Case Number: PC-2019-3654
Filed in Providence/Bristol County Superior Court
Submitted: 12/13/2020 8:06 PM
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Reviewer: Victoria H

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

CHARTERCARE COMMUNITY BOARD et al.,

Plaintiffs

v.

SAMUEL LEE et al.,

Defendants

Hearing Date: Dec. 16, 2020 @ 11:00 a.m.

C.A. No. PC-2019-3654

PLAINTIFFS' MEMORANDUM IN SUPPORT OF THEIR OBJECTION TO THE PROSPECT ENTITIES' MOTION FOR A PROTECTIVE ORDER

Max Wistow, Esq. (#0330)
Stephen P. Sheehan, Esq. (#4030)
Benjamin Ledsham, Esq. (#7956)
WISTOW, SHEEHAN & LOVELEY, PC
61 Weybosset Street
Providence, RI 02903
401-831-2700 (tel.)
mwistow@wistbar.com
spsheehan@wistbar.com
bledsham@wistbar.com

Thomas S. Hemmendinger, Esq. (#3122)
Brennan, Recupero, Cascione,
Scungio & McAllister, LLP
362 Broadway
Providence, RI 02909
Tel. (401) 453-2300
Fax (401) 453-2345
themmendinger@brcsm.com

December 13, 2020

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Plaintiff CharterCARE Community Board (through Thomas Hemmendinger, Liquidating Receiver of CharterCARE Community Board, St. Joseph Health Services of Rhode Island, and Roger Williams Hospital) and Plaintiff Stephen Del Sesto Stephen Del Sesto (as Receiver for the St. Joseph Health Services of Rhode Island Retirement Plan) (the "Plan Receiver") hereby object to the Prospect Entities'[1] Motion for Protective Order.

I. PROCEDURAL HISTORY

A. The Prospect Entities' initial document production was by stipulation, pursuant to a stipulated protective order that applied prospectively

The Prospect Entities' document production in this case was initially made pursuant to and only after the entry of the Stipulation and Consent Order dated April 25, 2019 (the "Order dated April 25, 2019").[2] That Order was accompanied by a Stipulated Protective Order also dated April 25, 2019 (the "Stipulated Protective Order").[3]

The Stipulated Protective Order gave the Prospect Entities the unilateral right to designate documents as confidential, by providing that "'Confidential Material' means any document produced by PCC [Prospect Chartercare LLC] that bears the legend 'PCC-CONFIDENTIAL' to signify that it contains information deemed to be confidential

[1] The "Prospect Entities" include Prospect Medical Holdings, Inc., Prospect East Holdings, Inc., Prospect Advisory Services, LLC, Prospect Chartercare, LLC, Prospect Chartercare SJHSRI, LLC, and Prospect Chartercare RWMC, LLC. See Memoranumd [sic] in Support of Prospect Entities" Motion for Protective Order ("Prospect Memo.") at 1 n.1. The last two entities are not Defendants in this action but have evidently joined the motion.

[2] Attached hereto as Exhibit 1

[3] Attached hereto as Exhibit 2

by the producing party."[4] The Stipulated Protective Order also gave then plaintiff CharterCARE Community Board ("CCCB") and the Plan Receiver the right to subsequently ask the Court to declassify specific documents, by stating that the "CCCB[5] or the Receiver may file a motion with the Court for a ruling that the document designated as Confidential Material is not or should not be entitled to such status and protection."[6]

The Stipulated Protective Order by its own terms had the following limited scope:

> **Scope.** This Order shall apply to documents produced by PCC pursuant to a Stipulation and Consent Order between the Parties relating to PCC's production of certain financial information in connection with CCCB's and/or the Receiver's evaluation of the "put option" set forth in the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC (the "PCC Operating Agreement").[7]

B. Plaintiffs' motion to compel production

The Order dated April 25, 2019 provided that "CCCB may by email request such additional information as CCCB reasonably requires in connection with the evaluation of the 'put Option' under the Prospect Chartercare, LLC Agreement…" and obligated Prospect Chartercare, LLC to produce such documents "within fifteen (15) days of such email(s)…"[8] The Liquidating Receiver and the Plan Receiver requested such additional information on January 21, 2020 and January 30, 2020, but Prospect Chartercare, LLC

[4] Ex. 2 at 2.

[5] Thomas Hemmendinger as Liquidating Receiver for CCCB (the "Liquidating Receiver") succeeded to CCCB's rights when he was appointed in December of 2019, including the prosecution of this case.

[6] Ex. 2 at 3.

[7] Ex. 2 at 1.

[8] Ex. 1 at 1.

refused to produce such information.

Accordingly, on February 20, 2020, the Plan Receiver and the Liquidating Receiver filed their motion with the Court for an order compelling Prospect Chartercare, LLC to produce the requested information and documents.[9]

On March 3, 2020, the Prospect Entities filed their objection to both Plaintiffs' motion to compel production and Plaintiffs' related motion for injunctive relief. The Prospect Entities did not request a protective order in the event the Court granted Plaintiffs' motion to compel production.[10]

Plaintiffs' two motions were heard together on June 23, 2020.[11] The Prospect Entities again did not ask for a protective order in the event the Court granted Plaintiffs' motion to compel production.[12] At the end of the hearing the Court reserved on both motions to allow the Parties to attempt to work out a voluntary resolution.[13] It was agreed that counsel for the parties would attempt to agree upon a list of categories of documents the Plaintiffs were seeking to compel; that Prospect Chartercare, LLC would have the option to agree to voluntarily produce documents responsive to those

[9] See Plan Receiver and Liquidating Receiver's Memorandum in Support of Motion to Compel Production (filed February 20, 2020). That motion was separate from the Motion for Temporary and Permanent Injunction and Equitable Relief (filed March 18, 2019), but the two motions were ultimately heard together.

[10] See Prospect Entities' Memorandum in Support of Its Objection to Plan Receiver and Liquidating Receiver's Motion to Compel filed on March 3, 2020.

[11] See Exhibit 3 (Transcript of Hearing on June 23, 2020) at 1 ("This [hearing] is on for the Plan and Liquidating Receivers' Motion for Temporary and Permanent Injunction and Equitable Relief, and also the Plan and Liquidating Receivers' Motion to Compel Production of Documents and Other Information from Prospect CharterCare, LLC.").

[12] See Exhibit 3 (Transcript of Hearing on June 23, 2020) *passim*.

[13] See Exhibit 3 (Transcript of Hearing on June 23, 2020) at 47 ("THE COURT: Is there anything else, counsel? Otherwise, what I'm going to do is continue the current hearing. The Court is going to reserve on both motions with a hope that the parties may be able to work some of these issues through.").

categories; that the parties would return for the Court to decide Plaintiffs' motion to compel with respect to the categories of documents upon which there was no agreement; and that the Court would resolve Plaintiffs Motion for Temporary and Permanent Injunction and Equitable Relief at the same time that the Court decided Plaintiffs' motion to compel.[14]

The next session of the hearing took place on July 8, 2020.[15] The Prospect Entities again did not ask for a protective order in the event the Court granted Plaintiffs' motion to compel production.[16] The Court heard argument and reserved decision.

C. The Order dated July 21, 2020

The Court rendered its decision on both of Plaintiffs' motions by the Order entered on July 21, 2020.[17]

Of the eleven categories of documents that were at issue, the Court granted Plaintiffs' motion to compel in full for five of the categories (Categories 2-6); the Court granted the Plaintiffs' motion in part and denied it in part for two of the categories (Categories 1 & 7); the Court reserved judgment for two of the categories (Categories 8 & 10) until Prospect submitted corrected financial statements; and the Court denied Plaintiffs' motion for the two remaining categories of documents.[18] Prospect was

[14] See Exhibit 3 (Transcript of Hearing on June 23, 2020) at 43-47.

[15] See Exhibit 4 (Transcript of Hearing on July 8, 2020).

[16] See Exhibit 4 (Transcript of Hearing on July 8, 2020) *passim*.

[17] Attached hereto as Exhibit 5.

[18] Exhibit 5 (Order entered July 21, 2020) ¶¶ 1-11.

ordered to comply within sixty (60) days of the entry of the Order on July 21, 2020, i.e., on or before September 18, 2020.[19]

The Order entered on July 21, 2020 made no provision for any protective order.

D. Prospect's email on September 17, 2020

At 4:03 pm on September 17, 2020, which was one day before the expiration of Prospect's sixty-day deadline to produce documents pursuant to the Order entered on July 21, 2020, Counsel for Prospect sent Counsel for the Plan Receiver an email which attached the Stipulated Protective Order, and inquired if Counsel for the Plan Receiver "have any problem with this order governing the documents that Prospect Chartercare LLC is getting ready to produce pursuant to Judge Stern's July 21, 2020 Order?"[20]

E. Prospect's document production on September 18, 2020

On September 18, 2020, less than four (4) hours before the expiration of the sixty-day deadline, and without waiting for a response concerning whether Plaintiffs would stipulate to the applicability of the Stipulated Protective Order to the Prospect Entities' document production under the Order entered on July 21, 2020, the Prospect Entities Prospect electronically delivered 2,428 pages of documents to Counsel for the Plan Receiver.[21]

Each and every page that Prospect produced bore the legend "PCC CONFIDENTIAL – SEE STIPULATION AND CONSENT ORDER DATED APRIL 25,

[19] Exhibit 5 (Order entered July 21, 2020) ¶ 12.

[20] See Exhibit 6 (email from Preston Halperin to Stephen Sheehan dated September 17, 2020, attaching the Stipulated Protective Order).

[21] See Exhibit 7 (email from Danielle Smith to counsel for the Plan Receiver dated September 18, 2020).

2019." That included 997 pages of invoices and related documents that the Prospect Entities had previously produced to the Attorney General and the Department of Health with no request for, or designation of, confidentiality. It also included 477 pages of financial statements and seven pages concerning a title search for mortgages encumbering Fatima Hospital or Roger Williams Hospital.

F. Plaintiffs' efforts to secure voluntary compliance

On September 24, 2020, Counsel for the Plan Receiver and the Liquidating Receiver wrote to counsel for the Prospect Entities stating that, although the Receivers were still in the process of reviewing the document production, they "already can address certain deficiencies in Prospect's document production, concerning Prospect's designation of documents as confidential, Prospect's redaction of documents, and Prospect's failure to provide a privilege log."[22]

The letter stated as follows concerning the assertion of confidentiality:

> As you know, in this most recent document production, Prospect claimed confidentiality for all or virtually all of the documents it produced, apparently hoping to prevent us from disclosing those documents to third parties, such as the Rhode Island Attorney General and the Rhode Island Department of Health in further support of our objection to the pending HCA and CECA applications. Prospect is seeking thereby to hinder us in asserting valid claims against those applications.
>
> Prospect is not entitled to restrict further disclosure. Prospect's current document production was ordered pursuant to Judge Stern's Decision and Order on July 21, 2020, copy attached. That Decision and Order does not allow Prospect to restrict further disclosure, and certainly does not allow such restriction on grounds of confidentiality. If Prospect wanted to limit Plaintiffs' ability to provide "confidential" documents to third parties, Prospect was required to obtain a new protective order, but did not do so.

[22] See Exhibit 8 (letter dated September 24, 2020 from the Plan Receiver's counsel and the Liquidating Receiver to counsel for the Prospect Entities) at 1.

You clearly understood that, which is why on Thursday, September 17, 2020 you sent us the attached email attaching "a Stipulated Protective Order in the CCCB case," and asked us if we "have any problem with this order governing the documents that Prospect Chartercare LLC is getting ready to produce pursuant to Judge Stern's July 21, 2020 Order?" Without waiting for our response, you went ahead and claimed confidentiality the next day.

Your email on September 17th attached the Stipulated Protective Order Regarding Prospect Chartercare LLC entered on April 25, 2019. We certainly do not agree to applying that protective order to Prospect's current document production. We do not believe that any protective order is appropriate, given the overlap between the issues in this case and the issues in the HCA and CECA applications.

Moreover, that protective order is inapplicable on its face. The Stipulated Protective Order has the following scope:

> **Scope.** This Order shall apply to documents produced by PCC pursuant to a Stipulation and Consent Order between the Parties relating to PCC's production of certain financial information in connection with CCCB's and/or the Receiver's evaluation of the "put option" set forth in the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC (the "PCC Operating Agreement").

Prospect's current document production is pursuant to Judge Stern's Decision and Order on July 21, 2020, not the prior Stipulation and Consent Order. Accordingly, the Stipulated Protective Order does not apply to the current document production.

Prospect could not unilaterally restrict further disclosure simply by marking each document with the legend "PCC CONFIDENTIAL – SEE STIPULATION AND CONSENT ORDER DATED APRIL 25, 2019." Those legends are a nullity. We intend to share those documents with any third parties we choose. If you object, the burden is on you to get a protective order. We will oppose any such motion, given the public interest in these documents, and the fact that many of them have already been produced without any claim of confidentiality.

Moreover, the Stipulation and Consent Order dated April 25, 2019 does not entitle Prospect to restrict further disclosure of the current production. Although Judge Stern in his Decision and Order on July 21, 2020 referred

to the April 25, 2019 Stipulation and Consent Order, that Decision and Order does not incorporate the confidentiality provision from the April 25, 2019 Stipulation and Consent Order. To the contrary, the only reference in the Decision and Order to the April 25, 2019 Stipulation and Consent Order was in footnote 4, stating that "[i]n accordance with the April 25, 2019 Stipulation and Consent Order, any information ordered to be produced pursuant hereto must be available to PCC and shall not include documents that are subject to the attorney-client privilege, joint defense privilege and/or attorney work product doctrine." Those provisions have nothing whatsoever to do with confidentiality.

Indeed, it would have made no sense for the Decision and Order on July 21, 2020 to have incorporated the confidentiality provision of the April 25, 2019 Stipulation and Consent Order, since that provision in turn merely referred to the Stipulated Protective Order Regarding Prospect Chartercare LLC entered on April 25, 2019, which, as discussed above, by its express terms applied only to documents produced pursuant to the stipulation and consent order. Judge Stern's Decision and Order on July 21, 2020 was neither a stipulation nor a consent order.

Finally, although not relevant here because Prospect had no such right, even if Prospect had a right to restrict further disclosure of documents by simply labeling them confidential, that would not have permitted Prospect to label as "confidential" documents that are publicly available and have been previously produced without any claim they were confidential. However, it is already clear from our preliminary review of the documents that Prospect has done precisely that.

G. Prospect's document production on September 28, 2020

On September 28, 2020, Prospect provided Plaintiffs with another copy of 483 pages out of the 2,428 pages of documents that it had produced on September 18, 2020, but which deleted the legend *PCC CONFIDENTIAL – SEE STIPULATION AND CONSENT ORDER DATED APRIL 25, 2019*. These 483 pages consisted of above-referenced 477 pages of financial statements and 7 pages concerning a title search.

Also on September 28, 2020, Counsel for the Prospect Entities sent Counsel for the Plan Receiver an email, stating as follows:

> This will confirm our telephone conversation today in which you advised me that you would not treat as confidential, the documents produced last week by PCC in accordance with the April 25, 2019 Stipulation and Consent Order. I would ask that you reconsider that position in light of the fact that your motion to compel dated February 20, 2020 which resulted in Judge Stern's recent Order dated July 21, 2020, expressly sought production of documents in accordance with the April 25, 2019 Stipulation and Consent Order. In fact, Judge Stern references the April 25, 2019 consent order in footnote 2 of his July 21, 2020 order. Please be advised that should you release the documents produced without complying with the April 25, 2019 consent order, we will consider that to be an intentional violation of the April 25, 2019 consent order and seek appropriate relief.
>
> Regarding PCC's recent production, based on your objections, we intend to reproduce certain documents with the confidential designation removed.[23]

On October 1, 2020, the Plan Receiver and the Liquidating Receiver wrote a follow-up letter to counsel for the Prospect Entities.[24] In addition to addressing other issues, this letter responded to Counsel for the Prospect Entities' email on September 28, 2020 as follows:

> In response to our letter of September 24, 2020, you sent us an email on September 28, 2020, requesting that Prospect's document production under Judge Stern's order dated July 21, 2020 be treated by agreement as subject to the confidentiality order that applied to Prospect's prior document production. As we told you in our letter of September 24, 2020, in response to the same request, we do not agree. If Prospect wanted a confidentiality order in connection with any documents that Judge Stern ordered Prospect to produce, Prospect was required to request it in connection with its objection to our motion to compel production (or at least soon after the entry of the July 21, 2020 order, not belatedly broaching the subject for the first time the afternoon before the 60 day deadline for Prospect's compliance). Prospect chose not to do so, the resulting order compelling production

[23] Exhibit 9 (email from Preston Halperin to Stephen Sheehan dated September 28, 2020). Counsel's stated intent to "reproduce certain documents with the confidentiality designation removed" apparently referred to the 483 pages of documents produced on September 28, 2020.

[24] Exhibit 10 (letter dated October 1, 2020 from counsel to the Plan Receiver and the Liquidating Receiver Thomas Hemmendinger to counsel for the Prospect Entities).

makes no allowance whatsoever for special treatment of documents that are allegedly confidential, and the time for production arrived without a confidentiality order in place.

Moreover, it is not appropriate to apply the old confidentiality order to the current production. We agreed to that order by stipulation. Prospect's prior document production was also by stipulation, i.e., the product of negotiation and give and take between the parties. We agreed to a confidentiality order in connection with that production to accommodate Prospect because Prospect accommodated us by agreeing to produce documents by stipulation, rather than insisting we obtain an order compelling production. We insisted, however, that the confidentiality order expressly state that the order only applied to production of documents that was made by stipulation. In fact, it expressly is limited to "documents produced by PCC pursuant to a Stipulation and Consent Order between the Parties…."

However, Prospect refused to stipulate to produce the documents that were the subject of Plaintiffs' motion to compel production that was granted by Judge Stern's order dated July 21, 2020. Instead, Prospect objected to the motion, and such documents are to be produced by court order, not stipulation. Accordingly, the confidentiality order is inapplicable to the documents produced in compliance with that Order, and we are not willing to stipulate to its applicability.

As you note, our motion to compel was pursuant to the provisions in the April 19 [sic, recte 25], 2019 Stipulation and Order that expressly gave Plaintiffs the right to file a motion to compel production if Prospect failed to produce the documents it stipulated it would produce. However, nothing in the April 19[sic, recte 25], 2019 Stipulation and Order provided that, if Plaintiffs' motions to compel were granted and Prospect was ordered to produce documents, then Prospect's production would be subject a confidentiality order. To the contrary, the April 19 [sic, recte 25], 2019 Stipulation and Order expressly provided for confidentiality only pursuant to the confidentiality order, which on its face applies only to documents that were produced by stipulation.

