

**HEARING DATE:  
FRIDAY, DECEMBER 14, 2018 AT 9:30 AM  
PROVIDENCE COUNTY BUSINESS CALENDAR BEFORE JUDGE STERN**

**STATE OF RHODE ISLAND  
PROVIDENCE, SC.**

**SUPERIOR COURT**

St. Joseph Health Services of Rhode Island,  
Inc.

*Petitioner*

vs.

St. Josephs Health Services of Rhode Island  
Retirement Plan, as amended

*Respondent*

Bank of America, in its capacity as Trustee of  
Respondent

*Nominal Respondent*

PC-2017-3856

**RECEIVER'S SEVENTH INTERIM REPORT AND SIXTH INTERIM REQUEST FOR  
APPROVAL OF FEES, COSTS AND EXPENSES**

NOW COMES Stephen F. Del Sesto, Esq., solely in his capacity as the Receiver (the "Receiver") for St. Josephs Health Services of Rhode Island Retirement Plan (the "Plan"), and hereby submits this Seventh Interim Report (the "Seventh Report") and Sixth Interim Request for Approval of Fees, Costs and Expenses (the "Sixth Fee Application"). In support of the Seventh Report and Sixth Fee Application the Receiver states as follows:

1. This case was commenced on August 17, 2017, upon the Petition for the Appointment of a Receiver (the "Petition") filed by St. Joseph Health Services of Rhode Island, Inc. ("Petitioner"). As a result of that Petition, on August 18, 2017, this Court appointed Stephen F. Del Sesto, Esq. as Temporary Receiver of the Plan under surety bond ordered by this Court in the amount of One Million and 00/100 (\$1,000,000.00) Dollars (the "Temporary Receiver Order").

2. The Plan is a defined benefit plan organized by Petitioner on or about July 1, 1965, for the benefit of Petitioner's employees. As of the date of the Petition, the Plan had approximately 2,729 vested participants<sup>1</sup> of which approximately 1,229 were then receiving monthly benefits payments.

3. Typically, a hearing on permanent receiver is set for a date approximately twenty (20) days after the appointment of temporary receiver. Here however, the Petitioner requested that the Court set a hearing date no sooner than thirty (30) days to afford the Temporary Receiver time to consider the Petitioner's suggested 40% uniform benefit reduction. Based on that request, the Court docketed the hearing on permanent receiver for October 11, 2017.

4. Immediately upon appointment, in order to provide pension holders with a direct means to obtain answers to questions and access to information, the Receiver established a dedicated email address ([stjosephretirementplan@pierceatwood.com](mailto:stjosephretirementplan@pierceatwood.com)) and two dedicated phone lines (401-490-3436 and 401-865-6249). In addition, the Receiver established a dedicated, public website (<https://www.pierceatwood.com/st-joseph-health-services-rhode-island-retirement-plan>) where all pleadings and other information would be posted for easy accessibility to pension holders and other interested parties. Notice of the dedicated email, phone lines and website was sent to all Plan participants via first class mail. The Receiver believes that establishing these various means of communication has been invaluable to the pension holders and the Receiver. Since establishing the email address and phone lines the Receiver has received hundreds of email and voicemail communications from pension holders. The dedicated website has been revised to now include access to filings made in both the State and Federal litigation matters as well as other related litigation matters related to this proceeding.

5. Due to their day-to-day involvement with the Plan, the Receiver initially had consistent and regular communications with Bank of America (the Plan's Trustee and custodian of the assets) and Angell Pension Group (the Plan's actuary and benefits administrator at the time) regarding the management and administration of the Plan. The Receiver has reviewed quarterly reports and had

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<sup>1</sup> According to documents reviewed by the Receiver, excluding United Nurses and Allied Professionals Local 5110 ("UNAP") members hired before October 1, 2008, the Plan was closed to all employees on or about October 1, 2007. Thereafter, benefit accruals were frozen for non-union employees on September 30, 2009, for Federation of Nurses and Health Professionals and other non UNAP union employees on September 30, 2011 and for UNAP employees on June 19, 2014.

periodic discussions with Mercer Investment (the Plan's discretionary Investment Manager) regarding the performance of asset investments, the allocation of the asset investments and market conditions and projections that may impact those investments. The Receiver is aware that, among the pension holders and other interested parties, there existed a level of distrust and concern regarding the pre-receivership administration and oversight of the Plan. As a result, the Receiver has already made changes regarding the day-to-day management and administration of the Plan and its assets and will continue to evaluate and make changes as may be prudent or necessary.

