

IN THE CIRCUIT COURT OF THE
SECOND JUDICIAL CIRCUIT IN
AND FOR LEON COUNTY, FLORIDA

IN RE: The Receivership of DEPAWIX
HEALTH RESOURCES, INC.; GREEN
CROSS MANAGED HEALTH SYSTEMS;
PECK & PECK, INC.; NEW AMERICAN
HEALTH PLANNING, INC.; and
DISTRIBUTION BY DATAGEN

CASE NO.: 2011-CA-1091

**MOTION FOR ORDER APPROVING DISCHARGE ACCOUNTING STATEMENT,
DIRECTING FINAL DISCHARGE OF RECEIVER, DIRECTING DISPOSITION OF
REMAINING ASSETS AND CLOSING ESTATE**

The Florida Department of Financial Services, as Receiver of Depawix Health Resources, Inc., Green Cross Managed Health Systems, Peck & Peck, Inc., New American Health Planning, Inc., and Distribution By Datagen (hereinafter "Receiver" or "Receivership Estate"), by and through the undersigned counsel, hereby files this Motion for An Order Approving Discharge Accounting Statement, Directing Final Discharge or Receiver, Directing Disposition of Remaining Assets and Closing Estate, and as grounds therefore states the following:

1. On June 11, 2013, this Court entered an *Order Appointing the Florida Department of Insurance as Receiver for Purposes of Liquidation, Injunction and Notice of Automatic Stay*.
2. This Court has jurisdiction over the this Receivership Estate and is authorized to enter all necessary and/or proper orders to carry out the purpose of the Florida Insurers Rehabilitation and Liquidation Act, Section 631.021(1), Florida Statutes.
3. Under the Liquidation Order, all claims were to be filed with the Receiver on or by June 11, 2014. The available records did not provide adequate information to enable the

Receiver to identify possible claimants. The Receiver could not identify potential claimants and therefore did not send Proof of Claim forms out. No claims have been filed in this Receivership and there have not been any attempts to file claims. In addition, there have been no phone calls/inquiries received from any consumers on this estate from the commencement of this receivership.

4. Peck & Peck, Inc. (“Peck & Peck”) and Depawix Health Resources, Inc. (“Depawix”) were Georgia corporations headquartered in the Atlanta metro area, while Green Cross Managed Health Systems (“Green Cross”) was not a registered corporation in either Georgia or Florida. Although Peck & Peck and Depawix were Georgia corporations, they were not licensed insurers in Georgia and were not regulated by the Georgia Department of Insurance.

5. Green Cross called itself a managed health system that purportedly provided health insurance to Florida consumers by placing them in part-time jobs with Depawix as a tester of the Green Cross process of medical care. Peck & Peck, Green Cross and Depawix were engaged in the insurance business in Florida.

6. Despite the absence of any Certificate of Authority or any other authorization to transact insurance business in Florida, Peck & Peck, Green Cross and Depawix worked together to engage in the unlicensed, unauthorized transaction of insurance with consumers located in Florida, in violation of the Florida Insurance Code, including Sections 624.401 and 626.901, Florida Statutes.

7. New American Health Planning, Inc. (“New American”) was a Florida Corporation which marketed documents and templates to financial professional and attorneys representing clients who desire to establish self-funded benefit plans.

8. Distribution by Datagen (“Datagen”) was a Georgia corporation that was not a licensed insurer in Georgia and was not regulated by the Georgia Department of Insurance.

Datagen's business transactions for writing insurance took place in the State of Florida when it became the successor to Depawix.

9. There is no guaranty association involvement in this Receivership Estate.

10. The Receiver's Discharge Accounting Statement – Projected as of October 31, 2014 (“Discharge Accounting”) is attached hereto as Exhibit “A.”

11. As shown in the Discharge Accounting, the estimated value of all assets of this Receivership estate is projected to be \$44,411.95.

12. Due to insufficient funds in this estate, the Receiver found it necessary to fund this estate by borrowing \$50,000 from the Regulatory Trust Fund (“RTF”). This funding is a liability of the insurance company.

