

1 **ORD**  
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9 **IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
10 **CLARK COUNTY, NEVADA**

11 STATE OF NEVADA, EX REL. COMMISSIONER  
12 OF INSURANCE, IN HER OFFICIAL CAPACITY  
13 AS STATUTORY RECEIVER FOR DELINQUENT  
14 DOMESTIC INSURER,

15 Plaintiff,

16 vs.

17 LANCET INDEMNITY RISK RETENTION  
18 GROUP, INC., a Nevada Domiciled Association  
19 Captive Insurance Company,

20 Defendant.

Case No. A-19-791409-C

Dept. No. 18

**PERMANENT INJUNCTION AND ORDER  
APPOINTING COMMISSIONER AS  
PERMANENT RECEIVER OF LANCET  
INDEMNITY RISK RETENTION GROUP,  
INC.**

21 **PERMANENT INJUNCTION AND AGREED ORDER APPOINTING COMMISSIONER AS  
22 PERMANENT RECEIVER OF LANCET INDEMNITY RISK RETENTION GROUP, INC.**

23 WHEREAS, on March 19, 2019, Barbara D. Richardson, Commissioner of Insurance  
24 (“Commissioner”), filed her Verified Petition For Appointment Of Commissioner as Receiver and Other  
25 Permanent Relief; Request for Temporary Injunction Pursuant to NRS 696B.270(1);

26 WHEREAS, on March 28, 2019, this Court entered its Order to Show Cause and Order  
27 Shortening Time.  
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1           WHEREAS, LANCET having been unable to cure its insolvency, LANCET has agreed to being  
2 placed into permanent receivership and the appointment of a permanent receiver for its affairs. .

3           NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

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5           (1) LANCET is in a hazardous financial condition in that, based on its present or reasonably  
6 anticipated financial condition, it cannot meet its obligations to policyholders with respect  
7 to known claims and reasonably anticipated claims, or to pay other obligations in the  
8 normal course of business and, moreover, is insolvent for purposes of Sections  
9 696B.110(1), 696B.220(2), and 696B.210(1).

10           (2) Pursuant to NRS 696B.220, the Commissioner is hereby appointed Permanent Receiver  
11 for conservation, rehabilitation or liquidation. The Receiver is authorized to employ and  
12 to fix the compensation of a Special Deputy Receiver ("SDR") and such other deputies,  
13 counsel, employees, accountants, actuaries, investment counselors, asset managers,  
14 consultants, assistants, and other personnel as she considers necessary, and to enter the  
15 business and immediately oversee the operation and conservation, rehabilitation, or  
16 liquidation of the business. All compensation and expenses of such persons and of taking  
17 possession of LANCET and conducting this proceeding shall be paid out of the funds and  
18 assets of LANCET in accordance with NRS 696B.290.

19           (3) The SDR shall have all the responsibilities, rights, powers, and authority of the Receiver  
20 subject to supervision and removal by the Receiver and the further Orders of this Court.  
21 Whenever this Order refers to the Receiver, it will equally apply to the SDR.

22           (4) The Receiver is hereby directed to conserve and preserve the affairs of LANCET and is  
23 vested, in addition to the powers set forth herein, with all the powers and authority  
24 expressed or implied under the provisions of chapter 696B of the Nevada Revised Statute  
25 ("NRS"), and any other applicable law. The Receiver is hereby authorized to rehabilitate  
26 or liquidate LANCET's business and affairs as and when deemed appropriate under the

1 circumstances and for that purpose may do all acts necessary or appropriate for the  
2 conservation, rehabilitation, or liquidation of LANCET.

3 (5) Pursuant to NRS 696B.290, the Receiver is hereby vested with exclusive title both legal  
4 and equitable to all of LANCET's property wherever located, to administer under the  
5 general supervisions of the Court, and whether in the possession of LANCET or its  
6 officers, directors, employees, consultants, attorneys, agents, subsidiaries, affiliated  
7 corporations, or those acting in concert with any of these persons, and any other persons  
8 (referred to hereafter as the "Property"), including but not limited to:

- 9 a. Assets, books, records, property, real and personal, including all property or  
10 ownership rights, choate or inchoate, whether legal or equitable of any kind or  
11 nature;
- 12 b. Offices maintained or utilized by LANCET, furniture, fixtures, office supplies,  
13 safe deposit boxes, legal/litigation files, accounts, books, paper and electronic  
14 documents and records of every kind, computers, internal and external  
15 computer memory devices, and software;
- 16 c. Causes of action, defenses, and rights to participate in legal proceedings other  
17 than the right to participate in arbitration proceedings, and the Receiver's rights  
18 will include the right to initiate or maintain suit in the name of LANCET or in  
19 the Receiver's name, in any state or federal court in any state in which the  
20 Receiver deems such action necessary or appropriate to protect the interests of  
21 the receivership estate, and any such filings outside of this Court by the  
22 Receiver will be without prejudice to the exclusive jurisdiction of this Court  
23 over LANCET's affairs;
- 24 d. Letters of credit, contingent rights, stocks, debt, bonds, debentures, cash, cash  
25 equivalents, contract rights, reinsurance contracts and reinsurance  
26 recoverables, in force insurance contracts, loss portfolio transfers, and  
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1 business, deeds, mortgages, leases, book entry deposits, bank deposits,  
2 certificates of deposit, evidences of indebtedness, bank accounts, securities of  
3 any kind or nature, both tangible and intangible, including but without being  
4 limited to any special, statutory or other deposits or accounts made by or for  
5 LANCET with any officer or agency of any state government or the federal  
6 government or with any banks, savings and loan associations, or other  
7 depositories;

8 e. All such rights and property of LANCET described herein now known or  
9 which may be discovered hereafter, wherever the same may be located and in  
10 whatever name or capacity they may be held; and

11 f. Pursuant to NRS 696B.290 and 696B.270, the Receiver is hereby directed to  
12 take *immediate and exclusive possession and control of the Property* except as  
13 she may deem in the best interest of the receivership estate. In addition to  
14 vesting title to all of the Property in the Receiver or her successors, the said  
15 Property is hereby placed in the *custodia legis* of this Court and the Receiver,  
16 and the Court hereby assumes and exercises sole and exclusive jurisdiction  
17 over all the Property and any claims or rights respecting the Property to the  
18 exclusion of any other court or tribunal, such exercise of sole and exclusive  
19 jurisdiction being hereby found to be essential to the safety of the public and  
20 of the claimants against LANCET.

21 (6) Pursuant to NRS 696B.270, LANCET, its officers, directors, stockholders, members,  
22 subscribers, agents, employees, and all other persons, corporations, partnerships,  
23 associations and all other entities wherever located, are hereby permanently enjoined and  
24 restrained from interfering in any manner with the Receiver's possession of the Property  
25 or her title to or right therein and from interfering in any manner with the conduct of the  
26 receivership of LANCET. Said officers, directors, stockholders, members, subscribers,

1 agents, employees, and all other persons, corporations, partnerships, associations and all  
2 other entities are hereby permanently enjoined and restrained from wasting, transferring,  
3 selling, disbursing, disposing of, withdrawing, removing or assigning the Property or any  
4 portion thereof, and from attempting to do so except as provided herein.

5 (7) All landlords, vendors and parties to executory contracts with LANCET are hereby  
6 enjoined and restrained from discontinuing services to, or disturbing the possession of  
7 premises and leaseholds, including of equipment and other personal property, by  
8 LANCET or the Receiver on account of amounts owed prior to April 12, 2019, or as a  
9 result of the institution of this proceeding and the causes therefor, provided that LANCET  
10 or the Receiver pays within a reasonable time for premises, goods, or services delivered  
11 or provided by such persons on and after April 12, 2019, at the request of the Receiver  
12 and provided further that all such persons shall have claims against the estate of LANCET  
13 for all amounts owed by LANCET prior to April 12, 2019.

14 (8) Pursuant to NRS 696B.340, during the pendency of delinquency proceedings in this or  
15 any reciprocal state, no action or proceeding in the nature of an attachment, garnishment  
16 or execution shall be commenced or maintained in the courts of this state against LANCET  
17 or the Property, and any lien obtained by any such action or proceeding within 4 months  
18 prior to the commencement of any such delinquency proceedings or at any time thereafter  
19 is void as against any rights arising in such delinquency proceedings.

20 (9) Pursuant to this Court's exclusive jurisdiction over the Property as the first court to assert  
21 *in rem* jurisdiction over the Property, all claims against the Property must be submitted to  
22 the Receiver as specified herein to the exclusion of any other method of submitting or  
23 adjudicating such claims in any forum, court, arbitration proceeding, or tribunal subject to  
24 the further Order of this Court. The Receiver is hereby authorized to establish a  
25 receivership claims and appeal procedure, for all receivership claims. The receivership  
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1 claims and appeal procedures shall be used to facilitate the orderly disposition or  
2 resolution of claims or controversies involving the receivership or the receivership estate.