6. Approximately each month throughout this proceeding the Receiver hosts town-hall style, informational meetings at Rhodes on the Pawtuxet in Cranston, Rhode Island. At these meetings the Receiver provides a current status of the receivership proceedings. In addition and in an effort to assure complete transparency of the receivership process and the Receiver's efforts, the Receiver responds to questions raised by the meeting participants regarding various aspects of the receivership and the Plan. Understanding that not all participants can attend these meetings, the Receiver digitally records each meeting and a link to the meeting recordings are posted to the Receiver's dedicated website.

7. The Receiver provided a formal status report to the Court on September 8, 2017. In addition to the general status, during the report the Receiver: (a) advised the Court that he had begun discussions regarding the possible engagement of Wistow, Sheehan & Loveley, PC ("WSL" or "Special Counsel") to serve as special litigation counsel to assist the Receiver in investigating potential claims against third parties involved in the prior transactions involving Petitioner and pre-receivership management and administration of the Plan; (b) requested that the Court expand his powers as Temporary Receiver to include subpoena powers; and (c) requested that the Petitioner's request that benefits be adjusted on October 11, 2017 be continued until after the start of 2018. With regard to (b) and (c), the Court granted the Receiver's requests.

8. On or about October 11, 2017, the Court held a hearing on the appointment of Permanent Receiver, the Receiver's Emergency Petition to Engage Special Counsel and the Receiver's Petition for Instruction regarding Service on Bank of America and the Plan Administrator. At the hearing, the Receiver requested that the Court: (a) authorize the Receiver to engage WSL as special litigation counsel; (b) pass (i.e. not consider) the Petitioner's request for a 40% uniform reduction

of benefits; (c) authorize the Receiver to formally serve the Plan's trustee and administrators; (d) add the Plan's trustee, Bank of America NA, as a nominal respondent to the matter for purposes of notice and proper jurisdiction over the Plan; and (e) postpone the hearing on Permanent Receiver for a period of 2 weeks to effectuate the service upon the trustee and plan administrators. Following the hearing, the Court entered orders granting all the requests made by the Receiver and docketed the hearing on Permanent Receiver for October 27, 2017. In addition and also to be heard on October 27<sup>th</sup>, the Court directed the Receiver to submit to the Court a request to establish plan participant committees to assist the Receiver and Court regarding communications, benefits adjustments and similar issues.

9. On or about October 27, 2017, the Court held a hearing on the appointment of Permanent Receiver and the Committee Petition. At the conclusion of the hearing, the Court entered an Order appointing the Temporary Receiver as the Permanent Receiver. The Court also approved the Receiver's formation of the advisory committees and recognized the "middle group" as a recognized and designated group in the receivership process.

10. Prior to this Seventh Report and Request for Approval of Fees, the Receiver has filed six (6) prior reports with the Court and five (5) prior requests for approval of fees. Rather than set forth summaries for each prior Report, copies of the First Report, Second Report, Third Report, Fourth Report, Fifth Report, Sixth Report and related Orders are on file with the Clerk of the Court and accessible on the Receiver's dedicated website and all are incorporated by reference and made a part of this Seventh Interim Report as if fully set forth herein.

