NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 499-737 DIVISION: D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

STATE
FILED

FILED: _____ _____
DEPUTY CLERK

MOTION FOR APPROVAL OF PURSUIT OF JOINT LITIGATION, AND FOR ORDER TO PERMIT FILING OF AGREEMENTS UNDER SEAL

NOW INTO COURT through undersigned counsel comes Marlon V. Harrison, Receiver for AmCare Health Plans of Louisiana, Inc. in Receivership (the "Receiver"), who represents:

1.

AmCare Health Plans of Louisiana, Inc. in Receivership ("AmCare-LA") was placed in liquidation by order of this honorable Court on November 12, 2002 (the "Liquidation Order"), and Marlon V. Harrison was appointed Receiver.

2.

AmCare Health Plans of Texas, Inc. and AmCare Management, Inc.(collectively "AmCare-TX") were placed receivership by order of the 200th Judicial District Court for Travis County, Texas, in case number GV 204523, on January 21, 2003 and Jean Johnson appointed Special Deputy Receiver.

3.

AmCare Health Plans of Oklahoma, Inc. ("AmCare-OK") was placed in receivership by order of the District Court for Oklahoma County, Oklahoma, in case number CJ-2003-5311, on July 8, 2003 and Carroll Fisher, Insurance Commissioner for the State of Oklahoma, was appointed Receiver.

4.

Pursuant to the respective orders appointing the three Receivers, the three Receivers and/or their representatives met and conducted phone conferences relating to the common causes of action of the four companies, AmCare-LA, AmCare-TX, and AmCare-OK (the "AmCare entities"), and the need coordination of efforts for recovery.

5.

The AmCare entities were all insured by common policies of insurance, namely the Diversified

Health Care Organization Directors and Officers Liability Insurance Policy issued to AmCareco, Inc. and its subsidiaries by Executive Risk Indemnity, Inc., the Managed Care Organization Errors and Omissions Liability Insurance Policy issued to AmcareCo, Inc. and its subsidiaries by Executive Risk Specialty Insurance Company, and the Management Liability and Company Reimbursement Policy issued to AmcareCo, Inc. and its subsidiaries by Greenwich Insurance Company.

6.

The AmCare entities had a common board of directors consisting of, but not limited to, Thomas Lucksinger, Steven Nazarenus, and Michael Nadler.

7.

The AmCare entities had common officers consisting of Thomas Lucksinger, Steven Nazarenus, and Michael Nadler.

8.

The AmCare entities were all owned by AmCareco, Inc.

9.

Suit has been filed by AmCare-LA to recover under said policies of insurance and against said officers and directors for actions taken and/or neglected as to AmCare-LA in suit number 499-737-01 on the docket of this Court.

10.

The AmCare entities all engaged the accounting firm of Price Waterhouse Coopers ("PWC") to perform certain accounting functions and audits.

11.

Suit has been filed by AmCare-LA to recover from PWC for actions taken and/or neglected as to AmCare-LA in suit number 512-366 on the docket of this Court.

12.

A proceeding has been instituted before the Society of Louisiana Certified Public Accountants against PWC for actions taken and/or neglected as to AmCare-LA in panel number RP-030014 before the Society of Louisiana Certified Public Accountants.

13.

The AmCare entities were all acquired from Foundation Health Corporstion, aka Foundation Health Systems, Inc., aka Health Net, Inc. ("Foundation/Health Net").

14.

Suit has been filed by AmCare-LA to recover from Foundation/Health Net under a guarantee provided by Foundation/Health Net to AmCare-LA and the Louisiana Department of Insurance in suit number 509 297 on the docket of this Court.

15.

The three pending suits filed by the AmCare-LA Receiver on the docket of this Court are all referred to as the "Louisiana Proceedings".

16.

Suit has been filed by AmCare-TX in the 250th Judicial District Court for Travis County, Texas, in case number GN-303897, which suit seeks recovery as to the directors and officers of the AmCare entities, the insurers for the AmCare entities, and PWC. A copy of the petition filed and the petition as amended are attached hereto and incorporated herein.

17.

AmCare-OK has joined with AmCare-TX in suit number GN-303897 in the 250th Judicial District Court for Travis County, Texas, in seeking recovery as to the directors and officers of the AmCare entities, the insurers for the AmCare entities, and PWC.

18.