3 (10) The Receiver may change to her own name the name of any of LANCET's accounts, funds  
4 or other property or assets, held with any bank, savings and loan association, other  
5 financial institution, or any other person, wherever located, and may withdraw such funds,  
6 accounts and other assets from such institutions or take any lesser action necessary for the  
7 proper conduct of the receivership.

8 (11) All secured creditors or parties, pledge holders, lien holders, collateral holders or other  
9 persons claiming secured, priority or preferred interest in any property or assets of  
10 LANCET, including any governmental entity, are hereby enjoined from taking any steps  
11 whatsoever to transfer, sell, encumber, attach, dispose of or exercise purported rights in or  
12 against the Property.

13 (12) The officers, directors, trustees, partners, affiliates, brokers, agents, creditors, insureds,  
14 employees, members, and enrollees of LANCET, and all other persons or entities of any  
15 nature including, but not limited to, claimants, plaintiffs, petitioners, and any  
16 governmental agencies who have claims of any nature against LANCET, including cross-  
17 claims, counterclaims and third party claims, are hereby permanently enjoined and  
18 restrained from doing or attempting to do any of the following, except in accordance with  
19 the express instructions of the Receiver or by Order of this Court:

- 20 a. Conducting any portion or phase of the business of LANCET;  
21 b. Commencing, bringing, maintaining or further prosecuting any action at law, suit in  
22 equity, arbitration, or special or other proceeding against LANCET or its estate, or  
23 the Receiver and her successors in office, or any person appointed pursuant to  
24 Paragraph (2) hereinabove;

- 1 c. Making or executing any levy upon, selling, hypothecating, mortgaging, wasting,  
2 conveying, dissipating, or asserting control or dominion over the Property or the  
3 estate of LANCET;
- 4 d. Seeking or obtaining any preferences, judgments, foreclosures, attachments, levies,  
5 or liens of any kind against the Property;
- 6 e. Interfering in any way with these proceedings or with the Receiver, any successor in  
7 office, or any person appointed pursuant to Paragraph (2) hereinabove in their  
8 acquisition of possession of, the exercise of dominion or control over, or their title to  
9 the Property, or in the discharge of their duties as Receiver thereof; or
- 10 f. Commencing, maintaining or further prosecuting any direct or indirect actions,  
11 arbitrations, or other proceedings against any insurer of LANCET for proceeds of any  
12 policy issued to LANCET.

13 (13) No bank, savings and loan association or other financial institution shall, without first  
14 obtaining permission of the Receiver, exercise any form of set-off, alleged set-off, lien, or  
15 other form of self-help whatsoever or refuse to transfer the Property to the Receiver's  
16 control.

17 (14) *The Receiver shall have the power and is hereby authorized to:*

- 18 a. Collect all debts and monies due and claims belonging to LANCET, wherever  
19 located, and for this purpose: (i) to institute and maintain actions in other jurisdictions,  
20 in order to forestall garnishment and attachment proceedings against such debts; (ii)  
21 to do such other acts as are necessary or expedient to marshal, collect, conserve or  
22 protect its assets or property, including the power to sell, compound, compromise or  
23 assign debts for purposes of collection upon such terms and conditions as she deems  
24 appropriate, and the power to initiate and maintain actions at law or equity, in this  
25 and other jurisdictions; (iii) to pursue any creditor's remedies available to enforce her  
26 claims;

- 1 b. Conduct public and private sales of the assets and property of LANCET, including  
2 any real property;
- 3 c. Acquire, invest, deposit, hypothecate, encumber, lease, improve, sell, transfer,  
4 abandon, or otherwise dispose of or deal with any asset or property of LANCET, and  
5 to sell, reinvest, trade or otherwise dispose of any securities or bonds presently held  
6 by, or belonging to, LANCET upon such terms and conditions as she deems to be fair  
7 and reasonable, irrespective of the value at which such property was last carried on  
8 the books of LANCET. She shall also have the power to execute, acknowledge and  
9 deliver any and all deeds, assignments, releases and other instruments necessary or  
10 proper to effectuate any sale of property or other transaction in connection with the  
11 receivership;
- 12 d. Borrow money on the security of LANCET's assets, with or without security, and to  
13 execute and deliver all documents necessary to that transaction for the purpose of  
14 facilitating the receivership;
- 15 e. Enter into such contracts as are necessary to carry out this Order, and to affirm or  
16 disavow as more fully provided in subparagraph p., below, any contracts to which  
17 LANCET is a party;
- 18 f. Designate, from time to time, individuals to act as her representatives with respect to  
19 affairs of LANCET for all purposes, including, but not limited to, signing checks and  
20 other documents required to effectuate the performance of the powers of the Receiver;
- 21 g. Establish employment policies for LANCET employees, including retention,  
22 severance and termination policies as she deems necessary to effectuate the  
23 provisions of this Order;
- 24 h. Institute and prosecute, in the name of LANCET or in her own name, any and all  
25 suits, to defend suits in which LANCET or the Receiver is a party in this state or  
26 elsewhere, whether or not such suits are pending as of the date of this Order, to  
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1 abandon the prosecution or defense of such suits, legal proceedings and claims which  
2 she deems inappropriate, to pursue further and to compromise suits, legal proceedings  
3 or claims on such terms and conditions as she deems appropriate;

