risk scores is subject to audit by CMS even after the annual settlements occur. An audit may result in the refund of premiums to CMS or additional premiums to the Company. While the Company's experience to date has not resulted in a material refund payable to CMS, future refunds could materially reduce premium revenue in the year in which CMS determines a refund is required.

Medical Services Expenses and Claims Payable

Medical services expenses are recorded in the statements of operations, including the cost of inpatient hospitalization and outpatient medical services contracted for, and are accrued in the period they are incurred. The cost of claims incurred but not reported will be estimated based on historical data, current enrollment statistics, patient census data, and other information. Such estimates and the resulting reserves are continually reviewed and updated, and any adjustments resulting from there are reflected in earnings currently. Actual results may be materially different from these estimates.

Amounts owed to participating providers, hospitals, and all other providers of medical services are recorded as medical claims payable on the balance sheets.

Premium Deficiency Reserve

The Company periodically reviews actual and anticipated experience compared to the assumptions used to establish medical costs. The Company establishes premium deficiency reserves if actual and anticipated experience indicates that existing policy liabilities together with the present value of future gross premiums will not be sufficient to cover the present value of future benefits, settlement and maintenance costs. At December 31, 2015 and 2014, there were premium deficiency reserves of \$764,412 and \$816,437, respectively.

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014**NOTE 2 - Summary of Significant Accounting Policies (cont.)***Deferred Implementation Costs*

The Company capitalizes third party independent contractor costs related to implementing new business processing outsourcing services to the extent that they are deemed recoverable. Gross deferred implementation costs as of December 31, 2015, and 2014 were \$579,301 and \$337,500, respectively. Deferred implementation costs are amortized over the respective term of the related service agreement which is five years. For the years ended December 31, 2015 and 2014, amortization expense was \$130,323 and \$-0-, respectively.

As a result of the conditions described in Note 1 to the financial statements, the Company determined that the deferred implementation costs would not be recoverable subsequent to December 31, 2015 and will record an impairment in the amount of \$448,978 during 2016.

Reinsurance

Reinsurance premiums are reported as medical services expense, and reinsurance recoveries, when collection is deemed probable, will be reported as a reduction of medical services expenses in the statements of operations.

Uncertain Tax Positions

It is the Company's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more-likely-than-not to be sustained upon examination by taxing authorities. To the extent that the Company prevails in matters for which a liability for an unrecognized tax benefit is established or is required to pay amounts in excess of the liability, the Company's effective tax rate in a given financial statement period may be affected. As of December 31, 2015 and 2014, the Company does not believe it has any uncertain tax positions that would require either recognition or disclosure in the accompanying financial statements. The Company is subject to examination by the Internal Revenue Service for the years 2014, 2013, and 2012.

NOTE 3 - Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	Estimated Useful Life	2015	2014
Computer Software	1 - 5 years	\$ 87,196	\$ 87,196
Computer Hardware	5 years	83,953	72,453
Leasehold Improvements	3 years	115,258	115,258
Equipment	5 years	<u>174,111</u>	<u>43,693</u>
		460,518	318,600
Less Accumulated Depreciation		<u>303,028</u>	<u>241,078</u>
Net Property and Equipment		<u>\$ 157,490</u>	<u>\$ 77,522</u>

For the years ended December 31, 2015 and 2014, depreciation expense charged to operations was \$61,950 and \$67,303, respectively.

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014**NOTE 4 - Profit Sharing Plan**

Effective January 1, 2012, the Company established a defined contribution retirement plan (the Plan") pursuant to Section 401(k) of the Internal Revenue Code covering all employees that meet certain employment criteria as stated in the plan document. The Plan was implemented on January 1, 2013. The Plan allows for discretionary and matching contributions. For the years ended December 31, 2015 and 2014, no such contributions were made to the Plan. The Company expects to terminate the plan on June 30, 2016.

NOTE 5 - Commitments and Contingencies*Lease Commitments*

The Company leases four offices under operating agreements which expire through December 2017. Future minimum rental expense commitments to be paid under operating leases, for office space and other facilities, are as follows for the next year and in the aggregate for the year ending December 31:

2016	\$ 76,000
2017	<u>78,000</u>
Total	<u>\$ 154,000</u>

Rent expense charged to operations approximated \$208,000 and \$200,000 for the years ended December 31, 2015 and 2014, respectively.

Litigation

In the normal course of business, the Company is subject to various regulatory proceedings, lawsuits, claims, and other matters. Such matters are subject to many uncertainties and outcomes are not reasonably predictable. In the opinion of the Company's management, the eventual resolution of such matters for amounts above those reflected in the financial statements would not have a material adverse effect on the financial condition or results of operations of the Company.

Government Contracts

The Company's Medicare products consist of products covered under the Medicare Advantage and Medicare Part D Prescription Drug Plan contracts with the federal government. These contracts are renewed generally for a calendar year term unless CMS notifies us of its decision not to renew by August 1 of the calendar year in which the contract would end, or we notify CMS of the Company's decision not to renew by the first Monday in June of the calendar year in which the contract would end. As discussed in Note 1, CMS notified the Company on April 12, 2016 that it has decided to not renew its contract beyond December 31, 2016.

In February 2012, CMS published a Notice of Final Payment Error Calculation Methodology for Part C Medicare Advantage Risk Adjustment Data Validation (RADV) Contract-Level Audits (the "Notice"). The Notice outlines the methodology that CMS will use to determine RADV audit premium refunds payable by Medicare Advantage plans for contract years 2011 and forward. Under that methodology, the RADV audit premium refund calculation will include an adjustment for the differences in documentation standards between the RADV audits and the risk adjustment model; however, the Notice provides limited information about that adjustment. In addition, CMS will project the error rate identified in the audit sample to all risk-adjusted premium payments made under the contract being audited. Historically, CMS did not make an adjustment for differences in documentation standards or project sample error rates to the entire contract.

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014**NOTE 5 - Commitments and Contingencies (cont.)***Government Contracts (cont.)*

We are currently unable to predict if the Company's Medicare Advantage contracts will be selected for future audits, the financial impact of the documentation standard adjustment, the amounts of any retroactive refunds of, or prospective adjustments to, Medicare Advantage premium payments made to us, the effect of any such refunds or adjustments on the actuarial soundness of the Company's Medicare Advantage bids, or whether any RADV audit findings would cause a change to the Company's method of estimating future premium revenue in bid submissions to CMS for the current or future contract years or compromise premium assumptions made in the Company's bids for prior contract years or the current contract year. Any premium refunds or adjustments resulting from regulatory audits, whether as a result of RADV or other audits by CMS, the U.S. Department of Health & Human Services Office of Inspector General ("OIG") or otherwise, could be material and could adversely affect the Company's operating results, financial position, and cash flows.

During 2013, CMS selected Medicare Advantage contracts, including the Company's contracts, for audit. As a result of its audit, CMS required certain corrective actions which impact the Company's operating procedures. In 2014, the Company submitted a corrective action plan which was accepted by CMS and the Company addressed the findings.

NOTE 6 - Medical Claims Payable

The change in medical claims payable is summarized as follows at December 31:

	<u>2015</u>	<u>2014</u>
BALANCE, Beginning of Year	\$ 8,188,488	\$ 5,813,113
Incurring Related to		
Current year	41,416,336	38,843,113
Prior years	1,000,000	615,148
Total Incurred	<u>42,416,336</u>	<u>39,458,261</u>
Paid Related to		
Current year	28,915,927	30,591,865
Prior years	8,733,313	6,491,021
Total Paid	<u>37,649,240</u>	<u>37,082,886</u>
BALANCE, END OF YEAR	<u>\$ 12,955,584</u>	<u>\$ 8,188,488</u>

The Company recognizes changes in accounting estimates for claims incurred but unpaid as more experience is acquired or as additional information is obtained. As of December 31, 2015 and 2014, approximately \$8,700,000 and \$6,500,000, respectively has been paid for incurred claims attributable to insured events of prior years resulting in approximately \$1,000,000 and \$600,000, respectively of net unfavorable development. The prior year's unfavorable development is primarily a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional paid data and claim information becomes known regarding individual claims. The Company is in its fifth year of operations.

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014**NOTE 7 - Contingent Reserve Requirement**

As a condition of continued licensure by the New York State Department of Financial Services ("NYSDFS"), the Company must maintain certain reserve requirements to protect its subscribers in the event the Company is unable to meet its obligations.

Escrow Deposit Reserve Requirement

In accordance with the NYSDFS regulations, the Company is required to maintain certain amounts on deposit in an escrow account for the protection of enrollees, equal to 5% of projected medical expenditures of the following year or \$100,000, whichever is greater. The Company had approximately \$2,900,000 on deposit for escrow for each of the years ended December 31, 2015 and 2014. These funds are included in the balance sheets as restricted cash and are held in a trust account by the NYSDFS. The Company's escrow deposit will be utilized to pay outstanding claims during liquidation of the plan as described in Note 1.

Contingent Reserve Requirement

The Company is required to maintain a contingent reserve fund which should be increased in an amount equal to 1% of net premium revenue at year end but not to exceed 9.5% for 2015. This contingent reserve requirement shall be deemed to have been met if the statutory net worth of the Company equals or exceeds the contingent reserve requirement. According to the New York Codes of Rules and Regulations, if the contingent reserve fund is less than the escrow deposit account, the escrow deposit account may be used to offset the contingent reserve fund. As of December 31, 2015 and 2014, the contingent reserve requirement was approximately \$4,400,000 and \$3,800,000, respectively.

Minimum Net Worth

The Company is required to maintain a minimum statutory net worth equal to the greater of the escrow deposit or contingent reserve calculation. As of December 31, 2015 and 2014, with statutory net worth of \$(5,002,763) and \$(827,200), respectively, the Company did not meet the minimum statutory net worth requirement.

NOTE 8 - Income Taxes

Significant components of the Company's deferred tax assets (liabilities) are as follows at December 31:

	2015	2014
Net Operating Losses	\$ 8,055,299	\$ 4,513,246
Start-up Costs Capitalized for Tax Purposes	478,774	527,091
Accumulated Depreciation	13,224	13,224
Loss Reserve Discounting	36,740	-
Premium Deficiency Reserve	259,901	-
Valuation Allowance	(8,843,938)	(5,053,561)
Net Deferred Tax Asset	\$ -	\$ -

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014

NOTE 8 - Income Taxes (cont.)

