
CLERK OF THE COURT

ORD
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IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
CLARK COUNTY, NEVADA

STATE OF NEVADA, EX REL.
COMMISSIONER OF INSURANCE, IN HER
OFFICIAL CAPACITY AS STATUTORY
RECEIVER FOR DELINQUENT DOMESTIC
INSURER,

Plaintiff,

vs.

NEVADA HEALTH CO-OP,
Defendant.

Case No. A-15-725244-C

Dept. No. 1

**PERMANENT INJUNCTION AND ORDER APPOINTING COMMISSIONER AS
PERMANENT RECEIVER OF NEVADA HEALTH CO-OP**

A Petition For Appointment Of Commissioner as Receiver and Other Permanent Relief;
Request for Injunction Pursuant to NRS 696B.270(1) by the Commissioner of Insurance, Amy
L. Parks, in her official capacity as Temporary Receiver of NEVADA HEALTH CO-OP ("CO-
OP") was filed with the consent of CO-OP's board of directors on September 25, 2015; a Non
Opposition to Petition For Appointment Of Commissioner as Receiver and Other Permanent
Relief and a waiver of the opportunity to appear at a show cause hearing was filed by CO-OP
through its counsel on September 29, 2015; an Order Appointing the Acting Commissioner of

1 Insurance, Amy L. Parks, as Temporary Receiver Pending Further Orders of the Court,
2 Granting Temporary Injunctive Relief Pursuant to NRS 696B.270, and authorizing the
3 Temporary Receiver to appoint a special deputy receiver was filed on October 1, 2015; the
4 Commissioner, as Temporary Receiver, appointed the firm of Cantilo & Bennett, L.L.P.
5 ("C&B"), as Special Deputy Receiver ("SDR") of CO-OP on October 1, 2015 .

6 The Court having reviewed the points and authorities submitted by counsel and exhibits
7 in support thereof, and for good cause,

8 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

9 (1) Acting Commissioner of Insurance, Amy L. Parks, is hereby appointed
10 Permanent Receiver ("Receiver"), and C&B is appointed Permanent SDR of CO-OP. The
11 SDR shall have all the responsibilities, rights, powers, and authority of the Receiver subject to
12 supervision and removal by the Receiver and the further Orders of this Court. The Receiver
13 and the SDR are hereby directed to conserve and preserve the affairs of CO-OP and are
14 vested, in addition to the powers set forth herein, with all the powers and authority expressed
15 or implied under the provisions of chapter 696B of the Nevada Revised Statute ("NRS"), and
16 any other applicable law. The Receiver and Special Deputy Receiver are hereby authorized
17 to rehabilitate or liquidate CO-OP's business and affairs as and when they deem appropriate
18 under the circumstances and for that purpose may do all acts necessary or appropriate for the
19 conservation, rehabilitation, or liquidation of CO-OP. Whenever this Order refers to the
20 Receiver, it will equally apply to the Special Deputy Receiver.

21 (2) Pursuant to NRS 696B.290, the Receiver is hereby vested with exclusive title
22 both legal and equitable to all of CO-OP's property (referred to hereafter as the "Property")
23 and consisting of all:

- 24 a. Assets, books, records, property, real and personal, including all property or
25 ownership rights, choate or inchoate, whether legal or equitable of any kind
26 or nature;
- 27 b. Causes of action, defenses, and rights to participate in legal proceedings;

- 1 c. Letters of credit, contingent rights, stocks, bonds, cash, cash equivalents,
2 contract rights, reinsurance contracts and reinsurance recoverables, in force
3 insurance contracts and business, deeds, mortgages, leases, book entry
4 deposits, bank deposits, certificates of deposit, evidences of indebtedness,
5 bank accounts, securities of any kind or nature, both tangible and intangible,
6 including but without being limited to any special, statutory or other deposits
7 or accounts made by or for CO-OP with any officer or agency of any state
8 government or the federal government or with any banks, savings and loan
9 associations, or other depositories;
- 10 d. All of such rights and property of CO-OP described herein now known or
11 which may be discovered hereafter, wherever the same may be located and
12 in whatever name or capacity they may be held.

13 (3) The Receiver is hereby directed to take immediate and exclusive possession
14 and control of the Property except as she may deem in the best interest of the Receivership
15 Estate. In addition to vesting title to all of the Property in the Receiver or her successors, the
16 said Property is hereby placed in the *custodia legis* of this Court and the Receiver, and the
17 Court hereby assumes and exercises sole and exclusive jurisdiction over all the Property and
18 any claims or rights respecting the Property to the exclusion of any other court or tribunal,
19 such exercise of sole and exclusive jurisdiction being hereby found to be essential to the
20 safety of the public and of the claimants against CO-OP.