Suit has been filed by the Receiver for AmCare-TX in the53rd Judicial District Court for Travis County, Texas, in case number GN 401 307, which suit seeks the appointment of a Receiver for AmCareco, Inc., the parent company of the AmCare entities.

19.

The pending suits filed by AmCare-TX and AmCare-OK in Texas are referred to as the "Texas Proceedings".

20.

AmCare-TX and AmCare-OK have evidenced their intent to intervene in the Louisiana proceedings to join with the AmCare-LA Receiver in pursuing joint recovery for the benefit of the AmCare entities.

21.

The AmCare-LA Receiver seeks approval from this Court of the agreements by and between AmCare-LA, AmCare-TX and AmCare-OK for the joint prosecution of claims of the AmCare entities, including the pending and contemplated recovery actions.

22.

The agreements contain sensitive, confidential, and proprietary information and contain material protected by the attorney client privilege and the Receiver requests that they be filed under seal for the Court's *in camera* inspection, pending the final outcome of the AmCare entities' litigation and subject to the further orders of this honorable Court.

23.

The AmCare-LA Receiver seeks authority from this Court to pursue joint litigation pursuant to those agreements.

24.

The AmCare-LA Receiver seeks authority from this Court to consider all actions and suits of the AmCare entities undertaken pursuant to the agreements Joint/Source Proceedings under the terms and conditions of the Receivers Agreement previously approved by this honorable Court.

25.

The AmCare-LA Receiver asserts that the proposed plan for pursuit of joint litigation is in the best interest of AmCare-LA, and its policyholders, members, subscribers, creditors and the public, because such action reduces the cost of pursuing separate actions, increases the likelihood of recovery as to the common officers and directors of the AmCare entities, the common insurers of the AmCare entities, and PWC and Foundation/Health Net, and others as common defendants, and permits this Court to continue to exercise jurisdiction over the actions as to the directors and officers of the AmCare-LA, the insurers for the AmCare-LA, and PWC, and Foundation/Health Net in the best interests of AmCare-LA, its policyholders, members, subscribers, creditors and the public, all as is more fully explained in the attached memorandum, which is incorporated herein.

WHEREFORE, the Receiver prays that this honorable Court

(1) Issue an order granting the AmCare-LA Receiver's Motion for Approval of Pursuit of Joint Litigation, and For Order to Permit Filing of Agreements Under Seal;

(2) Issue an order approving the agreements between AmCare-LA, AmCare-TX, and AmCare-OK and authorizing the AmCare-LA Receiver enter into said agreements and to take such actions as he deems necessary and appropriate to accomplish and implement said agreements, and to consider any and all actions and suits of the AmCare entities undertaken pursuant to the agreements Joint/Source Proceedings under the terms and conditions of the Receivers Agreement previously approved by this honorable Court, subject to the control and

further orders of this honorable Court; and

(3) Issue an order finding that the agreements contain sensitive, confidential, and proprietary information and contain material protected by the attorney client privilege and ordering that the agreements be filed under seal for the Court's *in camera* inspection, pending the final outcome of the AmCare entities' litigation and subject to further orders of this honorable Court; and for all other appropriate relief.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR
J. Robert Wooley
Commissioner of Insurance
for the State of Louisiana

Buser & Associates, APLC

BY: _____

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19TH JUDICIAL DISTRICT
EAST BATON ROUGE PARISH, LA.
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DOUG WELBORN
CLERK OF COURT E.B.R. PARISH

NINETEENTH JUDICIAL DISTRICT COURT

PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

NUMBER: 499-737 DIVISION D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA
VERSUS
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____ _____
DEPUTY CLERK

MEMORANDUM IN SUPPORT OF
MOTION FOR APPROVAL OF PURSUIT OF JOINT LITIGATION, AND FOR ORDER TO PERMIT FILING OF AGREEMENTS UNDER SEAL

MAY IT PLEASE THE COURT:

On November 12, 2002, AmCare Health Plans of Louisiana, Inc. was placed in liquidation by order of this honorable Court and Marlon V. Harrison was appointed Receiver. A copy of that order is filed in the record of these proceedings.

AmCare Health Plans of Texas, Inc. and AmCare Management, Inc.(collectively "AmCare-TX") were placed receivership by order of the 200th Judicial District Court for Travis County, Texas, in case number GV 204523, on January 21, 2003 and Jean Johnson appointed Special Deputy Receiver. A copy of that order has previously been filed in the record of these proceedings.

