

# **Exhibit B**

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Receivership Management, Inc.

**UNITED STATES DISTRICT COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**

**R. ALEXANDER ACOSTA,**  
**Secretary of Labor, United States**  
**Department of Labor**

**Plaintiff,**

**v.**

**RIVERSTONE CAPITAL, LLC, a**  
**California limited liability**  
**corporation; NEXGEN**  
**INSURANCE SERVICES**  
**INCORPORATED, a California**  
**corporation; NGI BROKERAGE**  
**SERVICES, INC., a California**  
**corporation; JAMES C. KELLY, an**  
**individual; TRAVIS O. BUGLI, an**  
**individual; ROBERT CLARKE, an**  
**individual; ERIK MANQUEROS, an**  
**individual,**

**Defendants.**

CASE NO. 19-CV-778-MWF (MAAx)  
Honorable Michael W. Fitzgerald

**INDEPENDENT FIDUCIARY'S**  
**(PROPOSED) ORDERLY PLAN**  
**OF LIQUIDATION**

Pursuant to the Temporary Restraining Order entered on February 7, 2019 (DE #22) and the Consent Judgment and Order entered on March 13, 2019 (DE #41), Receivership Management Inc. was appointed Independent Fiduciary of the Riverstone MEWA Health Plan and all participating plans (hereafter referred to as the “Plan”). On February 28, 2019, the Independent Fiduciary submitted a Notice to the Court that it had determined the Plan to be unstable and not viable, and pursuant to its authority, indicated it would terminate the Plan effective March 8, 2019 at 11:59 p.m. Pacific time. In its notice to the Court, the Independent Fiduciary stated it would submit a proposed orderly plan of liquidation to the Court (hereafter referred to as the “Liquidation Plan”) on or before March 29, 2019 (DE #27). Pursuant to the Court’s Consent Order and Judgment, the Court recognized and acknowledged the Independent Fiduciary’s authority to have terminated the Plan and ordered the submission of a (Proposed) Orderly Plan of Liquidation on or before March 29, 2019 for the Court’s review and approval (DE #41 at p. 6, ¶ 3).

#### **Preliminary Actions of the Independent Fiduciary**

1. As of February 28, 2019, the Independent Fiduciary issued Notices of Termination to the Plan’s fiduciaries, sponsoring employers, current and former administrators, medical service providers and current and former employee Plan participants advising them of the Independent Fiduciary’s determination to terminate the Plan effective March 8, 2019. The Independent Fiduciary also has issued instructions to, amongst others, the Plan’s former fiduciaries and current and former administrators to fully comply with the terms of the Court’s orders, and directing, amongst others, the Plan’s fiduciaries, current and former administrators, and their representatives to provide documents, records, electronic data, and listings specific to each of the aforementioned be given to the Independent Fiduciary or its agents assisting it in the termination and liquidation of the Plan. Conference calls and meetings with these parties are ongoing and are scheduled as deemed necessary.

1           2.     The above-referenced Notices of Termination provided to the  
2 sponsoring employers, the employee Plan participants and medical providers,  
3 who/which provided services to participants, stated that:

4           a.     The Plan is being terminated under the authority of the  
5 Independent Fiduciary and will be liquidated under an Orderly  
6 Plan of Liquidation to be submitted and approved by the U.S.  
7 District Court for the Central District of California.

8           b.     Benefits under the Plan will cease on March 8, 2019 at 11:59  
9 p.m. Pacific time for member participants, whose premiums/  
10 contributions have been received by the Plan for benefit  
11 coverage for the month of February, 2019, and the partial  
12 month of March, 2019. For member participants whose  
13 premiums/contributions for benefit coverage for the month of  
14 February, 2019 and the partial period of March 2019 have not  
15 been received by the Plan, coverage will end as of the last  
16 period of coverage for which premiums/contributions have been  
17 received by the Plan.

18           3.     The Independent Fiduciary has been working with the stop loss  
19 insurance company Berkley Health and Accident (“Berkley”). Berkley issued 23  
20 individual stop loss policies to 23 sponsoring employers. As set forth in other  
21 filings with this Court (e.g. DE #27-1 at ¶ 7; DE #43, pp. 6-7, ¶ C.6.), those are the  
22 only stop loss policies that were issued regarding the Riverstone MEWA. Each of  
23 those policies terminated on February 28, 2019 for those employers that paid, or  
24 made arrangements to have paid, stop loss premiums through that date. Under each  
25 stop loss policy, claims incurred during the policy period would be considered  
26 eligible if paid by the policyholder on or before May 31, 2019. Berkley has  
27 agreed, however, to extend that May 31, 2019 date to July 31, 2019 for those  
28 policyholders that did not terminate their stop loss coverage prior to February 28,

2019 – i.e. those employers that have paid, or made arrangements to pay, the stop loss premium through February 28, 2019. This extension of the “Loss Paid” date from May 31, 2019 to July 31, 2019 will allow the applicable employers/stop loss policyholder time under the liquidation plan set forth herein, to pay claims which, in turn, could be eligible for stop loss reimbursement from Berkley.