11. On March 29, 2018, this Honorable Court held a hearing on the "Receiver's Initial Recommendations Regarding (1) Monthly Benefit Payment Modifications; and (2) Release of Stay Relative to the Processing of Pending Benefits Elections and Properly Filed Applications" (the "Initial Benefits Recommendation"). Subsequent to the hearing on the Initial Benefits Recommendation on April 4, 2018, this Court entered an Order (a) approving the Receiver's Recommendation, (b) deferring any recommendation on benefits modification for a period of approximately ninety (90) additional days, and (c) lifting the September 1, 2017, stay regarding the processing of elections and benefits applications (the "Initial Benefits Recommendation Order").

12. On or about June 28, 2018, as part of the Fourth Report, the Receiver advised the Court that litigation had been initiated in both State Court (Stephen Del Sesto, et. al. v. Prospect CharterCARE, LLC, CharterCARE Community Board; St. Joseph Health Services of Rhode Island; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC; Prospect East Holdings, Inc.; Prospect Medical Holdings, Inc.; Roger Williams Hospital; CharterCARE Foundation; The Rhode Island Community Foundation; Roman Catholic Bishop of Providence; Diocesan Administration Corporation; Diocesan Service Corporation; and The Angell Pension Group, Inc. (PC-2018-4386)) (the “State Litigation”) and Federal Court (Stephen Del Sesto, et. al. v. Prospect CharterCARE, LLC, CharterCARE Community Board; St. Joseph Health Services of Rhode Island; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC; Prospect East Holdings, Inc.; Prospect Medical Holdings, Inc.; Roger Williams Hospital; CharterCARE Foundation; The Rhode Island Community Foundation; Roman Catholic Bishop of Providence; Diocesan Administration Corporation; Diocesan Service Corporation; and The Angell Pension Group, Inc. (1:18-cv-00328-WES-LDA)) (the “Federal Litigation” together with the State Litigation shall be referred to as the “Litigation”) against various defendants and Special Counsel provided the Court with a status update of those actions and related next steps for the Litigation.

13. Since the hearing on the Sixth Report on September 25, 2018, regarding the general administration of the Estate, the Receiver held two town-hall style, informational meetings on October 9, 2018 and October 29, 2018. At these meetings, the Receiver provided the status of the proposed Settlement between the Receiver, the other Litigation Plaintiffs, Special Counsel, St. Joseph Health Services of Rhode Island, CharterCare Community Board and Roger Williams Hospital (St. Joseph Health Services of Rhode Island, CharterCare Community Board and Roger Williams Hospital shall be collectively referred to herein as the “Settling Defendants”). Another town-hall style, information meeting is scheduled for December 10, 2018. It is anticipated that the proposed Settlement and Second Proposed Settlement (as hereinafter defined) will be a main topic of discussion at that meeting.

14. Regarding the Receiver’s Petition for Settlement Instructions (the “Petition to Approve”), the following endorsements, objections, responses and replies were filed and served:

- a. On or about September 26, 2018, Attorney Jeffery W. Kasle, representing over 200 Plan Participants, endorsed the Receiver's Petition to Approve.
- b. On or about September 27, 2018, Attorney Arlene Violet, representing over 285 Plan Participants, endorsed the Receiver's Petition to Approve.
- c. On or about September 27, 2018, CharterCare Foundation ("CCF") filed an Objection to the Receiver's Petition to Approve. In its objection, CCF opined that the proposed Settlement would violate Rhode Island law by diverting charitable trust assets away from CCF. CCF also argued that the proposed Settlement would violate the Attorney General's 2014 Hospital Conversions Act approval and two prior orders of this Court. CCF filed a Corrected Objection on September 28, 2018.
- d. On or about September 27, 2018, Attorney General Peter F. Kilmartin filed a Response to the Receiver's Petition to Approve. In his Response, the Attorney General posited that the proposed Settlement may conflict with the conditions that the Attorney General imposed as part of his approval of the "Prospect/CharterCARE transaction" in 2014. The Attorney General also questioned the status of approximately \$8.2 million in charitable assets that were subject to a 2015 order of this Court.
- e. On or about September 27, 2018, Prospect Medical Holdings, Inc., Prospect East Medical Holding, Inc., Prospect CharterCare, LLC, Prospect CharterCare SJHSRI, LLC and Prospect CharterCare RWMC, LLC (the "Prospect Entities") filed a joint objection to the Receiver's Petition to Approve. In their objection, the Prospect Entities urged this Court to reject the proposed Settlement on the basis that it would negatively impact the hospital operation of the Prospect Entities. The Prospect Entities also contended that the proposed Settlement violated Rhode Island law and disregarded certain contractual obligations.
- f. On or about September 28, 2018, Attorney Christopher Callaci, representing approximately 400 Plan Participants, endorsed the Receiver's Petition to Approve.
- g. On or about October 5, 2018, the Attorney General filed a response to various objections to the Receiver's Petition to Approve. In his response, the Attorney General stated that he disagreed that his power to review under the Hospital Conversion Act was subject to the Administrative Procedures Act.