As of December 31, 2015 and 2014, the Company has determined that it is more-likely-than-not that the future tax benefit of the net deferred tax asset will not be realized. As such, a valuation allowance has been recorded against the full value of the net deferred tax asset. The change in the valuation allowance for 2015 and 2014 is \$3,790,377 and \$407,045, respectively.

At December 31, 2015 and 2014, the Company had capitalized start-up costs for tax purposes totaling approximately \$1,408,000 and \$1,550,000, respectively. Start-up costs are amortized over 15 years for tax purposes.

At December 31, 2015 and 2014, the Company had net operating loss carryforwards of approximately \$23,692,000 and \$13,274,000, respectively, applicable to future federal income taxes. The tax loss carryforwards expire through 2035.

NOTE 9 - Members' Equity

In November 2012, the Company's Board of Directors approved a new Private Placement Offering ("PPM") allowing the Company to raise additional capital to meet ongoing operational and regulatory reserve requirements. The Board of Directors authorized an increase from 10,000,000 to 20,000,000 Class B units and from 5,000,000 to 10,000,000 Class C units. The par value of each unit is \$1.00 per unit.

For the year ended December 31, 2015, members' equity consisted of 20,896,833 shares of Class B Units and 5,588,667 shares of Class C Units for cash aggregating approximately \$26,485,500.

During 2016, the Company identified errors in the classes of Units issued and outstanding and the Board of Directors took corrective action on April 6, 2016 by cancelling the erroneous issued Units and issuing the same Units to the correct purchasers.

Class A members will have the power to choose the managing member, determine the value of initial contributions and percentage of ownership and distribute profit and losses. Class A members will appoint two members and one nonmember to the board of the Company. Class B members will be primary care physicians and will each have the power to appoint one member to the board of the Company. Class C members will be specialty physicians and anyone else that the Class A members identify. Class C members will appoint one member to the board of the Company.

NOTE 10 - Related Parties

The Company had the following material transactions with related parties:

9320 Roosevelt Property LLC ("Roosevelt LLC")

The Company's main offices are leased from Roosevelt LLC, an entity owned by one of the Company's investors. For the years ended December 31, 2015 and 2014, rent expense incurred on behalf of Roosevelt LLC was approximately \$77,000 and \$76,000, respectively. At December 31, 2015 and 2014, there was no amount due to Roosevelt LLC.

CUATRO, LLC (DBA: ACCESS MEDICARE)**NOTES TO FINANCIAL STATEMENTS**
As of and for the Years Ended December 31, 2015 and 2014**NOTE 11 - Statutory Accounting Practices**

The NYSDFS recognizes the codification of Statutory Accounting Practices ("SAP") prescribed or permitted by the State of New York for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New York State insurance laws.

Below is a reconciliation as of and for the years ended December 31, 2015 and 2014 between net loss and members' equity as reported under GAAP and net loss and net assets as reported under SAP.

	<u>2015</u>	<u>2014</u>
Net Loss, GAAP	\$ (7,509,151)	\$ (5,378,704)
Add: Expenses Not Recognized Under SAP	<u>192,273</u>	<u>67,303</u>
Statutory Net Loss	<u>\$ (7,316,878)</u>	<u>\$ (5,311,401)</u>
Members' (Deficit) Equity, GAAP	\$ (4,311,312)	\$ (352,161)
Less: Fixed Assets Not Recognized Under SAP	(157,491)	(77,522)
Less: Other Assets Not Recognized Under SAP	<u>(533,960)</u>	<u>(397,517)</u>
Statutory Deficit	<u>\$ (5,002,763)</u>	<u>\$ (827,200)</u>

NOTE 12 - Subsequent Events

The Company evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. As described in Note 1 to the financial statements, certain events occurred subsequent to the date of the financial statements that raise substantial doubt about the Company's ability to continue as a going concern beyond December 31, 2016. The accompanying financial statements considered events through June 16, 2016, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**CUATRO, LLC
(DBA: ACCESS MEDICARE)**

**SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
For the Years Ended December 31, 2015 and 2014**

	2015	2014
Salaries and Employee Benefits	\$ 5,585,585	\$ 4,795,112
Licenses and Other Fees	999,847	692,416
Officer Compensation	725,926	739,876
Administrative Service Fees	628,252	448,474
Outsourced Services	688,901	202,612
Actuarial Fees	449,211	215,211
Professional Fees	329,334	418,087
Rent	208,501	200,424
Printing and Stationery	171,459	208,744
Consulting Fees	158,234	462,618
Postage	157,907	82,488
Connectivity	118,314	121,329
Miscellaneous	71,793	59,621
Insurance	65,634	62,039
Office Supplies	56,055	70,800
Software	37,954	-
Travel and Entertainment	29,640	27,012
Bank Charges	21,106	23,452
Recruiting Expenses	17,600	650
Equipment Rental	4,753	4,444
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ 10,526,006	\$ 8,835,409

See notes to financial statements.

Page 17

EXHIBIT C

[2016 Balance Sheet]

	Year-to-Date as of 12/31/2016	Year-to-Date as of 12/31/2015	Year-to-Date as of 12/31/2014
ASSETS			
Cash and Short Term Investments			
Cash and Cash Equivalents	1,337,895	\$816,936	\$2,256,741
Short Term Investments			
Total Cash and Short Term Investments	1,337,895	816,936	2,256,741
CMS 2016 Risk Score Settlement	742,202	1,710,440	608,847
CMS LICs/Reinsurance receivables	670,509	2,753,770	1,899,799
Reinsurance Recoverable	88,121	41,774	51,380
Other Receivables	909,708	1,078,895	693,386
Prepaid Expense	197,396	435,684	273,847
Reserved Funds - SID	2,904,025	2,903,690	2,902,839
	5,511,961	8,924,252	6,430,099
Total Current Assets	6,849,856	9,741,188	8,686,840
Fixed Assets	14,066	157,491	415,023
Deferred Implementation Costs		448,978	
Other Assets			
Total Assets	6,863,922	10,347,656	9,101,863
Liabilities and Stockholder Equity			
Accounts Payable	245,829	172,906	69,195
Accrued Expenses	280,229	766,062	309,901
OTC Claims Payable	122,346	169,916	126,005
Premium Deficiency Reserve	0	764,412	816,437
IBNR	11,274,240	11,677,195	7,695,481
Claims recoveries	0	0	(47,824)
CAE accrual	0	70,000	70,000
Medicare Prescription Drug Payable	227,474	1,038,473	414,824
Total Liabilities	12,150,118	14,658,963	9,454,018
Member's Equity			
Paid in Capital	22,254,921	22,254,921	18,704,921
Surplus Note			
BOY Members' Deficit	(26,566,228)	(19,057,076)	(13,678,372)
Current Year Earnings (loss)	(974,891)	(7,509,152)	(5,378,704)

Total Equity	(5,286,198)	(4,311,307)	(352,155)
Total Liabilities and Member Equity	6,863,920	10,347,656	9,101,863

EXHIBIT D

[Board Resolution]

CUATRO LLC RESOLUTION

In accordance with the First Amended and Restated Limited Liability Company Operating Agreement dated November 19, 2012, of Cuatro LLC, doing business as Access Medicare NY (the "Company"), upon motion duly made, seconded and carried, the following resolutions were adopted by the unanimous affirmative vote of the directors present at the time of the vote at a duly called meeting held on **April 6, 2016 at 8 a.m. EST** at 5030 Broadway Suite 821, New York, NY or the board of directors of the Company, with all directors being present:

WHEREAS, the Company has been advised by the New York State Department of Financial Services that the Superintendent of Financial Services of the State of New York ("Superintendent") may commence a proceeding pursuant to Article 74 of the New York Insurance Law ("Article 74") for the entry of an order of liquidation of the Company;

WHEREAS, the board of directors discussed the operating and financial condition of the Company and concluded, following such discussion, that the adoption of the following resolution is in the best interest of the Company and its members

NOW, THEREFORE, IT IS HEREBY

RESOLVED, that the Company by action of an appropriate officer, consents, and shall be deemed to have consented, to the entry of an Order of Liquidation for Cuatro LLC in accordance with the applicable provisions of Article 74, and it is further

RESOLVED, that the Company hereby consents to the jurisdiction of the Supreme Court of the State of New York, County of New York, and to the commencement of a proceeding pursuant to Article 74 at any time after April 7, 2016, and it is further

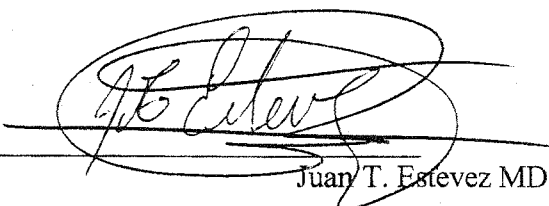
RESOLVED, that the Secretary is authorized to certify a copy of these resolutions as having been adopted by this board and is hereby directed to affix a copy thereof to these minutes, and it is further

RESOLVED, that the President be and hereby is authorized and directed to execute and deliver to the Superintendent such further documents as may be necessary or desirable to carry out the purpose and intent of the foregoing resolutions and it is further

RESOLVED, that no action by the Company or any of its officers or directors that has the intent or effect of amending, rescinding, or changing in any way these resolutions shall be effective unless the Company shall have first obtained the Superintendent's written approval of such action.

I have compared the foregoing with the resolutions adopted by the board of directors of Cuatro LLC at a special meeting held on April 6, 2016 at 8.00 a.m. EST, a quorum being present, as recorded in the minute book of said Company, and I hereby certify that the same is a true, correct and complete copy thereof and that the same has not been rescinded or modified.

Dated: April 7, 2016



Juan T. Estevez MD

Chairman and CEO

EXHIBIT 3

[Prior orders of liquidation for other estates]

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INDEX NO. 703264/2017

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At LAS Part 39 of the Supreme Court
of the State of New York, County of
Queens, at the courthouse located at
25-10 Court Square, Long Island
City, New York, on the 12-day of
July, 2017.