#### **Independent Fiduciary’s Liquidation Plan**

1. Upon record verification, the Independent Fiduciary will issue Evidence of Coverage letters, as provided under the Affordable Care Act, to the Plan’s participants. All such letters will be issued no later than 45 days from the date of the Plan’s termination of benefits.

2. The Independent Fiduciary has established a run-out period of 60 days from the date of Plan termination (May 7, 2019). During this period the Plan’s third-party administrators, Hawaii Mainland Administrators and S&S Health Strategies, will notify providers of the deadline and process and adjudicate claims submitted within that timeframe. Claims for covered services not submitted within that timeframe will not be considered for payment.

3. During the remaining month of May, 2019, but before June 1, 2019 the Independent Fiduciary will issue an outstanding claims run to each participating plan’s sponsoring employer which will outline the amount of unpaid claims and how payment should be rendered through the applicable third-party administrator, and how to make a claim on Riverstone MEWA assets for having paid the unpaid medical claims of the sponsoring employer’s employees. The Independent Fiduciary will require and demand each employer to either fully pay the adjudicated approved payable amount of each listed claim through the third-party administrator or to pay a negotiated amount that the employer reached with the medical provider. In paying the unpaid claim amounts or the negotiated amount, the employer must secure from the medical provider a full acceptance and release/accord and satisfaction as to the claims at issue in favor of the employer,

1 the employee participant, and the Plan. The sponsoring employer will have until  
 2 July 15, 2019 to comply with the Independent Fiduciary's demand. During that  
 3 time period each of the third-party administrators will offer a negotiation/repricing  
 4 service to each of the sponsoring employers. The third-party administrators will be  
 5 entitled to charge a separate fee for these services. Failure of the sponsoring  
 6 employer to comply may result in an ERISA enforcement action against the  
 7 employer.<sup>1</sup>

8 4. An employer which pays the unpaid claims amounts, or the negotiated  
 9 amount, can then submit a Proof of Claim as to the amount of its payment upon the  
 10 assets of the Riverstone MEWA currently held by the Independent Fiduciary.

11 5. Within 30 days of the adoption of this Liquidation Plan, the  
 12 Independent Fiduciary will mail Proof of Claim ("POC") Forms and instructions to  
 13 non-medical claimants (vendors etc.) who, to the Independent Fiduciary's  
 14 knowledge, may have non-medical claims against the Riverstone MEWA. Within  
 15 that time, the Independent Fiduciary will post the POC Forms and instructions to  
 16 the website for the Plan for the sponsoring employer, employee-member and  
 17 medical provider claimants to utilize to submit claims as against the Plan assets for  
 18 their payment of unpaid claims and/or other medical related claims. The deadline  
 19 for submission of any POC is August 15, 2019. The Independent Fiduciary will  
 20 review, adjudicate and submit to the POC claimant a determination of the claim.  
 21 The instructions will set forth that any POC claimant dissatisfied with the  
 22 Independent Fiduciary's determination may request reconsideration. If still  
 23 dissatisfied, the POC claimant can petition this Court for review and final  
 24 determination.

25 6. During the course of the Liquidation Plan, the Independent Fiduciary,  
 26 with the assistance of counsel, will review records, transactions, claims data, and

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27 <sup>1</sup> Under the Plan documents applicable to the employer groups, the employer is  
 28 responsible for paying Plan benefits and administration expenses.



1 other information, and further investigate material claims or causes of action that  
 2 would benefit the Plan. The Independent Fiduciary will also determine what  
 3 courses of action it might pursue, and pursue them, in an effort to increase the  
 4 assets available to the Plan for payment of claims or for payment of administrative  
 5 expenses.

6 7. As soon as is possible after all POCs have been processed and  
 7 finalized and after all assets are collected/asset recovery efforts completed, the  
 8 Independent Fiduciary will file an additional Plan with the Court concerning  
 9 distribution of assets then available to all approved claimants resulting from the  
 10 POC procedure. If there is any possibility of an interim distribution, the  
 11 Independent Fiduciary will so advise the Court. The Independent Fiduciary will  
 12 file reports to the Court on a periodic basis advising as to the progress with the  
 13 Liquidation Plan and the financial status of the Plan, and any other reports the  
 14 Court deems necessary.

15 8. Upon the adoption of this Liquidation Plan, the Independent Fiduciary  
 16 will follow the Court's Consent Order and Judgment, as may be amended,  
 17 regarding the transferring and centralizing of Plan assets. The Independent  
 18 Fiduciary will move the Court for additional relief and/or for clarification, as  
 19 needed, if an individual or entity fails to appropriately turn over Plan assets or fails  
 20 to appropriately account or reconcile the amount(s) owed to the Plan. The  
 21 Independent Fiduciary will also move the Court for additional relief and/or  
 22 clarification, as needed, if matters arise warranting such.

23  
 24 Dated: March 29, 2019

**RECEIVERSHIP MANAGEMENT, INC.**  
 Court-Appointed Independent Fiduciary of  
 Riverstone MEWA and Participating Plans

25  
 26 61822892.3

27 By: 

Robert E. Moore, Jr.  
 President