- 4 i. Prosecute any action for common (*i.e.*, not personal) claims that may exist on behalf  
5 of the members, enrollees, insureds or creditors, of LANCET as a group against any  
6 officer or director of LANCET, or any other person, for such common claims as are  
7 derivative of injury or damages to LANCET;
- 8 j. Remove any or all records and other property of LANCET to the offices of the  
9 Receiver or to such other place as may be convenient for the purposes of the efficient  
10 and orderly execution of the receivership, and to dispose of or destroy, in the usual  
11 and ordinary course, such of those records and property as the Receiver may deem or  
12 determine to be unnecessary for the receivership;
- 13 k. File any necessary documents for recording in the office of any recorder of deeds or  
14 record office in this County or wherever the Property of LANCET is located;
- 15 l. Intervene in any proceeding wherever instituted that might lead to the appointment  
16 of a conservator, receiver or trustee of LANCET or its subsidiaries, and to act as the  
17 receiver or trustee whenever the appointment is offered;
- 18 m. Enter into agreements with any ancillary receiver of any other state as she may deem  
19 to be necessary or appropriate, if such ancillary receivership is proper;
- 20 n. Perform such further and additional acts as she may deem necessary or appropriate  
21 for the accomplishment of or in aid of the purpose of the receivership, it being the  
22 intention of this Order that the aforestated enumeration of powers shall not be  
23 construed as a limitation upon the Receiver;
- 24 o. Terminate and disavow the authority previously granted LANCET's agents, brokers,  
25 or marketing representatives to represent LANCET in any respect, including the  
26 underlying agreements, and any continuing payment obligations created therein, as  
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1 of the receivership date, with reasonable notice to be provided and agent  
2 compensation accrued prior to any such termination or disavowal to be deemed a  
3 general creditor expense of the receivership; and

4 p. Affirm, reject, or disavow part or all of any leases or executory contracts to which  
5 LANCET is a party. The Receiver is authorized to reject, or disavow any leases or  
6 executory contracts at such times as she deems appropriate under the circumstances,  
7 provided that payment due for any goods or services received after appointment of  
8 the Receiver, with her consent, will be deemed to be an administrative expense of the  
9 receivership, and provided further that other unsecured amounts properly due under  
10 the disavowed contract, and unpaid solely because of such disavowal, will give rise  
11 to a general unsecured creditor claim in the Receivership proceeding.

12 (15) LANCET, its officers, directors, partners, agents, brokers and employees, any person  
13 acting in concert with them, and all other persons, having any property or records  
14 belonging to LANCET, including data processing information and records of any kind  
15 such as, by way of example only, source documents and electronically stored information,  
16 are hereby ordered and directed to surrender custody and to assign, transfer and deliver to  
17 the Receiver all of such property in whatever name the same may be held, and any persons,  
18 firms or corporations having any books, papers or records relating to the business of  
19 LANCET shall preserve the same and submit these to the Receiver for transfer and/or  
20 examination at all reasonable times. Any property, books, or records asserted to be  
21 simultaneously the property of LANCET and other parties, or alleged to be necessary to  
22 the conduct of the business of other parties though belonging in part or entirely to  
23 LANCET, shall nonetheless be delivered immediately to the Receiver who shall make  
24 reasonable arrangements for copies or access for such other parties without compromising  
25 the interests of the Receiver or LANCET.