- h. On or about October 5, 2018, the Receiver filed his Reply to the Objections to his Petition to Approve.
- i. On or about October 23, 2018, the Prospect Entities filed an emergency joint motion for an order instructing the Receiver from proceeding with the proposed Settlement until the Court issued its decision on the Petition to Approve. This motion was rendered moot because the Court issued its decision on the Petition to Approve before the motion was considered.
- j. On or about October 24, 2018, the Attorney General filed a motion to strike part of the Receiver's reply in support of his Petition to Approval on the basis that the Receiver's reply contained false allegations of criminal conduct against the Attorney General. On or about October 31, 2018, the Receiver filed an objection to this motion; and on or about November 1, 2018, the Attorney General filed a reply.

15. On or about October 1, 2018, the Court held a hearing on the Receiver's Petition to Approve. At the hearing, the Receiver opined that the proposed Settlement was in the best interests of the Plan Participants. Special Counsel explained to this Court that the first step in approving the proposed Settlement would be to obtain approval from this Court, and then proceed to the Federal Court for consideration into whether the proposed Settlement is proper under Federal class actions rules. The Court heard argument from the Receiver, Special Counsel, and interested parties and initially reserved its decision.

On or about October 29, 2018, this Court issued its Decision on the Receiver's Petition for Settlement Approval. As a threshold matter, the Court held that the Receiver did not usurp his authority by (i) entering into a contingent agreement or (ii) filing a UCC-1 financing statement without prior Court approval. See Dec. at 7-10. Next, the Court held that the Prospect Entities did not have standing, their objections were not ripe, and they were not real parties in interest for purposes of the Receivership. See id. at 20. The Court held the same in relation to CCF. See id. at 20-22. The Court found that the Attorney General did have standing to object to the Receiver's Petition for Settlement Approval; however, his arguments were not ripe for consideration. See id. at 23-24. In considering whether the proposed Settlement was in the best interest of the Estate, the Court considered the *Jeffrey* Factors. See id. at 24. The Court found that all of the *Jeffrey*

Factors favored approving the proposed Settlement. See id. at 24-30. In conclusion, the Court's Decision approved the proposed Settlement subject to two conditions: "(1) the Receiver refrains from exercising any rights under the PSA prior to the federal-court's determination of whether to approve the PSA; and (2) prior to implementing or directing that CCCB implement, any rights, whatsoever, in favor of the Receiver (or the Plan) derivative of CCCB's rights in CCF or PCC, the Receiver provides all parties, including but not limited to the Objectors, with twenty (20) days written notice." Id. at 30-31.

The Receiver filed a proposed order relating to his Petition to Approval Settlement on or about November 2, 2018. Also on November 2, 2018, the Prospect Entities filed an objection to the form of order, stating that they would file their own proposed Order for the Court's consideration. On or about November 6, 2018, the Prospect Entities filed their form of proposed order with the Court. Ultimately, on November 16, 2018 the Court entered a modified version of the form of order submitted by the Receiver.

16. In addition, and also since the hearing on the Sixth Report, the Receiver filed two Motions to Adjudge Prospect CharterCare, LLC ("PCC") in contempt.