21 (4) The Receiver is authorized to employ and to fix the compensation of such
22 deputies, counsel, employees, accountants, actuaries, investment counselors, asset
23 managers, consultants, assistants and other personnel as she considers necessary. Any
24 Special Deputy Receiver appointed by the Receiver pursuant to this Order shall exercise all of
25 the authority of the Receiver pursuant hereto subject only to oversight by the Receiver and the
26 Court. All compensation and expenses of such persons and of taking possession of CO-OP
27 and conducting this proceeding shall be paid out of the funds and assets of CO-OP in
28 accordance with NRS 696B.290.

1 (5) All persons, corporations, partnerships, associations and all other entities
2 wherever located, are hereby enjoined and restrained from interfering in any manner with the
3 Receiver's possession of the Property or her title to or right therein and from interfering in any
4 manner with the conduct of the receivership of CO-OP. Said persons, corporations,
5 partnerships, associations and all other entities are hereby enjoined and restrained from
6 wasting, transferring, selling, disbursing, disposing of, or assigning the Property and from
7 attempting to do so except as provided herein.

8 (6) All providers of health care services, including but not limited to physicians
9 hospitals, other licensed medical practitioners, patient care facilities, diagnostic and
10 therapeutic facilities, pharmaceutical companies or managers, and any other entity which has
11 provided or agreed to provide health care services to members or enrollees of CO-OP, directly
12 or indirectly, pursuant to any contract, agreement or arrangement to do so directly with CO-
13 OP or with any other organization that had entered into a contract, agreement, or arrangement
14 for that purpose with CO-OP are hereby permanently enjoined and restrained from:

- 15 a. Seeking payment from any such member or enrollee for amount owed by
16 CO-OP;
- 17 b. Interrupting or discontinuing the delivery of health care services to such
18 members or enrollees during the period for which they have paid (or because
19 of a grace period have the right to pay) the required premium to CO-OP
20 except as authorized by the Receiver or as expressly provided in any such
21 contract or agreement with CO-OP that does not violate applicable law;
- 22 c. Seeking additional or unauthorized payment from such CO-OP members or
23 enrollees for health care services required to be provided by such
24 agreements, arrangements, or contracts beyond the payments authorized by
25 the agreements, arrangements, or contracts to be collected from such
26 members or enrollees; and

1 d. Interfering in any manner with the efforts of the Receiver to assure that CO-
2 OP's members and enrollees in good standing receive the health care
3 services to which they are contractually entitled.

4 (7) All landlords, vendors and parties to executory contracts with CO-OP are hereby
5 enjoined and restrained from discontinuing services to, or disturbing the possession of
6 premises and leaseholds, including of equipment and other personal property, by CO-OP or
7 the Receiver on account of amounts owed prior to October 1, 2015, or as a result of the
8 institution of this proceeding and the causes therefor, provided that CO-OP or the Receiver
9 pays within a reasonable time for premises, goods, or services delivered or provided by such
10 persons on and after October 1, 2015, at the request of the Receiver and provided further that
11 all such persons shall have claims against the estate of CO-OP for all amounts owed by CO-
12 OP prior to October 1, 2015.

13 (8) All claims against CO-OP its assets or the Property must be submitted to the
14 Receiver as specified herein to the exclusion of any other method of submitting or adjudicating
15 such claims in any forum, court, or tribunal subject to the further Order of this Court. The
16 Receiver is hereby authorized to establish a Receivership Claims and Appeal Procedure, for
17 all receivership claims. The Receivership Claims and Appeal Procedures shall be used to
18 facilitate the orderly disposition or resolution of claims or controversies involving the
19 receivership or the receivership estate.

20 (9) The Receiver may change to her own name the name of any of CO-OP'
21 accounts, funds or other property or assets, held with any bank, savings and loan association,
22 other financial institution, or any other person, wherever located, and may withdraw such
23 funds, accounts and other assets from such institutions or take any lesser action necessary
24 for the proper conduct of the receivership.

25 (10) All secured creditors or parties, pledge holders, lien holders, collateral holders or
26 other persons claiming secured, priority or preferred interest in any property or assets of CO-
27 OP, including any governmental entity, are hereby enjoined from taking any steps whatsoever
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1 to transfer, sell, encumber, attach, dispose of or exercise purported rights in or against the
2 Property.

