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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MARION

STATE OF OREGON, Acting by and through
Patrick Allen, Director of the Oregon
Department of Consumer and Business Services,

Plaintiff,

v.

OREGON’S HEALTH CO-OP, an Oregon
nonprofit corporation,

Defendant.

Case No.

STIPULATED ORDER
APPOINTING RECEIVER

THIS MATTER came before the court on the stipulation of the parties for an order appointing a receiver pursuant to ORS 734.150, 750.055, and 734.220. The court, having reviewed the evidence and stipulations submitted by the parties, finds that Oregon’s Health Co-Op is unable to pay its obligations as they become due and that it is insolvent as defined by ORS 734.014(5). The court further finds that it is necessary for a receiver, as defined in ORS 734.017(7), to take charge of, manage, and rehabilitate Oregon’s Health Co-Op (OHC). Failure to appoint a receiver could result in further financial loss to third parties. The court further finds that OHC has consented to the entry of this order and any subsequent order converting this rehabilitation case to a liquidation.

1 It is THEREFORE ORDERED THAT:

2 1. Patrick Allen, Director of Oregon Department of Consumer and Business
3 Services be, and hereby is, appointed receiver of all of the property and assets of OHC and is
4 appointed rehabilitator of OHC.

5 2. Jan Moenck, of Risk and Regulatory Consulting, LLC, be, and hereby is,
6 appointed special deputy receiver to act for the director as the director deems necessary in this
7 receivership.

8 3. The receiver shall take any and all action necessary to manage and control the
9 business and financial affairs of OHC. Such action may include disciplining, terminating,
10 suspending, or employing individuals, as necessary to carry out the day-to-day functions of the
11 business.

12 4. The receiver is vested with all of OHC's right, title, and interest in and to all
13 assets and property of every kind, both tangible and intangible, and shall assume full and
14 exclusive control of, all the assets of the receivership, and is authorized to take all steps
15 necessary to secure such property, rehabilitate the same as necessary, and to maintain or close all
16 existing accounts or open new accounts for the receivership.

17 5. The receiver is directed to immediately take and maintain possession and control
18 of the premises occupied by OHC for its business, conduct all of the business and affairs of OHC
19 or so much thereof as he may deem appropriate, manage the affairs of OHC and rehabilitate
20 OHC, if feasible, or seek liquidation if the receiver determines that rehabilitation is not feasible.

21 6. All authority of all owners or persons acting on their behalf, officers, directors,
22 and managers of OHC is hereby suspended and vested with the receiver until further written
23 order of this court.

24 7. All third-party vendor contracts and provider contracts with OHC shall continue
25 in full force and effect, and the receiver shall be authorized to maintain and administer such
26 contracts according to the terms of the agreements between OHC and the third-party vendor or

1 provider, regardless of any prior notice of or attempt at cancellation by such vendor or provider,
2 until such time as the receiver or this court directs otherwise, and any action by the parties to the
3 contrary is stayed by entry of this order. The receiver shall also have the right to terminate and
4 suspend the performance of the estate under such contracts in his sole discretion. All providers
5 shall continue to perform services and provide supplies to subscribers of OHC as long as such
6 subscribers continue to pay premium until further notice by the receiver. Any claim by a
7 provider with respect to services or supplies provided on or after the date hereof shall be an
8 expense of administration and shall be paid in the ordinary course by the receiver. Providers
9 shall not seek to collect from subscribers any amount owed for services or supplies provided by
10 such provider during any period during which the subscriber shall have paid the premium owed.

11 8. OHC shall not engage in any advertising or solicitation whatsoever.

12 9. OHC and its policyholders, owners, shareholders, officers, directors, managing
13 general agents, agents, attorneys, accountants, actuaries, servants, employees, banks, savings and
14 loan associations, credit unions, and any other partnership, company, or entity controlled by
15 same or persons acting for or on their behalf are hereby ordered to immediately surrender and
16 turn over to the receiver property, business, affairs, transactions, bank accounts, all keys to OHC
17 premises and to safe deposit boxes, to advise the receiver of the combinations to any safes, safe-
18 keeping devices or restricted access entries, any passwords to electronic information or online
19 accounts with vendors, computers, all primary and secondary storage media, documents, claims
20 files, software, electronic data, e-mail, websites, copying rights, trademarks, patents, books,
21 records, accounts, contracts, rights of action, and all other assets of OHC, including all real
22 property, and the premises occupied by OHC, and are hereby enjoined from the transaction of
23 the business of OHC, except with the concurrence of the receiver or until further order of this
24 court.