- a. On or about October 5, 2018, the Receiver filed a Motion to Adjudge PCC in Contempt ("Contempt Motion") for failing to obtain requisite approval before seeking a declaration from the Attorney General. On or about October 22, 2018, PCC filed an Objection to the Receiver's Contempt Motion. It argued that it was a "tremendous overreach" for the Receiver to suggest that it should be held in contempt for seeking a declaratory judgment from the Attorney General. On or about October 23, 2018, the Receiver filed a Reply Memorandum in support of his Contempt Motion. On or about October 25, 2018, a hearing was held before this Court on the Receiver's Contempt Motion. After hearing, the Court reserved on its decision.
- b. On or about October 23, 2018, the Receiver filed a second Motion to Adjudge PCC in Contempt For Willful Failure to Comply with Subpoena and Deliberate Interference with the Receiver's Collection of the Assets of the Receivership Estate ("Second Contempt Motion"). In his Second Contempt Motion, the Receiver avers that PCC advised that it has additional documents that are responsive to a subpoena



served in December, 2017, and that it does not intend on producing said documents. On or about October 30, 2018, PCC filed an Objection to the Second Contempt Motion, arguing that the Court's decision on the Receiver's Petition to Approve Settlement largely mooted the Second Contempt Motion. On or about November 1, 2018, the Receiver filed a Reply to PCC's Objection to the Second Contempt Motion. The matter was heard on or about November 2, 2018. After hearing, on the same date, PCC supplemented its Objection to the Second Contempt Motion. The Receiver responded to the Supplemental Objection on or about November 5, 2018.

17. On or about November 9, 2018, this Court issued an Order on the Second Contempt Motion. In its Order, the Court noted that PCC in an email, dated November 2, 2018, agreed to release to the Receiver the documentation it submitted to the Attorney General to evidence compliance with the its capital commitment. The Court ordered PCC to release that documentation within five (5) business days from entry of the order. PCC was also directed to provide the Court with unredacted copies of the documentation.

18. On or about November 14, 2018, this Court issued its Decision on the Contempt Motion. The Court held that the proposed Settlement assigns contingent rights in CharterCare Community Board's ("CCCB") "Hospital Interest" to the Receiver. See Dec. at 12. The Court further held that the proposed Settlement is valuable to the Plan and, thus, PCC violated a Court order by seeking declaratory relief before seeking relief from the Court. Id. The Court gave PCC ten (10) days to withdraw its request for declarations. Id. at 13. On or about December 3, 2018, the Court entered an Order relative to its Decision on the Contempt Motion.

As to seeking approval of the proposed Settlement in the Federal Court, on or about November 21, 2018, the Receiver filed a Joint Motion with the Settling Defendants for Settlement Class Certification, Appointment of Class Counsel, and Preliminary Settlement Approval (the "Federal Motion to Approve Settlement"). Given the pendency of this Motion, the Receiver and CCF filed a joint Motion to Stay CCF's Answer Deadline until the Federal Motion to Approve Settlement was resolved. On or about December 5, 2018, parties stipulated to the following

briefing schedule: Any objection to the Federal Motion to Approve Settlement must be filed on or before December 24, 2018 and any reply memorandums must be filed on or before January 21, 2019.

19. On or about November 28, 2018, the Receiver filed a second Petition for Settlement Approval (the “Second Petition for Settlement Approval”). The Second Petition for Settlement Approval is set to be heard on December 14, 2018. The Second Petition for Settlement Approval was negotiated between the Receiver, the other Litigation Plaintiffs, Special Counsel, CharterCare Foundation and Rhode Island Community Foundation (CharterCare Foundation and Rhode Island Community Foundation shall be collectively referred to herein as the “Foundation Defendants”). The proposed Second Settlement proposes to settle the claims asserted against the Foundation Defendants. It does not resolve claims against other Defendants or efforts to avoid the sale of Our Lady of Fatima Hospital and Roger Williams Hospital.