Finally, circumstances have changed since April 19 [sic, recte 25], 2019, when Plaintiffs agreed to the confidentiality order that applied to document production by stipulation, such that it now would be contrary to public policy and the rights of the Plan participants for Prospect to use claims of confidentiality to shield from third parties Prospect's failure to make the

> required long-term capital contributions and routine capital contributions as defined in the APA and the LLC Agreement.
>
> As you know, Prospect Medical guaranteed Prospect East's performance of those obligations. As you also know, there are administrative proceedings currently pending before the Department of Health and the Attorney General in which Prospect Medical is seeking leave to transfer over $12 million to shareholders at a time when Prospect Medical is insolvent, for the apparent sole benefit of Messrs. Lee and Topper, which will hinder and possibly frustrate Plaintiffs' ability to collect on any judgment it obtains against Prospect Medical for breach of that guaranty. It was not until March of 2020 that there was public disclosure of these applications. This was not on the horizon in April of 2019.
>
> Moreover, approval of these applications is conditioned upon proof that Prospect East and Prospect Medical have complied with their obligations under the APA and the LLC Agreement. Plaintiffs are objecting to Prospect's applications in those administrative proceedings. Plaintiffs should be entitled to use any materials they obtain from Prospect to demonstrate in those administrative proceedings that Prospect Medical and Prospect East are in default of their obligation to make the required long-term capital contributions and routine capital contributions as defined in the APA and the LLC Agreement.

Exhibit 10 (letter dated October 1, 2020 from counsel to the Plan Receiver and the Liquidating Receiver Thomas Hemmendinger to counsel for the Prospect Entities).

H. Plaintiffs' motion on October 16, 2020 for multifaceted relief

On October 16, 2020, Plaintiffs filed a motion ("Plaintiffs' Motion filed on October 16, 2020") for the following multifaceted relief: (a) for an order establishing certain facts as a sanction for repeated and willful violations of court orders; (b) to extend time for the exercise of the Put option; (c) in the alternative, to compel production of documents and other information from Prospect Chartercare; (d) to order Prospect Chartercare to designate and submit a knowledgeable witness for deposition; and (e) for an award of attorneys' fees. The two aspects of Plaintiffs' Motion filed on October 16, 2020 that are

especially relevant to the motion for a protective order *sub judice* are that Plaintiffs sought an order compelling the Prospect Entities to produce all documents exchanged with the Attorney General and argued that "Prospect's designation of its most recent document production as 'confidential' is a nullity."[25]

I. Revised Stipulation and Consent Order dated November 18, 2020

The parties subsequently agreed that Plaintiffs' Motion filed on October 16, 2020 would pass without prejudice, but a new stipulation and consent order would be filed with and entered by the Court (the "Revised[26] Stipulation and Consent Order"). The Revised Stipulation and Consent Order provided in pertinent part that the Prospect Entities would produce certain additional documents within 5 days. The Revised Stipulation and Consent Order further provided as follows:

> If any of the documents produced are marked "CONFIDENTIAL" the Prospect Entities will have until November 27, 2020 to file a motion seeking a protective order against further disclosure. The Liquidating Receiver and the Plan Receiver will treat those documents as covered under the Stipulation and Consent Order dated April 25, 2019 until November 27, 2020, and if the Prospect Entities file such a motion on or before that date, they will continue to so treat those documents until the motion is decided.

However, the Revised Stipulation and Consent Order dated November 18, 2020 did not purport to limit Plaintiffs' right to immediately disclose the documents contained in Prospect Entities' document production on September 18, 2020 and September 28, 2020.

[25] See Plaintiffs' Memorandum in support of Plaintiffs' Motion filed on October 16, 2020 at 24.

[26] "Revised" to correct a typo in the date for compliance in the original stipulation and consent order that had been entered on November 17, 2020.

J. Prospect's document production on November 23, 2020

On November 23, 2020, Prospect produced an additional 2,739 pages of documents. Prospect placed the legend "CONFIDENTIAL – SEE REVISED STIPULATION AND CONSENT ORDER DATED NOVEMBER 18, 2020" on 1,018 pages of those documents. The 1,018 legended pages included 532 pages of invoices and related documents concerning payments to vendors.[27] It also included hundreds of pages of documents, now designated as confidential, that had previously been produced to the Plan Receiver without any designation of confidentiality, in response to a subpoena that the Plan Receiver issued to Prospect in the Plan Receivership Proceedings.

K. Prospect's motion for a protective order

On November 27, 2020 the Prospect Entities filed their motion for a protective order, seeking a "new protective order" (the "New Protective Order"). Prospect Memo. at 7. Specifically, they sought the following relief:

> The Court should enter a new protective order that expressly covers the production of documents pursuant to the Court's July 21, 2020 Order, and any documents subsequently produced pursuant to the Stipulation, and permits the Prospect Entities to designate such documents and information as confidential.

Prospect Memo. at 7.

II. SUMMARY OF ARGUMENT

The Prospect Entities have not come even remotely close to meeting their burden of showing good cause. Specifically, they are not entitled to have a New

[27] An exemplar of one such set of invoices is filed herewith under seal as Exhibit 11.

Protective Order applied retroactively to the Prospect Entities' document production on September 18, 2020, September 28, 2020, or November 23, 2020, for at least four reasons.

First, the Prospect Entities make no particularized showing whatsoever as to why the documents for which confidentiality is claimed should be treated as confidential, or of any likely injury to the Prospect Entities if those documents are not protected. Indeed, they do not even describe the documents in sufficient detail for the Court to even begin to exercise its discretion in determining whether good cause has been shown.

Second, the Prospect Entities are asking the Court to prohibit Plaintiffs from using documents that the Prospect Entities have already made publicly available,[28] and documents that Prospect previously produced to the Plan Receiver without any claim of confidentiality. Plaintiffs will be prejudiced by such a prohibition, by being precluded from using the Prospect Entities' document production in the pending (and related) administrative proceedings.

Third, the Prospect Entities inexcusably neglected to timely seek such a protective order. The outside date for a timely motion for a protective order would have been the due date for their response to Plaintiffs' motion to compel production, which was March 3, 2020. Instead, they first moved for a protective order on November 27, 2020, more than eight months later, and also five months after the entry of the Court's order compelling production on July 21, 2020, and three months after the date

[28] As noted, the document production on September 18, 2020 contained at least 997 pages of documents that the Prospect Entities had filed in the public record for the proceedings before the Attorney General and the Department of Health.

(September 18, 2020) their production was due under such order. Moreover, they waived any claim of confidentiality by producing documents in response to subpoena in 2018 with no claim of confidentiality and producing documents on September 18, 2020 with a claim of confidentiality but when no protective order was in place.

Fourth, although presented in the guise of a mere continuation of the pattern in this case of discovery, in fact the proposed New Protective Order represents a fundamental change from that pattern. Until now, any protective order was by stipulation and applied only prospectively, without regard to any specific documents and certainly without a finding of good cause. Now the Prospect Entities are asking the Court to impose a protective order retroactively, over Plaintiffs' objection, and prohibiting disclosure of specific documents. Plaintiffs object on the grounds that those documents are not entitled to protection. In response to Plaintiffs' objection, the Prospect Entities are obligated to demonstrate good cause, which they have manifestly failed to do.

III. ARGUMENT

A. The legal standard applicable to protective orders

Rule 26(c) provides, in pertinent part:

> Upon motion by a party or by the person from whom discovery is sought, accompanied by a certification that the movant has in good faith conferred or attempted to confer with other affected parties in an effort to resolve the dispute without court action, and **for good cause shown**, the court in which the action is pending * * * may make any order which justice requires to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense…

Super. R. Civ. P. 26(c) (emphasis added).

The Supreme Court has recently addressed the meaning of "good cause" under Rule 26(c):

> This Court has yet to define "good cause" as set forth under Rule 26(c). However, we previously have held that "where the federal rule and our state rule of procedure are substantially similar, we will look to the federal courts for guidance or interpretation of our own rule." *Sandy Point Farms, Inc.*, 200 A.3d at 664 n.5 (quoting *Crowe Countryside Realty Associates, Co., LLC v. Novare Engineers, Inc.*, 891 A.2d 838, 840 (R.I. 2006)). **The United States Court of Appeals for the First Circuit has held that "[a] finding of good cause must be based on a particular factual demonstration of potential harm, not on conclusory statements."** *Anderson v. Cryovac, Inc.*, 805 F.2d 1, 7 (1st Cir. 1986). **Other circuits have come to a similar conclusion, and we agree.** *See In re Roman Catholic Archbishop of Portland in Oregon*, 661 F.3d 417, 424 (9th Cir. 2011) (" '[G]ood cause' * * * requires a showing 'that specific prejudice or harm will result' if the protective order is not granted.") (quoting *Foltz v. State Farm Mutual Automobile Insurance Company*, 331 F.3d 1122, 1130 (9th Cir. 2003)); *Cipollone v. Liggett Group, Inc.*, 785 F.2d 1108, 1121 (3d Cir. 1986) ("[T]he party seeking the protective order must show good cause by demonstrating a particular need for protection. Broad allegations of harm, unsubstantiated by specific examples of articulated reasoning, do not satisfy the Rule 26(c) test."). **The movant has the burden to make a specific demonstration of necessity for the protective order.** *Anderson*, 805 F.2d at 7 (citing *General Dynamics Corporation v. Selb Manufacturing Company*, 481 F.2d 1204, 1212 (8th Cir. 1973)); *see also In re Deutsche Bank Trust Company Americas*, 605 F.3d 1373, 1378 (Fed. Cir. 2010) ("A party seeking a protective order carries the burden of showing good cause for its issuance.").

Estate of Chen v. Lingting Ye, 208 A.3d 1168, 1173-74 (R.I. 2019) (emphasis supplied).

The party seeking the protective order has the obligation to do so in a timely manner. Velasquez v. Frontier Medical Inc., 229 F.R.D. 197, 200 (D.N.M. 2005) ("The movant must initiate the request for protection in a timely manner.").

A motion for a protective order in response to a subpoena or request for production is timely if it is made before the due date for production of documents. Id. ("Although rule 26(c) is silent as to the time within which the movant must file for a protective order, the Tenth Circuit has held that 'a motion under [rule] 26(c) for protection ... is timely filed if made before the date set for production.'") (quoting In re

Coordinated Pretrial Proceedings in Petroleum Products Antitrust Litigation, 669 F.2d 620, 622 n.2 (10th Cir.1982)).

However, the latest date by which a motion for a protective order can be considered timely is the date set for the response to a motion to compel production. 10A Fed. Proc., L. Ed. § 26:289 ("Although a party or deponent is allowed a reasonable amount of time in which to apply for a protective order, a protective order, as a general rule, must be obtained before the date set for the discovery. A motion for a protective order must be made before or on the date the discovery is due. In the absence of extraordinary circumstances, the outside limit within which a motion for a protective order for written discovery may be made is the time set for the response to a motion to compel the written discovery.") (citations omitted).

As noted, "'the party seeking the protective order must show good cause by demonstrating a particular need for protection. Broad allegations of harm, unsubstantiated by specific examples of articulated reasoning, do not satisfy the Rule 26(c) test.'" Estate of Chen v. Lingting Ye, *supra*, 208 A.3d at 1174 (quoting Cipollone v. Liggett Group, Inc., 785 F.2d 1108, 1121 (3d Cir. 1986)). When a protective order is sought over the objection of an opposing party, the Court is required to make an express finding of good cause based upon a particular need for protection before the motion for a protective order may be granted. See Phillips ex rel. Estates of Byrd v. General Motors Corp., 307 F.3d 1206, 1212 (9th Cir. 2002) ("If the district court decision was based on a failure to recognize that lower courts have the authority to grant protective orders for confidential settlement agreements, it was erroneous, and the district court must determine whether good cause exists. If the lower court did not make this legal error, then it needs to identify and discuss the factors it considered in its 'good

cause' examination to allow appellate review of the exercise of its discretion. The decision to lift the protective order is remanded and the lower court is instructed to conduct a "good cause" analysis consistent with the principles laid out in this opinion."); E.E.O.C. v. National Children's Center, Inc., 98 F.3d 1406 (D.C. Cir. 1996) ("In this case, we are unable to determine whether the district court made the required finding of 'good cause.'… As a result, on remand, we ask that the district court make a finding as to whether "good cause" exists for restricting the use of the depositions in this case."). See also State v. Cianci, 496 A.2d 139, 144 (R.I. 1985) ("A protective order…must be accompanied by the trial justice's specific findings explaining the necessity for the order.").

B. The Prospect Entities have not made a particularized showing of good cause

1. The Prospect Entities have failed to show that any specific document is confidential

This is not a case in which a party seeks a blanket protective order to apply to prospectively to future document production, subject to the opposing party's right to dispute confidentiality as to specific documents. That was the approach under the Stipulated Protective Order. Now, however, the Prospect Entities ask the Court to allow them to designate as confidential specific documents they have already produced. Yet they have not even attempted to show good cause to protect confidentiality for any of those documents. Accordingly, their motion should be denied outright. See United States v. Mitchell, No. 1:15-CR-00040-JAW-3, 2016 WL 7076991, at *2 (D. Me. Dec. 5, 2016) ("Where specific documents are at issue, the Government has the obligation to make a 'particularized, specific showing' to demonstrate good cause for the need for a

protective order for each document."); Flom v. Tharaldson Prop. Mgmt., No. CIV.A. 02-2637-JWL, 2003 WL 23696040, at *2 (Bankr. D. Del. Aug. 29, 2003) ("By failing to identify the specific documents or types of documents to be protected by the proposed protective order and by failing to demonstrate 'a clearly defined and very serious injury' that would occur if the protective order is not entered, Defendants are unable to establish the 'good cause' required to support their request for entry of a protective order."); Reed v. Bennett, 193 F.R.D. 689, 691 (D. Kan. 2000) ("By failing to identify specific documents or types of documents to be protected within the proposed protective order, defendant fails to meet the good cause standard.").

Instead of identifying and addressing specific documents or types of documents, the Prospect Entities group the allegedly confidential documents into two general categories, as follows:

> Here, there are two sets of documents that the Prospect Entities seeks to protect: (1) the documents labeled as confidential in the September Production; and (2) the documents labeled as confidential and produced pursuant to the Stipulation.

Prospect Memo. at 7. However, the Prospect Entities offers no caselaw or other authority in support of the proposition that good cause can be shown as to "sets" of documents, particularly when those "sets" are based upon the date the document production occurred rather than the intrinsic (allegedly confidential) nature of the documents. To the contrary, as noted above, the law is that the determination of good cause must be made with respect to specific documents.

In simple terms, the Prospect Entities have not provided the Court with sufficient information for the Court to even consider exercising its discretion to allow the motion.

In any event, as discussed below, the Prospect Entities have failed to show that

either of those "sets" of documents should be considered confidential.

2. The Prospect Entities have failed to show that the September Production is confidential

As noted, the Prospect Entities group the allegedly confidential documents into two "sets" – the "September Production" and the documents produced pursuant to the Revised Stipulation and Order entered on November 23, 2020.

The September Production consists of 2,428 pages of documents. The Prospect Entities have not provided the Court with any of those documents, for review *in camera*. The Prospect Entities have not even provided the Court with an index to (or description of) the specific documents included in the September Production.

Instead, the Prospect Entities make the following general claim, which is the entirety of their argument as to why these documents are entitled to protection:

> As to the first set of documents, the September Production contained financial records, which, given their nature, are inherently confidential. That is precisely why the Prospect Entities designated certain documents as confidential. Otherwise competing businesses will have full access to sensitive financial information. *See Zenith Radio Corp.*, 528 F. Supp. at 890 ("Competitive disadvantage is a type of harm cognizable under Rule 26"); *see also Multi-Core, Inc. v. Southern Water Treatment Co.*, 139 F. R.D. 262, 264 (D. Mass. 1991) (granting protective order restricting disclosure of sensitive competitive information when public disclosure would result in harm to producing party's business); *Miles v. Boeing Corp.*, 154 F.R.D. 112, 114 (E.D. Pa. 1994) ("Competitive disadvantage is a type of harm cognizable under Rule 26, and it is clear that a court may issue a protective order restricting disclosure of discovery materials to protect a party from being put at a competitive disadvantage."). The purpose of the disclosure of the documents to the Receiver was for them to evaluate the capital contribution obligations of the Prospect Entities, not to put the Prospect Entities at a competitive disadvantage in the marketplace. Therefore, the documents designated as confidential in the September Production should remain confidential.

Prospect Memo. at 7-8.

These assertions are insufficient on multiple levels. First, the Prospect Entities do not even allege that the September Production consisted *entirely* of financial records. They merely state that the September Production "contained financial records." That statement would be literally true even if only one page out of the 2,428 total pages included in the September Production were a financial record. Even if that one page should be protected, which Plaintiffs dispute, that would hardly justify designating the entirety of the September Production as confidential.

Second, the Prospect Entities do not define what they mean by the very general phrase "financial records." The Prospect Entities cite no authority that mere recitation that the subject documents include "financial records" is sufficient to demonstrate competitive injury. To the contrary, Prospect Entities must demonstrate specific examples of clearly defined and very serious harm to their business. See Loveall v. American Honda Motor Co., Inc., 694 S.W.2d 937, 939-40 (Tenn. 1985) ("To show good cause under Rule 26(c), the moving party must demonstrate specific examples of harm and not mere conclusory allegations. 8 Wright & Miller, Federal Practice and Procedure § 2035, p. 265 (1970). When confidential commercial information is involved, this standard requires a showing that disclosure will result in a clearly defined and very serious injury to the company's business, *United States v. Exxon Corp.*, 94 F.R.D. 250, 251 (D.C.1981), or, stated differently, great competitive disadvantage and irreparable harm. *Essex Wire Corp. v. Eastern Electric Sales Co.*, 48 F.R.D. 308, 310 (E.D.Pa.1969)."). The Prospect Entities do not offer any explanation whatsoever how public disclosure of the information would likely cause competitive harm.

The Prospect Entities cite caselaw for the proposition that a protective order may extend to "financial records and statements." Prospect Memo. at 8 (quoting Brokaw v.