PRESENT:

HON. LESLIE J. PURIFICACION, J.S.C.

In the Matter of

Index No. 703264/2017

the Application of

ORDER OF LIQUIDATION

Maria T. Vullo, Superintendent of Financial
Services of the State of New York, for an order to take
possession and liquidate the business and affairs of

FIDUCIARY INSURANCE COMPANY OF AMERICA

FILED
JUL 25 2017
COUNTY CLERK
QUEENS COUNTY

Maria T. Vullo, Superintendent of Financial Services of the State of New York
("Superintendent"), having moved this Court by order to show cause ("Order to Show Cause")
for an order appointing the Superintendent and her successors in office as liquidator
("Liquidator") of Fiduciary Insurance Company of America ("Fiduciary") and directing the
Liquidator to take possession of the property of Fiduciary and to liquidate its business and
affairs, and upon reading and filing the petition of the Superintendent, duly verified on February
24, 2017 (the "Petition"), the affidavit of Marc Allen, sworn to on February 16, 2017, and the
exhibits and schedules annexed thereto, this Court finds that:

1. Fiduciary is insolvent within the meaning of Section 1309(a) of the New York
Insurance Law ("Insurance Law"); and
2. Fiduciary should be placed into liquidation under Insurance Law Article 74
because: (i) its board of directors and shareholders unanimously consented to the entry of an

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order of liquidation; (ii) it is insolvent; (iii) it has refused to submit specified reports and other financial information to the Superintendent as required by the Insurance Law; and (iv) permitting Fiduciary to remain in business would be hazardous to policyholders, creditors, and the public at large; and

NOW, on motion of the Honorable Eric T. Schneiderman, Attorney General of the State of New York, it is hereby

ORDERED as follows:

1. The relief requested in the Petition for an order of liquidation ("Order") is granted;
2. The Superintendent and her successors in office are appointed Liquidator of Fiduciary;
3. The Liquidator is directed to take possession of Fiduciary's property and liquidate Fiduciary's business and affairs in accordance with Insurance Law Article 74;
4. The Liquidator is 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 and with title to Fiduciary's property, contracts, rights of action and all of its books and records, wherever located, as of the date of entry of this Order;
5. The Liquidator may deal with the property and business of Fiduciary in Fiduciary's name or in the name of the Liquidator;
6. All persons are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting Fiduciary's business (including the issuance of insurance policies) or from the waste or disposition of Fiduciary's property;
7. All parties are permanently enjoined and restrained from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, making any levy against Fiduciary, its assets or any part thereof and commencing or prosecuting any actions or proceedings against the Superintendent as Liquidator of Fiduciary, the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to this proceeding or the discharge of their duties under Insurance Law Articles 74 and 76 in relation thereto;
8. All parties to actions, lawsuits, and special or other proceedings in which Fiduciary's policyholders or insureds are a party or are obligated to defend a party

pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of this Order;

9. All persons who have first party policyholder loss claims are enjoined and restrained from presenting and filing claims with the Liquidator or with the Administrator for a period of 90 days from the date of entry of this Order;
10. The Liquidator is vested with all rights in Fiduciary's contracts and agreements, however described, and is permitted, in her discretion, to reject any executory contracts to which Fiduciary is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;
11. Any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Fiduciary's funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;
12. All persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Fiduciary shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
13. The Liquidator is authorized, permitted, and allowed to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in her discretion, she deems to be in the best interest of the creditors of Fiduciary, and 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, without the further approval of this Court;
14. All existing insurance policies of Fiduciary will be cancelled at 12:01 a.m. local time on the date that is 60 days after the entry of this Order (the "Cancellation Date");

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Page 17 of 18

15. All claims against Fiduciary, including all evidence to establish the existence of an actual loss under a policy, must be presented to the Liquidator by the date that is one year after the Cancellation Date (the "Bar Date"), except that the Bar Date shall not apply to the Liquidator's claims for administrative expenses or to claims for reimbursement submitted by the Security Funds (as defined in the accompanying Petition);
16. The Liquidator is authorized, in her discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law § 7434(a)(1)(iii)-(ix)) unless and until she believes, exercising her discretion, that adjudication of such claims would be in the best interests of the estate;
17. Immunity is extended to the Superintendent in her capacity as Liquidator of Fiduciary, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74;
18. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
19. The Liquidator may at any time make further application to this Court for such further and different relief as she sees fit;
20. The Liquidator shall serve a copy of this Order upon: John J. Hession, Executive Vice-President and General Counsel, Fiduciary Insurance Company of America, 45-07 Davis Street, 3rd Floor, Long Island City, New York 11101, by overnight delivery or by certified mail;
21. The Liquidator shall provide notice of this Order to the holders of the Remaining Policies (as defined in the accompanying Petition) by: (i) by first-class mail to the holders of the Remaining Policies within 30 days of entry of this Order; (ii) publication of notice of this Order, in a form substantially similar to the one attached hereto as Annex A, in the *New York Post* once a week for two consecutive weeks, commencing within 30 days of entry of this Order; and (iii) posting this Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 15 days of entry of this Order;
22. This Court shall retain jurisdiction over this matter for all purposes;

23. The caption for this proceeding is hereby amended as follows:

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS

-----X
In the Matter of

the Liquidation of

FIDUCIARY INSURANCE COMPANY OF AMERICA
-----X

24. All further papers in this proceeding shall bear the above amended caption.

ENTER



J.S.C.

HON. LERLIE J. PURIFICATION

JUL 12 2017

FILED
JUL 25 2017
COUNTY CLERK
QUEENS COUNTY

SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTYPRESENT: JOAN M. KENNEY
J.S.C. JusticePART 8Vullo, MARIA T.INDEX NO. 452041-16

MOTION DATE _____

MOTION SEQ. NO. 001American Medical AND Life Insurance CompanyThe following papers, numbered 1 to 10, were read on this motion to/for _____Notice of Motion/Order to Show Cause → Affidavits → ExhibitsNo(s). 1-10

Answering Affidavits — Exhibits _____

No(s). _____

Replying Affidavits _____

No(s). _____

Upon the foregoing papers, it is ordered that ~~the motion~~ the relief sought in the Petition is granted in its entirety. The motion is granted as per the terms of the attached Order.

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE
FOR THE FOLLOWING REASON(S):Dated: 12/21/16JOAN M. KENNEY J.S.C.
J.S.C.

1. CHECK ONE: ☒ CASE DISPOSED ☐ NON-FINAL DISPOSITION
2. CHECK AS APPROPRIATE: MOTION IS: ☐ GRANTED ☐ DENIED ☐ GRANTED IN PART ☐ OTHER
3. CHECK IF APPROPRIATE: ☐ SETTLE ORDER ☐ SUBMIT ORDER
- ☐ DO NOT POST ☐ FIDUCIARY APPOINTMENT ☐ REFERENCE

At IAS Part 8 of the Supreme Court
of the State of New York, County of
New York, at the courthouse located
at 71 Thomas Street, New York City,
New York, on the 21st day of
December, 2016.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
In the Matter of

Index No. 452041/2016

the Application of

ORDER

Maria T. Vullo, Superintendent of Financial Services
of the State of New York, for an order to take
possession and liquidate the business and affairs of

AMERICAN MEDICAL AND LIFE
INSURANCE COMPANY.
-----X

Maria T. Vullo, Superintendent of Financial Services of the State of New York
("Superintendent"), having moved this Court by order to show cause ("Order to Show Cause")
for an order placing American Medical and Life Insurance Company ("AMLI") into liquidation,
appointing the Superintendent and her successors in office as liquidator ("Liquidator") of AMLI,
and directing the Liquidator to take possession of the property of AMLI and to liquidate its
business and affairs, and upon reading and filing the petition of the Superintendent, duly verified
on October 14, 2016 (the "Petition"), the affidavit of James Regalbuto, sworn to on October 14,
2016, and the exhibits and schedules annexed thereto, this Court finds that:

1. AMLI is insolvent within the meaning of New York Insurance Law ("Insurance Law") § 1309(a); and

2. AMLI should be placed into liquidation under Insurance Law Article 74 because:

(i) AMLI's board of directors unanimously consented to the entry of an order of liquidation; (ii) AMLI is insolvent; and (iii) AMLI has been found, after examination, to be in such condition that its further transaction of business will be hazardous to its policyholders, creditors or the public.

NOW, on motion of the Honorable Eric T. Schneiderman, Attorney General of the State of New York, it is hereby

ORDERED as follows:

1. The relief requested in the Petition for an order of liquidation ("Order") is granted;
2. The Superintendent and her successors in office are appointed Liquidator of AMLI;
3. The Liquidator is directed to take possession of AMLI's property and liquidate AMLI's business and affairs in accordance with Insurance Law Article 74;
4. The Liquidator is 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 and with title to AMLI's property, contracts, rights of action, and all of its books and records, wherever located, as of the date of entry of this Order;
5. The Liquidator may deal with the property and business of AMLI in AMLI's name or in the name of the Liquidator;
6. All persons and entities are permanently enjoined and restrained from wasting the assets of AMLI, and are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting AMLI's business or disposing of AMLI's property;
7. All persons and entities are permanently enjoined and restrained from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, making any levy against AMLI, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, AMLI, the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to this proceeding or the discharge of their duties under Insurance Law Article 74 in relation thereto;

8. The Liquidator is vested with all rights in AMLI's contracts and agreements, however described, and is permitted to, in her discretion, reject any executory contracts to which AMLI is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;
9. Any bank, savings and loan association, other financial institution, or any other entity or person, that has on deposit or in its possession, custody, or control any of AMLI's funds, accounts (including escrow accounts), or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;
10. All persons or entities having property, papers (including attorney work product and documents held by attorneys), and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs, and/or bank records owned by, belonging to, or relating to AMLI shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over, and deliver such property and/or information to the Liquidator;
11. The Liquidator is authorized, permitted, and allowed to sell, assign, or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in her discretion, she deems to be in the best interest of the creditors of AMLI, and 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, without the further approval of this Court;
12. All existing insurance policies of AMLI will be cancelled as of 12:01 a.m. local time on the date that is 180 days after the entry of this Order;
13. The date that is nine months after the entry of this Order is established as the bar date by which all claims by any claimant against AMLI or its insureds (other than the Liquidator's claim or the claims of the Life Insurance Guaranty Corporation of New York, including those described in Insurance Law Section 7713(d), for administrative expenses (collectively, "Administrative Claims")), and all supporting documentation evidencing such claims, must actually be received by the Liquidator (the "Bar Date"), and all claims and supporting documentation served upon the Liquidator after the Bar Date are time-barred;
14. The Liquidator is authorized, in her discretion, to refrain from adjudicating claims other than Administrative Claims or policyholder claims unless and until (a) she reasonably believes that adjudication of such claims would be in the best interests

of the estate; or (b) it is certain that the AMLI estate will have sufficient assets to pay claims of such class;