25 10. The receiver may maintain existing accounts or establish new accounts at any
26 financial institutions insured by an agency of the United States government, shall deposit in

1 those accounts funds received in connection with the receivership property, shall take possession
2 of securities and certificates of deposit, and shall deposit in interest-bearing accounts money not
3 expended for receivership purposes.

4 11. The receiver shall assume custody and control of all the books and records of the
5 receivership; it shall maintain accurate records of all receipts and expenditures.

6 12. All persons and entities who become aware of the court's order, including the
7 parties named in this action, shall have an affirmative duty to cooperate with the receiver, shall
8 refrain from interfering with the receiver in the exercise of his duties, shall refrain from
9 exercising any control with respect to the receivership or its assets, and such persons shall
10 immediately turn over to the receiver all books and records of the receivership, as well as any
11 other property of the receivership, as requested by the receiver, notwithstanding their dismissal
12 by the receiver.

13 13. The receiver is and shall be the holder of all privileges held by OHC, including
14 the attorney-client, accountant-client, and all other evidentiary privileges, with the power to
15 waive such privileges, in the receiver's sole discretion.

16 14. The receiver is entitled to permit such further operation of OHC as the receiver
17 may deem necessary to be in the best interests of the policyholders and creditors of OHC.

18 15. The receiver will pay or authorize OHC to pay, all payroll, associated employee
19 withholdings, employer tax and benefit contributions, and reimbursement of reasonable business
20 expenses incurred through Sunday, July 10, 2016 when due;

21 16. The receiver is authorized to enter into contracts, obtain professional services,
22 including attorneys, accountants, and real estate professionals, pay claims, collect debts,
23 purchase insurance as necessary to carry out the terms of the receivership, as the receiver deems
24 reasonable and necessary, and the receiver may appear in, prosecute, and defend such legal
25 actions as are necessary to carry out its obligations. ORS 734.250.

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1 17. The special deputy receiver is entitled to compensation at her normal hourly rates
2 for services performed as receiver and is entitled to reimbursement for all costs and expenses,
3 including but not limited to professional fees, incurred in performing services in this matter. The
4 deputy receiver's compensation and reimbursements shall be paid from the assets of the
5 receivership. ORS 734.230.

6 18. All premiums and other debts due to OHC shall be paid to the receiver unless
7 otherwise directed.

8 19. Any reinsurance premiums due to or payable by OHC shall be withheld from,
9 remitted to, or disbursed by the receiver or to another party at the receiver's discretion. The
10 receiver shall administer reinsurance losses recoverable or payable by OHC. All correspondence
11 concerning reinsurance shall be between the receiver and the reinsuring company or intermediary
12 unless requested by the receiver.

13 20. Upon request by the receiver, any company providing telephone services to OHC
14 shall provide a reference of calls from the numbers presently assigned to OHC to any number
15 designated by the receiver or perform any other services or changes necessary to the conduct of
16 the receivership.

17 21. Any bank, savings and loan association, financial institution, governmental entity,
18 and any other person which has on deposit or in its control any funds, accounts, or other assets of
19 OHC or which may owe amounts to OHC shall immediately transfer title and control of such
20 assets to the receiver or shall make such payment to the receiver and are hereby instructed that
21 the receiver has absolute control over such assets and rights to payment. The receiver may
22 change the name of such accounts, withdraw the contents, or take such action necessary for the
23 proper conduct of this receivership. No bank, savings and loan association, financial institution,
24 governmental entity, or any other person shall exercise any form of setoff, recoupment,
25 administrative freeze, or other similar remedy whatsoever, or refuse to transfer any funds or
26 assets or pay any amounts owed to the receiver without the permission of this court.

1 22. Any entity furnishing telephone, water, electric, cable, internet, sewage, garbage,
2 or trash removal services to OHC shall maintain such service and shall transfer any such
3 accounts to the receiver as of the date of the order entered herein, unless instructed to the
4 contrary by the receiver.

5 23. Any data processing service which has custody or control of any data processing
6 information and records, including, but not limited to, source documents, data processing cards,
7 input tapes, all types of storage information, master tapes, or any other recorded information
8 relating to OHC shall transfer custody and control of such records to the receiver. The receiver
9 shall compensate any such entity for the actual use of hardware and software which the receiver
10 finds to be necessary to the receivership. Compensation shall be based on the monthly rate
11 provided for in contracts or leases with OHC that were in effect when this proceeding was
12 instituted or based upon such contracts as may be negotiated by the receiver, for the actual time
13 such equipment and software is used by the receiver.

14 24. The United States Postal Service is directed to provide any information requested
15 by the receiver regarding OHC and to handle future deliveries of OHC's mail as directed by the
16 receiver.