Subject to the approval of this Court and the Federal Court, once finalized, it is the Receiver’s opinion and intention that the terms of the proposed Second Settlement would immediately bring gross cash settlement proceeds of approximately \$4,500,000 into the Estate for the benefit of the Plan. Under the terms of the proposed Second Settlement, CCF would transfer all of CCCB’s “Foundation Interests” to the Receiver.

20. In the Federal Action, on or about December 4, 2018, the Prospect Entities (jointly), the Roman Catholic Bishop of Providence, Diocesan Administration Corporation and Diocesan Service Corporation (jointly), and the Angell Pension Group, Inc. filed their respective Motions to Dismiss the Federal Action pursuant to Fed. R. Civ. P. 12(b)(6). In their Motions, those Defendants generally set forth arguments that dismissal is warranted because the Receiver failed to join an indispensable party, the Pension Benefit Guaranty Corporation; the Class Plaintiffs lack standing; the First Amended Complaint fails to state a claim for which relief can be granted, including pleading fraud with particularity; and/or the Receiver’s claims are preempted by federal law. The Receiver and other Litigation Plaintiffs have been afforded time to respond to these Motions; and, as of the date of this filing, a hearing date has not yet been set.

21. The Receiver continues to receive and review documents related to the Plan and its history although he has temporarily suspended meetings with Advisory Committee until GRS, the new

Plan actuary, has been able to complete its intake of all information relative to the Plan. The suspension was necessary because an essential component of the Advisory Committee meetings is current and hypothetical benefits data that provide the basis for the Committee to discuss possible benefits adjustments scenarios in order to endeavor for the Committee to cooperatively identify an equitable, interim adjustment in the event that an adjustment becomes absolutely necessary or unavoidable to better protect and preserve the Plan's assets.

22. With regard to Plan assets, it is important to note that the Plan assets have eroded by approximately thirteen percent (13%) since the inception of this proceeding in August 2017. As the Court may recall, as of August 31, 2017, the Plan assets totaled approximately \$85,795,641.99. As of October 31, 2018, the Plan assets totaled approximately \$75,907,799.06. It appears that the erosion of Plan assets became more significant as of March 2018 when the Plan assets totaled approximately \$83,238,244.35. There are several factors/changes that occurred at or about that time which would impact the Plan asset value, including, without limitation:

- a. The "unfreezing" of benefit applications in March 2018. This resulted in significant retroactive payments being made to newly collecting participants. In addition, as a result of those processed applications and elections the monthly benefits payments increased from approximately \$850,000 per month to slightly less than \$1M per month. The monthly benefit increase alone accounts for an additional annual benefit payment obligation of approximately \$1,500,000;
- b. Beginning in or about February 2018, the consistent and strong market performance that the Plan had been experiencing for a significant period of time has been more volatile, and recently, less strong. The Receiver adjusted the investment allocation for the Plan assets in or about February 2018/March 2018 which provided some protection from the recent market down-turn; however, the investment income is no longer providing as strong of an off-set to the monthly payment obligations for the Plan.

Based upon the value of the Plan assets and the current and projected market performance, the need for additional funds (to be realized from the settlements presented to this Court) to

support the Plan has become more critical today than it has during any other period over the past sixteen (16) months.

23. Contemporaneous with seeking this Court's approval, confirmation and ratification of all of the Receiver's acts and doings through and in connection with this Seventh Report, absent any emergency circumstances, the Receiver is recommending and requesting this Honorable Court's approval to further postpone a modification to monthly benefit payments until the hearing on the Receiver's Eighth Interim Report which will be docketed for approximately sixty (60) days from the hearing on this Seventh Report. Consistent with the reasons set forth in the "Receiver's Initial Recommendations Regarding (1) Monthly Benefit Payment Modifications; and (2) Release of Stay Relative to the Processing of Pending Benefits Elections and Properly Filed Applications for Benefits" (the "March Recommendation") and approved by this Court via Order entered on or about April 4, 2018, the Receiver recommends that a further deferral of any recommendation on benefits adjustments until the hearing on the Eighth Interim Report is appropriate. Copies of the March Recommendation and related Order are on file with the Clerk of the Court and accessible on the Receiver's dedicated website and each are incorporated by reference and made a part of this Seventh Interim Report as if fully set forth herein.