13. The Receiver receives an annual budget from the State of Florida's Insurance Regulatory Trust Fund (“RTF”), which funds a portion of the Receiver's costs and expenses of administration. The Receiver funds the majority and remainder of its budget from the assets of the insurers it supervises. The portion funded by the RTF supports state funded positions within the Division of Rehabilitation and Liquidation and includes their direct labor and a portion of the Receiver's overhead. Each receivership is allocated a portion of these state funded costs and expenses based on certain allocation formulas. It is the Receiver's policy to record these state funded expenditures as “Contributed Equity” on each receivership financial statement. If the receiver determines that there are sufficient assets available at the end of the receivership, it is the policy of the Receiver to reimburse the RTF for Contributed Equity as the Receiver's costs and expenses of administration, as well as the claims of state and local governments pursuant to Florida Statute §631.271. The Contributed Equity for this estate through October 31, 2014 was calculated at \$403.51 (see Schedule E of Exhibit “A”). Additionally, the receiver's policy authorizes the

utilization of alternative plans for reimbursing the regulatory Trust Fund when it is in the best interest of the estate.

14. The Receiver requests authority to retain \$1,000.00 as a reserve for “wind-up” expenses of the receivership.

15. Upon approval of the Receiver’s request for final discharge, the records of this receivership estate will no longer be needed. The records were obtained from the Division of Fraud and should therefore be returned to them.

16. If any mortgages, notes, judgments, or other liens in favor of any of the companies in this receivership estate are found at a later date to be recorded with the Clerk of Circuit Courts in the State of Florida, upon property located in the State of Florida, not sold, transferred or assigned by the Receiver, are hereby assigned to RTF.

17. Although such recovery is unlikely, the Receiver requests an order authorizing the Division of Rehabilitation and Liquidation to remit the Regulatory Trust Fund any assets which may be recovered following the discharge of this receivership if, in the Division’s sole discretion, the value of the recovered assets does not justify the reopening of this receivership estate.

18. The Receiver requests an Order that it shall be fully and finally discharged of its responsibilities in this Receivership and the receivership closed as of 12:01 a.m. on October 31, 2014.

WHEREFORE, the Receiver respectfully requests this Court grant its Motion and enter an Order:

- A. Approving and adopting the Receiver’s Discharge Accounting Statement;
- B. Authorizing and directing the Receiver to retain \$1,000.00 as a reserve for “wind up” expenses of the Receiver. Any surplus remaining in the estate shall be paid to the Regulatory Trust Fund

C. Authorizing and directing the Receiver to repay to the Regulatory Trust Fund \$44,411.95 toward the balance borrowed at the onset of the receivership plus the \$403.51 in Contributed Equity accrued over the life of the estate.

D. Authorizing and directing the Receiver, after final discharge, to return the company records in the Receiver's possession to the Division of Fraud;

E. Authorizing the Division of Rehabilitation and Liquidation to remit to the Regulatory Trust Fund any assets which may be recovered following the October 31, 2014 closure of this receivership estate if, in the Division's sole discretion, the value of the recovered assets does not justify the reopening of this receivership;

F. Authorizing and directing the Receiver to assign all mortgages, notes, judgments, or other liens, in favor Florida Insurance Regulatory Trust Fund; and

G. Directing, without further order of this Court, the final discharge of the Receiver of its responsibilities in this receivership estate and the receivership closes as of 12:01 a.m. on October 31, 2014.

RESPECTFULLY SUBMITTED on this 17 day of October, 2014.



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Depawix Health Resources, Inc.
Discharge Accounting Statement
Projected for Discharge in October 2014

ASSETS

	<u>Amount</u>	
Cash	\$ 45,815.46	Schedule A
Total Assets	<u>\$ 45,815.46</u>	

LIABILITIES

	<u>Recommended Disbursement</u>	
Contributed Equity - Estimated at 10/31/14	\$ 403.51	
Insurance Regulatory Trust Fund - Advanced Funds	Note 1	
Total Liabilities	<u>\$ 403.51</u>	

WINDUP SUMMARY

Funds Available for Windup Expenses	45,411.95	
Projected Windup Expenses	<u>(1,000.00)</u>	Schedule D
Remaining Balance Due to Insurance Regulatory Trust Fund	<u>44,411.95</u>	

Index to Attached Schedules:

- Schedule A - Available Cash Projection
- Schedule B - Allocated State Funds Expensed
- Schedule C - Interest Earnings Projection
- Schedule D - Receiver Windup Expenses
- Schedule E - Contributed Equity from the Regulatory Trust Fund

Note 1: \$50,000 was advanced by the Insurance Regulatory Trust Fund to administer this estate and is recorded on Depawix's financial statement as a liability. Whatever funds are left after discharge activities are completed will be remitted to the IRTF pursuant to Policy R3-6.11.