Davol Inc., No. 07-1706, 2009 WL 3328530, at *4 (R.I. Super. July 21, 2009)). That is not in dispute. However, neither that case nor any other authority cited by the Prospect Entities suggest that "financial records and statements" are entitled to confidentiality *per se*, i.e., merely because they are financial records and statements. The Prospect Entities' own conduct belies any claim that financial documents are inherently confidential, since Prospect itself withdrew its confidentiality designation for 477 pages of financial statements

Third, the Prospect Entities do not even assert that the documents included in the September Production have not already been disclosed to the public, such as by production to the Attorney General or the Department of Health without a designation as confidential. Indeed, as already discussed, at least 997 pages of those documents were produced to the Attorney General or Department of Health with no protection of confidentiality. Thus, the Prospect Entities are improperly seeking to prohibit Plaintiffs from disclosing documents that the Prospect Entities have already placed in the public record.

At best, these assertions are the archetypal "[b]road allegations of harm, unsubstantiated by specific examples of articulated reasoning" that the Supreme Court in Estate of Chen v. Lingting Ye, *supra*, 208 A.3d at 1174, and many other courts have held are insufficient to meet the burden of showing good cause.

3. The Prospect Entities have failed to show that the documents produced pursuant to the Revised Stipulation and Consent Order are entitled to protection

The second "set" of documents for which the Prospect Entities seek protection is the 1,018 pages of documents they designated confidential in their document

production on November 23, 2020, pursuant to the Revised Stipulation and Consent Order. The Prospect Entities' claim for protection for these documents is as follows:

> The same reasons support the confidentiality of the second set of documents produced and designated as confidential by the Prospect Entities. But these documents are confidential for an additional reason: they were submitted as such to the AG in connection with the AG's and AMI's ongoing monitoring of the Prospect Entities' capital contribution obligations, and the AG has not disagreed with that determination.

Prospect Memo. at 9.

To respond in equally terse terms, the "same reasons" that are insufficient to meet the burden of showing good cause as to the September Production fare no better when it comes to the documents produced pursuant to the revised Stipulation and Consent Order.

The Prospect Entities' "additional reason" (that the documents "were submitted as [confidential] to the AG in connection with the AG's and AMI's ongoing monitoring of the Prospect Entities' capital contribution obligations, and the AG has not disagreed with that determination") is also insufficient on multiple levels.

First, the Prospect Entities make no factual showing whatsoever, by affidavit or otherwise, that the documents produced pursuant to the revised Stipulation and Consent Order were indeed submitted to the Attorney General and/or AMI as confidential.

Second, the Prospect Entities make no factual showing whatsoever that, if, indeed, the Prospect Entities requested that these documents be treated confidentially, the Attorney General and/or AMI in fact accepted that such documents should be treated as confidential.

Third, the Prospect Entities make no showing of the criteria that the Attorney

General and/or AMI would apply if indeed they accepted that such documents should be treated as confidential, much less whether those criteria have any relationship to the criteria the Court must consider in deciding whether or not to enter the proposed New Protective Order.

Indeed, the invoices and related documents, concerning services provided by and payments to third party vendors, that make up 532 of the 1,018 pages produced pursuant to the revised Stipulation and Consent Order for which the Prospect Entities claimed confidentiality, do not appear to be confidential in the slightest. Plaintiffs have submitted under seal an exemplar of those invoices and related documents.[29] It concerns payment for hundreds of thousands of dollars for computer software. There appears to nothing confidential about it. However, it is very relevant to Plaintiffs' claim that Prospect East Holdings, Inc. failed to make the required $50 million in long-term capital contributions, because the Prospect Entities apparently submitted this set of documents as evidence of payments toward that obligation, when, in fact, the documents show that this sum was paid by Prospect Chartercare LLC, not by Prospect East Holdings, Inc. Plaintiffs should be permitted to refer to these and similar documents in support of their objections to the Prospect Entities' applications before the Attorney General and the Department of Health. The Prospect Entities seek to prohibit Plaintiffs for making that showing, however, by designating these documents as confidential and asking the Court to enter the New Protective Order ratifying that designation.

Fourth, the Prospect Entities have re-produced (and have now designated as

[29] See Exhibit 11.

"confidential") hundreds of other pages of documents that they previously produced to the Plan Receiver without any designation of confidentiality. Plaintiffs attach one of these documents as Exhibit 12 (filed under seal, because the Prospect Entities have now designated it as confidential, notwithstanding that it was previously produced[30] and designated as non-confidential). There does not appear to be any rhyme or reason to Prospect Entities' confidentiality designations.

Fifth, the Plaintiffs were not a party to that regulatory proceeding and their rights and interests in the documents were not considered by these regulators.

Accordingly, the Prospect Entities have not made the requisite showing of good cause to justify entry of a protective order concerning the 1,018 documents produced pursuant to the revised Stipulation and Consent Order for which the Prospect Entities claim confidentiality.

C. The motion for a protective order is untimely

As noted, a protective order must be obtained before the date set for the discovery, and the outside limit within which a motion for a protective order for written discovery may be made is the time set for the response to a motion to compel the written discovery. 10A Fed. Proc., L. Ed. § 26:289 (citations omitted). Here the Prospect Entities objected to Plaintiffs' motion to compel production but did not seek a protective order. They then produced documents on September 18 and 28, 2020 without a protective order. They then waited another two months to file their motion for a protective order. Accordingly, it is clear that the Prospect Entities' motion was

[30] In 2018, the Prospect Entities produced this same document, then-bearing bates stamps PMH_00142295 to PMH_00142400, without any designation of confidentiality.

untimely and should be denied even if a timely motion would have had merit, which Plaintiffs dispute.

D. The Stipulated Protective Order does not apply to Prospect's document production under the Order entered on July 21, 2020

The Prospect Entities make a halfhearted attempt to argue that in fact the Stipulated Protective Order entered on April 25, 2019 applies to their document production on September 18, 2020, September 28, 2020, and November 18, 2020. It clearly does not. The scope of the Stipulated Protective Order is expressly limited to "documents produced by PCC [Prospect Chartercare, LLC] pursuant to a Stipulation and Consent Order between the Parties. . . ."[31] Prospect *refused* to produce documents pursuant to that Stipulation and Consent Order, necessitating Plaintiffs' filing a contested motion and obtaining the Order entered on July 21, 2020 over the Prospect Entities' objection.

The Prospect Entities make a similarly perfunctory claim that the July 21, 2020 Order afforded the Prospect Entities the protection of the Stipulated Protective Order. However, that claim is based on the *non sequitur* that the reference in the July 21, 2020 order to the Stipulation and Consent Order dated April 25, 2020 had the effect of incorporating the Stipulated Protective Order. See Prospect Memo. at 4. Although the Order entered on July 21, 2020 referred to the April 25, 2019 Stipulation and Consent Order, it did not refer to the Stipulated Protective Order or even address confidentiality. To the contrary, the only reference in the July 21, 2020 Order to the April 25, 2019 Stipulation and Consent Order was in footnote 4, stating that "[i]n accordance with the

[31] Ex. 2 at 1.

April 25, 2019 Stipulation and Consent Order, any information ordered to be produced pursuant hereto must be available to PCC and shall not include documents that are subject to the attorney-client privilege, joint defense privilege and/or attorney work product doctrine." Those provisions have nothing whatsoever to do with confidentiality.

It is clear that, in resolving the contested motion to compel production by the Order entered on July 21, 2020, the Court never intended to have the Stipulated Protective Order govern production under that Order. Indeed, it would have been unfair, without first giving Plaintiffs the opportunity to object, for the Court to impose upon Plaintiffs a protective order to which Plaintiffs had agreed only because its applicability was limited to documents produced voluntarily.

In fact, Counsel for the Prospect Entities was fully aware when the Prospect Entities produced documents on September 18, 2020 that the Stipulated Protective Order entered on April 25, 2019 *did not apply* to their document production under the Order entered on July 21, 2020. Counsel's awareness is demonstrated by his email on September 17, 2020 asking whether Counsel for the Plan Receiver "have any problem with this order governing the documents that Prospect Chartercare, LLC is getting ready to produce pursuant to Judge Stern's July 21, 2020 Order?" Counsel for the Prospect Entities thereby sought Counsel for the Plan Receiver's *agreement* to having that Stipulated Protective Order govern the production under the order entered on July 21, 2020. No such agreement would have been necessary if the July 21, 2020 Order already incorporated the Stipulated Protective Order.

Furthermore, the Plan Receiver and the Liquidating Receiver were entirely within their rights not to agree to that proposal. They had previously agreed to the Stipulated Protective Order in return for the Prospect Entities' agreement to produce documents

pursuant to the Stipulation and Order entered on April 25, 2019. In other words, there was a *quid pro quo*. However, Prospect refused to produce the documents that ultimately became the subject of the Order entered on July 21, 2020, requiring the Receivers to file their motion to compel and participate in two hearings before the Court at which the Prospect Entities had not even raised the issue of producing documents under a protective order. Under those circumstances, the Receivers had no obligation to accommodate the Prospect Entities' after-the-fact request for a protective order.

In addition, by September 2020 it was clear that the documents the Receivers were seeking from the Prospect Entities were also relevant to the administrative proceedings that had not been pending when the Stipulated Protective Order was agreed to on April 25, 2019. Approval of these applications is conditioned upon proof that Prospect East Holdings, Inc. and Prospect Medical Holdings, Inc. have complied with their obligations under the Asset Purchase Agreement and the LLC Agreement among CCCB, Prospect East Holdings, Inc. and Prospect Chartercare, LLC, which were guaranteed by Prospect Medical Holdings, Inc. The documents that the Prospect Entities produced on September 18, 2020, September 28, 2020, and November 18, 2020 demonstrate that Prospect Medical and Prospect East are in default of their obligation to make the required long-term capital contributions and routine capital contributions as defined in the Asset Purchase Agreement and the LLC Agreement. The Receivers were unwilling to agree to tie their hands from using those documents in those proceedings.

Finally, the Prospect Entities incorrectly assert that Plaintiffs are "changing course" by refusing to agree to the application of the Stipulated Protective Order to the Prosect Entities' document production under the Order entered on July 21, 2020. See

Prospect Memo. at 2 ("Now, changing course, the Receiver and his Special Counsel have asserted that the Prospect Entities' September 18, 2020 production of documents, which was made pursuant to the Court's July 21, 2020 order, is not subject to any confidentiality or protective order."). To the contrary, it is the Prospect Entities who have changed course. Initially they proceeded under a protective order that applied only prospectively and allowed Plaintiffs to challenge the confidentiality of specific documents, to which Plaintiffs agreed in return for the Prospect Entities' voluntary production of documents. Now the Prospect Entities are seeking to impose a protective order retroactively, protecting specific documents they refused to produce without a court order. That is a very different kettle of fish.

IV. CONCLUSION

The Prospect Entities' motion for a protective order should be denied.

Respectfully submitted,

Stephen Del Sesto, as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan,

By His Attorneys,
WISTOW, SHEEHAN & LOVELEY, PC

/s/ Max Wistow

Max Wistow, Esq. (#0330)
Stephen P. Sheehan, Esq. (#4030)
Benjamin Ledsham, Esq. (#7956)
61 Weybosset Street
Providence, RI 02903
(401) 831-2700
(401) 272-9752 FAX
mwistow@wistbar.com
spsheehan@wistbar.com
bledsham@wistbar.com

CharterCARE Community Board, individually and derivatively, as nominal member and as trustee of the beneficial interest of its membership in Prospect CharterCARE, LLC,

By Its Attorneys,

/s/ Thomas S. Hemmendinger

Thomas S. Hemmendinger (#3122)
Permanent Liquidating Receiver of CharterCARE Community Board, Roger Williams Hospital, and St. Joseph Health Services of Rhode Island
Ronald F. Cascione (#2277)
Lisa M. Kresge (#8707)
Brennan, Recupero, Cascione, Scungio & McAllister, LLP
362 Broadway
Providence, RI 02909
Tel. (401) 453-2300
Fax (401) 453-2345
themmendinger@brcsm.com
rcascione@brcsm.com
lkresge@brcsm.com

December 13, 2020

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Reviewer: Victoria H

CERTIFICATE OF SERVICE

I hereby certify that, on the 13th day of December, 2020, I filed and served the foregoing document through the electronic filing system on the following users of record:

Robert D. Fine, Esq.
Andre S. Digou, Esq.
Chace Ruttenberg & Freedman LLP
One Park Row, Suite 300
Providence, RI 02903
rfine@crfllp.com
adigou@crfllip.com

Vincent A. Indeglia, Esq.
Ryan J. Lutrario, Esq.
Jaclyn A. Cotter, Esq.
Indeglia & Associates
300 Centerville Road
The Summit East, Suite 320
Warwick, RI 02886
vincent@indeglialaw.com
rlutrario@indeglialaw.com
jaclyn.cotter@indeglialaw.com

W. Mark Russo, Esq.
Ferrucci Russo P.C.
55 Pine Street, 3rd Floor
Providence, RI 02903
mrusso@frlawri.com

Preston Halperin, Esq.
Christopher J. Fragomeni, Esq.
Shechtman Halperin Savage, LLC
1080 Main Street
Pawtucket, RI 02860
phalperin@shslawfirm.com
cfragomeni@shslawfirm.com

Thomas S. Hemmendinger, Esq.
Sean J. Clough, Esq.
Lisa M. Kresge, Esq.
Ronald F. Cascione, Esq.
Brennan Recupero Cascione Scungio McAllister LLP
362 Broadway
Providence, RI 02909
themmendinger@brcsm.com
sclough@brcsm.com
lkresge@brcsm.com
rcascione@brcsm.com

Mark W. Freel, Esq.
Samantha Vasques, Esq.
Locke Lord LLP
2800 Financial Plaza
Providence, RI 02903-2499
mark.freel@lockelord.com
Samantha.vasques@lockelord.com

The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Benjamin Ledsham

Exhibit 1

STATE OF RHODE ISLAND
PROVIDENCE, SC

SUPERIOR COURT

CHARTERCARE COMMUNITY BOARD :
:
v. : C.A. No.: PC-2019-3654
:
SAMUEL LEE, ET AL :

STIPULATION AND CONSENT ORDER

Prospect Chartercare, LLC ("PCC"), Prospect Chartercare SJHSRI, LLC, Prospect Chartercare RWMC, LLC, Prospect Medical Holdings, Inc., Prospect East Holdings, Inc., and Prospect East Hospital Advisory Services, LLC (all collectively the "Prospect Entities"), and CharterCARE Community Board ("CCCB"), having stipulated and consented to the entry of this Order, it is hereby:

ORDERED:

1. On or before May 15, 2019, PCC will provide CCCB with financial information in connection with CCCB's evaluation of the "put option" as requested by CCCB in correspondence dated September 20, 2018, October 2, 2018, October 3, 2018, and November 6, 2018. Thereafter, CCCB may by email request such additional information as CCCB reasonably requires in connection with the evaluation of the "put option" under the Prospect Chartercare, LLC Agreement (the "LLC Agreement"), and PCC will provide such information within fifteen (15) days of such email(s), provided the information is available. PCC shall not be required pursuant to this Stipulation and Consent Order to produce documents that are subject to the attorney-client privilege, joint defense privilege and/or attorney work product doctrine, provided that any objections to production of documents pursuant to this Order on the basis of attorney-client privilege, joint defense privilege and/or attorney work product doctrine are noted at the time for production, and any documents withheld from production based on such objections are identified in a privilege log in accordance with the requirements of Super. R. Civ. P. 26(b)(5)&(7). If the parties disagree over whether any information that CCCB requests is relevant for the valuation process, or that claims of attorney-client privilege, joint defense privilege and/or attorney work product doctrine should be overruled and production of documents should be compelled, the parties may seek a resolution of such dispute on an expedited basis from Judge Stern.

2. CCCB shall be authorized to share information produced by PCC with Stephen Del Sesto, the Receiver for St. Joseph's Health Services of Rhode Island Retirement Plan ("the Receiver"), and each of their respective attorneys, accountants and experts solely for the purpose of evaluating the "put option" so that the Receiver may participate fully and without restriction in the valuation and exercise of the "put option". All such information that PCC designates as "PCC-CONFIDENTIAL" will remain confidential

pursuant to the provisions of a Protective Order (attached), and such confidentiality shall continue unless CCCB and /or the Receiver obtain a court order in this case or in the federal court litigation filed by the Receiver lifting the confidentiality restriction.

3. The parties to the LLC Agreement agree to modify the ninety (90) day period within which the put option created in Section 14.5 of the LLC Agreement can be exercised to the ninety (90) day period commencing September 21, 2019 and ending on December 20, 2019. If in the judgment of CCCB and the Receiver (or solely the Receiver if the settlement is approved by the Federal Court prior to such date) the option cannot in good faith be appraised and exercised by December 20, 2019 based on the information received, then, prior to the expiration of the period, CCCB (or solely the Receiver if the settlement is approved by the Federal Court prior to such date) reserves the right to seek a hearing on the already pending injunctive relief motion (filed on March 18, 2019) heard by the Court as soon as reasonably practical; and to ensure the exercise period does not expire while that motion is pending, the option exercise period shall be extended for an additional period extending for twenty (20) business days following the entry of an order by the Court on the request for a further extension of the option exercise period, provided, however that the extension during the pendency of the motion shall not exceed thirty (30) days from the date of the hearing on the request. The provisions of Section 14.6 of the LLC Agreement regarding the valuation process are not affected by this agreement except as expressly provided herein.

4. Except as to the motion for injunctive relief addressed above, a motion for relief from the confidentiality provision of the protective order, or a motion to enforce this Stipulation and Consent Order, the pending litigation commenced by CCCB will be stayed until twenty (20) days after any party to this agreement provides written notice to all parties withdrawing agreement to the stay or until December 20, 2019, whichever is later. Prospect Medical Holdings, Inc., Prospect East Holdings, Inc., and PCC shall be free to proceed with their motion for leave to sue CCCB in connection with the LLC Agreement, but in the event that leave is granted, the Prospect Entities agree to stay that litigation until twenty (20) days after any party to this agreement provides written notice to all parties withdrawing agreement to the stay or until December 20, 2019, whichever is later. In the event that the Court denies the stay or does not grant the stay within the period for the defendants to respond to the case, the Prospect Entities agree to dismiss the case without prejudice, all defendants agree not to object to such dismissal without prejudice, and the parties to this agreement agree that the statute of limitations with respect to any claim that in plaintiffs' judgment may be impacted by the dismissal is tolled until twenty (20) days after any party to this agreement gives written notice to all parties withdrawing agreement to the stay or until December 20, 2019, whichever is later. CCCB, Roger Williams Hospital, St. Joseph Health Services of Rhode Island, and the Receiver agree that plaintiffs will not be prejudiced as a result of such voluntary dismissal.