3 (11) The officers, directors, trustees, partners, affiliates, brokers, agents, creditors,
4 insureds, employees, members, and enrollees of CO-OP, and all other persons or entities of
5 any nature including, but not limited to, claimants, plaintiffs, petitioners, and any governmental
6 agencies who have claims of any nature against CO-OP, including cross-claims,
7 counterclaims and third party claims, are hereby permanently enjoined and restrained from
8 doing or attempting to do any of the following, except in accordance with the express
9 instructions of the Receiver or by Order of this Court:

- 10 a. Conducting any portion or phase of the business of CO-OP;
 - 11 b. Commencing, bringing, maintaining or further prosecuting any action at law,
12 suit in equity, arbitration, or special or other proceeding against CO-OP or its
13 estate, or the Receiver and her successors in office, or any person appointed
14 pursuant to Paragraph (4) hereinabove;
 - 15 c. Making or executing any levy upon, selling, hypothecating, mortgaging,
16 wasting, conveying, dissipating, or asserting control or dominion over the
17 Property or the estate of CO-OP;
 - 18 d. Seeking or obtaining any preferences, judgments, foreclosures, attachments,
19 levies, or liens of any kind against the Property;
 - 20 e. Interfering in any way with these proceedings or with the Receiver, any
21 successor in office, or any person appointed pursuant to Paragraph (4)
22 hereinabove in their acquisition of possession of, the exercise of dominion or
23 control over, or their title to the Property, or in the discharge of their duties as
24 Receiver thereof; or
 - 25 f. Commencing, maintaining or further prosecuting any direct or indirect
26 actions, arbitrations, or other proceedings against any insurer of CO-OP for
27 proceeds of any policy issued to CO-OP.
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1 (12) However, notwithstanding any other provision of this Order, the commencement
2 of conservatorship, receivership, or liquidation proceedings against CO-OP in another state by
3 an official lawfully authorized by such state to commence such proceeding shall not constitute
4 a violation of this Order.

5 (13) No bank, savings and loan association or other financial institution shall, without
6 first obtaining permission of the Receiver, exercise any form of set-off, alleged set-off, lien, or
7 other form of self-help whatsoever or refuse to transfer the Property to the Receiver's control.

8 (14) The Receiver shall have the power and is hereby authorized to:

- 9 a. Collect all debts and monies due and claims belonging to CO-OP, wherever
10 located, and for this purpose: (i) to institute and maintain actions in other
11 jurisdictions, in order to forestall garnishment and attachment proceedings
12 against such debts; (ii) to do such other acts as are necessary or expedient
13 to marshal, collect, conserve or protect its assets or property, including the
14 power to sell, compound, compromise or assign debts for purposes of
15 collection upon such terms and conditions as she deems appropriate, and
16 the power to initiate and maintain actions at law or equity or any other type of
17 action or proceeding of any nature, in this and other jurisdictions; (iii) to
18 pursue any creditor's remedies available to enforce her claims;
- 19 b. Conduct public and private sales of the assets and property of CO-OP,
20 including any real property;
- 21 c. Acquire, invest, deposit, hypothecate, encumber, lease, improve, sell,
22 transfer, abandon, or otherwise dispose of or deal with any asset or property
23 of CO-OP, and to sell, reinvest, trade or otherwise dispose of any securities
24 or bonds presently held by, or belonging to, CO-OP upon such terms and
25 conditions as she deems to be fair and reasonable, irrespective of the value
26 at which such property was last carried on the books of CO-OP. She shall
27 also have the power to execute, acknowledge and deliver any and all deeds,
28 assignments, releases and other instruments necessary or proper to