24. In connection with the administration of the within proceeding, as of the hearing on the Sixth Report on or about September 25, 2018, your Receiver had cash-on-hand totaling \$116,173.57. Since that time, your Receiver has had additional receipts totaling \$80,065.00<sup>2</sup> and has had additional disbursements totaling \$118,738.20, leaving current cash-on-hand in the sum of \$77,500.37, all as set forth in the "**Schedule of Receipts and Disbursements**" attached hereto.

25. In connection with this Seventh Report, your Receiver is requesting that the Court approve the Sixth Fee Application. The Receiver's fees, costs, and expenses associated with the Sixth Fee Application and incurred from September 1, 2018 through, and including, October 31, 2018, total approximately \$65,000.00. The Receiver respectfully requests that this Court approve the Sixth Fee Application of the Receiver and authorize him to pay himself such fees from the available cash-on-hand. A copy of your Receiver's Sixth Fee Application Invoice will be presented, in

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<sup>2</sup> The additional receipts consist of funds reimbursed by the Plan for expenses previously paid by the Receiver but which are properly chargeable to the Plan.

redacted form, under separate cover to the Court for review in advance of the Hearing on this Seventh Report. Due to the Litigation and the related descriptions and narratives in time entries, to avoid any potential disclosure, strategy, attorney-client privileged communications, etc., the Receiver requests that the redacted invoices submitted to the Court be filed under seal.

In addition to the Receiver's fees, costs and expenses associated with this Seventh Report, the Receiver is also requesting authorization to satisfy the outstanding invoices of the Plan's investment advisor, Mercer, for the periods covering the 2<sup>nd</sup> quarter of 2017 and the pre-receivership portion of the 3<sup>rd</sup> quarter of 2017. The amount owed for these periods is \$41,936.97. Although these amounts pre-date the commencement of this receivership proceeding, Mercer has and continues to act as the Plan's investment advisor and the Receiver believes payment of these amounts is appropriate to a vendor that has and continues to provide services which benefit the Plan. In addition, although the invoice and service dates pre-date the commencement of the proceeding, the benefits of those services impacted the investment performance of the Plan after August 2017.

WHEREFORE, your Receiver prays that this honorable Court enter an order or orders: (1) approving, confirming and ratifying all of the Receiver's acts, doings, and disbursements as Temporary and Permanent Receiver as of the filing of this Seventh Report; (2) authorizing the Receiver to satisfy the fees, costs and expenses incurred by the Receiver and presented in connection with the Sixth Fee Application for his services as Temporary and Permanent Receiver herein; (3) authorizing the Receiver to pay the outstanding invoices of Mercer for the reasons and in the amounts set forth in paragraph 25, *supra*; (4) approving the Receiver's recommendation, absent any emergency circumstances, to further postpone any modification to monthly benefit payments until the hearing on the Receiver's Eighth Interim Report; (5) directing that this proceeding remain open pending final resolution of all the issues identified herein and the general winding down of the Receivership Estate; and (6) granting such further relief as this Honorable Court deems necessary and appropriate.

Respectfully submitted,

*/s/ Stephen F. Del Sesto*

Stephen F. Del Sesto, Esq. (#6336)  
Solely in his capacity as Permanent Receiver  
for St. Josephs Health Services of Rhode  
Island Retirement Plan, and not individually  
One Financial Plaza, 26<sup>th</sup> Floor  
Providence, RI 02903  
Tel: 401-490-3415  
[sdelsesto@pierceatwood.com](mailto:sdelsesto@pierceatwood.com)  
Dated: December 7, 2018

**CERTIFICATE OF SERVICE**

I hereby certify that on the 7<sup>th</sup> day of December, 2018, I electronically filed and served the within document via the Electronic Case Filing System of the Superior Court with notice to all parties in the system.