5. The Prospect Entities, CCCB, Roger Williams Hospital and St. Joseph Health Services of Rhode Island agree not to bring any other proceeding against each other, or any of their officers, directors, agents, or attorneys until twenty (20) days after any party to this agreement provides written notice to all parties or until December 20, 2019, whichever is later. Notwithstanding the foregoing, the parties shall be free to assert

claims against each other arising out of future conduct or events that may hereafter arise. In addition, the Prospect Entities shall (a) be free to assert any claims, cross-claims and third-party claims in the pending federal court litigation and in the pending Rhode Island state court litigation filed by the Receiver in the event that the stay of the Superior Court case is lifted and (b) upon leave of the Court in the Receivership action, be free to file and pursue administrative proceedings relating to the hospitals arising out of federal court approval of the Receiver's settlement agreement with CCCB.

ORDERED:

Stern, J.

Dated: 4/25/19

ENTERED:

Dep. Clerk

Dated: 4/25/19

Stipulated to and presented by:

PROSPECT CHARTERCARE, LLC
PROSPECT CHARTERCARE SJHSRI, LLC, AND
PROSPECT CHARTERCARE RWMC, LLC,

By its Attorneys,

/s/ Mark Russo by PWH

W. Mark Russo (#3937)
Ferrucci Russo P.C.
55 Pine Street, 3rd Floor
Providence, RI 02903
Tel.: (401) 455-1000
mrusso@frlawri.com

PROSPECT MEDICAL HOLDINGS, INC.,
PROSPECT EAST HOLDINGS, INC., AND
PROSPECT EAST HOSPITAL ADVISORY SERVICES, LLC
By its Attorneys,

Preston W. Halperin, Esq. (#5555)
Dean J. Wagner, Esq. (#5426)
Christopher J. Fragomeni, Esq. (#9476)
Shechtman Halperin Savage LLP
1080 Main Street
Pawtucket, RI 02860

Telephone: (401) 272-1400
phalperin@shslawfirm.com
dwagner@shslawfirm.com
cfragomeni@shslawfirm.com

CHARTERCARE COMMUNITY BOARD
By its Attorneys,

Robert D. Fine (# 2447)
Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903
401-453-6400 Ext 115
401-453-6411
rfine@crfllp.com

STEPHEN DEL SESTO,
RECEIVER FOR THE ST. JOSEPH HEALTH SERVICES RETIREMENT PLAN

By his Attorneys,

Max Wistow (#0330)
Stephen P. Sheehan (#4030)
Benjamin Ledsham (#7956)
Wistow, Sheehan & Lovely, PC
61 Weybosset Street
Providence, RI 02903
401-831-2700
mwistow@wistbar.com
spsheehan@wistbar.com
bledsham@wistbar.com

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STATE OF RHODE ISLAND SUPERIOR COURT

PROVIDENCE, SC

CHARTERCARE COMMUNITY BOARD	:	
	:	
v.	:	C.A. No.: PC-2019-3654
	:	
SAMUEL LEE, ET AL	:	

STIPULATED PROTECTIVE ORDER
REGARDING PROSPECT CHARTERCARE LLC

Upon agreement of Plaintiff Chartercare Community Board ("CCCB"), Defendant, Prospect Chartercare LLC. ("PCC") and third-party Stephen Del Sesto, Receiver ("Receiver") for the St. Joseph Health Services of Rhode Island Retirement Plan (collectively the "Parties") for Entry of a Stipulated Protective Order regarding the production of confidential and/or proprietary information, and the Court having reviewed and considered the proposed order, and good cause appearing therefor, it is hereby:

ORDERED:

1. **Scope.** This Order shall apply to documents produced by PCC pursuant to a Stipulation and Consent Order between the Parties relating to PCC's production of certain financial information in connection with CCCB's and/or the Receiver's evaluation of the "put option" set forth in the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC (the "PCC Operating Agreement").

2. **Non-Disclosure of Confidential Material.** Except as hereinafter provided under this Order or subsequent Court Order, no Confidential Material may be

disclosed to any person except as provided in Paragraph 4 below. "Confidential Material" means any document produced by PCC that bears the legend "PCC-CONFIDENTIAL" to signify that it contains information deemed to be confidential by the producing party. It shall not include documents that CCCB or the Receiver obtains from another source.

3. **Duty of PCC in designating Confidential Material.** Documents shall not be designated as Confidential Material unless the documents are not publicly available, or contain personal identifying information (meaning social security numbers or other information of a non-public nature) of third parties.

4. **Permissible Disclosure of Confidential Material.** Notwithstanding Paragraph 2, Confidential Material may be disclosed to (a) to CCCB; (b) to the Receiver; (c) to counsel for the Receiver and/or CCCB; (d) to the associates, secretaries, paralegal assistants and employees of such counsel to the extent reasonably necessary to render professional services; (e) to consultants, experts, or investigators retained for the purpose of assisting such counsel; to (f) persons with prior knowledge of the Confidential Material and their agents; and to (g) court officials (including, without limitation: court reporters and any special master or mediator appointed by the Court). Such Confidential Material may also be disclosed to any additional person as the Court may order. This Order shall apply to and be binding upon any individual or entity to whom Confidential Material is disclosed. Prior to sharing Confidential Material with any person in category (e) above, any party or counsel making Confidential Material available shall provide that person with a copy of this Order and explain its terms and the Court's determination that anyone viewing Confidential Material is bound by this Order. All such persons in category (d) above will

read a copy of this Order and shall execute an Acknowledgment in the form of Exhibit 1 hereto, which copy shall promptly be provided to counsel for PCC.

5. **Confidential Information subpoenaed or requested by a court, administrative or legislative body.** If Confidential Information in the possession of a party or its counsel is subpoenaed or otherwise requested by any court, administrative or legislative body, or any other person purporting to have authority to subpoena or request such information, the party receiving the subpoena shall give written notice of the subpoena or request to counsel for PCC five (5) business days prior to the time when production of the information is required. In the event that the subpoena/request purports to require production of such Confidential Information on less than five (5) business days' notice, the party receiving the subpoena shall give immediate telephonic notice of the receipt of such subpoena or request, and forthwith deliver by hand, email, or facsimile a copy thereof, to counsel for PCC. Absent a further court order to the contrary, the party receiving the subpoena may comply with the subpoena or request.

6. **Declassification.** In the event that CCCB or the Receiver seeks to disclose Confidential Material in a manner outside of what is provided in Paragraph 4 or 5, CCCB or the Receiver may file a motion with the Court for a ruling that the document designated as Confidential Material is not or should not be entitled to such status and protection. Such motion may be heard upon no less than fourteen (14) days' notice to counsel for PCC. PCC shall have ten (10) days from the date such petition is filed to file an opposition to the petition defending the designation as Confidential Material. PCC shall have five (5) days in which to file a reply. Alternatively, CCCB and /or the Receiver may seek to obtain a court order in the federal court litigation filed by the Receiver against PCC lifting the confidentiality restriction.

7. **Filing of Confidential Material with the Court.** Confidential Material shall not be filed with the Court except under seal, when required in connection with motions as provided for in Paragraph 4 or 6, or any other reason or in connection with other matters pending before the Court for which such materials may be relevant. Any pleadings, motions, or other papers filed under seal shall be filed in accordance with the Rhode Island Superior Court Rules of Civil Procedure and any other applicable court rules or standing orders.

8. **Confidential Material at Trial or Other Court Proceeding.** Subject to the Superior Court Rules of Civil Procedure and any other applicable rules and standing orders, Confidential Material may be offered in evidence at trial or other court proceeding, provided that the proponent of the evidence gives notice to counsel for PCC sufficiently in advance so as to enable it to move the Court for an order that the evidence be received in camera or under other conditions to prevent unnecessary disclosures. The Court will then determine whether the proffered evidence should continue to be treated as Confidential Material and, if so, what protection, if any, may be afforded to such information at the trial or other court proceeding.

9. **No Waiver.**

(a) Review of Confidential Material by any persons identified in Paragraph 4, 6 or 7 shall not waive the protections provided herein, or any objections to production of Confidential Material.

(b) The inadvertent, unintentional, or in camera disclosure of Confidential Material shall not, under any circumstances, be deemed a waiver, in whole or in part, of claims of confidentiality. If

PCC inadvertently or unintentionally produces any Confidential Material without marking or designating it as such in accordance with the provisions of this Order, PCC may, promptly on discovery, furnish a substitute copy properly marked, along with written notice to the other persons that such document is deemed confidential and should be treated as such in accordance with the provisions of this Order. Each receiving person must treat such document as Confidential Material from the date such notice is received.

10. **Inadvertent Production of Privileged Material.** CCCB, the Receiver, counsel to CCCB and/or to the Receiver, PCC, and counsel to PCC shall adhere to the obligations imposed by the Superior Court Rules of Civil Procedure regarding privileged material. However, the inadvertent failure of any of them to designate and/or withhold any document as subject to the attorney-client privilege, the attorney work-product doctrine or any other applicable protection or exemption from discovery will not be deemed to waive a later claim as to its appropriate privileged or protected nature, or to stop the producing person from designating such document as privileged or protected from discovery at a later date in writing and with particularity.

11. **Privilege Log.** PCC shall not be required pursuant to this Order to produce documents that are subject to the attorney-client privilege, joint defense privilege and/or attorney work product doctrine, provided that any objections to production of documents on the basis of attorney-client privilege, joint defense privilege and/or attorney work product doctrine are noted at the time for production, and any documents withheld from production based on such objections are identified in a privilege log in accordance with the requirements of Super. R. Civ. P. 26(b)(5)&(7).

12. **Survival.** The terms of this Order shall survive the conclusion of this matter. Counsel to CCCB and/or to the Receiver and/or to PCC may move the Court for an order addressing the post-conclusion treatment of Confidential Material.

13. **Amendment or Modification of Order.** This Order may be amended or modified by this Court upon notice to CCCB, the Receiver, and PCC.

ORDERED:

Stern, J.

Dated:

ENTERED:

Dep. Clerk

Dated:

EXHIBIT 1

STATE OF RHODE ISLAND SUPERIOR COURT

PROVIDENCE, SC

CHARTERCARE COMMUNITY BOARD :

v. : C.A. No.: PC-2019-3654

SAMUEL LEE, ET AL :

ACKNOWLEDGEMENT

The undersigned declares and states as follows:

1. I have read the attached Order, dated April __, 2019 ("Order"), understand its contents and hereby agree to comply therewith and to be bound thereby. In addition, I consent to the jurisdiction of the Rhode Island Superior Court for the purposes of enforcement of the Order.

2. I agree to use Confidential Material only for purposes of assisting in the matters for which I have been retained, and for no other purpose.

3. I agree to retain all Confidential Material in a secure manner and in accordance with the terms of the Order. I also agree not to distribute any Confidential Material except in accordance with the Order. I further agree not to communicate Confidential Material to any person or entity not qualified to receive it under the terms of the Order.

4. I agree to comply with all other provisions of the Order.

5. I acknowledge that failure on my part to comply with the provisions of the Order may be punishable by contempt of court and may render me liable to any Party, person, or entity damaged thereby.

I declare under the penalties of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on _____.
Name: _____ (print or type)

Signature: _____

Exhibit 2

STATE OF RHODE ISLAND SUPERIOR COURT

PROVIDENCE, SC

CHARTERCARE COMMUNITY BOARD	:	
	:	
v.	:	C.A. No.: PC-2019-3654
	:	
SAMUEL LEE, ET AL	:	

STIPULATED PROTECTIVE ORDER
REGARDING PROSPECT CHARTERCARE LLC

Upon agreement of Plaintiff Chartercare Community Board ("CCCB"), Defendant, Prospect Chartercare LLC. ("PCC") and third-party Stephen Del Sesto, Receiver ("Receiver") for the St. Joseph Health Services of Rhode Island Retirement Plan (collectively the "Parties") for Entry of a Stipulated Protective Order regarding the production of confidential and/or proprietary information, and the Court having reviewed and considered the proposed order, and good cause appearing therefor, it is hereby:

ORDERED:

1. **Scope.** This Order shall apply to documents produced by PCC pursuant to a Stipulation and Consent Order between the Parties relating to PCC's production of certain financial information in connection with CCCB's and/or the Receiver's evaluation of the "put option" set forth in the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC (the "PCC Operating Agreement").

2. **Non-Disclosure of Confidential Material.** Except as hereinafter provided under this Order or subsequent Court Order, no Confidential Material may be

disclosed to any person except as provided in Paragraph 4 below. "Confidential Material" means any document produced by PCC that bears the legend "PCC-CONFIDENTIAL" to signify that it contains information deemed to be confidential by the producing party. It shall not include documents that CCCB or the Receiver obtains from another source.

3. **Duty of PCC in designating Confidential Material.** Documents shall not be designated as Confidential Material unless the documents are not publicly available, or contain personal identifying information (meaning social security numbers or other information of a non-public nature) of third parties.

4. **Permissible Disclosure of Confidential Material.** Notwithstanding Paragraph 2, Confidential Material may be disclosed to (a) to CCCB; (b) to the Receiver; (c) to counsel for the Receiver and/or CCCB; (d) to the associates, secretaries, paralegal assistants and employees of such counsel to the extent reasonably necessary to render professional services; (e) to consultants, experts, or investigators retained for the purpose of assisting such counsel; to (f) persons with prior knowledge of the Confidential Material and their agents; and to (g) court officials (including, without limitation: court reporters and any special master or mediator appointed by the Court). Such Confidential Material may also be disclosed to any additional person as the Court may order. This Order shall apply to and be binding upon any individual or entity to whom Confidential Material is disclosed. Prior to sharing Confidential Material with any person in category (e) above, any party or counsel making Confidential Material available shall provide that person with a copy of this Order and explain its terms and the Court's determination that anyone viewing Confidential Material is bound by this Order. All such persons in category (d) above will

read a copy of this Order and shall execute an Acknowledgment in the form of Exhibit 1 hereto, which copy shall promptly be provided to counsel for PCC.

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9. **No Waiver.**

(a) Review of Confidential Material by any persons identified in Paragraph 4, 6 or 7 shall not waive the protections provided herein, or any objections to production of Confidential Material.

(b) The inadvertent, unintentional, or in camera disclosure of Confidential Material shall not, under any circumstances, be deemed a waiver, in whole or in part, of claims of confidentiality. If

PCC inadvertently or unintentionally produces any Confidential Material without marking or designating it as such in accordance with the provisions of this Order, PCC may, promptly on discovery, furnish a substitute copy properly marked, along with written notice to the other persons that such document is deemed confidential and should be treated as such in accordance with the provisions of this Order. Each receiving person must treat such document as Confidential Material from the date such notice is received.

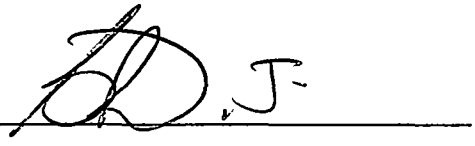
10. **Inadvertent Production of Privileged Material.** CCCB, the Receiver, counsel to CCCB and/or to the Receiver, PCC, and counsel to PCC shall adhere to the obligations imposed by the Superior Court Rules of Civil Procedure regarding privileged material. However, the inadvertent failure of any of them to designate and/or withhold any document as subject to the attorney-client privilege, the attorney work-product doctrine or any other applicable protection or exemption from discovery will not be deemed to waive a later claim as to its appropriate privileged or protected nature, or to stop the producing person from designating such document as privileged or protected from discovery at a later date in writing and with particularity.

11. **Privilege Log.** PCC shall not be required pursuant to this Order to produce documents that are subject to the attorney-client privilege, joint defense privilege and/or attorney work product doctrine, provided that any objections to production of documents on the basis of attorney-client privilege, joint defense privilege and/or attorney work product doctrine are noted at the time for production, and any documents withheld from production based on such objections are identified in a privilege log in accordance with the requirements of Super. R. Civ. P. 26(b)(5)&(7).

12. **Survival.** The terms of this Order shall survive the conclusion of this matter. Counsel to CCCB and/or to the Receiver and/or to PCC may move the Court for an order addressing the post-conclusion treatment of Confidential Material.

13. **Amendment or Modification of Order.** This Order may be amended or modified by this Court upon notice to CCCB, the Receiver, and PCC.

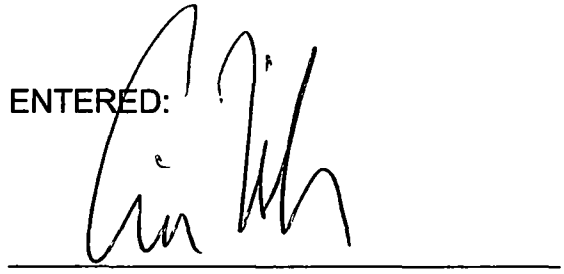
ORDERED:



Stern, J.

Dated: 4/25/19

ENTERED:



Dep. Clerk

Dated: 4/25/19

EXHIBIT 1

STATE OF RHODE ISLAND SUPERIOR COURT

PROVIDENCE, SC

CHARTERCARE COMMUNITY BOARD :

v. : C.A. No.: PC-2019-3654

SAMUEL LEE, ET AL :

ACKNOWLEDGEMENT

The undersigned declares and states as follows:

1. I have read the attached Order, dated April __, 2019 ("Order"), understand its contents and hereby agree to comply therewith and to be bound thereby. In addition, I consent to the jurisdiction of the Rhode Island Superior Court for the purposes of enforcement of the Order.

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5. I acknowledge that failure on my part to comply with the provisions of the Order may be punishable by contempt of court and may render me liable to any Party, person, or entity damaged thereby.

I declare under the penalties of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on _____.
Name: _____ (print or type)

Signature: _____

Exhibit 3

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PROVIDENCE, SC. SUPERIOR COURT

CHARTERCARE COMMUNITY BOARD	
V.	C.A.: PC-2019-3654
SAMUEL LEE, et al	

HEARD BEFORE

THE HONORABLE ASSOCIATE JUSTICE BRIAN P. STERN

REMOTELY ON JUNE 23, 2020

APPEARANCES:

STEPHEN SHEEHAN, ESQUIRE.....PLAN RECEIVER
STEPHEN DEL SESTO, ESQUIRE.....PLAN RECEIVER
BENJAMIN LEDSHAM, ESQUIRE.....FOR THE PLAN RECEIVER
THOMAS HEMMENDINGER, ESQUIRE.....LIQUIDATING RECEIVER
ARLENE VIOLET, ESQUIRE.....FOR THE RETIREES
PRESTON HALPERIN, ESQUIRE.....FOR PROSPECT ENTITIES
VINCENT INDEGLIA, ESQUIRE.....FOR THE DEFENDANTS
MARK FREEL, ESQUIRE.....FOR J.P. MORGAN
DAVID GODOFSKY, ESQUIRE.....FOR ANGELL PENSION

GINA GIANFRANCESCO GOMES
COURT REPORTER

C E R T I F I C A T I O N

I, Gina Gianfrancesco Gomes, hereby certify that the succeeding pages 1 through 48, inclusive, are a transcript of a hearing done remotely to the best of my ability.

