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MAY 27 2016

SUPERIOR COURT OF NJ
MERCER VICINAGE
CHANCERY

COUNSEL FOR PLAINTIFF

RICHARD J. BADOLATO,
and his successors in Office, Acting
Commissioner, State of New Jersey Department
of Banking and Insurance,

Plaintiff,

v.

AMERICAN PREFERRED PROVIDER PLAN,
INC., et al.

Defendants.

**IN THE SUPERIOR COURT OF
NEW JERSEY
MERCER COUNTY
CHANCERY DIVISION**

Docket No.: C-119-98

REVISED ORDER

THIS MATTER having been opened to the Court by Stern & Eisenberg, PC, counsel for Plaintiff Richard J. Badolato, Acting Commissioner of the State of New Jersey Department of Banking and Insurance, in his capacity as Liquidator of American Preferred Provider Plan, Inc., upon notice to all parties requiring notice, for an Order approving the determination of claims, confirming the final distribution of assets, authorizing the elimination of records, and closing of the estate of American Preferred Provider Plan, Inc. in Liquidation ("**APPP**" or "**Estate**"), and the Court having considered the moving papers and any opposition papers thereto, if any, and for good cause shown:

IT IS on the 27th day of May, 2016,

ORDERED as follows:

1. Plaintiff's Motion is **GRANTED**.
2. The March 31, 2016 American Preferred Plan in Liquidation Proposed Final Distribution Formula attached as Exhibit "4" to the Supplemental Certification of Michelina A. Lombardo is approved. The Liquidator shall make the following distributions:
 - A. \$2,950,375.08 to Class One claimant, the New Jersey Insolvent Health Maintenance Organization Assistance Association;
 - B. \$471,833.30 to Class Three claimant, the New Jersey Insolvent Health Maintenance Organization Assistance Association; and
 - C. \$4,295.99 to Class Three Government claimant, the Internal Revenue Service ("*IRS*").
3. The Liquidator's \$60,699.45 settlement with the IRS is approved.
4. The Liquidator may issue the \$56,403.46 balance of the settlement out of the amount set aside for the Reserve Contested Case identified in the March 31, 2016 American Preferred Plan in Liquidation Proposed Final Distribution Formula attached as Exhibit "4" to the Supplemental Certification of Michelina A. Lombardo.
5. The Liquidator has established a reserve account in the amount of \$170,000.00 for remaining administrative and operating expenses necessary to complete the remainder of the liquidation proceeding for APPP (the "*Reserve*"). Included in the Reserve are costs specific to applicable archival offsite storage fees (and eventual destruction) of certain records, as required.

6. If any surplus Reserve remains or any assets are recovered by the Liquidator after the date of final distribution, if economic and practical, distributions shall be paid after deduction for any associated administrative expenses of the Liquidator, *pro rata*, to all allowed claimants that have not been satisfied. If the Liquidator determines that the distribution of such assets would be uneconomic or otherwise impractical, the Liquidator shall escheat such assets to the State of New Jersey Department of the Treasury, Unclaimed Property Administration (the "*Treasury*"), after adjustment for any associated administrative expenses of the Estate.

7. Payment by the Liquidator to any claimant shall be complete upon the mailing of the funds to the claimant at claimant's last known address. If a payment is returned and, after reasonable inquiry, the whereabouts of the claimant remain unknown to the Liquidator, the Liquidator shall escheat the funds to the Treasury. The Liquidator's mailing of the funds to the Treasury shall satisfy and release the Liquidator's payment obligation to the claimant.

8. Within ten (10) days of the date of this Order, the Liquidator shall provide the most recent monthly bank statement for the NJ Insolvent HMO Assistance Association account, active under the Wells Fargo Business Cash Manager Account, *redacted* account number xxxxxxxxx40026 (the "*Account*"), to the Office of Financial Solvency, State of New Jersey, Department of Banking & Insurance. The Liquidator shall have no further obligation in connection with the Account other than requesting the Office of Financial Solvency to arrange for the Account mail address instructions to be changed to c/o New Jersey Department of Banking and Insurance, Office of Solvency Regulation, or its designee, and to reassign account access security levels.

9. Personal property and records of APPP within the Liquidator's possession, custody and/or control, and/or held on behalf of the New Jersey Insolvent Health Maintenance Organization Assistance Fund (the "*Fund*"), including, without limitation, accounting, administrative, financial and human resource records, as well as member medical records, can be eliminated. Doing so will not adversely affect any party's rights and will serve to aid in reducing expense, costs and increase Estate assets available for distribution.

10. Records relating to the liquidation, as proscribed in N.J.S.A. 17:3A-3a, may be destroyed, but no earlier than the expiration of one (1) year from the completion of the liquidation and making of the final distribution.

11. The Liquidator may immediately destroy the remainder of APPP's records within the Liquidator's possession, custody and/or control, and/or held on behalf of the Fund, including, without limitation, accounting, administrative, financial and human resource records, as well as member medical records.

12. The Liquidator may immediately destroy all of APPP's personal property within the Liquidator's possession, custody and/or control, and/or held on behalf of the Fund.

13. Once the Liquidator has made the final distribution of funds as set forth above, and subject to the filing of the final statement of accounting pursuant to N.J.S.A. 17B:32-75(a), the Court will be satisfied that the Liquidation is complete.

14. Upon compliance with this Order, and the filing with this Court of a final accounting, the New Jersey Commissioner of Banking and Insurance, the New Jersey Commissioner of Banking and Insurance, as Liquidator of American Preferred Provider Plan, Inc., the Deputy Liquidator, and their agents, attorneys, employees, successors, assigns, and other representatives and agents are forever discharged, released and held harmless from any and

all liability arising out of the confidential administrative supervision, rehabilitation and liquidation of APPP, and this liquidation proceeding shall be terminated without need for any further order of Court. Notice of this Order shall be published on the State of New Jersey Department of Banking and Insurance website for no less than one hundred twenty (120) days.

15. The New Jersey Commissioner of Banking and Insurance and his successors may take any and all additional actions that he deems advisable for the administration and termination of the Estate, without need for further application to the Court.

16. Plaintiff shall, within seven (7) days after receipt of this Order by its counsel, serve a copy of this Order upon all parties who received notice of the Motion by First-Class Mail.



PAUL INNES, P.J.Ch.

Opposed

Unopposed