17 25. The receiver may conduct an investigation of OHC, its subsidiaries and affiliates
18 to uncover and make fully available to the court the true state of OHC's financial affairs and the
19 reasons for its insolvency. In furtherance of this investigation, OHC, its parent corporations, its
20 subsidiaries, its affiliates, its third party administrators, and all other persons shall make all
21 books, documents, accounts, records, and affairs which either belong to or pertain to OHC,
22 available for full, free, and unhindered inspection and examination by the receiver during normal
23 business hours (9:00 a.m. to 5:00 p.m.) Monday through Friday, or such other times as the
24 receiver deems necessary, from the date of this order. OHC and the above-specified entities
25 shall fully cooperate with the receiver. Such cooperation shall include, but not be limited to, the
26 taking of oral testimony under oath of OHC's policyholders, shareholders, owners, officers,

1 directors, managing general agents, agents, accountants, actuaries, attorneys, servants, managers,
2 trustees, adjusters, employees, or independent contractors of OHC, its parent, affiliates, and
3 subsidiaries, and any other person or entity who possesses or possessed any authority or control
4 over any segment of the affairs of OHC in either their official, representative, or individual
5 capacities, and the production of all documents needed to disclose the true state of OHC's affairs
6 and the reasons for its insolvency.

7 26. Except with the concurrence of the receiver or until further written order of this
8 court, all suits, proceedings, and seizures against OHC in any court are hereby stayed in order to
9 prevent the obtaining of any preference, judgment, seizure, levy, or lien, and to preserve the
10 property and assets of OHC.

11 27. All persons and entities are enjoined and stayed from obtaining preferences,
12 judgments, attachments, or other like liens, or executing on any lien against OHC, its property
13 and assets while in the receiver's possession and control as of the date of this order until further
14 orders to the contrary. ORS 734.320.

15 28. All persons and entities are enjoined and stayed from exercising any right of set
16 off, recoupment, administrative freeze, or any similar remedy with respect to any amounts owed
17 to OHC or the receiver. All persons and entities are enjoined and stayed from exercising any
18 right to terminate, cancel, suspend performance, or exercise any remedy under any agreement
19 with OHC.

20 29. No bond is required in connection with the appointment of the receiver, pursuant
21 to ORS 734.210(4).

22 30. OHC and its shareholders, members, subscribers, agents, officers, directors,
23 employees, and all other persons are hereby enjoined from:

24 a. transacting any business of OHC, including, but not limited to:

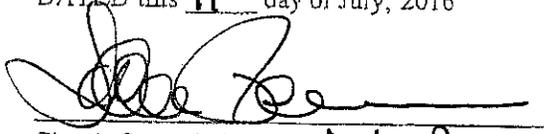
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- 1 i. the writing, issuance, or renewal of any certificate of coverage,
2 insurance policy, binder, or endorsement to an existing policy or
3 certificate of coverage;
4 ii. the payment of claims and of any policy or certificate of coverage
5 benefits;
6 iii. the incurring of any claim or loss adjustment expense;
7 b. selling, transferring, disposing, encumbering, or concealing the assets of
8 OHC;
9 c. disposing of any records or other documents belonging to or relating to the
10 business and affairs of OHC;
11 d. withholding any books, accounts, documents or other records related to the
12 business of OHC from the receiver;
13 e. disposing of or withholding any computer, laptop, or server which contains or
14 may contain information or data regarding OHC;
15 f. interfering with the receiver or with this proceeding;
16 g. committing or permitting any waste of the assets of OHC; dissipating or
17 transferring any bank accounts of OHC;
18 h. demanding, collecting, or in any other way diverting or using any of the funds
19 of OHC;
20 i. instituting or prosecuting further any action or proceeding against OHC;
21 j. obtaining or attempting to obtain any preference, judgment, attachment,
22 garnishment, or lien against OHC, its assets, or its policy holders;
23 k. levying execution against OHC, its assets, or its policy holders;
24 l. from exercising any right of set off, recoupment, administrative freeze, or any
25 similar remedy with respect to any amounts owed to OHC or the receiver;
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1 from exercising any right to terminate, cancel, suspend performance, or
2 exercise any remedy under any agreement with OHC;
3 m. selling or making any deed for nonpayment of taxes or assessing any taxes
4 that would lessen the value of the assets of OHC to the receiver;
5 n. performing any other threatened or contemplated act that might lessen the
6 value of the assets of OHC or prejudice the rights of the policyholders,
7 creditors, or shareholders of OHC, or the administration of this proceeding,
8 all except as directed by the receiver.

9 DATED this 11th day of July, 2016

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11 _____
12 Circuit Court Judge Dale Peau

13 IT IS SO STIPULATED:

14 ELLEN F. ROSENBLUM
15 Attorney General

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