AmCare Health Plans of Oklahoma, Inc. ("AmCare-OK") was placed in receivership by order of the District Court for Oklahoma County, Oklahoma, in case number CJ-2003-5311, on July 8, 2003 and Carroll Fisher, Insurance Commissioner for the State of Oklahoma, was appointed Receiver. A copy of that order has previously been filed into the record of these proceedings.

Pursuant to the respective orders appointing the three Receivers, the three Receivers and/or their representatives met and conducted phone conferences relating to the common potential recoveries of the four companies, AmCare-LA, AmCare-TX, and AmCare-OK (the "AmCare entities"), and the need for coordination of efforts in order to maximize potential recovery, reduce costs and expenses, and present a united front as to persons and entities identified as having caused and/or contributed to the insolvencies of the AmCare entities, in order to best serve the interests of the policyholders, subscribers, members, providers, creditors, and the public.

As a result of the meetings and conferences with the representatives of the AmCare entities, a plan has been proposed for pursuit of joint litigation as to the former officers and directors of the AmCare entities, their insurers, as to PriceWaterhouseCoopers, the former accounting and auditing firm for the AmCare entities, AmCareco, Inc , the parent company of the AmCare entities, and as to Foundation Health Corporation, aka Foundation Health Systems, Inc., aka Health Net, Inc., the former parent of the AmCare entities, and such other claims for recovery as may be pursued by agreement of the three Receivers.

There are presently three suits pending brought by the AmCare-LA Receiver in this Court for recovery:

> Case No. 499-737-D; *J. Robert Wooley, as Commissioner of Insurance for the State of Louisiana vs. Thomas S. Lucksinger, Michael D. Nadler, Stephen J. Nazarenus, Scott Westbrook, Michael K. Jhin, William F. Galtney, John P. Mudd, Executive Risk Indemnity, Inc., Executive Risk Management Associates, Executive Risk Specialty Insurance Co., Executive Liability Underwriters and Greenwich Insurance Co., AmCareco, Inc., AmCare Management, Inc.;* In the 19th Judicial District Court, Parish of East Baton Rouge, Louisiana;
>
> Case No. 512-366-D; *J. Robert Wooley, as Commissioner of Insurance for the State of Louisiana vs. PricewaterhouseCoopers, LLP;* In the 19th Judicial District Court Parish of East Baton Rouge, Louisiana and Society of Louisiana Certified Public Accountants, Accounting Review Panel Number RP-030014; and
>
> Case No. 509-297-D; J. Robert Wooley, Commissioner of Insurance for the State of Louisiana in his Capacity as Liquidator of AmCare Health Plans of Louisiana v. Foundation Health Corporation, Foundation Health Systems, Inc. and Health Net, Inc."; In the 19th Judicial District Court, Parish of East Baton Rouge, Louisiana; (collectively referred to as the "Louisiana Proceedings").

There are presently two suits pending in Texas, as follows:

> Cause No. GN303897; *Jean Johnson, as Special Deputy Receiver of AmCare Health Plans of Texas, Inc. v. PricewaterhouseCoopers LLP, et al*; In the 250th Judicial District Court of Travis County, Texas;
>
> Cause No GN 401 307; *Jean Johnson, Special Deputy Receiver of AmCare Health Plans of Texas, Inc. and of AmCare Management, Inc. v. AmCareco, Inc.*, Application for Appointment of Receiver, in the 53rd Judicial District Court of Travis County, Texas (collectively referred to as the "Texas Proceedings");

AmCare-TX and AmCare-OK have evidenced their intent to intervene in the Louisiana Proceedings. The Receiver for AmCare-LA seeks authority from this Court to enter into an agreement with AmCare-TX and AmCare-OK for the joint prosecution of claims of the AmCare entities, including the pending and contemplated actions.

The agreements contain sensitive, confidential, and proprietary information and contain material protected by the attorney client privilege and the Receiver requests that they be filed

under seal for the Court's *in camera* inspection, pending the final outcome of the AmCare entities' litigation and subject to the further orders of this honorable Court. The AmCare LA Receiver seeks authority from this Court to pursue joint litigation pursuant to the agreements. The AmCare-LA Receiver seeks authority from this Court to consider all actions and suits of the AmCare entities undertaken pursuant to the agreements Joint/Source Proceedings under the terms and conditions of the Receivers Agreement previously approved by this honorable Court.