_____
GINA GIANFRANCESCO GOMES
COURT REPORTER

TUESDAY, JUNE 23, 2020

MORNING SESSION

(The following hearing was conducted remotely:)

THE COURT: I would ask the clerk to please turn on the public access on the Court's Youtube channel.

THE CLERK: Public streaming is on, your Honor.

THE COURT: We are going to show a short introductory video and then the clerk will call the case and we will hear the matter before the Court.

(The introductory video was played.)

THE COURT: Madam Clerk, if you would please call the case.

THE CLERK: Your Honor, the matter before the Court is PC-2019-3654, CharterCare Community Board v. Samuel Lee, et al. This on for the Plan and Liquidating Receivers' Motion for Temporary and Permanent Injunction and Equitable Relief, and also the Plan and Liquidating Receivers' Motion to Compel Production of Documents and Other Information from Prospect CharterCare, LLC. Will the Receiver please identify himself for the record?

MR. SHEEHAN: This is Stephen Sheehan. I'm appearing for the Plan Receiver. I'm sorry if it's unclear. There are two receivers involved.

THE COURT: Yes. So we have Attorney Sheehan, and is there anyone else from your firm that's on the video

call this morning?

MR. LEDSHAM: Benjamin Ledsham also for the Plan Receiver, Mr. Del Sesto.

THE COURT: Thank you.

MR. DEL SESTO: Your Honor, Steve Del Sesto, the Plan Receiver.

THE COURT: Thank you. And for the Liquidating Receiver. I see Attorney Hemmendinger.

MR. HEMMENDINGER: Yes, your Honor. Thomas Hemmendinger, Liquidating Receiver for CharterCare Community Board, St. Joseph's Health Services of Rhode Island, and Roger Williams Hospital.

THE COURT: Very good. Also on kind of that side of the V, I see Attorney Violet. If you could enter your appearance and who you present.

MS. VIOLET: Arlene Violet for the elder retirees, age 75 years of age or older.

THE COURT: With respect to the Prospect and Prospect entities if they could enter their appearance.

MR. HALPERIN: Good morning. Preston Halperin for the Prospect entities other than Prospect CharterCare, LLC. So in other words, I've got Prospect Medical Holdings, Prospect East, and Prospect East Advisory.

THE COURT: Thank you very much. And Attorney Indeglia, you are here on behalf of some individual

directors.

MR. INDEGLIA: Yes, your Honor. Attorney Vincent Indeglia from Indeglia Associates. Jacqueline Carter is here with me as well. We represent Samuel Lee, David Topper, or actually all of the individually named directors. In addition, we represent the newly added Defendants, Ivy Holdings, Inc., Ivy Intermediate Holdings, and the David and Alexa Topper Family Trust.

THE COURT: I also see a box that says Mark Russo but that doesn't look like Mark Russo. Would counsel enter their appearance.

MR. PIMENTEL: Good morning, your Honor. Matthew Pimental for Prospect CharterCare, LLC.

THE COURT: Thank you. Attorney Freel, who do you represent in this case?

MR. FREEL: Your Honor, Mark Freel for J.P. Morgan Chase Bank.

THE COURT: Thank you very much. And Attorney Godofsky, I believe it's the actuarial firm, if you could enter your appearance.

MR. GODOFSKY: Yes, representing Angell.

THE COURT: Is there anyone that we missed at this point? Okay. Hearing none, I am going to ask the Plan Receiver and the Liquidating Receiver may proceed on their motions. As was said earlier during the video, I

have had the opportunity to review the papers in both cases as well as the objections and exhibits. I would ask counsel to please proceed.

MR. SHEEHAN: Thank you, your Honor. It's Steve Sheehan. If I may proceed first? Mr. Hemmendinger and I have discussed this and he is in agreement with me going first, I believe.

THE COURT: Thank you.

MR. SHEEHAN: Your Honor, I understand that the Court is reluctant to interrupt with questions, and that's probably a technical issue, but to the extent that it seems that I am going off on a tangent, I would ask the Court to please interrupt.

Anyway, as the Court knows this is a lawsuit between the minority shareholder CCCB, I'm just going to call them Community Board, as one Plaintiff and the Plan Receiver as the other Plaintiff against the majority shareholder and Prospect CharterCare, LLC, and that's Prospect East Holdings and various entities related to those Prospect entities. The lawsuit involves many issues including -- and what is key, I think, to this hearing today, the allegation that the Prospect Group borrowed millions and millions and millions of dollars and gave the borrowed funds to other shareholders that were up the line that don't involve Community Board in

the amount of over $450 million leaving Prospect CharterCare insolvent, and, hence, there is a claim for fraudulent transfer.

Now, the motions before the Court today involve Community Board's rights as a minority shareholder to inspect books and records of the corporation. And the context in which that right is being addressed, though not necessarily defining the right, is the need for the minority shareholder and the Plan Receiver to make an informed decision concerning the value of the 15 percent interest in Prospect CharterCare or whatever the proper percentage interest is, as I will get into, and to decide whether to exercise a Put option.

I'd say first that this too is independent of the dispute between the Plan Receiver and Prospect that is pending in Federal Court. It concerns Community Board's rights that preexisted and are independent of that litigation. The only connection legally between the two cases is that the Plan Receiver's standing in the case for which we're having this hearing is based on a settlement in the Federal Court litigation that this Court twice approved in which it was agreed that Community Board would hold its interest in Prospect CharterCare in trust for the Plan Receiver, and that is the basis upon which the Plan Receiver has joined through

an amended complaint as a Plaintiff in this action and that's the basis in which I'm speaking.

Now, with that preliminary done, what we are here on is two independent but related motions. The first is for a writ of mandamus or permanent injunction involving access to books and records, which is coupled with a request for an equitable extension of time to exercise the Put option, and that motion is based on a contractual right of access to the books and records as set forth in the LLC agreement.

The second motion, which is related, is to compel production of documents. Now, the document request in this case arose in an unusual context in which the case was otherwise stayed. There is no longer a stay in the case, but at the time there was. And what the parties did is we entered into a stipulation that the Court entered as an order in which Prospect CharterCare agreed that we would provide all documents that the Receivers reasonably required to evaluate and appraise the Put option and their interest in Prospect CharterCare with certain caveats having to do with they don't have to disclose attorney/client documents, they don't have to create documents, but basically they agreed to produce the documents that the Receivers need at the time when the action was otherwise stayed. Now discovery is wide

open. Presumably we could proceed, but we have already been well over a over a year planning this initial production so we filed this motion to compel and would like to deal with it.

I would like to deal first with the motion for the writ of mandamus or permanent injunction. That motion was first filed in March of 2019, and that motion has been held in abeyance by agreement. Held in abeyance while document production took place, but not subject to the document production being adequate or inadequate. Initially Community Board and then the Liquidating Receiver, now the Liquidating Receiver and the Plan Receiver always had the right to proceed on the motion for a preliminary and permanent injunction and writ of mandamus to obtain access to the books and records.

Now, I'm going to just focus on that motion first, if I may, your Honor. There is no dispute that Community Board and by extension the Receivers have a contractural right to direct access to the books and records. It's right in the LLC agreement, and, your Honor, it's unqualified. Unlike various statutory rights to access books and records, which require a showing of cause or a demand that was then denied, this is just an unqualified right of access. And there is no limit or requirement on the motive of the minority shareholder. It's just a

straight right of access.

Now, there is also no dispute that Prospect CharterCare has refused to permit the Receivers to directly access the books and records of the company. In fact, when we filed the motion for a preliminary injunction, their response was to try to fend this off with a period of document production, but they never gave us access to the books and records.

Now, when we went down that route and made document requests, the request included up-to-date financials for Prospect CharterCare. And over a period of time certain production was made, but on a timely basis, specifically on January 21st of 2020, the two Receivers asked for documents that were required under the stipulation and consent order of April 25th that were required to be produced to the extent that they existed. And those documents included updated financials and they included a lot of things, your Honor, but I would like to focus on that because, I think, ultimately, the relief we're going to request is based sufficiently on that one item that we needn't get into all of the specific items that were in the document request.

Now, so on January 21st there is a request for updated financials and Prospect completely ignores the request, does not produce any documents, does not respond

in writing or otherwise, leaving the Receiver's staff to file a motion to compel. And I know I'm talking about the motion for injunctive relief, and in the context I'm talking about the motion to compel, and I hope it's not being confusing, but they're related because, ultimately, the equities involved in the request for extension of time we're seeking, I think depends somewhat on what happened with the document production. So we had to file a motion to compel, and then for the first time Prospect responded to this document request of January 21st and said that you have all the documents.

Now, the document request specifically asked for updated financials through the fiscal year ending September 30, 2019, and we obviously and definitely do not have those documents. There had been some production of financials from earlier years but not those current financials. So in 2020 we're asking for the fiscal year ending 9/30/19. And it's not produced and then they say we already have all the documents. Well, they never produced that.

Then, your Honor, we, in the last few weeks through our own investigation, have obtained a copy of an audited financial, audited financials who are Prospect CharterCare and the two subs that own the hospitals. And those financial statements create enormous concern on

the part of the Receivers and enormous doubt concerning whether Prospect CharterCare has any value whatsoever other than a potential suit against the shareholders that stripped it of finances through these dividends. What they show, your Honor, is that as of September 30, 2019, Prospect CharterCare and the two subs were pledgees, that's the word that's used, pledgees, on a sale leaseback between Prospect Medical Holdings and certain other Prospect entities and a REIT, a real estate investment trust, called Medical Properties Trust.

And the financial statements state that Prospect CharterCare is a pledgee on that obligation. And, your Honor, the current indebtedness on that obligation is $1.331 billion. And, your Honor, that indebtedness was entered into by Prospect Medical Holdings as a way of paying off the indebtedness that it had entered into to get the funds it used to pay the dividend. So initially it had a straight term loan with a promissory note. It borrows money, it gives the money to certain shareholders, not Community Board, and then it retires that debt with the leaseback arrangement on which Prospect CharterCare is the pledgee for over $1.33 billion.

They also state that the same REIT loaned Prospect Medical Holdings another $112 million based on the value

of Prospect CharterCare and the Rhode Island Hospital. If you add those numbers, we're up to over $1.4 billion in debt that the Prospect CharterCare and the Rhode Island Hospital, that own the Rhode Island Hospital, are on the hook for.

Now, I had a discussion with Mr. Halperin yesterday, and I don't want to be in front of your Honor with a dispute about what was said between counsel. So to the extent there is any disagreement between myself and Mr. Halperin, I'm just going to withdraw whatever I have to say, but I don't think there is going to be disagreement.

I brought to his attention this situation in which basically the Rhode Island Hospital have been made hostage to the Prospect Group's financing and payment of dividends. By the way, your Honor, the dividends are nearly $500 million in dividends. And Mr. Halperin got back to me after he spoke to his client and to Attorney Rocha from Adler Pollack and told me that his client informed him that neither Prospect CharterCare nor the two entities that own the Rhode Island Hospital are on the hook for that indebtedness.

Well, we, therefore, are in the state of absolute and utter confusion, your Honor, because the financial statements used the term pledgees. And, your Honor, I don't even know if it's possible to download documents,

but I'm just going to show the Court, if I can -- well, there's no point to it. Mr. Halperin has these and I have them. And starting with the Prospect CharterCare 2019 statement on page 22 there is the statement, "Additionally, as of September 30, 2019, the company, which is defined as Prospect CharterCare, is a pledger for all of the transactions that Prospect Medical Holdings has entered into with affiliates of Medical Properties Trust." So there it is.

And then the next page, your Honor -- actually, two pages, on page 24, "Additionally, Prospect Medical Holdings entered into a promissory note under which MP, which is the REIT, has advanced to Prospect Medical $112 million related to the value of the properties in Rhode Island."

So here we have these financials that were kept from us, your Honor, that we requested in January, 2020, that we found virtuously by virtue of through the attorney general, your Honor. There was a discussion with the attorney general and we found them through that in the last several weeks that show that this investment that Community Board has, this shareholding it has in Prospect CharterCare may be worth nothing, other than this potential claim for fraudulent transfers.

So I focused on that, your Honor, because I really

wanted to address the response of Prospect CharterCare that they have given us everything. They haven't given us the big thing, the key thing. We even now in conversations with Mr. Halperin can't get to the bottom of this. If they can satisfy us now that there is no liability of Prospect CharterCare for the two subs for this indebtedness, fine, but they have to do that through some form of document production. We have financial statements. Obviously, Mr. Halperin isn't expecting me to rely on his phone conversation. So there is a situation where our right to direct access to the books and records, which has been frustrated, has prevented us from getting the information we need as shareholders.

Now, I would like to address our entitlement, legally why we are entitled to direct access and that has to do with the legal remedy of mandamus. And, typically, mandamus is applied against public entities, but there is a long line of cases in all jurisdictions that I'm aware of across the United States applying it in the private context, specifically in the context of disputes between shareholders over access to books and records, and the elements of mandamus are really simple and are met here.

First, you have to show a clear legal right to the relief, and here we have a contract that gave us the right. Second, you have to show that what we're seeking

by mandamus, the action that we're asking the mandamus to order is a ministerial duty, which the party being asked to comply has no discretion to refute. And, again, there is no discretion in the LLC to refuse to give direct access to the records. And, third, that there is no other adequate remedy at law, and there certainly is none.

The only other possible remedy is the equitable remedy of a mandatory injunction. The problem there is one of the elements of a mandatory injunction is no remedy of law and mandamus is a remedy of law. Plus, mandamus is simpler. And, I think, in this context it fits better. But whether you go under the criteria for mandamus or the criteria for a mandatory injunction, we have met the elements. And I'm not going to recite the elements of mandatory injunction. They're in our papers and we really think they're secondary because I believe the mandamus issue is clear enough that we don't need to go into that.

Now, legally, we are also asking for -- not legally I should rephrase that. We're also asking in connection with this motion for writ of mandamus for equitable relief in the form of the court ordering an extension of the time to exercise the Put option until we have the information we need to make an intelligent decision

concerning the community board's investment in Prospect CharterCare.

And I, in the memo provided to the Court, the supplemental memo back in February, gave the Court the Am Jur citation that notes that an optionor has a duty to provide the optionee with the information the optionee needs. In the cases that say there was a breach of that duty, the Court has the equitable power to extend the period of time to exercise an option. I cited a federal court case out of Mississippi, an older Rhode Island case, actually, 1901 of Gilford v. Mason, a Ten Circuit case, Brown v. Coleman, all saying that equitable relief in this context includes extending the time in which options can be exercised. Of course, equities can always order what needs to -- can fashion a remedy if there is a no remedy heretofore induced by equity, but we're not in that situation. We're within a well-known equitable remedy, which is an extension of time to exercise the option. And we're seeking 90 days from compliance by Prospect CharterCare with either allowing us direct access to the books and records by our accountant, which will entail cooperation by Prospect CharterCare's bookkeeper with our accountant, Mr. Donald Weishart in reviewing the records directly, or alternatively Mr. Halperin and I may be able to work out what documents we

need. At least we've tried to. I sent him a list and we have agreed on some of them tentatively. I'm not suggesting Mr. Halperin is bound, but we tried to clear the way a little bit for this hearing by talking about what documents are specifically needed. So 90 days from compliance of either direct access or the production.

Now, obviously, there may be a dispute about the adequacy of the production or the adequacy of direct access in which case we would just reserve the right to come back to the Court to ask for additional time on the basis that the 90 days shouldn't start running because we haven't really had direct access. We haven't really had production.

So that's the first part of it, the writ of mandamus/mandatory injunction. Your Honor, it is absolutely key and we're in this grotesque situation of being a shareholder in an entity and not being provided with financial information about the entity when we have a clear contractural right to it. And what information we have suggests that there is unbelievable financial strain, to put it mildly, at the time we are being asked to exercise or have an obligation to either exercise or waive a contractural right to a Put option. We were being squeezed, your Honor, with a lack of information. We don't have an informed basis to either exercise the

Put to decide not to exercise the Put. And, your Honor, the decision not to exercise the Put should be based on an informed decision, just as the decision to exercise it should be and we have a right to that information. That's motion number one.

Motion number two is the motion to compel production of documents. And as I said earlier, the context in which the right to documents arose was a little bit unique because it was at a time there was otherwise a stay. And it was limited to documents that the Receiver is reasonably required to evaluate whether to exercise the Put option and in order to value what the Put option is worth. We sent letters requesting documents on a timely basis under the parameters of the April 25th stipulation and order and they were ignored.

So I have sent Mr. Halperin a list. If we are going to get into the nitty-gritty of what actual documents it is we want, it probably makes more sense to work off of that list that I have with Mr. Halperin, but that really depends on him agreeing with that and we will get to that in due course.

For the time being, I think I have satisfied my burden of showing my obligation to compel based upon this enormous anomaly of there being a pledgee on $1.33 billion and an obligor on another $112 million at a time

when Prospect CharterCare is telling us they are not on the hook for that at all.

So I don't really see the need to get into more specifics than that. I would say, your Honor, that one of the requests that I would like to focus on though specifically is in a letter that the Receiver sent on January 30th. It's an exhibit -- I believe it's attached to the motion to compel production in which the request was made for four categories of documents.

And the third category had to do with any pending or contemplated transactions involving Prospect entities that are in any way contingent upon or affected by whether or not the Put option is exercised. What we're focusing on there, your Honor, is there is a lot going on with Prospect but we don't know what it is. We provided your Honor with the letter board members of Congress sent to Prospect Medical Holdings talking about the dire financial circumstances and the stripping of assets to favor Leonard Green.

There's also the pending application in front of the Rhode Island Department of Health and the Attorney General for a change in the effective control of the hospitals to enable Prospect East or Prospect Medical Holdings, it's not clear, to buy out Leonard Green for $12 million plus an unknown amount payable in dividends

to unknown unidentified shareholders. And at the same time the current financial statements that I referred to when they talk about this indebtedness of $112 million that Prospect Medical Holdings entered into based on the value of the Rhode Island facilities say that this was unless and until those facilities are made subject to a sale leaseback agreement.

So it appears that there is a plan in the works once Community Board is ironed out of the picture, like a wrinkle, to have the hospitals in Rhode Island enter into sale leaseback, and, in essence, be sold to this REIT and all of that is something that we, as the minority shareholder, and Prospect CharterCare have the right to understand. We're just being completely boxed out.

