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Present: Hon. Ulster  
Justice

At IAS Part 8 of the Supreme Court of the State of New York, at the courthouse located at 80 Centre Street in the City, County, and State of New York, on the 4<sup>th</sup> day of December 2024.

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

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In the Matter of

Index No. 453439/2024

the Application of

**ORDER TO SHOW CAUSE**

Adrienne A. Harris, Superintendent of Financial Services of the State of New York, for an order to take possession and liquidate the business and affairs of

MS# 1 Other-Liquidation

CRYSTAL RUN HEALTH INSURANCE COMPANY, INC.

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Based on the verified petition ("Verified Petition") of Adrienne A. Harris, Superintendent of Financial Services of the State of New York ("Superintendent"), duly verified on November 14, 2024, the supporting Affirmation of Alice W. McKenney, dated October 9, 2024 ("McKenney Aff."), and the exhibits and schedules attached thereto, and <sup>sufficient cause being alleged</sup> ~~it appearing~~ that the relief sought should be granted;

NOW, on motion of Letitia James, Attorney General of the State of New York, attorney for the Superintendent, and after due deliberation having been had thereon;

LET Crystal Run Health Insurance Company, Inc. ("CRHIC") and all creditors, claimants, and interested persons show cause before this Court at the Courthouse located at 80 Centre Street, in the City, County, and State of New York, <sup>at IAS Part 8 thereof</sup> on the 21 day of January, 2025, at 11:30 AM o'clock VIA MICROSOFT TEAMS \_\_\_\_\_.m., or as soon thereafter as counsel can be heard ("Return Date"), why an order substantially in the form of the order annexed as Exhibit 1 to the Verified Petition ("Liquidation Order") should

not be made, pursuant to Article 74 of the New York Insurance Law ("Insurance Law"), *inter alia*: (1) placing CRHIC into liquidation under Insurance Law Article 74; (2) appointing the Superintendent, and her successors in office, as liquidator of CRHIC ("Liquidator"); (3) directing the Liquidator to take possession of CRHIC's property and to liquidate CRHIC's business and affairs; (4) vesting title to all of CRHIC's property, contracts, and rights of action and all of its books and records, wherever located, in the Liquidator and her successors; (5) permitting the Liquidator to deal with the property and business of CRHIC in CRHIC's name or in the name of the Liquidator; (6) granting the injunctions provided for in Insurance Law § 7419(a), permanently enjoining and restraining all persons and entities from wasting the assets of CRHIC, and permanently enjoining and restraining all persons and entities, except as authorized by the Liquidator, from transacting CRHIC's business or disposing of CRHIC's property; (7) granting the injunctions provided for in Insurance Law § 7419(b), permanently enjoining and restraining all persons and entities from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments, or other liens, or making any levy against CRHIC, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, CRHIC, 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) vesting all rights in CRHIC's contracts and agreements, however described, in the Liquidator and permitting the Liquidator to, in her discretion, reject any contracts to which CRHIC 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) requiring that 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 CRHIC'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) requiring that Crystal Run Health Transformation Holdings, LLC and all other persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, health plans ("Plans"), underwriting data, any reinsurance or other insurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to, or relating to CRHIC, 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) authorizing, permitting, and allowing 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 CRHIC, and further authorizing 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 this Court; (12) establishing a date by which all claims against CRHIC, other than the Liquidator's claims for administrative expenses, and all evidence supporting such claims, must be submitted to the Liquidator ("Bar Date") that is the earlier of: (a) the contractual time period established for the timely submission of claims in all Plans or agreements between CRHIC 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 from the date of entry of the Liquidation Order sought in this petition, and providing that all claims submitted after the Bar Date are barred and discharged; (13) requiring that all claims against CRHIC submitted for the first time after the issuance of the Liquidation Order, and all evidence supporting such claims, be filed via email to [crystalrun@nylb.org](mailto:crystalrun@nylb.org) or mail to New York Liquidation Bureau, 180 Maiden Lane, 14th Floor, New York, NY 10038, Attn: Receiver Operations on or before the Bar Date; (14) providing, in accordance with Insurance Law § 4307(d), that: (a) no Member shall be liable to any Provider for any services covered by CRHIC; (b) no Provider shall collect, or attempt to collect, any amounts owed by CRHIC from any Member; and (c) no Provider shall maintain any action against any Member to recover any such amount (except that the foregoing shall not apply in respect of any coinsurance amounts, copayments, and/or deductibles owed by any Member); (15) authorizing the Liquidator, in her discretion, to refrain from adjudicating claims of any class unless and until she determines that it is likely that the CRHIC estate will have sufficient assets to pay claims of such class; (16) extending immunity to the Superintendent in her capacity as Liquidator of CRHIC, 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; and (17) granting such other and further relief as the Court may deem proper and just.

AND, sufficient cause having been <sup>alleged</sup> ~~shown~~ therefor, pursuant to Insurance Law § 7418(a)(1), <sup>it is ORDERED that</sup> ~~let~~ service of a copy of this order to show cause and its supporting papers be made (i) by overnight delivery within five (5) days after the entry of this Order to Show Cause upon Crystal Run Health Insurance Company, Inc., Attention: Stephen Zeng, Executive Director, 109

Rykowski Lane, Middletown, NY 10941; and (ii) by posting on the internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least 15 days prior to the Return Date; and such service shall be deemed good and sufficient service; and it is hereby

ORDERED, that all answering papers and supporting documentation ("Answering Papers") be served on the Superintendent so as to be received at least seven days prior to the Return Date, and that service on the Superintendent shall be made by email or overnight carrier at the following addresses:

Office of the Attorney General  
28 Liberty Street  
New York, NY 10005  
Att'n: Noam Lerer  
[noam.lerer@ag.ny.gov](mailto:noam.lerer@ag.ny.gov)

with a copy to

New York Liquidation Bureau  
180 Maiden Lane, 15th Floor  
New York, New York 10038  
Att'n: General Counsel  
[legal@nylb.org](mailto:legal@nylb.org)

and any such Answering Papers shall be e-filed with the Court at least seven days before the Return Date; and it is further

ORDERED, that pursuant to Insurance Law § 7419(a), pending the <sup>hearing</sup> determination of this application, CRHIC, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, and managers, and all other persons, are hereby restrained, except as authorized by the Superintendent, from transacting CRHIC's business or disposing of CRHIC's property, and all persons are restrained from wasting any of CRHIC's assets; and it is further

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HON. LYNN R. KOTLER  
*Jse*

ORDERED, that pursuant to New York Insurance Law § 7419(b), pending a <sup>hearing</sup> determination on this application, CRHIC, its officers, directors, shareholders, members, trustees, agents, servants, employees, attorneys, and managers, and all other persons are hereby restrained from obtaining preferences, judgments, attachments, or other liens, or making any levy or commencing or prosecuting any actions or proceedings against CRHIC or its assets, and all actions or proceedings against CRHIC are stayed.

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**HON. LYNN R. KOTLER**

*No Reply*

ENTER:

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J. S. C.

**HON. LYNN R. KOTLER**

Oral Argument Directed

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JSC

**HON. LYNN R. KOTLER**

Oral argument will be held on the return date via Microsoft Teams. Please contact Steven Carney, Part Clerk, at [scarney@nycourts.gov](mailto:scarney@nycourts.gov) for a meeting invitation.