*/s/ Stephen F. Del Sesto*

## **SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

3:26 PM  
12/06/18  
Accrual Basis

**St Joseph Health Services of RI Retirement Plan  
Transactions by Account 120618  
As of December 6, 2018**

| Date                           | Num | Name                               | Memo   | Debit            | Credit            | Balance          |
|--------------------------------|-----|------------------------------------|--|------------------|-------------------|------------------|
| <b>BankRI Checking Account</b> |     |                                    |  |                  |                   |                  |
| 09/19/2018                     | 282 | Relevant Discover-e                | Inv# 4007-4008 9/17/18, 9/18/18 copying & postage                |                  | 3,052.14          | 116,173.57       |
| 09/20/2018                     | 283 | Gina Gomes                         | transcript 9/17/18 bench decision                                |                  | 24.00             | 113,121.43       |
| 09/24/2018                     | 284 | Relevant Discover-e                | Invoice # 4037 9/24/18   |                  | 2,873.13          | 113,097.43       |
| 09/25/2018                     | 285 | Pierce Atwood LLP                  | 5th interim fees & costs in full thru 8/31/18                    |                  | 64,226.64         | 110,224.30       |
| 09/26/2018                     | 286 | Jennifer Milette                   | KM-2015-0035 9/13/18   |                  | 195.00            | 45,997.66        |
| 10/02/2018                     | 287 | Bailey & Ehrenberg PLLC            | Inv #2778; consulting expert                                     |                  | 31,370.00         | 45,802.66        |
| 10/03/2018                     | 288 | Gina Gomes                         | 9/25/18 transcript   |                  | 45.00             | 14,432.66        |
| 10/09/2018                     | 289 | Rhodes on the Pawtuxet             | 10/9/18 meeting with plan participants; inv #1664                |                  | 1,500.00          | 14,387.66        |
| 10/10/2018                     | 290 | William White Legal Video Services | Inv #1636 Video & Audio for 10/9/18 town hall meeting            |                  | 800.00            | 12,887.66        |
| 10/16/2018                     | 291 | Gina Gomes                         | transcript 10/10/18 hearing                                      |                  | 330.00            | 12,087.66        |
| 10/19/2018                     | 292 | Relevant Discover-e                | Inv #4228; copy and mail notice of 10/29 meeting                 |                  | 2,873.13          | 8,884.53         |
| 10/24/2018                     | 293 | Rhodes on the Pawtuxet             | Inv #1676; 10/29/18 meeting with plan participants               |                  | 1,500.00          | 7,384.53         |
| 10/26/2018                     | 294 | Rosemary Patalano                  | 10/25/18 hearing transcript                                      |                  | 217.50            | 7,167.03         |
| 11/02/2018                     | 295 | William White Legal Video Services | Inv #1637; video & audio for 10/29/18 meeting                    |                  | 800.00            | 6,367.03         |
| 11/14/2018                     | 296 | Relevant Discover-e                | reimb from Plan for amounts paid to Bailey & Ehrenberg by Estate | 80,065.00        |                   | 86,432.03        |
| 11/21/2018                     |     |                                    | Inv #4410 11/20/18   |                  | 3,174.86          | 83,257.17        |
| 11/30/2018                     | 297 | Relevant Discover-e                | Inv #4454 11/30/18   |                  | 2,878.40          | 80,378.77        |
| 12/06/2018                     |     | Relevant Discover-e                | Inv #4494 12/06/18   |                  | 2,878.40          | 77,500.37        |
| Total BankRI Checking Account  |     |                                    |  |                  |                   |                  |
|                                |     |                                    |  | 80,065.00        | 118,738.20        | 77,500.37        |
| <b>TOTAL</b>                   |     |                                    |  | <b>80,065.00</b> | <b>118,738.20</b> | <b>77,500.37</b> |