15. Immunity is extended to the Superintendent in her capacity as Liquidator of AMLI, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74;
16. The Liquidator may at any time make further application to this Court for such further and different relief as she sees fit;
17. The Liquidator shall serve a copy of this Order by overnight delivery upon: (a) Sydney Tucker Taylor, President, American Medical and Life Insurance Company, 299 Park Avenue, 6th Floor, New York, New York 10171; (b) each policyholder as shown on AMLI's books and records under AMLI policies that, to the best of the Liquidator's knowledge, remain in force as of the date of entry of this Order; and (c) any person or entity who or that timely filed and served papers in opposition to the relief sought;
18. The Liquidator shall provide notice of this Order to all creditors, claimants, and interested persons by: (i) publication of notice of this Order, in a form substantially similar to the one attached hereto as Annex A, in *Insurance Advocate*, for two consecutive publication periods, commencing within 30 days of entry of this Order; and (ii) posting this Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 15 days after the entry of this Order;
19. This Court shall retain jurisdiction over this matter for all purposes;
20. The caption for this proceeding is hereby amended as follows:

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
In the Matter of

the Liquidation of

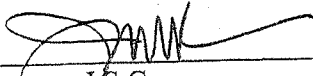
AMERICAN MEDICAL AND LIFE
INSURANCE COMPANY.

-----X

21. All further papers in this proceeding shall bear the above amended caption.

ENTER

12/21/16


J.S.C.

ANNEX A

[Form of Notice of Liquidation Order]

NEW YORK LIQUIDATION BUREAU
110 WILLIAM STREET
NEW YORK, NEW YORK 10038
(212) 341-6400

To all persons or entities interested in the affairs of
AMERICAN MEDICAL AND LIFE INSURANCE COMPANY

Notice is Hereby Given:

Maria T. Vullo, Superintendent of Financial Services of the State of New York ("Superintendent"), has been appointed by an order (the "Order") of the Supreme Court of the State of New York, County of New York ("Court"), entered on _____, 2016, as the liquidator (the "Liquidator") of American Medical and Life Insurance Company ("AMLI") and, as such, has been: (i) directed to take possession of AMLI's property and liquidate AMLI's business and affairs in accordance with New York Insurance Law ("Insurance Law") Article 74; and (ii) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in the Order and with title to AMLI's property, contracts, rights of action, and all of its books and records, wherever located, as of the date of entry of the Order. The Liquidator has, pursuant to Insurance Law Article 74, appointed David Axinn, Special Deputy Superintendent (the "Special Deputy"), as her agent to carry out her duties as Liquidator. The Special Deputy carries out his duties through the New York Liquidation Bureau ("Bureau"), 110 William Street, New York, New York 10038. The Order provides that:

- I. The Liquidator is permitted to deal with the property and business of AMLI in AMLI's name or in the name of the Liquidator;
- II. All persons and entities are permanently enjoined and restrained from wasting the assets of AMLI, and all persons are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting AMLI's business or disposing of AMLI's property;
- III. All persons and entities are permanently enjoined and restrained from interfering with the Liquidator or the proceeding, obtaining any preferences, judgments, attachments, or other liens, making any levy against AMLI, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, AMLI, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to the proceeding or the discharge of their duties under Insurance Law Article 74 in relation thereto;
- IV. The Liquidator is vested with all rights in AMLI's contracts and agreements, however described, and the Liquidator is permitted to, in her discretion, reject any executory contracts to which AMLI is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;
- V. Any bank, savings and loan association, other financial institution, or any other entity or person, that has on deposit or in its possession, custody, or control any of AMLI's funds, accounts (including escrow accounts), or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;

- VI. All persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to AMLI shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
- VII. The Liquidator is authorized, permitted, and allowed to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in her discretion, she deems to be in the best interest of the creditors of AMLI, and 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, without the further approval of the Court;
- VIII. All existing insurance policies of AMLI will be cancelled as of 12:01 a.m. local time on the date that is 180 days after the entry of the Order;
- IX. The date that is nine months after the entry of the Order is established as the bar date by which all claims by any claimant against AMLI or its insureds (other than the Liquidator's claim or the claims of the Life Insurance Guaranty Corporation of New York, including those described in Insurance Law Section 7713(d), for administrative expenses (collectively, "Administrative Claims")), and all supporting documentation evidencing such claims, must actually be received by the Liquidator (the "Bar Date"), and all claims and supporting documentation served upon the Liquidator after the Bar Date are time-barred;
- X. The Liquidator is authorized, in her discretion, to refrain from adjudicating claims of any class other than Administrative Claims or policyholder claims unless and until (a) she reasonably believes that adjudication of such claims would be in the best interests of the estate or (b) it is certain that the AMLI estate will have sufficient assets to pay claims of such class;
- XI. Immunity is extended to the Superintendent in her capacity as Liquidator of AMLI, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Article 74;
- XII. AMLI is insolvent within the meaning of Insurance Law § 1309(a);
- XIII. The Liquidator may at any time make further application to the Court for such further and different relief as she sees fit;
- XIV. The Court shall retain jurisdiction over this matter for all purposes.
- XV. All communications relating to AMLI and to the liquidation proceeding thereof should be addressed to:

New York Liquidation Bureau
110 William Street, 15th Floor
Attention: General Counsel

New York, New York 10038
(212) 341-6400

A copy of the Order may be viewed at <http://www.nylb.org>. To the extent there are any discrepancies between this notice and the Order, then the verbiage of the Order controls.

MARIA T. VULLO
Superintendent of Financial Services of
the State of New York as Liquidator of
American Medical and Life Insurance
Company

DAVID AXINN
Special Deputy Superintendent
and Agent of the Liquidator

SUPREME COURT OF THE STATE OF NEW YORK NEW YORK COUNTY

PRESENT:

BANNON

Justice

PART

42BENJAMIN M. LAWSKY

INDEX NO.

160307/14

MOTION DATE

EVERRADY INSURANCE COMPANY

MOTION SEQ. NO.

01

The following papers, numbered 1 to _____, were read on this motion to/for _____

Notice of Motion/Order to Show Cause — Affidavits — Exhibits _____

No(s). _____

Answering Affidavits — Exhibits _____

No(s). _____

Replying Affidavits _____

No(s). _____

Upon the foregoing papers, it is ordered that this motion is

granted per the attached Order.MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE
FOR THE FOLLOWING REASON(S):Dated: 12/3/14

J.S.C.

HON. NANCY M. BANNON

1. CHECK ONE: ☐ CASE DISPOSED ☒ NON-FINAL DISPOSITION
2. CHECK AS APPROPRIATE: MOTION IS: ☐ GRANTED ☐ DENIED ☒ GRANTED IN PART ☐ OTHER
3. CHECK IF APPROPRIATE: ☐ SETTLE ORDER ☐ SUBMIT ORDER
- ☐ DO NOT POST ☐ FIDUCIARY APPOINTMENT ☐ REFERENCE

At IAS Part 42 of the Supreme Court
of the State of New York, County of
New York, at the courthouse located
at 111 Centre Street, New York City,
New York, on the 30 day of
December, 2014.

P R E S E N T:

HON. NANCY M. BANNON, J.S.C.
-----X

In the Matter of

Index No. 160307/2014

the Application of

ORDER OF LIQUIDATION

Benjamin M. Lawsky, Superintendent of Financial
Services of the State of New York, for an order to take
possession and liquidate the business and affairs of

EVEREADY INSURANCE COMPANY.
-----X

Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York
("Superintendent"), having moved this Court by order to show cause ("Order to Show Cause")
for an order appointing the Superintendent and his successors in office as liquidator
("Liquidator") of Eveready Insurance Company ("Eveready") and directing the Liquidator to
take possession of the property of Eveready and to liquidate its business and affairs, and upon
reading and filing the petition of the Superintendent, duly verified on October 9, 2014, the
affidavit of James Davis, sworn to on October 8, 2014, and the exhibits annexed thereto, this
Court finds that:

1. Eveready was incorporated in the State of New York on or about August 8, 1963
and commenced business on May 1, 1965;
2. Eveready is licensed to transact the business of insurance in accordance with
paragraphs (13) (Personal Injury Liability), (14) (Property Damage Liability), and (19) (Motor

Vehicle and Aircraft Physical Damage) of Section 1113(a) of the New York Insurance Law ("Insurance Law") and is licensed to transact the business of insurance only in the State of New York. Eveready writes primarily private-passenger auto liability and physical damage insurance, plus a small amount of commercial auto insurance in downstate New York;

3. Eveready's statutory office is located at 59 Maiden Lane, New York City, New York 10038-4502;

4. Eveready is insolvent;

5. On July 7, 2014, Eveready's Board of Directors unanimously passed a written consent for the entry of an order of liquidation pursuant to Insurance Law Article 74;

6. Eveready is subject to the Insurance Law and, in particular, to Article 74 thereof; and

7. It is in the best interest of all persons concerned that, based upon Article 74 of the Insurance Law, the Superintendent should be appointed Liquidator and directed to take possession of the property of Eveready, to liquidate its business and affairs, and be vested with title to all of Eveready's property, contracts and rights of action; and

NOW, on motion of the Honorable Eric T. Schneiderman, Attorney General of the State of New York, it is hereby

ORDERED as follows:

1. The relief requested in the petition for an order of liquidation ("Order") is granted;
2. The Superintendent and his successors in office are appointed Liquidator of Eveready;
3. The Liquidator is directed to take possession of Eveready's property and liquidate Eveready's business and affairs in accordance with Insurance Law Article 74;