EXHIBIT A

Depawix Health Resources, Inc.
Available Cash Projection
Projected for Discharge in October 2014

	Cash Balance as of August 31, 2014	September	October
Beginning Cash Balance		\$ 46,779.61	\$ 46,327.46
Storage, Utilities, Postage, Bank fees		0.00	0.00
Sub-total		<u>0.00</u>	<u>0.00</u>
Allocated Receiver Expenses			
Labor & Benefits		497.00 ¹	497.00
Indirect Expenses		15.00 ²	15.00
Sub-total		<u>512.00</u>	<u>512.00</u>
Cash Balance Before Interest Earnings		<u>46,267.61</u>	<u>45,815.46</u>
Interest Earnings			
Actual August interest earned on SPIA APR on the previous month's average Pooled Cash		59.85	-
Ending Cash Balance	<u>\$ 46,772.90</u>	<u>\$ 46,327.46</u>	<u>\$ 45,815.46</u>

Assumptions for Allocated Receiver Expenses:

¹ Labor & Benefits: This estimate is based on a four month actual average.

May Actual	42.48
June Actual	130.09
July Actual	76.68
August Actual	1,739.81
Sub-total	<u>1,989.06</u>
4 month actual average (rounded)	<u>497.00</u>

² Indirect Expenses: This estimate is Depawix's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on Depawix's estimated total assets divided by the Receiver's estimated total assets for all receiverships.

Estimated Total Asset %	0.01%
Estimated Total for the Receiver	\$ 150,000.00
Estimated Expense	<u>\$ 15.00</u>

Depawix Health Resources, Inc.
Allocated State Funds Expensed (Contributed Equity)
Projected for Discharge in October 2014

	<u>September-14</u>	<u>October-14</u>	<u>Totals</u>
Estimated Accrual of Allocated State of Florida Expenses			
Labor & Benefits	\$ - ¹	\$ - ¹	\$ -
Indirect Expenses	- ²	- ²	-
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Assumptions for Allocated State of Florida Expenses:

¹ Labor & Benefits: This estimate is based on a four month actual average.

May Actual	
June Actual	
July Actual	
August Actual	
Sub-total	<u>-</u>
4 month actual average (rounded)	<u><u>-</u></u>

² Indirect Expenses: This estimate is Depawix's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on Depawix's estimated total assets divided by the Receiver's estimated total assets for all receiverships.

Estimated Total Asset %	0.01%
Estimated Total for the State	\$ 15,000.00
Estimated Expense (rounded)	<u><u>\$ -</u></u>

Depawix Health Resources, Inc.
Interest Earnings Projection
Projected for Discharge in October 2014

Interest accrued for September 2014

Beginning cash balance at 9/1/2014	\$ 46,779.61
Ending cash balance at 9/30/2014	46,327.46
 Average cash balance for September	 46,553.54
Assumed SPIA interest rate (Annualized)	1.00%
 Subtotal (Annualized)	 465.54

Accrual for September (Rounded)

\$ -

Interest accrued for October 2014

Beginning cash balance at 10/1/2014	\$ 46,327.46
Ending cash balance at 10/31/2014	45,815.46
 Average cash balance for October	 46,071.46
Assumed SPIA interest rate (Annualized)	1.00%
 Subtotal (Annualized)	 460.71

Accrual for October (Rounded)

\$ -

Depawix Health Resources, Inc.
Receiver Windup Expenses
Projected for Discharge in October 2014

Windup Expenses (Projected)
Tax return for 2014

\$ 1,000.00

Total

\$ 1,000.00

Depawix Health Resources, Inc.
Statement of Contributed Equity and Advances from Regulatory Trust Fund Estimated Balances
Projected for Discharge in October 2014

I. Contributed Equity Balance as of 8/31/2014	\$ 403.51
September -October Accrual (Estimate from Schedule B)	<u>\$ -</u>
Total	<u>\$ -</u>
Projected Contributed Equity Balance as of 10/31/2014	<u><u>\$ 403.51</u></u>