The AmCare-LA Receiver asserts that the plan for pursuit of joint litigation is in the best interest of AmCare-LA, and its policyholders, members, subscribers, creditors and the public, because such action reduces the cost of pursuing separate actions, increases the likelihood of recovery as to the common officers and directors of the AmCare entities, the common insurers of the AmCare entities, PWC, and Foundation/Health Net, and others as common defendants, and permits this Court to continue to exercise jurisdiction over the actions as to the directors and officers of the AmCare-LA, the insurers for the AmCare-LA, PWC, and Foundation/Health Net in the best interests of AmCare-LA, its policyholders, members, subscribers, creditors and the public

For all these reasons, the Receiver requests that this motion be granted and further requests that the relief prayed for be granted.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR
J. Robert Wooley
Commissioner of Insurance
for the State of Louisiana

Buser & Associates, APLC

BY: _____

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CLERK OF COURT I.D.R. PARISH

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 499-737 DIVISION: D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA
VERSUS
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____ _____
DEPUTY CLERK

ORDER

Considering the motion for approval of pursuit of joint litigation, and for order to permit filing of agreements under seal,

DENIED

IT IS ORDERED that any and all interested parties appear and show cause on the ____ day of _____, 200____, at _____ o'clock ___ m. why the relief prayed for therein should not be granted.

Baton Rouge, Louisiana, this 21 day of Sept, 2004.

Janice Clark
JUDGE

PLEASE SERVE THIS MOTION AND ORDER AND MEMORANDUM IN SUPPORT OF SAME TO ALL PERSONS SHOWN ON THE ATTACHED SERVICE SHEET

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DOUG WELBORN
CLERK OF COURT E.B.R. PARISH

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

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J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA
VERSUS
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____ _____
DEPUTY CLERK

ORDER

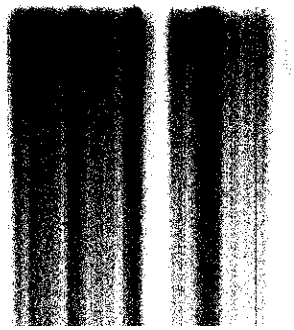
Considering the motion for approval of pursuit of joint litigation and for order to permit filing of agreements under seal, and the Court considering the pleadings filed, and the Court finding that the parties are entitled to the relief granted,

IT IS ORDERED, ADJUDGED AND DECREED that the Motion for Approval of Pursuit of Joint Litigation and For Order to Permit Filing of Agreements Under Seal be and hereby is GRANTED.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the agreements between AmCare Health Plans of Louisiana, Inc., In Receivership ("AmCare-LA"), AmCare Health Plans of Texas, Inc., In Receivership and AmCare Management, Inc., In Receivership ("AmCare-TX"), and AmCare Health Plans of Oklahoma, Inc., In Receivership ("AmCare-OK"), be and hereby are found by this Court to contain sensitive, confidential, and proprietary information and to contain material protected by the attorney client privilege.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the agreements between AmCare-LA, AmCare-TX, and AmCare-OK be filed under seal pursuant to this order for the Court's *in camera* inspection, pending the final outcome of the AmCare entities' litigation and subject to further orders of this honorable Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Receiver for AmCare-LA be and hereby is authorized and directed to enter into said agreements and to take such actions as he deems necessary and appropriate to accomplish and implement said agreements, and to consider any and all actions and suits as identified in the agreements, brought by or on behalf of the AmCare entities, shall be considered Joint/Source Proceedings under the terms and conditions of the Receivers Agreement previously approved by this Court.



IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this order approving the agreements is a final order of this Court.

Baton Rouge, Louisiana, this 21 day of Sept, 2004.

JUDGE

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NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

NUMBER: 499-737 DIVISION: D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA
VERSUS
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: _____ _____
DEPUTY CLERK

FILED UNDER SEAL WITH THE COURT ON SEPTEMBER ____, 2004.

ATTACHMENTS TO MOTION FOR APPROVAL OF PURSUIT OF JOINT LITIGATION, AND FOR ORDER TO PERMIT FILING OF AGREEMENTS UNDER SEAL

THE HONORABLE JUDGE JANICE CLARK

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR
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Commissioner of Insurance
for the State of Louisiana

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