4. The Liquidator is 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 and with title to Eveready's property, contracts, rights of action and all of its books and records, wherever located, as of the date of entry of this Order;
5. The Liquidator may deal with the property and business of Eveready in Eveready's name or in the name of the Liquidator;
6. All persons are permanently enjoined and restrained from wasting the assets of Eveready, and are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting Eveready's business (including the issuance of insurance policies) or disposing of Eveready's property;
7. All parties are permanently enjoined and restrained from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, making any levy against Eveready, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Eveready, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to this proceeding or the discharge of their duties under Article 74 in relation thereto;
8. All parties to actions, lawsuits, and special or other proceedings (other than those brought by Eveready) in which Eveready, its policyholders or insureds are a party or obligated to defend a party or provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of this Order;
9. All persons who have first party policyholder loss claims are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of this Order;
10. The Liquidator is vested with all rights in Eveready's contracts and agreements, however described, and is permitted to, in his discretion, reject any executory contracts to which Eveready is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;
11. Any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Eveready's funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings

and loan association or other financial institution; and/or (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;

12. All persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Eveready shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
13. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of Eveready, and 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, without the further approval of this Court;
14. ALL EXISTING INSURANCE POLICIES OF EVEREADY WILL BE CANCELLED AT THE EARLIEST OF: (A) 30 DAYS FROM THE GIVING OF NOTICE OF SUCH CANCELLATION BY EVEREADY, IF SUCH NOTICE IS REQUIRED BY AN INSURANCE POLICY OR APPLICABLE LAW; (B) THE STATED EXPIRATION OR TERMINATION DATE AND TIME OF THE INSURANCE POLICY; (C) THE EFFECTIVE DATE AND TIME OF A REPLACEMENT INSURANCE POLICY OF THE SAME TYPE ISSUED BY ANOTHER INSURER REGARDLESS OF WHETHER THE COVERAGE IS IDENTICAL COVERAGE; (D) THE EFFECTIVE DATE AND TIME THAT THE EVEREADY INSURANCE POLICY OBLIGATION IS TRANSFERRED TO ANOTHER INSURER OR ENTITY AUTHORIZED BY LAW TO ASSUME SUCH OBLIGATION; OR (E) 12:01 A.M. LOCAL TIME ON THE DATE THAT IS 30 DAYS AFTER THE ENTRY OF THIS ORDER;
15. The date that is one year after the entry of this Order is established as the bar date by which all claims by any claimant against Eveready or its insureds, other than the Liquidator's claim for administrative expenses, must be actually be received by the Liquidator, including all evidence supporting the liquidation of such claims;
16. The Liquidator is authorized, in his discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate;
17. Immunity is extended to the Superintendent and his successors in office in his capacity as Liquidator of Eveready, the New York Liquidation Bureau, and their

agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74;

18. Eveready is insolvent;
19. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
20. In accordance with Insurance Law Section 7432(b), all claims against Eveready must be presented to the Liquidator within four months of the date of entry of this Order;
21. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;
22. The Liquidator shall serve a copy of this Order upon: Marc Wollerstein, President, Eveready Insurance Company, 59 Maiden Lane, New York, New York 10038-4502, by overnight delivery or by certified mail;
23. The Liquidator shall provide notice of this Order to all creditors, claimants and interested persons by: (i) publication of notice of this Order, in a form substantially similar to the one attached hereto as Exhibit A, in the *New York Daily News*, once a week for two consecutive publication periods, commencing within 30 days of entry of this Order; and (ii) posting this Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 15 days after the entry of this Order;
24. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered;
25. The notice prescribed in paragraph 23 above is sufficient notice to all persons interested in Eveready;
26. This Court shall retain jurisdiction over this matter for all purposes;

27. The caption for this proceeding is hereby amended as follows:

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X

In the Matter of

the Liquidation of

EVEREADY INSURANCE COMPANY.

-----X

28. All further papers in this proceeding shall bear the above amended caption.

ENTER

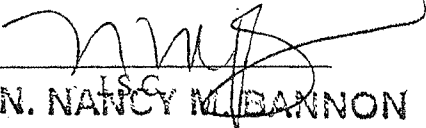

HON. NANCY M. BANNON
J.S.C.

EXHIBIT A

[Form of Notice]

NEW YORK LIQUIDATION BUREAU
110 WILLIAM STREET
NEW YORK, NEW YORK 10038
(212) 341-6400

To all persons or entities interested in the affairs of
EVEREADY INSURANCE COMPANY

Notice is Hereby Given:

Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York ("Superintendent"), has been appointed by an order (the "Order") of the Supreme Court of the State of New York, County of New York ("Court"), entered _____, 2014, as the liquidator (the "Liquidator") of Eveready Insurance Company ("Eveready") and, as such, has been: (i) directed to take possession of Eveready's property and liquidate Eveready's business and affairs in accordance with New York Insurance Law ("Insurance Law") Article 74; and (ii) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in the Order and with title to Eveready's property, contracts, rights of action and all of its books and records, wherever located, as of the date of entry of the Order. The Liquidator has, pursuant to Insurance Law Article 74, appointed Scott D. Fischer, Acting Special Deputy Superintendent (the "Acting Special Deputy"), as his agent to carry out his duties as Liquidator. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau ("Bureau"), 110 William Street, New York, New York 10038. The Order provides:

- I. The Liquidator is permitted to deal with the property and business of Eveready in Eveready's name or in the name of the Liquidator;
- II. All persons are permanently enjoined and restrained from wasting the assets of Eveready, and all persons are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting Eveready's business (including the issuance of insurance policies) or disposing of Eveready's property;
- III. All parties are permanently enjoined and restrained from interfering with the Liquidator or the proceeding, obtaining any preferences, judgments, attachments or other liens, making any levy against Eveready, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Eveready, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to the proceeding or the discharge of their duties under Article 74 in relation thereto;
- IV. All parties to actions, lawsuits, and special or other proceedings (other than those brought by Eveready) in which Eveready, its policyholders or insureds are a party or obligated to defend a party or provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of an order of liquidation;
- V. All persons who have first party policyholder loss claims are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of an order of liquidation;
- VI. The Liquidator is vested with all rights in Eveready's contracts and agreements, however described and permitting the Liquidator to, in his discretion, reject any executory contracts to which Eveready is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;

- VII. Any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Eveready's funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and/or (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;
- VIII. All persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Eveready shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
- IX. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of Eveready, and 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, without the further approval of the Court;
- X. ALL EXISTING INSURANCE POLICIES OF EVEREADY WILL BE CANCELLED AT THE EARLIEST OF: (A) 30 DAYS FROM THE GIVING OF NOTICE OF SUCH CANCELLATION BY EVEREADY, IF SUCH NOTICE IS REQUIRED BY AN INSURANCE POLICY OR APPLICABLE LAW; (B) THE STATED EXPIRATION OR TERMINATION DATE AND TIME OF THE INSURANCE POLICY; (C) THE EFFECTIVE DATE AND TIME OF A REPLACEMENT INSURANCE POLICY OF THE SAME TYPE ISSUED BY ANOTHER INSURER REGARDLESS OF WHETHER THE COVERAGE IS IDENTICAL COVERAGE; (D) THE EFFECTIVE DATE AND TIME THAT THE EVEREADY INSURANCE POLICY OBLIGATION IS TRANSFERRED TO ANOTHER INSURER OR ENTITY AUTHORIZED BY LAW TO ASSUME SUCH OBLIGATION; OR (E) 12:01 A.M. LOCAL TIME ON THE DATE THAT IS 30 DAYS FROM THE ENTRY OF AN ORDER OF LIQUIDATION OF EVEREADY;
- XI. The date that is one year after the entry of the Order is established as the bar date by which all claims by any claimant against Eveready or its insureds, other than the Liquidator's claim for administrative expenses, must actually be received by the Liquidator, including all evidence supporting the liquidation of such claims;
- XII. The Liquidator is authorized, in his discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate;
- XIII. Immunity is extended to the Superintendent in his capacity as Liquidator of Eveready and his successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Article 74;
- XIV. Eveready is insolvent;

- XV. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
- XVI. In accordance with Insurance Law Section 7432(b), all claims against Eveready must be presented to the Liquidator within four months of the date of entry of the Order;
- XVII. The Liquidator may at any time make further application to the Court for such further and different relief as he sees fit;
- XVIII. The Court shall retain jurisdiction over this matter for all purposes.
- XIX. All communications relating to Eveready and to the liquidation proceeding thereof should be addressed to:

New York Liquidation Bureau
110 William Street, 15th Floor
Attention: Acting Special Deputy Superintendent
New York, New York 10038
(212) 341-6400

BENJAMIN M. LAWSKY
Superintendent of Financial Services of
the State of New York as Liquidator
of Eveready Insurance Company

SCOTT D. FISCHER
Acting Special Deputy Superintendent
and Agent for the Superintendent as
Liquidator of Eveready Insurance Company

FILED: NEW YORK COUNTY CLERK 12/24/2013

RECEIVED NYSCEF: 01/03/2018
INDEX NO. 452122/2013NYSCEF DOCS
Scanned to New York EF on 12/23/13

RECEIVED NYSCEF: 12/24/2013

SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT:

RAKOWER

Justice

PART 15LAWSKY, BENJAMIN M.

INDEX NO.

452122/13

MOTION DATE

MOTION SEQ. NO.

01

MOTION CAL. NO.

ICM INSURANCE COMPANY

The following papers, numbered 1 to _____ were read on this motion to/for _____

Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...

Answering Affidavits — Exhibits _____

Replying Affidavits _____

PAPERS NUMBERED

Cross-Motion: ☐ Yes ☐ No

Upon the foregoing papers, it is ordered that this motion

See attached Order.Dated: 12/23/2013HON. EILEEN A. RAKOWER
J.S.C.Check one: ☐ FINAL DISPOSITION ☐ NON-FINAL DISPOSITIONCheck if appropriate: ☐ DO NOT POST ☐ REFERENCEMOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE
FOR THE FOLLOWING REASON(S):

At IAS Part 15 of the Supreme Court of the State of New York, County of New York, at the courthouse located at _____, New York, New York, on the 23 day of December, 2013.