- 1 effectuate any sale of property or other transaction in connection with the
2 receivership;
- 3 d. Borrow money on the security of CO-OP' assets, with or without security, and
4 to execute and deliver all documents necessary to that transaction for the
5 purpose of facilitating the receivership;
- 6 e. Enter into such contracts as are necessary to carry out this Order, and to
7 affirm or disavow as more fully provided in subparagraph p., below, any
8 contracts to which CO-OP is a party;
- 9 f. Designate, from time to time, individuals to act as her representatives with
10 respect to affairs of CO-OP for all purposes, including, but not limited to,
11 signing checks and other documents required to effectuate the performance
12 of the powers of the Receiver.
- 13 g. Establish employment policies for CO-OP employees, including retention,
14 severance and termination policies as she deems necessary to effectuate the
15 provisions of this Order;
- 16 h. Institute and to prosecute, in the name of CO-OP or in her own name, any
17 and all suits and other legal proceedings, to defend suits in which CO-OP or
18 the Receiver is a party in this state or elsewhere, whether or not such suits
19 are pending as of the date of this Order, to abandon the prosecution or
20 defense of such suits, legal proceedings and claims which she deems
21 inappropriate, to pursue further and to compromise suits, legal proceedings
22 or claims on such terms and conditions as she deems appropriate;
- 23 i. Prosecute any action which may exist on behalf of the members, enrollees,
24 insureds or creditors, of CO-OP against any officer or director of CO-OP, or
25 any other person;
- 26 j. Remove any or all records and other property of CO-OP to the offices of the
27 Receiver or to such other place as may be convenient for the purposes of the
28 efficient and orderly execution of the receivership; and to dispose of or

1 destroy, in the usual and ordinary course, such of those records and property
2 as the Receiver may deem or determine to be unnecessary for the
3 receivership;

4 k. File any necessary documents for recording in the office of any recorder of
5 deeds or record office in this County or wherever the Property of CO-OP is
6 located;

7 l. Intervene in any proceeding wherever instituted that might lead to the
8 appointment of a conservator, receiver or trustee of CO-OP or its
9 subsidiaries, and to act as the receiver or trustee whenever the appointment
10 is offered;

11 m. Enter into agreements with any ancillary receiver of any other state as she
12 may deem to be necessary or appropriate;

13 n. Perform such further and additional acts as she may deem necessary or
14 appropriate for the accomplishment of or in aid of the purpose of the
15 receivership, it being the intention of this Order that the aforestated
16 enumeration of powers shall not be construed as a limitation upon the
17 Receiver;

18 o. Terminate and disavow the authority previously granted CO-OP' agents,
19 brokers, or marketing representatives to represent CO-OP in any respect,
20 including the underlying agreements, and any continuing payment obligations
21 created therein, as of the receivership date, with reasonable notice to be
22 provided and agent compensation accrued prior to any such termination or
23 disavowal to be deemed a general creditor expense of the receivership; and

24 p. Affirm, reject, or disavow part or all of any leases or executory contracts to
25 which CO-OP is a party. The Receiver is authorized to reject, or disavow
26 any leases or executory contracts at such times as she deems appropriate
27 under the circumstances, provided that payment due for any goods or
28 services received after appointment of the Receiver, with her consent, will be

1 deemed to be an administrative expense of the receivership, and provided
2 further that other unsecured amounts properly due under the disavowed
3 contract, and unpaid solely because of such disavowal, will give rise to a
4 general unsecured creditor claim in the Receivership proceeding.

5 (15) CO-OP, its officers, directors, partners, agents, brokers and employees, any
6 person acting in concert with them, and all other persons, having any property or records
7 belonging to CO-OP, including data processing information and records of any kind such as,
8 by way of example only, source documents and electronically stored information, are hereby
9 ordered and directed to surrender custody and to assign, transfer and deliver to the Receiver
10 all of such property in whatever name the same may be held, and any persons, firms or
11 corporations having any books, papers or records relating to the business of CO-OP shall
12 preserve the same and submit these to the Receiver for examination at all reasonable times.
13 Any property, books, or records asserted to be simultaneously the property of CO-OP and
14 other parties, or alleged to be necessary to the conduct of the business of other parties though
15 belonging in part or entirely to CO-OP, shall nonetheless be delivered immediately to the
16 Receiver who shall make reasonable arrangements for copies or access for such other parties
17 without compromising the interests of the Receiver or CO-OP.

18 (16) Nothing in this Order may be construed as to prevent the Nevada Life and
19 Health Insurance Guaranty Association and the Nevada Insurance Guaranty Association from
20 exercising their respective powers under Title 57 of the NRS.

