

NUMBER: 1041928 STATE OF LOUISIANA

DIVISION: SEC. 26

JAMES J. DONELON,  
COMMISSIONER OF INSURANCE FOR THE STATE OF LOUISIANA

VERSUS

LOUISIANA HEALTH COOPERATIVE, INC.

FILED: \_\_\_\_\_  
DEPUTY CLERK

ORDER OF REHABILITATION AND INJUNCTIVE RELIEF

CONSIDERING the verified petition, and the law and the evidence entitling the Commissioner to the relief sought herein, and the Court being satisfied from the allegations therein and finding that the defendant named herein is an health maintenance organization as defined in and under Louisiana law and that the interests of creditors, policyholders, members, subscribers, enrollees, and the public will probably be endangered by delay, and the Court finding that the law and the evidence is in favor of granting the relief prayed for herein,

IT IS ORDERED, ADJUDGED AND DECREED that sufficient cause exists for the Rehabilitation of Louisiana Health Cooperative, Inc. ("LAHC").

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that LAHC shall be and hereby is placed into rehabilitation under the direction and control of the Commissioner of Insurance for the State of Louisiana (the "Commissioner"), subject to the further written orders of this Court and that the Commissioner be and hereby is appointed Rehabilitator and that Billy Bostick be and hereby is appointed Receiver of LAHC.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner shall be and hereby is vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and Twitter accounts), documents, claims files, records and other assets of LAHC as of the date of this order of rehabilitation.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner, his agents and/or employees, shall be and hereby are directed to take possession and control of the property, business, affairs, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and

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Twitter accounts), documents, claims files, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents, and all other assets of LAHC, including all real property, whether in the possession of LAHC or its officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, subsidiaries, affiliates, or agents, and of the premises occupied by LAHC for its business, conduct all of the business and affairs of LAHC, or so much thereof as he may deem appropriate, manage the affairs of LAHC, and to rehabilitate same, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that LAHC, its policyholders, subscribers, members, enrollees, officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, subsidiaries, affiliates, creditors, banks, savings and loan associations, and/or other entity or person acting for or on behalf of LAHC shall be and hereby are enjoined from disposing of the property, business, affairs, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and Twitter accounts), documents, claims files, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents, and all other assets of LAHC, including all real property, and from the transaction of the business of LAHC, except with the concurrence of the Commissioner, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to La. R.S. 22:2006, any and all persons and entities shall be and hereby are enjoined from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LAHC, its property and assets while in the Commissioner's possession and control.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that in accordance with La. R.S. 22:2036 the Commissioner shall be and hereby is immediately vested with and/or maintain the authority to enforce, for the benefit of LAHC policyholders, subscribers, members, and enrollees and LAHC, contract performance by any provider or other third party who contracted with LAHC, and for such other relief as the nature of the case and the interest of LAHC, LAHC's policyholders, subscribers, members, enrollees, creditors or the public may require.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner shall be and hereby is entitled to the right to enforce or cancel, for the benefit of the policyholders, subscribers, members, enrollees of LAHC, and LAHC contract performance by any party who had contracted with LAHC.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner shall be and hereby is entitled to permit such further operation of LAHC as he may deem necessary to be in the best interests of the policyholders, subscribers, members, and enrollees, and creditors of LAHC and the orderly rehabilitation of LAHC.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all authority of all officers, directors, and managers of LAHC shall be and hereby is suspended and all authority of said officers, directors and managers be and hereby is vested in the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner and Receiver of LAHC and his assistants shall be and hereby are allowed and authorized to:

- a) Employ and authorize the compensation of accountants, clerks, and such assistants as he deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, out of the funds or assets of LAHC in the possession of the Commissioner and the Receiver or coming into LAHC's possession;
- b) Defend or not defend legal actions wherein LAHC or the Commissioner or Receiver is a party defendant, commenced prior to or subsequent to the entry of the order herein, without the authorization of the Court, except, however, in actions where LAHC is a nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely affect the assets of LAHC, the Commissioner or Receiver may file appropriate pleadings in his discretion;
- c) Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this rehabilitation proceeding;
- d) Collect all debts, which are economically feasible to collect and which are due and owing to LAHC;
- e) Take possession of all of LAHC's securities and certificates of deposit on deposit with any financial institution or any other person or entity, if any, and convert to cash so much of the same as may be necessary, in his judgment, to pay the expenses of administration of rehabilitation.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any officer, director, manager, trustee, agent, adjustor, contractor, or third party administrator of LAHC and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of LAHC's affairs shall be and hereby are required to fully cooperate with the Commissioner, the Receiver and his assistants, notwithstanding their dismissal pursuant to this order.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all attorneys employed by LAHC as of the date of the order entered herein shall, within ten (10) days notice of the order entered herein, report to the Receiver or Commissioner on the name, company, claim number and status of each file they are handling on behalf of LAHC. Said report shall also include an account of any funds received from or on behalf of LAHC. All attorneys described herein are hereby discharged as of the date of this order unless the Receiver or Commissioner retains their services in writing. All attorneys employed by LAHC who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of LAHC shall deliver such litigation files, material, documents or records intact and without purging to the Receiver notwithstanding any claim of a retaining lien, which, if otherwise valid, shall not be extinguished by such turn-over of documents.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that reinsurance amounts due to or payable by LAHC shall be remitted to, or disbursed by the Receiver at the Receiver's discretion and with the consent of the court where required by law. The Receiver shall handle reinsurance losses recoverable or payable by LAHC. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary unless otherwise authorized by the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any bank, savings and loan association, financial institution, and any other person or entity which has on deposit, including statutory deposits, in its possession, custody or control any funds, accounts and any other assets of LAHC, shall be and hereby is ordered to immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver, and instructed that the Receiver has absolute control over such funds, accounts and other assets. The Receiver may change the name of such accounts and other assets withdraw them from such bank, savings and loan association or other financial institution or take such lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association, or other financial institution, person or entity shall freeze or place a hard hold on, or exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any bank, savings and loan association, financial institution, and any other person or entity which has on deposit, in its possession, custody or control any funds, accounts and any other assets of LAHC, shall not be permitted to freeze or place a hard hold on, or exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the control of the Commissioner, the Receiver or his appointees without the permission of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to LAHC shall maintain such service and transfer any such accounts to the Receiver as of the date of the order entered herein, unless instructed to the contrary by the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that upon request by the Receiver, any company providing telephone services to LAHC shall provide a reference of calls from the number presently assigned to LAHC to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership of LAHC.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any data processing service which has custody or control of any data processing information and records, including, but not limited to, source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to LAHC shall be and hereby are required to transfer custody and control of such records to the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the United States Postal Service shall be and hereby is directed to provide any information requested by the Receiver regarding LAHC and to handle future deliveries of LAHC's mail as directed by the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner and his assistants shall be and hereby are authorized to conduct an investigation of LAHC and its subsidiaries and affiliates to uncover and make fully available to the Court the true state of LAHC's financial affairs. In furtherance of this investigation, LAHC, its subsidiaries, its affiliates, owners, officers, directors, managers, trustees, agents, employees, servants, adjustors, accountants, actuaries, attorneys, contractors, consultants, or third party administrators, LAHC shall make all books, documents, accounts, records and affairs, which either belong to or pertain to LAHC available for full, free and unhindered inspection and examination by the

Commissioner during normal business hours, Monday through Friday, from the date of the order entered herein. LAHC and the above-specified entities shall fully cooperate with the Commissioner, including, but not limited to, the taking of oral testimony under oath of LAHC and its officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, subsidiaries, affiliates, and subsidiaries and any other person or entity who possesses any executive authority over, or who exercises any control over, any segment of the affairs of LAHC in both their official, representative, and individual capacities and the production of all documents that are calculated to disclose the true state of LAHC's affairs.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that LAHC shall not engage in any advertising or solicitation whatsoever.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that LAHC, its members, subscribers, enrollees, and policyholders, officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, subsidiaries, affiliates, and any other partnership, company or entity controlled by same and/or other persons acting for or on behalf of LAHC, or subject to their control, and all other persons or entities who have access to, control or possession of the property, assets, and affairs of LAHC shall be and hereby enjoined:

- a) from disposing of or encumbering any of the property or assets of LAHC;
- b) from disposing of any records or other documents belonging of LAHC or relating to the business and affairs of the of LAHC;
- c) from the transaction of any business by, for, or on behalf of LAHC, including, but not limited to:
  - i) writing, issuance or renewal of any certificate of coverage, insurance policy, binder, or endorsement to an existing policy or certificate of coverage;
  - ii) payment of claims and of any policy or certificate of coverage benefits;
  - iii) incurring of any claim or loss adjustment expense;
  - iv) incurring of any debt or liability; and
  - v) interfering with the acquisition of possession by the exercise of dominion and control over the property of LAHC by the Commissioner or the Commissioner's conduct of the business and affairs of LAHC.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any and all individuals and entities shall be and hereby are enjoined from instituting and/or taking further

action in any suits, proceedings, and seizures against LAHC, the Commissioner in his capacity as rehabilitator of LAHC, the Receiver, and any affiliates, subsidiaries, insurers, its officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, subsidiaries, affiliates, or representatives of same, to prevent any preference, judgment, seizure, levy, attachment, or lien being rendered against LAHC, its estate and assets, and/or its members, subscribers, enrollees, and policyholders, the Commissioner in his capacity as rehabilitator and/or liquidator, the Receiver, any affiliates, subsidiaries, insurers, its officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators of same, and the making of any levy against LAHC, its property or assets.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except with the concurrence of the Commissioner or until further written order of this Court, all suits, proceedings, and seizures against LAHC and/or its respective members/enrollees/subscribers shall be and hereby are stayed in order to prevent the obtaining of any preference, judgment, seizure, levy, or lien, and to preserve the property and assets of LAHC, including, but not limited to, suits and proceedings and all litigation where:

- a) LAHC is a party;
- b) A member, subscriber, enrollee, policyholder or any other person who is named as a party to the litigation claims insurance coverage under any policy of insurance, subscriber agreement or certificate of coverage issued or assumed by LAHC;
- c) The litigation involves or may involve the adjudication of liability or determines any possible rights or obligations of any member, subscriber, enrollee, policyholder or person as to any insurance policy, subscriber agreement, or certificate of coverage issued or assumed by LAHC, or determines any possible future liability of LAHC with regard to any insurance policy, subscriber agreement or certificate of coverage issued or assumed by LAHC;
- d) LAHC would otherwise be obligated to provide a defense to any party in any court pursuant to any policy of insurance, subscriber agreement, or certificate of coverage issued or assumed by LAHC;
- e) The ownership, operations, management and/or control of LAHC is at issue; and
- f) Any party is seeking to create, perfect or enforce any preference, judgment, attachment, lien or levy against LAHC or its assets or against any member, subscriber, enrollee and/or policyholder of LAHC.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any action in any suit or proceeding against the Commissioner in his capacity as Rehabilitator of LAHC, the Receiver, and/or the Attorney General of the State of Louisiana in his capacity as attorney for the

Commissioner in his capacity as rehabilitator of LAHC, and their representatives, agents, employees, or attorneys, when acting in accordance with this Order and/or as Rehabilitator, Receiver, or Deputy Receiver of LAHC are barred.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that there shall be no liability on the part of, and that no cause of action of any nature shall exist against the Commissioner in his capacity as Commissioner and/or regulator of LAHC, the Receiver and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner as Commissioner and/or regulator of LAHC, and/or their assistants, representatives, agents, employees, or attorneys, for any action taken by them when acting in accordance with the orders of this Court and/or in the performance of their power and duties as Rehabilitator, Receiver, Commissioner and/or regulator of LAHC

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all participating and non-participating providers of LAHC shall be and hereby are enjoined from seeking to collect and/or collecting any amounts claimed as payment for services rendered to LAHC, its enrollees, members, subscribers, and policyholders from any said enrollee, member, policyholder and/or subscriber of LAHC, except for amounts that are member obligations as defined in the member agreement, including, but not limited to, co-payments, deductibles, and co-insurance.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any and all individuals and entities shall be and hereby are enjoined from interfering with these proceedings, or with the Commissioner's possession and control; from interfering with the conduct of the business of LAHC by the Commissioner; from wasting the assets of LAHC, and from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LAHC or its property and assets while in the possession and control of the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all premiums and all other debts and payables due to LAHC shall be paid to the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner shall be and hereby is permitted to notify every holder of a certificate of coverage, subscriber agreement, or contract of insurance issued by LAHC and every known provider and other creditor of LAHC of the order of rehabilitation and injunction entered herein within forty-five (45) days of the date of this order, notwithstanding the provisions of La. 22:2011.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all contracts between LAHC and any and all persons or entities providing services to LAHC and its policyholders, members, subscribers and enrollees shall remain in full force and effect unless canceled by the Receiver, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is granted all legal and equitable relief as may be necessary to fulfill his duties as Rehabilitator and for such other relief as the nature of the case and the interests of LAHC's members, enrollees, subscribers, policyholders, providers and other creditors, or the public, may require, including but not limited to the Receiver's appointment and authorization to prosecute all action which may exist on behalf of LAHC members, subscribers, enrollees, policyholders, or creditors against any existing or former officer, director or employee of LAHC or any other person.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all contracts between LAHC and any and all persons or entities providing services to LAHC and its policyholders, members, subscribers and enrollees shall remain in full force and effect unless canceled by the Receiver, until further order of this Court.

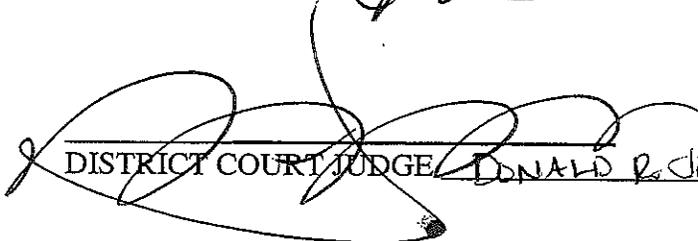
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is granted all legal and equitable relief as may be necessary to fulfill his duties as Commissioner and for such other relief as the nature of the case and the interests of LAHC's members, enrollees, subscribers, policyholders, providers and other creditors, or the public, may require.