P R E S E N T:

HON. EILEEN A. RAKOWER, J.S.C.
-----X

In the Matter of

Index No. 452122/13

the Application of

ORDER OF LIQUIDATION

Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York, for an order to take possession and liquidate the business and affairs of

ICM INSURANCE COMPANY.
-----X

Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York ("Superintendent"), having moved this Court by order to show cause ("Order to Show Cause") for an order appointing the Superintendent and his successors in office as liquidator ("Liquidator") of ICM Insurance Company ("ICM") and directing the Liquidator to take possession of the property of ICM and to liquidate its business and affairs, and upon reading and filing the petition of the Superintendent, duly verified the 21st day of November, 2013, the affidavit of Jean Marie Cho, sworn to on November 21, 2013, and the exhibits annexed thereto, this Court finds that:

1. ICM was incorporated under the laws of the State of New York on or about September 23, 1981;

2. ICM is licensed to transact the business of insurance in accordance with paragraphs (4)–(7), (9), (12)–(14), and (19)–(21) of New York Insurance Law Section 1113(a) (“Insurance Law”);

3. ICM’s principal office, as disclosed in its Quarterly Statement as of March 31, 2013, is located at 521 Fifth Avenue, New York, NY 10175;

4. On September 18, 2013, ICM’s Board of Directors unanimously passed a resolution consenting to the entry of a liquidation order pursuant to Insurance Law Article 74;

5. ICM is insolvent;

6. ICM is subject to the Insurance Law and, particularly, to Article 74 thereof;

7. It is in the best interest of all persons concerned that, based upon Article 74 of the Insurance Law, the Superintendent should be appointed Liquidator and directed to take possession of the property of ICM, to liquidate its business and affairs, and be vested with title to all of ICM’s property, contracts and rights of action; and

NOW, on motion of the Honorable Eric T. Schneiderman, Attorney General of the State of New York, it is hereby

ORDERED as follows:

1. The relief requested in the petition for an order of liquidation (“Order”) is granted and ICM is declared to be insolvent;
2. The Superintendent is appointed Liquidator of ICM and is: (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) vested with title to ICM’s property, contracts, rights of action and all of its books and records, wherever located, as of the date of entry of this Order; and (iii) directed to liquidate ICM’s business and affairs in accordance with Insurance Law Article 74;
3. The Liquidator may deal with the property and business of ICM in ICM’s name or in the name of the Liquidator;

4. All persons are permanently enjoined and restrained from wasting the assets of ICM and permanently enjoined and restrained, except as authorized by the Liquidator, from disposing of ICM's property;
5. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of ICM and all other persons other than the Liquidator and his agents are permanently enjoined and restrained from: (i) transacting ICM's business, except as authorized by the Liquidator; or (ii) interfering with this proceeding or the Liquidator in the possession, control and management of ICM's property or in the discharge of his duties;
6. All persons are permanently enjoined and restrained from commencing or prosecuting any action or proceeding against ICM, the Liquidator or the New York Liquidation Bureau ("Bureau"), or their present or former employees, attorneys or agents with respect to this proceeding or the discharge of their duties under Article 74 in relation thereto;
7. All persons are permanently enjoined and restrained from obtaining any preference, judgment, attachment or other lien, or making any levy against ICM, its assets or any part thereof;
8. All parties to actions, lawsuits, and special or other proceedings (other than those brought by ICM) in which ICM, its policyholders or insureds are a party or obligated to defend a party or to provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from proceeding with any discovery, court proceeding or other litigation task or procedure, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of this Order;
9. All persons who have first party policyholder loss claims are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of this Order;
10. The Liquidator is vested with all rights in ICM's contracts and agreements, including leases, tax agreements, insurance policies and employment contracts, however described, unless the Liquidator expressly terminates such contracts or agreements, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of termination;
11. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or other securities of ICM at the best price obtainable at such times and upon such terms and conditions as, in

his discretion, he deems to be in the best interest of the creditors of ICM, 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 without the further approval of this Court;

12. ICM and each of its officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates, and all firms, corporations, associations and other persons or entities having any property, papers (including attorney work product) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance contracts, claims files (electronic or paper), software programs, and/or bank records owned by, belonging to or relating to ICM, shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
13. Any person or entity providing claims processing services, data processing services, electronic records retention services or other information technology services to ICM shall maintain and preserve all information in its possession relating in any way to ICM, wherever located, including but not limited to all documents, data, electronic files and records, computer equipment (i.e., servers and printers), software programs and software licenses owned or leased by ICM and is directed, upon the Liquidator's request, to promptly submit all such information to the Liquidator or his designees;
14. 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 any of ICM's funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (i) turn over custody and control of such funds, accounts or assets to the Liquidator; (ii) transfer title of such funds, accounts or assets to the Liquidator; (iii) change the name of such accounts to the name of the Liquidator; (iv) transfer funds from such bank, savings and loan association or other financial institution; and/or (v) take any other action necessary for the proper conduct of the liquidation proceeding;
15. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
16. In accordance with Insurance Law Section 7405(f), the Liquidator is hereby permitted to make distributions of ICM's assets to the New York Property/Casualty Insurance Security Fund and similar guaranty funds of other states in accordance with such statute, and any agreement to be

entered into among the Liquidator and such guaranty fund is hereby approved and the Liquidator is authorized to enter into and perform such agreement;

17. All existing insurance policies of ICM shall terminate at 12:01 A.M. local time on the earliest of 30 days from the entry of this order, 30 days from the giving of notice of such cancellation, if such notice is required by an insurance policy or applicable law, or upon the date and time stated in the policy;
18. May 16, 2014 is the bar date by which all claims by any claimant against ICM or its insureds, other than the Liquidator's claims for administrative expenses, must be actually received by the Liquidator;
19. December 31, 2014 is the final date by which evidence supporting the liquidation of any claim presented by the foregoing bar date must be actually received by the Liquidator;
20. The Liquidator, in his discretion, is authorized to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate;
21. Immunity is extended to the Superintendent in his capacity as Liquidator of ICM and his successors in office and their agents and employees, including the Bureau, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74;
22. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;
23. The Liquidator shall serve the copy of this Order upon: Marc Tract, Katten Muchin Roseman LLP, 575 Madison Ave, New York, NY 10022, attorneys for ICM Insurance Company, by overnight delivery or by certified mail;
24. The Liquidator shall provide notice of this Order to all creditors, claimants and interested persons by: (i) publication of the notice of this Order in *The New York Times*, National Edition, once a week for two consecutive weeks, commencing within thirty days of entry of this Order in a form substantially similar to the one attached hereto as Exhibit A; and (ii) posting this Order on the Internet web page maintained by the Bureau at <http://www.nylb.org> within 15 days after the entry of this Order;

25. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered;
26. The notice prescribed in decretal paragraphs 23 and 24 hereof is sufficient notice to all persons interested in ICM;
27. This Court shall retain jurisdiction over this matter for all purposes;
28. The caption for this proceeding is hereby amended as follows:

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X

In the Matter of

the Liquidation of

ICM INSURANCE COMPANY.

-----X

29. All further papers in this proceeding shall bear the above amended caption.

ENTER


J.S.C.

EXHIBIT A

[Form of Notice]

NEW YORK LIQUIDATION BUREAU
110 WILLIAM STREET
NEW YORK, NEW YORK 10038
(212) 341-6755

To all persons or entities
interested in the affairs of
ICM INSURANCE COMPANY
Notice is Hereby Given:

Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York ("Superintendent"), has been appointed by an order (the "Order") of the Supreme Court of the State of New York, New York County ("Court"), entered _____, 2013, as the liquidator (the "Liquidator") of ICM Insurance Company ("ICM") and, as such, has been: (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 the Order; (ii) vested with title to ICM's property, contracts, rights of action and all its books and records, wherever located, as of the date of entry of the Order; and (iii) directed to liquidate ICM's business and affairs in accordance with Insurance Law Article 74. The Liquidator has, pursuant to Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent of Insurance (the "Acting Special Deputy") as his agent to carry out his duties as Liquidator. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau ("Bureau"), 110 William Street, New York, New York 10038. The Order provides:

- I. The Liquidator may deal with the property and business of ICM in ICM's name or in the name of the Liquidator.
- II. All persons are permanently enjoined and restrained from wasting the assets of ICM and permanently enjoined and restrained, except as authorized by the Liquidator, from disposing of ICM's property.
- III. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of ICM and all other persons other than the Liquidator and his agents are permanently enjoined and restrained from: (i) transacting ICM's business, except as authorized by the Liquidator; or (ii) interfering with this proceeding or the Liquidator in the possession, control and management of ICM's property or in the discharge of his duties.
- IV. All persons are permanently enjoined and restrained from commencing or prosecuting any action or proceeding against ICM, the Liquidator or the New York Liquidation Bureau ("Bureau"), or their present or former employees, attorneys or agents with respect to this proceeding or the discharge of their duties under Article 74 in relation thereto.
- V. All persons are permanently enjoined and restrained from obtaining any preference, judgment, attachment or other lien, or making any levy against ICM, its assets or any part thereof.
- VI. All parties to actions, lawsuits, and special or other proceedings (other than those brought by ICM) in which ICM, its policyholders or insureds are a party or obligated to defend a party or to provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from proceeding with any discovery, court proceeding or other litigation task or procedure, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of this Order.
- VII. All persons who have first party policyholder loss claims are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of this Order.

VIII. The Liquidator is vested with all rights in ICM's contracts and agreements, including leases, tax agreements, insurance policies and employment contracts, however described, unless the Liquidator expressly terminates such contracts or agreements, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of termination.

IX. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or other securities of ICM at the best price obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of ICM, 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 without the further approval of this Court.

X. ICM and each of its officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates, and all firms, corporations, associations and other persons or entities having any property, papers (including attorney work product) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance contracts, claims files (electronic or paper), software programs, and/or bank records owned by, belonging to or relating to ICM, shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator.

XI. Any person or entity providing claims processing services, data processing services, electronic records retention services or other information technology services to ICM shall maintain and preserve all information in its possession relating in any way to ICM, wherever located, including but not limited to all documents, data, electronic files and records, computer equipment (*i.e.*, servers and printers), software programs and software licenses owned or leased by ICM and is directed, upon the Liquidator's request, to promptly submit all such information to the Liquidator or his designees.