So I would like to just ask the Court if the Court has any questions and then that's where I end.

THE COURT: Okay. Counsel, when the Court heard the motion for information, as your side put it, to gather information to be able to make an informed decision of whether or not to exercise the Put, I think Prospect's argument very clearly was, okay, let's look at the agreement between the parties, the LLC agreement. And while there is broad appraisal rights once a decision on the Put is made, if it is, in fact, made, there is sharing of documents, there's appraisal, there's other

things, but for good or bad the agreement between the parties is really silent into what information your client or the liquidating Receiver's client is entitled to to make that decision.

My recollection is the Court heard a whole list and there was a spread sheet in terms of documents and it issued an order and allowed certain of those documents to be produced. Now, you're coming in asking for other documents, some of which I believe the Court addressed early on that you're saying there has been a change of circumstances here. We have that on one side. On the other side we have an LLC agreement that does have a specific clause with respect to books to records.

And I understand Prospect's objection, I will hear from them, that there was a general demand, not a specific demand, and the Court can make a decision on that. But if you're entitled to the books and records, does that alleviate the need for the further motion to compel or the things that you believe you would not get if you had access to the books and records that you're asking for in your motion to compel.

MR. SHEEHAN: Let me take the last point first, your Honor.

THE COURT: Sure.

MR. SHEEHAN: And that is that there are documents

that we seek through the motion to compel that may be outside of the actual financial books and records of Prospect CharterCare, but we have a right to those documents based upon a stipulation which the Court entered as an order.

Now, let me address your Honor's first point with respect to the prior motion to compel. That was a motion to compel that Mr. Fine filed when Community Board still was in control of its assets before the settlement, and there was certain production of documents that took place pursuant to that request that he made and there was a hearing before your Honor on the motion to compel, and pursuant to that certain additional documents were produced.

But what we were proceeding on here today, your Honor, is the right that existed from April 25th of 2019 and was carried forward first on October 5th of 2019 and then I want to say on November 20th of 2019 and subsequent stipulations that gave the Receivers the right to request additional documents and to move to compel if those documents were not produced. And that stipulation and order is completely separate from the motion that Mr. Fine handled, completely unrelated to that.

And, your Honor, even after the hearing that the Court had on Mr. Fine's motion, that obligation under the

stipulation and order of April 25th was continued by further stipulation. And what happened with Mr. Fine's motion, your Honor, is not that it was complied with, but that it was passed. There was never a specific order that the Court entered and there never was an adjudication of whether that order was complied with.

So all of that adds to this situation is smoke and confusion. We believe that if Prospect CharterCare did not want to produce all documents the Receivers reasonably required to evaluate the Put option, it shouldn't have entered into the stipulation and order, but, of course, it did that because it didn't want to face the prospect of the injunction. So for a tactical reason it choose to give us that right, and that right is independent of anything Mr. Fine was involved in. So on January 21st -- and unless they can show that was out of time and it wasn't, it's contemplated within the ongoing stipulations that up until the time the option is exercised there will be the right to request additional documents. On January 21st we make a timely request. So this prior hearing on the motion to compel is moot at that point.

I don't know if I missed something in which your Honor just said. I just tried to capsulate my recollection of it and answer it. I apologize if I

missed a point.

THE COURT: No. So it's your position that even if you had access to the books and records, there are things that may not fall within the books and records that are requested in the motion to compel.

MR. SHEEHAN: That's true, your Honor. And our right to that is based upon the stipulation. By the way, your Honor, now with the opening of discovery, we could simply request it, you know.

THE COURT: You answered my question. I appreciate it. I know you said you had worked through arguments with Attorney Hemmendinger. I don't know if he has anything further on these motions or when we move to defense counsel they can address all the issues or now. Attorney Hemmendinger.

MR. HEMMENDINGER: Thank you, your Honor. I adopt all the arguments that Mr. Sheehan has made and support them. I would just like to add an observation, if I might.

THE COURT: Sure.

MR. HEMMENDINGER: Obviously, one of the concerns is the value of this Put, but there is also potential causes of action, an actual cause of action in the amended complaint where I'm seeking and the Plan Receiver is also seeking relief based on these voidable transactions. And

I just wanted to point out that in the financial statements that we do have on Prospect CharterCare, Prospect St. Joseph's Health Services of Rhode Island, and Prospect CharterCare Roger Williams Medical Center that in the years between September 30, 2014 and 2018 their cash on hand went to zero, all three entities.

And I'm not going to address the intent of the Prospect parties in how they've handled the finances, but the clear effect of everything that Mr. Sheehan pointed out already and the additional information about cash on hand, the effect of all of that is to impair the value and impair the viability of these entities.

And I can anticipate that if we do exercise the Put, an argument will be made well, these companies aren't worth very much. Look at how little they have for assets. All of that is because of what Prospect has done and has done, frankly, behind the scenes at a minimum, and the Receiver shouldn't be penalized for that in terms of the ascertaining of the value of the Put. So there is a possibility that we may have to assert causes of action based on these transactions as not impairing what the value of the entities should be. That's another thing we need to be able to explore, and the information we requested goes directly to those points. Thank you.

THE COURT: Thank you very much. With respect to

the Prospect entities, I don't know if there has been any conversations who is going to respond first to the Plan Receiver and the Liquidating Receiver.

MR. HALPERIN: Your Honor, I will start by apologizing for not having a tie. I'm out of town and I was unprepared for the tie. Next time it won't happen.

THE COURT: No issue at all. Please proceed.

MR. HALPERIN: Your Honor, I feel like we are covering ground that we have covered before and this goes back to the April, 2019 stipulation and order that Mr. Sheehan mentioned. We were before the Court on a motion that was filed on August 19, 2019, which was the expedited motion to compel. It did, in fact, result in an order called order on expedited motion to compel production. It's dated October 3, 2019. And that order followed a hearing in which the Court heard our argument on the spreadsheet request, which is a request that came from ECG Management, the valuation consultant that had been hired by CCCB at the time. In fact, that management consultant is going to be the valuation professional that will perform the valuation if there is an exercise of the Put option.

But when we went through that spreadsheet at the time, the position that Prospect took is the exact same position that we are taking today, which is we have no

problem producing financial information related to the Prospect CharterCare, LLC, entity whether they be audited financials, updated audited financials, unaudited financial statements for the period that has not yet been audited, and other financial information that is readily available.

And the stipulation that was entered into specifically says not only that if the Receiver or CCCB at the time was not satisfied they could reasonably request more documents, but it had to relate to the valuation process. That's in the language.

Secondly, the stipulated language says that it had to be documents that were available. So we weren't going to have to bring people forward to answer the litany of questions that would be answered in a full-blown appraisal process about the future of the company, the growth, the predictions, the projections, who are your key employees, what are some of your problems. Those are things that we get to once the Put option is exercised. So we have produced all available financial information.

We went further than that and the Court may recall there was a little bit of a back and forth on some Medicare cost reports where we agreed to produce them thinking they were our documents. It turned out they were documents of a third party that issues reports on a

website. They weren't available yet, but we eventually got them from the third party because we had mistakenly agreed to produce them thinking they were ours, but they eventually got those documents too.

What happened after that, your Honor, is we had supplied the documents. The documents had been referenced originally in correspondence that went back to September 20th of '18, October 2nd of '18, October 3rd of '18, and November 6th of '18. Those were incorporated into the stipulation. We have produced all of that. We produced updated financials. We thought we were in full compliance.

By December of 2019 and heading into January of '20, I began having direct conversations with Mr. Del Sesto, and that conversation was about a methodology to agree on the identity of the valuation professionals, so we could sort of streamline the process better than it was laid out in the LLC agreement. We got to the point where Prospect formally accepted the valuation professional ECG, and we notified them of the valuation professional that was going to be selected by Prospect.

Then suddenly everything changed, and instead of proceeding that way and the way we were talking about proceeding was to have the two valuation professionals create one list that both would agree upon and all those

documents would become the documents for the valuation. We were trying to streamline the process. Suddenly it's January of '21 and we're getting new requests with the same spreadsheet that we had gone through. Many of the things were identical, some were new, but clearly coming from the valuation professional yet again. So I took the position that we had provided everything we were supposed to provide. We were not going to provide the category of documents that were either questions or things that didn't exist and that's where things broke down. That's where we ended up with these new motions and these new memos and mandatory injunctions.

Yesterday Mr. Sheehan contacted me and he presented me with the list and we went through the list and there were things that we readily agreed to produce. Because time has past there are now more audited financials, there are more new financials. I said no problem. We will update that which we have already provided, but our position is that the documents need to relate to the valuation of the Put option. This is not discovery for the federal court litigation, nor is it discovery for this case. This is specific, for one purpose only.

Now, a lot of statements had been made by Mr. Sheehan that are just flat out incorrect factually. I will just say this so that everyone can hear once: The

sale leaseback transaction which generated this billion dollar amount or the parent company that relates to hospitals outside of Rhode Island, excluded Prospect CharterCare, LLC, and excluded the Rhode Island Hospital entities intentionally because of the issues relating to this dispute as well as the fifteen percent interest. It was excluded. So they did not pledge their assets. They did not mortgage their assets. They did not guarantee the obligations under that facility.

Now, yesterday Mr. Sheehan pointed to some language in the financial statements for the first time. I got on the phone with Pat Rocha because she is the attorney for Prospect in front of the regulators right now on this effective change of control proceeding. I spoke with my client and I learned from Ms. Rocha that, in fact, a 2019 financial had what she referred to as a poor choice of words in it that was, in fact, corrected. There was language that suggested that the hospitals in Rhode Island had provided security for the $112 million that was a loan. That secured language was removed. It was a mistake and an updated financial was provided.

Also, new information, there was a title search done back in May, and this again was in connection with the proceeding before the regulators. There is no mortgage of any kind on any of the Rhode Island entities. So I am

advised and I can represent based on what my client has told me, there are no liens, there are no security interests, there are no mortgages or guarantees related to that facility that Mr. Sheehan is concerned about. So that can be cleared up. That's black and white. That's a factual matter, and I am happy to work with him to clear that up so he doesn't have to be concerned about that. If I had been asked about it before yesterday, we might have gotten to that by now.

Back to the issue at hand, your Honor, documents that are being sought that are outside of that which is needed to value the Put option. As an example, the LLC agreement has a procedure pursuant to which the $50 million capital contribution is to be made, and there is an allegation being made that the I's weren't dotted, the T's weren't crossed, that the minority member CCCB did not agree to the capital contributions. I would suggest that they can litigate that issue. We can get to that. Aside from the fact that they were all on the board and these were all presented to the board for these capital contributions and there was no objection at any time from anyone. They went through unanimously.

That's not before the Court. That doesn't have anything to do with today, the value of these entities. We are providing all the financial information we have

that will enable them to reasonably decide do they want to exercise the Put option or not, and if they do, then we get into the full-blown appraisals. And that's what we were prepared to do from the beginning, and I don't know exactly why they decided to come back with a whole new effort to relitigate the issues that we did, you know, a year ago back in August.

Books and records generally, I just want to comment on that. They're seeking financial information. We've provided that which we have and that which they have requested previously for financial information. Books and records is a very amorphous term. They haven't told us what they want. We have refused to provide something in the category of books and records that have been identified. So if they were to say we want to see the board's minutes, that's the books and records, we could respond to that. We have been responding to the specific information that has been requested rather than this broad request.

However, I will remind the Court that when the request for books and records was first made, it was made by CCCB, and our position at the time was we will be happy to give them to you as a member of the entity if you agree that these are not going to be used in a way that is adverse to the company. Sign a confidentiality

agreement and you can have them. They made it clear that wasn't possible because they were already working with a party that was suing or planning to sue Prospect CharterCare, LLC, the Plan Receiver. That was the holdup.

So it wasn't a refusal to provide the documents to the member. It was a refusal to provide them to them in a manner that they were going to then use them in a way that we felt violated their fiduciary duty and not in the best interest of the entity. That wasn't the dispute. However, I believe, we got past that when we provided all of the financial information that we had that they had requested.

I also want to just comment that the regulators have in front of them an application for an effective change of control involved in this Leonard Green transaction. As part of that -- and that is a private equity firm that is simply leaving the company for this $12 million payment. It's not a material financial transaction at all, and the statement that these entities are insolvent is purely ridiculous speculation. They have no idea. They already said they have the current financials and whether or not -- the insolvency of these companies or solvency has nothing whatsoever to do with transactions by Prospect Medical Holdings that relate to other

entities, other real estate, other hospitals.

They've got to stay focused on what their interest is. They have an interest in these entities. Nothing has been stripped out of these entities. They will find that out and we will produce these records, but a lot of statements are being made here that could suddenly become newspaper articles tomorrow that are just flat out factually incorrect and I just want it to be known by everyone that we should be asked the questions in advance, have the opportunity to show that there is no stripping of assets coming out of Rhode Island. That is just a false allegation.

THE COURT: Counsel, just so I can understand, I understand the representation that basically their 15 percent interest, or whatever that number is, is not impaired based on other transactions that may have been entered into. And you're saying that you're willing to not only have a conversation but provide the documentation that will demonstrate that there is not. Because what I'm hearing from the Plaintiff is a concern, which will be a concern of anyone without verifying it is, I go ahead and I exercise the Put option and then all of a sudden I find out that there is impairment of my interest, and, you know, I've run into a buzz saw at that point. So you're saying you're willing to spell that

with the information, I understand your client or the parent there was an error in the financial statements, to make sure that that issue is taken care of.

MR. HALPERIN: Not only that, your Honor, part of what Mr. Sheehan and I discussed yesterday, is that he said if, in fact, there is some connection between these entities and that sale leaseback transaction, can we agree that that contingent or potential liability will be disregarded by the value of these two professionals? The answer to that is also yes. For purposes of valuation, it will be a non-issue. But we don't really need to get there because I am able to represent that the assets have not been pledged. There is no guarantee.

THE COURT: And with respect to the books and records, and I understand it's a little tortured in terms of when it was requested and I remember some of these things happening all along, you would agree that there is a specific provision in the LLC agreement that allows them access to or CCCB access to the books and records, which makes sense as a minority shareholder. You're saying that you are looking for more specifics in terms of what their looking for and then deal with it then in terms of their rights under the LLC agreement. There's a difference, at least the Court sees here. Unfortunately on many of the class actions most corporations, as we

know in businesses in Delaware, the LLC agreement can modify the statutory books and records request. So what you're saying is you need more specifics in terms of what exactly they're looking for for books and records?

MR. HALPERIN: I think we have to because if you think about, records are maintained on computer data bases. So to someone in today's day and age, you can have access to books and records, what does that mean? They would have to come in or get remote access, know how to use your programs, know what they're looking for. It's not really a practical way to simply enter an order. If we had specifics, we could respond to it and provide it, and that's what I think we have been doing. The only only books and records they have been interested in is that which is related to the valuation of the Put option. If they want to go beyond that, they should just spell it out for us.

THE COURT: Okay. Thank you. Please continue.

MR. HALPERIN: Your Honor, that really does conclude my presentation. The only other thing I can say is that the specific documents that I now have from Mr. Sheehan was a list that included ten items and then one additional item that he mentioned to me yesterday. And, you know, the items that I told him that we were going to be in disagreement on are items that are not related to

the valuation question but they're questions that I mentioned earlier about whether they accepted the capital contributions.

On the subject of the $50 million capital contribution, I should touch on that because we had a lot of discussion on that. Those documents were submitted to the Attorney General and they were provided to the Receiver in that same format that showed the $50 million capital contribution and all the backup for it. If they are unsatisfied with that or they have questions about that, that seems to me to be a subject for another day or another case or another forum. We provided the information. They have asked me, "Will you tell us if there is an additional column for capital contribution since that last date?" And my answer to that yesterday was, "Yes, because we're going to provide you with updated financial information so we can provide you with that information as well." But their dissatisfaction or their challenge to whether or not any of those are truly capital contributions or not, I just don't think that is something we can deal with it in a production environment. That is something that has to come later with allegations and pleadings not a document production.

THE COURT: Thank you, counsel. Do you know is there anyone else from Prospect entities or the

individuals? I believe the objection was from your firm and Attorney Russo that wished to be heard on the Plaintiff's motion.

MR. HALPERIN: Since Mr. Indeglia is here, I guess we should see if he has anything to say. We haven't discussed that.

THE COURT: Yes. Mr. Indeglia.

MR. INDEGLIA: Your Honor, I have nothing to add other than the fact I think you let Mr. Halperin off easy on the tie issue but that's okay.

THE COURT: Thank you very much, counsel. Would either Attorney Sheehan or Attorney Hemmendinger like to respond before we reach the end of the hearing?

MR. SHEEHAN: Tom, you started to speak because I was on mute so you go ahead.

MR. HEMMENDINGER: Okay. I just wanted to reply to a couple of points that Mr. Halperin made. He was talking about the sale leaseback as not affecting the Rhode Island entities. That's an open question and documents can establish that one way or the other. But he didn't address the fact that the Rhode Island entities are guarantors for hundreds of millions of dollars in debt to financial institutions and that affects the value and those loans were used in large part at least to finance these dividends paid out to the owners of the

Prospect entities. Again, I think those are directly relevant to how we evaluate the Put at this point. They are not relevant only after an exercise is made.

As far as the $50 million in capital contributions, that is also directly relevant to the decision the Receivers have to make, because if those contributions were not made under the terms of the LLC agreement, Prospect East's 85 percent interest is diluted and potentially substantially diluted. If hypothetically nothing had been put in for the capital contributions, your Honor, the interest of CCCB would not be 15 percent but would be over 27 percent.

The other point I would like to make is that Prospect Medical Holdings is the guarantor of the obligation of Prospect East to put the $50 million in and it is directly part of all of these other transactions. So to the extent its finances have been impaired, the ability to get this $50 million contribution into the Rhode Island entities is also impaired. Thank you.

THE COURT: Thank you very much. Attorney Sheehan.

MR. SHEEHAN: Thank you, your Honor. The predicament that the Receivers found themselves in in late 2019 was that it was becoming more and more apparent that they were potentially buying a pig in the poke by exercising the Put option because there was never any

satisfactory explanation of the $50 million whether it had been put in or not. The issue of dividending money out had surfaced for the first time in fall of 2019, the first time we learned of it in some detail. We had some prior information, but we learned more information then. The predicament that the Receivers have is that if we exercise the Put, ultimately, it's going to end in the number presumably. I don't want to prejudice our rights to argue this point when the time comes, but there is certainly a risk it will end in a number that we have to accept and we are out of the company. And if that's $5, it's $5. And giving up our shareholding, we're giving up the right to bring a derivative action by CCCB against the directors and these other entities.