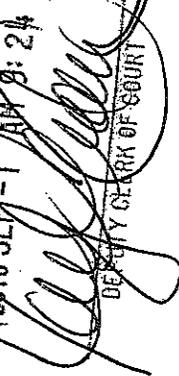
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Matthew Stewart, Norrie Falgoust, Jimmy Henry, and Rudy Babin be and hereby are appointed as Process Servers for service of all process and further pleadings on LAHC.

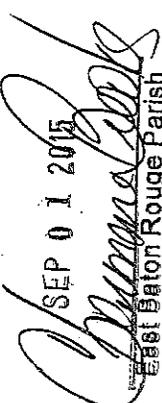
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that LAHC and all interested persons appear and show cause on September 21, 2015 at 9:30 o'clock a. m. why this Court should not find, order and declare that sufficient cause exists for the rehabilitation of Louisiana Health Cooperative, Inc.; and further why this Court should not order and direct the Commissioner, his agents and/or employees to take and/or maintain possessions of all the affairs, property, business, books, records, claim files, account, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social

media (including, but not limited to Facebook and Twitter accounts), documents, claims files, software, electronic data, e-mail, websites, copyrights, trademarks, patents, and all other assets of LAHC, including all real property and the premises occupied by LAHC, whether in possession of LAHC or its officers, directors, employees, consultants, attorneys, agents, or any other person acting on their behalf to conduct their business and conserve the same according to law; and why the other relief prayed for and granted herein should not be continued.

Baton Rouge, Louisiana, this 1<sup>st</sup> day of Sept., 2015.

  
DISTRICT COURT JUDGE DONALD R. JOHNSON

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EAST BATON ROUGE PARISH, LA  
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DEPUTY CLERK OF COURT

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SEP 01 2015  
  
East Baton Rouge Parish  
Deputy Clerk of Court

19TH JUDICIAL DISTRICT COURT FOR THE PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

NUMBER: 641928

DIVISION:  
Sec. 26

JAMCES J. DONELON,  
COMMISSIONER OF INSURANCE FOR THE STATE OF LOUISIANA  
VERSUS  
LOUISIANA HEALTH COOPERATIVE, INC.

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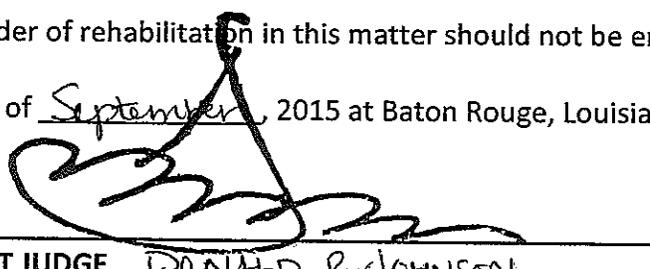
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DEPUTY CLERK

RULE TO SHOW CAUSE

Considering the foregoing verified Petition for Rehabilitation, Injunctive Relief and Rule to Show Cause filed herein and for cause shown:

IT IS HEREBY ORDERED that a Rule be issued herein directed to LAHC, ordering LAHC to appear and show cause on the 21<sup>st</sup> day of September, 2015 at 9:30 o'clock a.m., why the preliminary order of rehabilitation and injunctive relief entered in this matter on September 1, 2015 should not continue in effect and a permanent order of rehabilitation in the form of the preliminary order of rehabilitation in this matter should not be entered.

Signed this 1<sup>st</sup> day of September, 2015 at Baton Rouge, Louisiana.



\_\_\_\_\_  
DISTRICT COURT JUDGE, DONALD R. JOHNSON

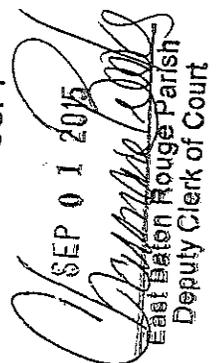
BY PRIVATE PROCESS SERVER APPOINTED BY COURT

LOUISIANA HEALTH COOPERATIVE, INC.  
through its agent for service of process  
Rudolph R. Ramelli, Esquire  
Jones Walker Waechter Poitevent Carrere and Denegre  
201 St. Charles Avenue, Suite 5100  
New Orleans, LA 70170

2. George Gregory Cromer  
Chief Executive Officer of Louisiana Health Cooperative, Inc.
3. William A. Oliver  
Chairman of the Board and Board Member of Louisiana Health Cooperative, Inc.
4. Troy James Prevot  
Board Member of Louisiana Health Cooperative, Inc.
5. Ann Davis Duplessis  
Board Member of Louisiana Health Cooperative, Inc.
6. Michael Francis Hulefield  
Board Member of Louisiana Health Cooperative, Inc.
7. Peter Charles November  
Board Member of Louisiana Health Cooperative, Inc.

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East Baton Rouge Parish  
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