XII. Any person or entity providing claims processing services, data processing services, electronic records retention services or other information technology services to ICM shall maintain and preserve all information in its possession relating in any way to ICM, wherever located, including but not limited to all documents, data, electronic files and records, computer equipment (*i.e.*, servers and printers), software programs and software licenses owned or leased by ICM and is directed, upon the Liquidator's request, to promptly submit all such information to the Liquidator or his designees.

XIII. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74.

XIV. In accordance with Insurance Law Section 7405(f), the Liquidator is hereby permitted to make distributions of ICM's assets to the New York Property/Casualty Insurance Security Fund and similar guaranty funds of other states in accordance with such statute, and any agreement to be entered into among the Liquidator and such guaranty fund is hereby approved and the Liquidator is authorized to enter into and perform such agreement;

XV. ALL EXISTING INSURANCE POLICIES OF ICM SHALL TERMINATE AT 12:01 A.M. LOCAL TIME ON THE EARLIEST OF 30 DAYS FROM THE ENTRY OF THE ORDER, 30 DAYS FROM THE GIVING OF NOTICE OF SUCH CANCELLATION, IF SUCH NOTICE IS REQUIRED BY AN INSURANCE POLICY OR APPLICABLE LAW, OR UPON THE DATE AND TIME STATED IN THE POLICY.

XVI. MAY 16, 2014 IS THE BAR DATE BY WHICH ALL CLAIMS BY ANY CLAIMANT AGAINST ICM OR ITS INSURED, OTHER THAN THE LIQUIDATOR'S CLAIMS FOR ADMINISTRATIVE EXPENSES, MUST BE ACTUALLY RECEIVED BY THE LIQUIDATOR.

XVII. DECEMBER 31, 2014 IS THE FINAL DATE BY WHICH EVIDENCE SUPPORTING THE LIQUIDATION OF ANY CLAIM PRESENTED BY THE FOREGOING BAR DATE MUST BE ACTUALLY RECEIVED BY THE LIQUIDATOR.

XVIII. The Liquidator, in his discretion, is authorized to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate

XIX. Immunity is extended to the Superintendent in his capacity as Liquidator of ICM and his successors in office and their agents and employees including the Bureau, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Article 74.

XX. The Liquidator may at any time make further application to the Court for such further and different relief as he sees fit.

XXI. The court shall retain jurisdiction over this matter for all purposes.

XXII. All communications relating to ICM and to the Liquidation Proceeding thereof should be addressed to:

New York Liquidation Bureau
110 William Street, 15th Floor
New York, New York 10038
(212) 341-6400

BENJAMIN M. LAWSKY
Superintendent of Financial Services of
the State of New York as Liquidator
of ICM Insurance Company

MICHAEL J. CASEY
Acting Special Deputy Superintendent
and Agent for the Superintendent as
Liquidator of ICM Insurance Company

Index no.: 452122/13

SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY

In the Matter of

the Application of

Benjamin M. Lawsky, Superintendent of Financial
Services of the State of New York, for an order to take
possession and liquidate the business and affairs of

ICM INSURANCE COMPANY.

ORDER OF LIQUIDATION

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

120 Broadway, 24th Floor New York, NY 10271
Tel: (212) 416-8301

Fax: (212) 416-6009 / 6075 / 6076 (not for service)

At IAS Part 10 of the Supreme Court of
the State of New York, County of New
York, at the Courthouse, 60 Centre Street,
New York, New York, on the 30 day of
September, 2010.

P R E S E N T:

HON. JUDITH J. GISCHE, J.S.C.

-----X
In the Matter of

the Application of

James J. Wrynn, Superintendent of Insurance
of the State of New York, for an order to take possession
of the property of and rehabilitate

Index No.: 400236/10

**ORDER OF
LIQUIDATION**

COLONIAL COOPERATIVE INSURANCE COMPANY.

-----X

Petitioner, James J. Wrynn, Superintendent of Insurance of the State of New York ("Superintendent"), having moved this Court by order to show cause ("Order to Show Cause") for an order to convert the rehabilitation proceeding of Colonial Cooperative Insurance Company ("CCIC") to a liquidation proceeding, and the Rehabilitator having provided CCIC claimants and creditors with notice of the relief sought, by posting the notice of the Order to Show Cause on the Internet web page maintained by the New York Liquidation Bureau at least 30 days prior to the return date, and no objections having been received, and upon reading and filing the petition of the Superintendent, duly verified the 20th day of August, 2010, the affidavit of Francesca G. Bliss, Assistant Special Deputy Superintendent, sworn to August 11, 2010, and the affidavit of Peter Giacone, Chief Financial Officer of the New York Liquidation Bureau, sworn to August 11, 2010, and the exhibits attached thereto, this Court finds that:

1. CCIC was placed into rehabilitation and the Superintendent was appointed rehabilitator ("Rehabilitator") by order of this Court ("Rehabilitation Order") entered March 1, 2010;

2. The Rehabilitation Order found that a Mandatory Control Event under New York Insurance Law ("Insurance Law") Section 1324(g) had occurred with regard to CCIC;

3. The Rehabilitation Order found that CCIC consented to the entry of the Rehabilitation Order;

4. Further efforts to rehabilitate CCIC would be futile;

5. CCIC is insolvent;

6. CCIC is subject to the Insurance Law and, particularly, to Article 74 thereof;

and

7. It is in the best interest of all persons concerned that the Superintendent be vested with title to all CCIC's property, contracts and rights of action and directed to liquidate its business and affairs;

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 relief requested in the petition for an order of liquidation is granted and CCIC is found to be insolvent;
2. The rehabilitation proceeding of CCIC instituted in the Supreme Court, New York County, is terminated;
3. The Superintendent, and his successors in office, are appointed liquidator ("Liquidator") of CCIC 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) vested with title to CCIC's property, contracts, rights of action and all its books and records, wherever located, as of the date of entry of this Order; and (iii) directed to liquidate CCIC's business and affairs in accordance with Insurance Law Article 74;

4. The Liquidator may deal with the property and business of CCIC in its name or in the name of the Liquidator;
5. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of CCIC and all other persons other than the Superintendent and his agents are permanently enjoined and restrained, except as authorized by the Superintendent, from: (i) transacting the business of CCIC, (ii) wasting or disposing of or permitting to be done any act or thing that might waste or dispose of CCIC's property; (iii) interfering with the Liquidator in the possession, control and management of CCIC's property or in the discharge of his duties; and (iv) disclosing the name, address or contact information of CCIC's policyholders, or any other information that is proprietary to CCIC's or not in the public domain, except as may be authorized by the Liquidator;
6. All persons are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings against CCIC, the Liquidator or the New York Liquidation Bureau, its employees, attorneys and/or agents with respect to any claims against CCIC;
7. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against CCIC's assets or any part thereof;
8. All parties to actions, lawsuits, and special or other proceedings ("Litigation") in which CCIC is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from prosecuting, advancing or otherwise taking any action within such Litigation, including but not limited to trials, hearings conferences or other court proceedings, motions or other requests to the court of any nature, proceedings on default, settlements or judgments, service of documents, discovery or any other litigation tasks or procedures for a period of 180 days from the date of entry of this Order;
9. All persons who have first-party policyholder no-fault loss claims pursuant to Article 51 of the Insurance Law against CCIC are enjoined from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of this Order;
10. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or securities of CCIC 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 CCIC, 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;

11. In accordance with Insurance Law Section 7405, all contracts and agreements, including all leases, tax sharing agreements and employment contracts of CCIC, however described, shall terminate and all liability thereunder shall cease and be fixed as of the date of entry of this Order unless expressly assumed in writing by the Liquidator;
12. CCIC and each of its officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates, and all firms, corporations, associations and other persons or entities having any property belonging to or relating to CCIC, including but not limited to business records, insurance policies, claims files (electronic or paper), software programs, bank records or any tangible or intangible items of value, shall preserve such property and are directed, upon the Liquidator's request, to promptly assign, transfer, turn over and deliver such property to the Liquidator or his designees;
13. Any person or entity providing claims processing services, data processing services, electronic records retention services or other information technology services to CCIC shall maintain and preserve all information in its possession ("Information") relating in any way to CCIC, wherever located, including but not limited to all documents, data, electronic files and records, computer equipment (i.e., servers and printers), software programs and software licenses owned or leased by CCIC and are directed, upon the Liquidator's request, to promptly submit all such Information to the Liquidator or his designees;
14. 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 of CCIC's funds, accounts or assets shall immediately, upon the Liquidator's request and direction: (i) turn over custody and control of such funds, accounts or assets to the Liquidator; (ii) transfer title of such funds, accounts or assets to the Liquidator; (iii) change the name of such accounts to the name of the Liquidator; (iv) withdraw funds from such bank, savings and loan association or other financial institution; or (v) take any lesser action necessary for the proper conduct of the liquidation proceeding;
15. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
16. Judicial immunity is extended to the Superintendent in his capacity as liquidator and his successors in office and their agents and employees and such immunity is extended to them for any cause of action of any nature against them, individually or jointly, for any action or omission by any one or more of them when acting in good faith, in accordance with this Order, or in the performance of their duties pursuant to Insurance Law Article 74;

17. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;
18. The Liquidator shall provide notice of this order to all creditors, claimants and other interested persons by: (a) service of a copy of this Liquidation Order upon Kenneth Pangburn, former President of CCIC, as designated agent for service of process, by regular mail and certified mail, return receipt requested, on or before the 27th day of October 2010; (b) posting this Liquidation Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 30 days after the entry of this Liquidation Order; (c) publication of the notice of this Liquidation Order in *Business Insurance* once a week in two consecutive publication weeks, commencing within four weeks of entry of this Order, in a form substantially similar to the one attached hereto.
19. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered.
20. The notice prescribed in decretal paragraph 18 hereof is sufficient notice to all persons interested in CCIC;
21. This Court shall retain jurisdiction over this matter for all purposes;
22. All further papers in this proceeding shall bear the caption:

"In the Matter of

the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY"

SEP 30 2010

ENTER

J.S.C.