1 (16) In addition to that provided by statute or by LANCET's policies or contracts of insurance,  
2 and to the extent not in conflict with the other provisions of this Paragraph (17), the  
3 Receiver may, at such time she deems appropriate, without prior notice, subject to the  
4 following provisions, impose such full or partial moratoria or suspension upon  
5 disbursements owed by LANCET, provided that

6 a. Any such suspension or moratorium shall apply in the same manner or to the same  
7 extent to all persons similarly situated. However, the Receiver may, in her sole  
8 discretion, impose the same upon only certain types, but not all, of the payments due  
9 under any particular type of contract;

10 b. Under no circumstances shall the Receiver be liable to any person or entity for her  
11 good faith decision to impose, or to refrain from imposing, such moratorium or  
12 suspension; and

13 c. Notice of such moratorium or suspension, which may be by publication, shall be  
14 provided to the holders of all policies or contracts affected thereby.

15 (17) It is hereby ordered that all evidences of coverage, insurance policies and contracts of  
16 insurance of LANCET are hereby terminated effective on April 30, 2019, unless the  
17 Receiver determines that any such contracts should be cancelled as of an earlier date.

18 (18) No judgment, order, attachment, garnishment sale, assignment, transfer, hypothecation,  
19 lien, security interest or other legal process of any kind with respect to or affecting  
20 LANCET or the Property shall be effective or enforceable or form the basis for a claim  
21 against LANCET or the Property unless entered by the Court, or unless the Court has  
22 issued its specific order, upon good cause shown and after due notice and hearing,  
23 permitting same.

24 (19) All costs, expenses, fees or any other charges of the Receivership, including but not limited  
25 to fees and expenses of accountants, peace officers, actuaries, investment counselors, asset  
26 managers, attorneys, special deputies, and other assistants employed by the Receiver, the  
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1 giving of the Notice required herein, and other expenses incurred in connection herewith  
2 shall be paid from the assets of LANCET, <sup>upon approval by court and by motion.</sup> Provided, further, that the Receiver may, in her  
3 sole discretion, require third parties, if any, who propose rehabilitation plans with respect  
4 to LANCET to reimburse the estate of LANCET for the expenses, consulting or attorney's  
5 fees and other costs of evaluating and/or implementing any such plan.

6 (20) The Commissioner is part of the government of the State of Nevada, acting in her official  
7 capacity, and as such, should be exempt from any bond requirements that might otherwise  
8 be required when seeking the relief sought in this proceeding. Accordingly, it is Ordered  
9 that no bond shall be required from the Commissioner as Receiver.

10 (21) If any provision of this Order or the application thereof is for any reason held to be invalid,  
11 the remainder of this Order and the application thereof to other persons or circumstances  
12 shall not be affected thereby.

13 (22) The Receiver may at any time make further application for such further and different relief  
14 as she sees fit.

15 (23) The Court shall retain jurisdiction for all purposes necessary to effectuate and enforce this  
16 Order.

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(24) The Receiver is authorized to deliver to any person or entity a copy or certified copy of this Order, or of any subsequent order of the Court, such copy, when so delivered, being deemed sufficient notice to such person or entity of the terms of such Order. But nothing herein shall relieve from liability, nor exempt from punishment by contempt, any person or entity that, having actual notice of the terms of any such Order, shall be found to have violated the same.


**IT IS SO ORDERED**

DATED this 17<sup>th</sup> day of April, 2019.

  
\_\_\_\_\_  
DISTRICT COURT JUDGE

Case No. A-19-791409-C  
Dept. No. 18

**Submitted by:**

  
\_\_\_\_\_

AARON D. FORD  
Attorney General  
RICHARD PAILI YIEN, Bar No. 13035  
Deputy Attorney General  
State of Nevada  
Business and Taxation Division  
[ryien@ag.nv.gov](mailto:ryien@ag.nv.gov)

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I am an employee of the State of Nevada, Office of the Attorney General, and  
3 that on April 12, 2019, I served the foregoing **PERMANENT INJUNCTION AND ORDER**  
4 **APPOINTING COMMISSIONER AS PERMANENT RECEIVER OF LANCET INDEMNITY**  
5 **RISK RETENTION GROUP, INC.**, via regular mail and electronically, to the following parties:

6  
7 Constance L. Akridge  
8 Holland & Hart  
9 9555 Hillwood Drive  
10 Las Vegas, NV 89134  
11 [CLAkridge@hollandhart.com](mailto:CLAkridge@hollandhart.com)

12 /s/ Nohely Plascencia-Mariscal  
13 Employee of the Office of  
14 the Nevada Attorney General  
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