So really the evaluation of the Put option by definition involves what are you giving up and what are going to get. The problem we have arises out of a lack of transparency in the financial disclosure from the very outset, and that goes back to the contractural right of access to the books and records. It's not fair to put us in a position where we don't know what the finances are when we have a specific clause that says we are entitled to get them. And, by the way, that is not conditional. There is no right for them to have expected a confidentiality order. There is no condition that is

imposed on that right.

So it became more and more apparent, and, certainly, since January when Mr. Del Sesto and Mr. Hemmendinger sent the subsequent request, since then it has become even more of an issue whether this company has any value whatsoever, and we cannot close the door on our right to the shareholder by exercising the Put without getting a feel for what that is. We probably would be entitled to that even absent a clause in the contract that entitles us to the books and records. But, given that, it seems to be quite clear to me, your Honor.

Now, Mr. Halperin talk about a correction to the financial statements, but the language I read has not been corrected. The statement that the company, meaning Prospect CharterCare and the two subs, are the pledger, that's still in the financials. I'm not relying on some reference to a possible mortgage that was corrected. I am relying on the current and corrected financials that say we are a pledger on a $1.331 billion sale leaseback. That's the language we're relying on.

Now, Mr. Halperin's suggestion that this buyout of Leonard Green is not a material transaction, we don't even know how much it's for. It's for $11 million plus an undefined amount to be paid for stock options held by undefined individuals concerning an undefined number of

options. We have no idea whether Prospect Medical Holdings is paying $11 million and change or $111 million and change to Leonard Green in connection with buying them out.

And, your Honor, we have to go back to what this case is ultimately is about. It's a lawsuit involving fraudulent transfers. It's devolved and narrowed into this issue of exercise of the Put by virtue of the way the case developed over time. But the core issue in the case is that there has been a taking of assets from Prospect Medical, who is our guarantor at the very least, paid to individual shareholders. So we are going to get those documents one way or the other. To find out about every asset that Prospect Medical transferred or every contract that Prospect entered into, we're going to get it in the lawsuit one way or the other.

THE COURT: Counsel, isn't that an issue in terms of what is going on in the case before Judge Smith and here? What I have are two motions, one looking to compel further information so you can make a determination, the Receiver, Liquidating Receiver, can make a determination of whether or not to exercise the Put. That's really kind of the box around it. You raised certain issues about pledges and other things. Can you make a reasonable decision based on full information or as close

to as possible whether or not to exercise the Put and you're saying these are the documents I need to do that.

And then the second issue is, there is an entitlement to books and records, and what I'm hearing from counsel at least today, I don't know what the conversation was before, is that we need some specificity in terms of what you're looking for and they recognize that there is an obligation under the LLC agreement to make available books and records. And some of those books and records that you are entitled to may be helpful in making your determination whether or not to exercise the Put. Some of these other issues I agree may be concerns in the cases. The question for the Court is going to be if it's not related to Put is that better dealt with, as you said, in discovery?

MR. SHEEHAN: I hear your Honor, and what I guess I would say is that the decision whether or not to exercise the Put weighs on the one hand the potential benefit from the valuation process and payment of the Put against the potential value of staying in as a shareholder. That really opens it up, your Honor, to all of these other issues. Now, it may be that Mr. Halperin and I can work out 80 percent of the documents that we need. I'm quite sure that there is going to be significant, hopefully not a majority, but a significant percentage that we can't

work out, and it's going to have to do with this broader issue of what is the financial status of the Prospect Group overall and has there been fraudulent transfers that we're essentially giving up the right to pursue by virtue of exercising the Put.

THE COURT: But, counsel, from a practical point of view, and now we're talking practically, is it possible for Attorney Halperin and you, the Liquidating Receiver, to agree on whatever list you're working on of these documents and then you can do it over a short period of time and then say, look, we're going to submit to the Court these are the documents we don't agree on and this is the reason why and why not. Then it becomes a very easy exercise for me to go through, rather than talking in much broader strokes, which, unfortunately, as we all know is going to bring you guys back to me probably in the next month or so.

MR. SHEEHAN: I agree a hundred percent, your Honor, with one point, which is that the current stipulation and order provides that the time to exercise the Put will expire on one of two dates, by the thirty days after this hearing or a date that the Court determines. And if we're going to go from this hearing to an exercise of document production, I would hope that we get an extension of time to exercise the Put to allow that to

work out so we can come back to your Honor. So we need time to do that. Thirty days from today to exercise the Put and to resolve all this is just not enough time, which is why the initial stipulation and order anticipated the filing of the motion for injunctive relief and the possibility of requesting more time.

THE COURT: With respect to that, I don't have an issue having the hearing and reserving on the motion and giving the two of you a week or so to see if you can work through the documents and even have a conversation about based on that what the extensions may be. If it can't be agreed to, the Court is certainly willing to take it up. I don't have enough information right now. I want to see what the conversation is to make a determination whether it should be extended and for what period of time. I am absolutely willing to hear that very shortly. What I just want is the opportunity for the two of you to be able to sit down, see what you can agree to. And, certainly, if you're agreeing to things, it may take Prospect a little bit of time to get that over to you. It may require some sort of an extension. It may require long or it may require none. I don't want to make that decision in a vacuum, but I certainly will.

MR. SHEEHAN: What I would ask your Honor is if the date that starts the period running is currently the

hearing, now is that today or is that hearing going to extend over a number of days and going to be the last day of the hearing?

THE COURT: As far as I'm concerned, I am not completing the hearing today because I'm telling the parties to meet and confer and come back to me. The two of you can decide and no longer than ten days and hopefully in a week you can come back and we can see where we were. If that's the case, it's very easy for me to say, look, we're going to continue this hearing for a week or ten days. Like I said, I don't want to pull an artificial number out of the air until I know how the Court is ruling on these requests or whether there is an agreement on some of them.

MR. SHEEHAN: That was my only concern, your Honor, and I think that resolves it.

MR. HALPERIN: I would like to respond, your Honor, briefly. I'm not going to go back over the issues and the documents. Just dealing with the practical issues, we already had a conversation yesterday about a list, and this is why the Court hasn't kind of given us any indication and it seems like, as an example, we could tell you right now they are asking for us to provide documents that deal with the question of how the capital contribution process unfolded, whether or not there was

something called an analysis, a return on investment analysis or not, whether or not there was an acceptance or not. I would suggest that those are not documents that relate to the current valuation issue and we should not be including those. So we have that question here now, and I'm wondering does it make sense to address some of the things we already have discussed and know are in dispute and let the Court give us some sense so we might not have to come back with the same issues we already know are on the table.

THE COURT: It sounds like there is a list that is going back and forth. I have no issue with looking at the list. You may be able to today give me that list and say these are in dispute, and very quickly, you know, it could even be the latter part of this week, after I review them, give both sides guidance. It's just difficult for me if you're going to read off this is the issue. I just prefer to be able to look at it and we can have a conversation.

MR. HALPERIN: I understand. That makes sense. We can do that.

THE COURT: So if you can get me let's say by tomorrow that list and then contact Carin and we can have a conference or a further hearing, like I said, even the latter part of this week. I think that would be a good

exercise if I can at least give the parties the indication of my thoughts of where that belongs and whether it should be produced. So why don't we do that. I'm not locking the two of you in in terms of when it comes in but if you can get me something by the end of the day tomorrow, I don't have a problem on Friday kind of getting back together and going through it.

Is there anything else, counsel? Otherwise, what I'm going to do is continue the current hearing. The Court is going to reserve on both motions with a hope that the parties may be able to work some of these issues through. As soon as I get the list of what are the things that are in dispute, we will schedule a conference or a hearing as early as this Friday so we can have a discussion and I can give you an indication. If the parties can't work it out, we'll put it on for a hearing/bench decision and we can put a closure on that. And at that point if need be, I will address the issue of whether or not the Put option should be extended.

Okay. Very good. We are at almost an hour and a half point. I want to thank everyone and the Court, again, is going to reserve and continue the hearing and in a moment we will be in recess. I just want to ask the court reporter are there any clarifications that you need at this point?

COURT REPORTER: No, thank you, Judge.

THE COURT: Very good. Madam Clerk, you can turn off the public streaming and the Court will be in recess. Thank you all very much.

(A D J O U R N E D.)

Exhibit 4

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PROVIDENCE, Sc. SUPERIOR COURT

CHARTERCARE COMMUNITY BOARD	)	
	)	PC-2019-3654
VS.	)	
SAMUEL LEE, ET AL	)	

HEARD BEFORE

THE HONORABLE BRIAN P. STERN

ON JULY 8, 2020

MOTION

(PROCEEDINGS HELD VIA WEBEX)

LINDA M. CORDEIRO
OFFICIAL COURT REPORTER

APPEARANCES:

STEPHEN P. SHEEHAN, ESQUIRE.....FOR THE RECEIVER
BENJAMIN LEDSHAM, ESQUIRE

PRESTON W. HALPERIN, ESQUIRE....FOR PROSPECT MEDICAL HOLDINGS/PROSPECT EAST

W. MARK RUSSO, ESQUIRE.....FOR PROSPECT CHARTERCARE

STEVEN BOYAJIAN, ESQUIRE.....FOR ANGEL PENSION GROUP

THOMAS HEMMENDINGER, ESQUIRE....LIQUIDATING RECEIVER

DAVID GODOFSKY, ESQUIRE .....FOR ANGEL PENSION GROUP

LINDA M. CORDEIRO
OFFICIAL COURT REPORTER

Case Number: PC-2019-3654
Filed in Providence/Bristol County Superior Court
Submitted: 12/13/2020 8:06 PM
Envelope: 2876027
Reviewer: Victoria H

C E R T I F I C A T I O N

I, **LINDA M. CORDEIRO,** hereby certify that the succeeding pages **1** through **34,** inclusive, are a true and accurate transcript of my stenographic notes taken at the time of WEBEX hearing, to the best of my ability.

Linda M. Cordeiro

LINDA M. CORDEIRO
Official Court Reporter

Wednesday, July 8, 2020

AFTERNOON SESSION

(The proceedings commenced at 2:02 p.m. via WEBEX connection)

THE COURT: Good afternoon. Why don't we get started. I would ask if everyone can put their microphones on mute so we can eliminate the background noise, and I would ask the clerk to please turn on the public streaming.

THE CLERK: The public streaming is on, your Honor.

THE COURT: Very good.

Madam Clerk, would you please call the case?

THE CLERK: Your Honor, the matter before the Court is case number PC-2019-3654, CharterCARE Community Board, et al versus Samuel Lee, et al. This is on for the plan receiver and liquidating receiver's motion to compel production of documents. This is a continued hearing.

Will counsel for the receiver please identify themselves for the record?

MR. SHEEHAN: Good afternoon, your Honor. It's Stephen Sheehan, appearing for the plaintiff receiver, Stephen Del Sesto.

MR. LEDSHAM: Also, Benjamin Ledsham appearing.

THE COURT: And, Attorney Hemmendinger, why don't we go to you next?

MR. HEMMENDINGER: Thank you, your Honor. Thomas Hemmendinger, the liquidating receiver for CharterCARE Community Board, Roger Williams Hospital, and Saint Joseph's Health Services of Rhode Island.

THE COURT: Next, why don't we go to Attorney Halperin and any of the related entities?

MR. HALPERIN: Good afternoon, your Honor. Preston Halperin, for the Prospect entities: Prospect Medical Holdings, Prospect East.

MR. RUSSO: Good afternoon, your Honor. Mark Russo, for the Prospect entities: Prospect Chartercare, LLC, Prospect Chartercare Saint Joe's, and Prospect Chartercare Roger Williams.

THE COURT: And, let's see, let's go next to Attorney Boyajian.

MR. BOYAJIAN: Good afternoon, your Honor. Steve Boyajian, for the Angel Pension Group.

THE COURT: Thank you. And Attorney Godod.

MR. GODOFSKY: No. It's me, David Godofsky.

THE COURT: I'm sorry.

MR. GODOFSKY: For the Angel Pension Group.

THE COURT: Thank you very much.

Okay. I'm just looking, other than Court staff, have we missed anyone? If not, if everybody didn't go back to mute, please do so.

The Court had continued this hearing dealing with a number of issues, including a motion to compel. During that hearing there was some discussion that there was a list being circulated among certain of the parties, and the Court elected to have the parties try to see if they can resolve some of those issues so the Court can deal with the balance.

I don't know what number we started with initially, but the Court received a document from the plan receiver's counsel that had both the receivers' arguments as well as Prospect's arguments on different of the issues. The Court will allow the plan receiver, whose motion it is, to proceed.

MR. SHEEHAN: Thank you, your Honor. Very briefly, before I get into the list, we on the 23rd of June had asked the Court to extend the time to exercise the put option, and since then the need of that has become even more imperative because we have been deprived of information to which we're entitled based on three grounds. The LLC agreement provides it. And, your Honor, this is a point I neglected to make on the 23rd. The structure of the transaction contemplates it because the capital contribution was to be made over the first four years, and the put option would be exercisable in the fifth year, at which point the capital contribution

would be in place. So it was always contemplated by the parties that the capital contribution would be in place by the time the put option became exercisable. So there's a clear connection between the two items.

And the third reason why we're entitled to the information is the conditions of the asset sale that the Rhode Island Attorney General, the Department of Health imposed required an annual disclosure by Prospect to the Rhode Island Attorney General on a form prescribed by the Attorney General.

Now, since that last hearing, your Honor, I have provided the Court with three additional documents. The first is a report of the independent monitor that the Attorney General, the Department of Health have retained to supervise Prospect's compliance with conditions, which include making the capital -- the long-term capital contribution. That report is dated March 20th, 2020, but in reality it was last amended June 26th, 2020. And you can see from the last line of it what the monitor is seeking is the final information it needs so that it can issue a final report as of sometime in June of 2020.

In any case, that report shows an extensive involvement of the monitor with Prospect to attempt to confirm that Prospect has met its obligations to make capital contributions, which the report confirms is not a

50 million dollar total, but it's a 60 to 61 million dollar total. And notwithstanding much back and forth and the power of the Attorney General behind it, the monitor has only been able to get documentation of Prospect of less than 30 million dollars in capital contributions, and no documentation whatsoever that any capital contributions were made in accordance with the requirements of the LLC, which required that CharterCARE Community Board approve a capital contribution. So there's no evidence with respect to any capital contributions with that requirement.

So we have this situation where Prospect has failed to make required disclosures to us, Community Board, and the Attorney General to the Department of Health. Meanwhile, Prospect Medical has paid out over 650 million dollars in dividends that were financed with debt, and the situation is on the verge of becoming a public scandal, your Honor. There's noncompliance with state reporting requirements and apparent stripping of assets of the corporation, while the receivers are being pushed into blindly exercising the put option, which would eliminate their -- or at least limit their ability to look into what's going on and better conceal what we contend are financial misdeeds.

Finally, your Honor -- well, not finally --

secondly, we provided the most up-to-date audited financials, which confirm what I represented at the hearing on the last occasion that Prospect Chartercare is listed as a pledger, and there's a reference to 112 million dollars being loaned based on the value of the Rhode Island properties.

And then, finally, your Honor, we have this incredible letter from the United States Congress, five members of Congress. Dated July 6th. *The Wall Street Journal* had written about it on July 6th, and we were able to obtain a copy last night, and we provided it to the Court. Our Congressman David Cicilline is one of the signers, and the letter expressly states that Prospect has not provided adequate documentation fulfilling the 50 million dollar capital commitment it made as part of the transaction to acquire its Rhode Island Hospitals.

These are enormous red flags, your Honor. Red flags against forcing the receivers to either exercise or waive the option. The case cries out for the put option to be put on hold so that we can get to the bottom of what Prospect is or is not doing. When I said early it's on verge of becoming a public scandal, I did not use that phrase lightly, your Honor. This is a very serious situation, and there is -- it cries out for a deliberate approach.

And then we get to the list of documents, your Honor. I provided your Honor with my analysis of the arguments that we have. In addition to what's in the AMI report, the most latest financials, and the congressional letter, I think that this list of documents not only is within the scope of the documents to which the receivers are entitled pursuant to the April 25th stipulation and order, it's actually quite conservative given the seriousness of the situation.

It is a rush to judgment to condemn Prospect at this point, but there certainly is plenty of smoke and some fire. And what we're focused on here is information we absolutely need before we can decide whether to exercise the put option.

Your Honor, we don't know whether the value of our interest will include money that has been contributed by Prospect Chartercare because we don't know what money has been contributed. We know that there has been no contributions that satisfy the requirements of the LLC, but we don't even know the amount of dollars that they contributed. That is a crucial necessity. We don't know the extent to which the assets of Prospect Chartercare have been pledged, which is a factor in valuation. They're identified as a pledgee. Counsel states in his argument that this will be corrected. So we have a

situation where we have audited financials which make a statement, and then an unsworn statement by counsel, for whom I have complete respect, but under the circumstances the audited financials are what they are and say what they say, and Prospect cannot contradict them through an unsworn statement of counsel. That's simply just not satisfactory for purposes of a receiver acting on behalf of the Court in disclosing of assets of an entity in a receivership. It just cannot be done that way.

The valuation information, your Honor, we are a minority shareholder in an entity that is contemplating selling all of its assets as soon as we're bought out of the transaction. That's what Mr. Halperin acknowledged at the last hearing. He makes the point there's no binding agreement yet to do that, but, fine, that may be the case, but that's what's intended.

So, basically, what we have is a corporate opportunity. We're going to sell the assets of these underlying subsidiaries, but we're not going to tell the minority shareholder what the value is until the minority shareholder is out of the picture, which is an abuse of the minority shareholder at the very least, and certainly affects valuation, your Honor. We want to know the value of the company, and here they have valuations that they don't want to share with us, even though, A, we're the

minority shareholder, B, we have a right to look at the books and records by the LLC agreement.

So under those circumstances, your Honor, I don't see that any of the requests we made for documents are unreasonable, and I would just ask that the Court order them and provide a reasonable period of time for compliance, extend the period of time to exercise the put option through some short period of time after the expiration of that reasonable period of time, which I would suggest the initial period would be 90 days, or if they can get them sooner, we would like 90 days from when they get them to exercise the put option, and proceed from there.

At this point I don't know what's going to happen to Prospect. With the Congress involved, with the Attorney General involved, with the monitor dissatisfied, I don't know what's going to happen with Prospect. But that's a workable framework, and we can return to the Court if over that time period we have to ask for more or if we have to ask for further or different relief.

I will just say, your Honor, that the elementary principle that a party with an option who is induced to delay exercising that option through the breach of contract of the other party is entitled to an equitable extension of time. That's a simple basic equity, and

that's what we have here, your Honor. We're basically being put in a position of either buying a pig in a poke or waiving the right to buy anything at all, and that's not equitable.