21 (17) In addition to that provided by statute or by CO-OP's policies or contracts of
22 insurance, and to the extent not in conflict with the other provisions of this Paragraph (17), the
23 Receiver may, at such time she deems appropriate, without prior notice, subject to the
24 following provisions, impose such full or partial moratoria or suspension upon disbursements
25 owed by CO-OP, provided that

- 26 a. Any such suspension or moratorium shall apply in the same manner or to the
27 same extent to all persons similarly situated. However, the Receiver may, in
28

- 1 her sole discretion, impose the same upon only certain types, but not all, of
2 the payments due under any particular type of contract; and
- 3 b. Notwithstanding any other provision of this Order, the Receiver may
4 implement a procedure for the exemption from any such moratorium or
5 suspension, those hardship claims, as she may define them, that she, in her
6 sole discretion, deems proper under the circumstances.
- 7 c. The Receiver shall only impose such moratorium or suspension when the
8 same is not specifically provided for by contract or statute:
- 9 i. As part, or in anticipation, of a plan for the partial or complete
10 rehabilitation of CO-OP;
- 11 ii. When necessary to assure the delivery of health care services to
12 covered persons pending the replacement of underlying coverage; or
- 13 iii. When necessary to determine whether partial or complete
14 rehabilitation is reasonably feasible.
- 15 d. Under no circumstances shall the Receiver be liable to any person or entity
16 for her good faith decision to impose, or to refrain from imposing, such
17 moratorium or suspension.
- 18 e. Notice of such moratorium or suspension, which may be by publication, shall
19 be provided to the holders of all policies or contracts affected thereby.

20 (18) It is hereby ordered that all evidences of coverage, insurance policies and
21 contracts of insurance of CO-OP are hereby terminated effective on December 31, 2015,
22 unless the Receiver determines that any such contracts should be cancelled as of an earlier
23 date.

24 (19) No judgment, order, attachment, garnishment sale, assignment, transfer,
25 hypothecation, lien, security interest or other legal process of any kind with respect to or
26 affecting CO-OP or the Property shall be effective or enforceable or form the basis for a claim
27 against CO-OP or the Property unless entered by the Court, or unless the Court has issued its
28 specific order, upon good cause shown and after due notice and hearing, permitting same.

1 (20) All costs, expenses, fees or any other charges of the Receivership, including but
2 not limited to fees and expenses of accountants, peace officers, actuaries, investment
3 counselors, asset managers, attorneys, special deputies, and other assistants employed by
4 the Receiver, the giving of the Notice required herein, and other expenses incurred in
5 connection herewith shall be paid from the assets of CO-OP. Provided, further, that the
6 Receiver may, in her sole discretion, require third parties, if any, who propose rehabilitation
7 plans with respect to CO-OP to reimburse the estate of CO-OP for the expenses, consulting
8 or attorney's fees and other costs of evaluating and/or implementing any such plan.

9 (21) The Commissioner is part of the government of the State of Nevada, acting in
10 her official capacity, and as such, should be exempt from any bond requirements that might
11 otherwise be required when seeking the relief sought in this proceeding. Accordingly, it is
12 Ordered that no bond shall be required from the Commissioner as Receiver.

13 (22) If any provision of this Order or the application thereof is for any reason held to
14 be invalid, the remainder of this Order and the application thereof to other persons or
15 circumstances shall not be affected thereby.

16 (23) The Receiver may at any time make further application for such further and
17 different relief as she sees fit.

18 (24) The Court shall retain jurisdiction for all purposes necessary to effectuate and
19 enforce this Order.

20 (25) The Receiver is authorized to deliver to any person or entity a copy or certified
21 copy of this Order, or of any subsequent order of the Court, such copy, when so delivered,
22 being deemed sufficient notice to such person or entity of the terms of such Order. But nothing
23 herein shall relieve from liability, nor exempt from punishment by contempt, any person or
24 entity that, having actual notice of the terms of any such Order, shall be found to have violated
25 the same.

(26) Notice of any filings in this proceeding shall additionally be provided by electronic delivery to the email addresses provided by the Special Deputy Receiver and counsel for the Receiver.

IT IS SO ORDERED

DATED this 14 day of October, 2015.

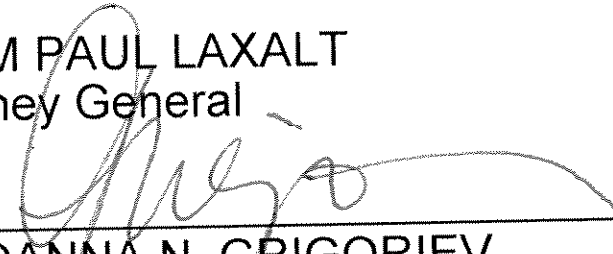


DISTRICT COURT JUDGE

Respectfully submitted by:

ADAM PAUL LAXALT
Attorney General

By:



JOANNA N. GRIGORIEV
Senior Deputy Attorney General
Attorneys for the Division of Insurance

NOTICE TO BE PROVIDED TO:

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Nevada Health CO-OP
3900 Meadows Lane
Las Vegas, NV 89107

Copy to:
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