JUDITH J. GISCHE, J.S.C.

SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY

PRESENT: JUDITH J. GISCHE, J.S.C.
JusticePART 10*for Re: Colonial Cooperative
Anonymous*INDEX NO. 400236/10

MOTION DATE _____

MOTION SEQ. NO. 03

MOTION CAL. NO. _____

The following papers, numbered 1 to _____ were read on this motion for _____

Notice of Motion/ Order to Show Cause — Affidavits — Exhibits _____

Answering Affidavits — Exhibits _____

Replying Affidavits _____

Cross-Motion: ☐ Yes ☐ No

Upon the foregoing papers, it is ordered that this motion

The OSC has been served on all appropriate parties & no one has appeared either in person or in writing to oppose the relief sought. It is therefore granted on default in accordance with a separate order signed this date.

Dated: 9/30/10JUDITH J. GISCHE, J.S.C. J.S.C.Check one: ☒ FINAL DISPOSITION☐ NON-FINAL DISPOSITIONCheck if appropriate: ☐ DO NOT POST☐ REFERENCE☐ SUBMIT ORDER/ JUDG.☐ SETTLE ORDER/ JUDG.MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE
FOR THE FOLLOWING REASON(S):

Index No.: 400236/10

SUPREME COURT OF THE STATE OF NEW YORK COUNTY OF NEW YORK

In the Matter of
the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY.

ORDER OF LIQUIDATION

JOHN PEARSON KELLY

Attorney for Superintendent of Insurance as Liquidator

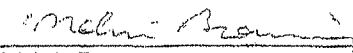
Office and Post Office Address, Telephone

New York Liquidation Bureau
123 William Street
New York, NY 10038-3889
(212) 341-6755
Fax (212) 608-3398

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: September 30, 2010
New York, New York


Melvin Browning

☐ 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 20

☐ NOTICE OF SETTLEMENT

that an order
settlement to the HON.

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

Dated:

, on

Yours, etc.

JOHN PEARSON KELLYAttorney 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) 341-6755
Fax (212) 608-3398

At IAS Part 7 of the Supreme Court of the State of New York, County of New York at the Courthouse, 111 Centre Street, New York, New York on the 15 day of June 2005.

PRESENT:

HON. FAVIOLA SOTO,

JUSTICE

-----x
In the Matter of

Index No.: 401876/05

the Application of

ORDER OF LIQUIDATION

HOWARD MILLS, 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

REALM NATIONAL INSURANCE COMPANY

FILED

JUN 15 2005

COUNTY CLERK'S OFFICE
NEW YORK

Petitioner, Howard Mills, Superintendent of Insurance of the State of New York (the "Superintendent"), having moved this court for an order to take possession of the property of and liquidate the business and affairs and dissolve the corporate charter of Realm National Insurance Company ("REALM");

NOW, upon reading and filing the petition of the Superintendent, duly verified on the 10th day of June, 2005, the exhibits annexed thereto; the emergency affidavit of Howard Mills, dated June 10, 2005; and it appearing to my satisfaction that:

1. REALM is a New York corporation, with its principal office in New York County;
2. REALM is insolvent;

3. REALM has consented to an order of liquidation being entered against it in the Supreme Court, County of New York;

4. REALM is amenable to the Insurance Law of the State of New York and particularly to Article 74 thereof;

5. REALM should be dissolved and its corporate charter annulled and forfeited.

6. It is impossible to reinsure in whole or in part the existing policy obligations of REALM pursuant to Section 7405 (c) of the Insurance Law;

7. REALM is in such condition that its further transaction of business would be hazardous to its policyholders, creditors or to the public;

8. It is in the best interest of all persons concerned that the Superintendent be directed to take possession of the property and liquidate the business and affairs and dissolve the corporate charter of REALM.

NOW, on motion of the Honorable Eliot Spitzer, Attorney General of the State of New York, it is hereby ORDERED as follows:

1. The petition is granted;
2. REALM is insolvent;
3. The Superintendent, and his successors in office as Superintendent, are appointed liquidator of REALM, authorized and directed to immediately take possession of its property, are vested with title to its property, contracts and rights of action and directed to liquidate its business and affairs in accordance with Article 74 of the Insurance Law. The Superintendent as Liquidator may deal with the property and business of REALM in its name or in the name of the Superintendent, as Liquidator;
4. In accordance with Insurance Law § 7432 (b), all claims against REALM must be presented to the Superintendent, as Liquidator, within four months of the date of entry of this order;

5. In accordance with Insurance Law § 7433 (b)(2), all persons who appear on REALM's books and records as policyholders or claimants as of the date of entry of this order shall be deemed to have duly filed proofs of claim prior to the last day set for filing claims;
6. All former policyholders of REALM whose policies expired within three (3) years of the date of entry of this order shall be deemed to have duly filed a proof of claim prior to the last day set for filing claims;
7. The Superintendent, as Liquidator, shall provide notice, by publication in the New York Times, National Edition and the Journal of Commerce once a week for two consecutive weeks commencing within three weeks of entry of this order, to all other creditors, claimants and interested persons to present claims within four months of the date of entry of this order;
8. The Superintendent, as Liquidator, shall provide notice by publication in one newspaper in the capital cities of each state in the United States wherein REALM is licensed to do business, once a week for two successive weeks within the period allowed for the presenting of claims, the newspaper to be selected by the Liquidator at his discretion;
9. In the event one or more Insurance Departments and/or Guaranty Funds or Associations of foreign states, that have adopted the Uniform Insurers Liquidation Act, in which REALM was licensed to do business, desire to give formal notice to policyholders and creditors in their respective State Insurance Departments or Guaranty Fund or Association, the Superintendent, as Liquidator, may permit the giving of such notice as he in his discretion may find desirable;
10. The notice prescribed herein is sufficient notice to all persons interested in REALM;
11. All outstanding insurance policies, bonds, and other insurance obligations, if any, issued and undertaken by REALM shall terminate and all liability thereunder shall cease and be fixed as of 12:01 a.m. on the thirtieth day after entry of this order or upon cancellation or procurement of replacement policies, bonds or insurance coverage, whichever is earlier;

12. In accordance with Insurance Law § 7405, all other contracts, leases, tax sharing agreements, employment contracts, and obligations of REALM, 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 Superintendent, as Liquidator;
13. The Superintendent, as Liquidator, is relieved of the provisions set forth in Section 7405(c) of the Insurance Law to reinsure in whole or in part the policy obligations of REALM;
14. The Superintendent, as Liquidator, is authorized, permitted and allowed to sell, assign, or transfer any and all real or personal property, stocks, bonds or securities of REALM 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 REALM, 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;
15. REALM, its officers, directors, depositories, trustees, agents, servants, employees, attorneys, and all other persons, having any property or records belonging or relating to REALM, including, but not limited to insurance policies, loss, claim or legal files are directed to assign, transfer, set over and deliver to the Superintendent, as Liquidator, all such property or records;
16. Any persons, firms, corporations, or associations having any books, papers or records relating to the business of REALM shall preserve them and submit them to the Superintendent, as Liquidator, for examination and copying at all reasonable times;
17. The officers, directors, shareholders, trustees, agents, servants, employees, attorneys, and managers of REALM, and all other persons are permanently enjoined and restrained from the transaction of REALM's business, the waste or disposition of its property, interfering with the Superintendent, as Liquidator, in the possession, control and management of the property of REALM or in the discharge of his duties;
18. All persons are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings against REALM, the Superintendent, as Liquidator of REALM, or the New York Liquidation Bureau, its employees, attorneys and agents with respect to claims against REALM;

19. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against REALM's assets or any part thereof;
20. All parties to lawsuits in this state and all other states and territories of the United States, are hereby enjoined and restrained from proceeding with, including but not limited to, any discovery, pre-trial conferences, trial, application for judgment or proceeding on judgments or settlements in such actions at law, suits in equity, special or other proceedings in which REALM is obligated to defend by virtue of its insurance contract and any and all actions being defended by a primary or other underlying insurer where such primary or underlying insurer has tendered or offered its full policy limits or where said policy limits have been exhausted by payment of the underlying insurer's aggregate and REALM is the next excess of umbrella layer of insurance for a period of 180 days from the date hereof;
21. Those persons who may have first-party or New York Comprehensive Automobile Insurance Reparations Act (No-Fault) policyholder loss claims against REALM coming within the purview of Article 76 of the Insurance Law are enjoined from presenting and filing such claims in this proceeding for 90 days from the date of entry of this order;
22. The corporate charter of REALM is relinquished, forfeited, surrendered and annulled, and REALM is dissolved;
23. The Superintendent of Insurance as Liquidator, may at any time make further application to this court for such further and different relief as he sees fit;
24. All further papers in this proceeding shall bear the caption:

"In the Matter of

the Liquidation of

REALM NATIONAL INSURANCE COMPANY"

25. The Superintendent, as 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


HON. RAVIOLA SOTO

FILED
JUN 15 2005
COUNTY CLERK'S OFFICE
NEW YORK

Sir:
Please take notice that the within is a true
copy of
duly filed and entered in the office of the clerk
of County, on
the day of 20

Yours, etc.,
ELIOT SPITZER
Attorney General.

Attorney for

Office and Post Office Address
120 Broadway, New York, N.Y. 10271

To

Attorney for

Sir
Please take notice that the within
will be presented for settlement and signature
herein to the HON.
one of the judges of the within named Court, at
in the Borough of
City of New York, on the day of
200 , at A. M.

Date, N.Y.,

Yours, etc.,
ELIOT SPITZER
Attorney General,

Attorney for

Office and Post Office Address
120 Broadway, New York, N.Y. 10271

To:

In the Matter of
the Application of

HOWARD MILLS, 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

REALM NATIONAL INSURANCE COMPANY

ORDER OF LIQUIDATION

ELIOT SPITZER

Attorney General

Attorney for the Superintendent of
Insurance

Office and Post Office Address
120 Broadway, New York, N.Y. 10271
Tel. (212) 416-8658

Personal service of a copy of

within. day of

is admitted this day of

.....20

FILED
JUN 15 2008
COUNTY CLERK'S OFFICE
NEW YORK