That's all I have, your Honor.

THE COURT: Counsel, so we've talked about a lot of things. Let's talk about what's before the Court today.

We have an LLC agreement that CCCB and Prospect entered into that other than some books and records provisions and certain rights of board members and a minority shareholder, it was just left out of the agreement what type of diligence CCCB can do in terms of determining whether or not they're going to exercise the put option. Although, there is a process in place if the put option is exercised, how that process will work through, and I just want to understand that.

Put aside the Court's order right now. I'm just looking at what rights do you believe that CCCB has to this information under the LLC agreement. Is it books and records? Is it something else? Where is the right to obtain this implied exercise in the put?

MR. SHEEHAN: Thank you, your Honor. I appreciate putting aside that issue under the April 25th stipulation and order, because that's not part of my argument. So putting that aside, your Honor, the right to access books

and records is in the LLC agreement itself, number one. Number two, every contractual undertaking is accompanied by a duty to exercise good faith and fair dealing to allow the party to benefit from that right under the contract, and providing information, financial information, in order to enable an intelligent decision as to whether or not to exercise an option is part of that.

Your Honor, we have a situation where one party to the contract, Prospect Chartercare, and Prospect East, the majority shareholder, have the information. They have a -- there's an inequitable relationship with respect to access to information. They have it. We don't. We have a right to take certain measures, but we don't have the information we need to decide whether or not to do that. So I would say it's twofold. It's in the books and records provision and it's the implied obligation of any party to a contract to exercise good faith and fair dealing and do what is necessary to enable the other party to intelligently exercise a right under the contract.

THE COURT: So then let's fast forward -- I'm sorry. Go ahead.

MR. SHEEHAN: I'm sorry. I apologize.

The third point is the structure of the agreement

itself, as I pointed out earlier, contemplated that the capital contributions would be done and in the entity by the time the option was exercised. So even the timing for the exercise of the option was after that event occurred. It makes no sense for the minority shareholder to have the right to exercise the option, but not the right to verify that in fact the contributions have been made.

Indeed, your Honor, there's a fourth point. The books and records provision is in the contract, but there is also the requirement that for any capital contribution to qualify, the minority shareholder has to accept it, approve it. So we have another level of disclosure of information that was required under the contract that has not been binding.

That's it, your Honor.

THE COURT: So let's fast forward up to the stipulation and the order that was entered by the Court. My recollection is there were a lot of things that counsel was requesting. We got that down to a number of things that were agreed to. And there was kind of that catch-all phrase in there about other documents, documents that may be required, 15 days, whatever else.

It appears that this request is far broader and gets into a lot of other things that we dealt with in the

stipulation and the order the Court entered. So is it your position that this is just that the door was opened to anything else you may decide you need after that September order was issued?

MR. SHEEHAN: It isn't my position, your Honor, that the expressed language of the stipulation, which Prospect agreed to and therefore became a binding contract, and then was entered by the Court, set forth the standard, any information that the receivers reasonably require in the evaluation of the put option.

If Prospect at the time had felt they didn't want to leave an opening, then they shouldn't have agreed to that in the stipulation. I can assure your Honor that we never would have entered into a stipulation that didn't give us that right.

Your Honor -- when your Honor says that what we're seeking is broader than what was considered at the time, that's partly true and partly not correct. The part that's not correct is that we've always been trying to get the information on the capital contribution. That's been throughout. These other issues having to do with valuations of the entities, that also was part of the original request that our appraiser had put together in the index. The point having to do with financial statements of other Prospect entities, that's new. But

we had no idea, your Honor, that there was a pledging of the local entities to satisfy a 1.3-plus billion dollar indebtedness under a master lease agreement, to say nothing of the additional loan of 112 million.

So to the extent that it is broader than what was being considered at the time, it's because it's subsequent events.

Your Honor, since then the scrutiny and, as I say, the red flags concerning Prospect have become enormously more significant, and I think -- our impressions, I should say, in putting in a broad allowance in the stipulation with such additional information as we may require, because as events turned out, it is apparent that Prospect is up to something, and we need to get to the bottom of it.

THE COURT: Okay. So, just again, the reason that you are looking for the financials of the other entities is because of the sale-leaseback and some other loans? Are these the same ones that counsel at least represented at the last hearing? And I understand you haven't gotten verification that the local entity is not encumbered on, or that there's no issue there.

MR. SHEEHAN: There are two reasons, your Honor. One has to do with the liability of the local corporation and entities on the larger indebtedness, and the other is

Prospect Medical Holdings is the guarantor of the obligation to make the long-term capital contribution. And the solvency of Prospect Medical Holdings is a factor. We don't know right now whether if the put option is exercised and a value of, let's say, 20 million dollars is placed on CharterCARE Community Board's interest, then there's the money to pay that, whether Prospect East has the money to pay that. According to their current books, they're insolvent, like Prospect Holdings in the sense that their liabilities greatly exceed their assets.

So we're entitled to decide whether to exercise the put option to take into account collectability. So it's both the exposure on the overall indebtedness, and then collectability through the guarantor, Prospect.

THE COURT: Thank you very much, counsel.

Attorney Halperin.

MR. HALPERIN: Thank you, your Honor.

Your Honor, I think this is a massive overreach by the receiver, and the entire process that we've been engaged in here relating to the stipulation has been aimed at getting them preliminary information so they can decide whether or not to execute -- to exercise the put option. And all of the financial information that has ever been discussed and has previously been agreed to,

and all the lists that have previously been exchanged, until this recent round, have properly focused on what an evaluation expert might want in valuing Prospect Chartercare LLC, which is the entity in which the receiver, Mr. Hemmendinger, has the 15 percent interest.

What's happening now is there are allegations that are being made that are extremely broad, all kinds of wrongdoing of failure to comply with obligations under the LLC agreement, as well as a host of other obligations that aren't even part of the LLC agreement. And this is an attempt to conduct discovery through this Court using this very narrow question which is before the Court to shortcut a proper discovery process in a case that might actually be ending some place.

We do have a case before you, and they can certainly conduct discovery on those allegations, and the Attorney General is going to conduct their procedure, and the monitor is going to conduct their procedure. I do want to say that I disagree with many things that Mr. Sheehan has indicated that the monitor report states. The monitor report, if you read it, actually is asking for more information. There is not a conclusion here that the Prospect entities haven't achieved the capital contribution requirements. There are categories that

were submitted that are not confirmed, and they say we need to confirm them. There's an example, capital infusion, and if you look at Page 25 of it, you'll see very clearly there's a chart that shows you submitted figures on Page 25 versus confirmed figures. And then after that chart they say they need additional information. So these are allegations, but this isn't a forum for us or anyone to determine whether or not capital contributions have been properly met. It's not even the forum, this hearing, for whether or not there's been compliance with other provisions of the LLC agreement.

I believe we should stay focused on what this has been about. And we've been doing this for a year now. And this is about, do they have enough preliminary information to decide to kick off an actual valuation? If they elect to go forward with the put option, we get into a formal appraisal process. If on the strength of actual experts information comes forth that would suggest that there's some kind of wrongdoing or inadequate information, that would seem to me to be the time where we have evidence that would allow you to decide whether to equitably extend this put option. But, now, this is about allegations that are being made. They want to delay -- I'm not even sure that they merely want to delay

the process. What they want to do is litigate allegations while their put option is extended. I wouldn't even have a problem if they said: Your Honor, we're going to pursue all these allegations in the appropriate case in the appropriate forum. We're going to draft them, and we're going to do discovery, but, in the meantime, we would like you to exercise your authority to extend out this put option so we can do this in a proper forum. But they're saying, Give me all of this discovery, whether we have asserted claims or not, whether they belong in this case or not. It's somewhat reminiscent of an early part of this receivership -- the other receivership, I should say, the pension receivership, where there was open-ended discovery without any claims or allegations that eventually resulted in claims being brought. But here we're not dealing with a receivership, we're dealing with an actual case that's been pending.

You know, to touch on the some of the specific points. We are fine with the valuation information of Prospect Chartercare LLC. We're fine with audited/unaudited financial statements. We're fine with providing if there's any additional information on the capital contributions. But we said that those have all been provided, and they have that. The fact that the

monitor has questions is a different issue. If they want to challenge it, that's got to be in a different forum, because we've given them the information.

They're asking for information on Prospect Medical Holdings, the parent company, the entity that is engaged in the transactions that are in these congressional letters and whatnot. Now, it's no secret that the unions have asked the congressional members to get involved in this. They clearly have done no independent investigation. They are putting these things out there for their constituent groups, and we understand that. But there will be a process that we'll get to the bottom of whether there's any fire beneath the alleged smoke, but, again, can we really do that in this forum where we're trying to focus on whether they're going to exercise an option on the 15 percent interest under the LLC agreement?

I would suggest to the Court that if we stay focused, the order should be that we -- which we've agreed to -- provide the financial information, updated financial information, unaudited current financial information on the entity that a valuation expert would have to value. And if somewhere down the road they have actual evidence of wrongdoing, as opposed to allegations, they should assert that in an appropriate case, seek an

appropriate order at that point in time.

Now, they're probably concerned right now that their right to exercise the put option expires based on this hearing concluding within a 30-day period. That's really the only matter of any real urgency here. If you conclude that they're entitled to do something other than receive the financial information relating to this entity, I would think that would be the only conceivable relief that maybe, you know, we go out 60 days so they can do a proper file, whatever case they want to file, seek whatever injunction they want to file. But they're asking for injunctive relief here essentially based upon allegations that are not before the Court. So I would ask that the Court simply require us, which we've offered to do, to provide all the appropriate financial information that is currently available, that being the financial statements audited/unaudited, and not order us to provide financial information on Prospect Medical Holdings.

We have agreed and will clear up the errors in the financial statements. I agree with Mr. Sheehan that a statement by counsel should not be considered sufficient. And I brought back to the client the fact these errors exist. They have confirmed these are errors. We have confirmed that -- at least they have told me there's

nothing on record, and I'm sure if there was something on record in the form of a UCC, Mr. Sheehan probably would have brought it forth like he's brought forth all these other documents.

So I'm confident we're going find out that there's no lien or encumbrance, and what they did is they took the note that exists in the PMH financial, they lifted it, and, you know, in a very unfortunate way took that language and plopped it into the other entities, and it's wrong. They told me that they agreed that they were going to get that cleaned up. But the representation is made, and I believe it to be true, or I wouldn't be making it, and I've confirmed with multiple sources that there is no lien, there is no pledge, the entity is not responsible for sale-leaseback transaction, which is the subject of all the complaints relating to dividends. It goes to the parent entity.

The fact that there's a guarantee, I think, again, now we're going down this rabbit hole, they haven't even exercised the option, we haven't got the valuation, there hasn't been a failure to pay, and they want to do discovery on the financial wherewithal of the guarantor. I believe that's going far afield, and we should stay focused on what we're here for.

Thank you, your Honor.

THE COURT: Counsel, let's talk about the capital contribution, whatever that number is. I read in the papers basically saying that they've been provided, and it somehow has to do with whatever filing with the Attorney General. Could you explain to me in terms of what information they've been given about the capital contribution, which may affect either their percentage interest or the value?

MR. HALPERIN: Sure. So the documents that were provided to the Attorney General include the spreadsheet and the back-up for the capital contributions, and those very same documents were provided to Mr. Sheehan's office, and those are the same figures that are identified in this monitor's report.

So, as I say, they add up to meeting the capital contribution requirement of the original 50 million dollars. There was an additional 10 million as a result of a sale of some real estate that was added into an extension of time, and I know from reading the report that there's some confusion as a result of an attorney leaving Prospect, Mr. Berman, as to whether or not the extension was intended to cover the original 50 or intended to cover the 60. I'm certainly not in a position to resolve that question. But the long and short of it is, whatever information that has been

provided to the Attorney General's Office has been made available to the receiver, and that's all the information that we have.

Now, whether or not there's more recent additional capital contributions, I don't know that. That's been asked of me, and I told Mr. Sheehan I'd be happy to find that out, and I don't see any reason why they wouldn't provide that if it's been since the date of the Attorney General, as long as it's something that has been compiled that is readily available.

THE COURT: What about the fact -- so, thank you.

What about the fact that, it seems like there's agreement at least -- forget about the wording -- but that the monitor for the Attorney General has requested more information to justify or back-up based upon the numbers? So certainly if they're asking for it, that wouldn't be something that Attorney Sheehan has at this time. Is the thought that when that is given to the monitor, that back-up will also be provided to receiver's counsel?

MR. HALPERIN: Your Honor, I don't see any problem with it, but I don't know what the monitor had. The letter is dated March 20. So I honestly know where we are in July, who has what. This is something that just came up today, this monitor report from Mr. Sheehan, but

I'm happy to provide him with whatever information has been provided to the AG that is public information. I have no problem. If anything is confidential, I'll let him know that, but last time around everything that was provided was made available. I don't perceive that to be a problem. But I don't know where they are in responding to the monitor request.

THE COURT: Thank you very much.

Anything further, Attorney Sheehan?

MR. SHEEHAN: Yes, your Honor. The production documents that was given to us, of documents that Prospect provided to the Attorney General, was in January of 2020. And the report from the monitor indicates that subsequent to then, for example, on February 18th, the Attorney General directed Prospect to provide a complete response, et cetera. On February 21st Prospect submitted responses. This is all after this production, the beginning of the January of 2020.

The point that Mr. Halperin makes is a little bit -- and there may be a potential resolution in it, or I may be simply not understanding it. At one point he suggests that he has no objection to the Court extending the time for the exercise of the put option and allowing the case to go forward with normal discovery. This case involves, your Honor, allegations of fraudulent transfers, very

broad allegations that would fully encompass the 658 million dollars that went to Leonard Green.

So if that's what is contemplated, our only concern is timing, your Honor. It appears that there are transactions underway to divest Prospect Medical of further funds to Leonard Green, and we're concerned about starting a new round of discovery and finding out that the horse is already out of the barn by the time we get the answers, and then Prospect Medical is further unable to meet its obligation.

But if that's the offer, to postpone the exercise of the put option indefinitely pending discovery in this case, that's one thing. On the other hand he says, Go ahead and exercise the put option and then ask for an equitable extension. That is like putting your hand in the trap, and then having it slammed shut on your hand, and then asking someone to come along and please open up the trap so you can take your hand out. That, in my mind, your Honor, makes no sense at all.

So I don't know quite where we are, but, in my mind, it's absolutely clear that there has not been proper disclosure by Prospect, and that the receivers really have no way of making a decision.

And, by the way, your Honor, the decision not to exercise the put and allow it to expire is as much a

decision as the decision to exercise the put. It's giving up a right one way or the other.

And we filed this motion for an injunction through Attorney Fine before the receivership in March of 2019. We have been trying for a long time to get this documentation, and we've been asking for the same thing the whole time, an extension of the time to exercise the put to enable us to get the information.

MR. HALPERIN: Your Honor, may I respond to that?

THE COURT: Absolutely.

MR. HALPERIN: Okay. The motion that was filed back in March was followed up with those stipulations and agreements and providing all the documents. To the extent that we provided everything that was currently available the last time we had the order, and we were up to date in January, the fact that additional documents were submitted to the Attorney General after that doesn't put us in default, because we complied at that time. If Mr. Sheehan wants to go to the Attorney General and get those documents, he's free to do that. If he wanted to make a request to us for any subsequent documents, he could have done that. But we're not in default because additional information was submitted -- requested and submitted, and, again, no problem providing that, but this has always been about the financial information.

I'd like to clear up what Mr. Sheehan thought I was proposing. I was not proposing that the Court today exercise equitable authority to extend out this put option to some indefinite time period so we can litigate the case. Absolutely not. What I was suggesting is that there's only a 30-day window in our agreement currently, and that currently we're dealing with the financial information. So to the extent the Court orders us, and you don't have to order us because we're willing to do so, to provide the appropriate limited financial information, and additional time is needed for us to produce it and for them to review it, and for them to exercise their option, I'm perfectly fine agreeing to that limited extension of time to go along with the documents. But anything else should be based upon a different set of pleadings and request for injunctive relief to the extent they're trying to go after allegations in a LLC agreement where something unrelated was before you today. And they'll have time to do that and come back to you if they think they can establish a right to that more broader injunctive relief.

THE COURT: Thank you for clarifying. I understand a lot better now.

MR. SHEEHAN: May I be heard, Judge?

THE COURT: Absolutely.

MR. SHEEHAN: My point with respect to the document production in January of 2020 was I thought -- addressing the Court's inquiry to Mr. Halperin -- was the subsequent document production. What we know is that the document production in January of 2020 was incomplete. The monitor told us that. So there was not compliance. They have the records internally. They neither gave them to the monitor nor gave them to us in January of 2020.

And the second point is, the existing stipulation does not have a 30-day window or extension of time in it. It has two. It has if the Court were to deny the motion for injunctive relief, there's 30 days. If the Court is to grant the motion for injunctive relief, it's what the Court should determine is the appropriate period of time.

And, your Honor, Mr. Halperin's suggestion that the injunction was put aside because of the document production is belied by the language in the stipulation that said that the injunctive relief is going to be held in abeyance and can be reinstated, and was reinstated on a timely basis.

Your Honor, so I'll come back to what we asked for is that they be ordered to produce the documents in our list, and that they do so -- if Mr. Halperin thinks he

can do so in 30 days, fine, and then we have 90 days thereafter to exercise the put option. That's what I'm asking for. And if the Court prefers that we simply turn to the discovery in the actual case, I would ask for an extension of time to exercise the put indefinitely.

It makes no sense, your Honor, for us to continue with the case as a whole having exercised the put and essentially been bought out of the entity. I mean, we may have rights, we may not have rights, but they'll certainly be different than the rights we have as an active shareholder. So to force us to essentially be bought out before we can get into the merits of our derivative claim is a trap to prevent that claim from being litigated in a meaningful way.

THE COURT: Thank you very much, counsel. I think I have enough at this point.

The Court is going to look through -- look through the documents, and I'll issue a decision on the motion. What I'm going to do at this point is we're going to continue the hearing until the Court can issue a decision. I think we should be able to get something out to you on this by the end of next week. And the clerk will be in touch in terms of rescheduling another hearing date for this, just so until the Court makes a decision, we don't have to deal with the expiration that way. I

appreciate everybody's candor. I'm focused on what the issues are before this Court, both the LLC agreement and the order, and I've got my arms around it at this time.

Is there anything else before we the break?

First, the court reporter, if you need any clarifications?

THE COURT REPORTER: No, I'm fine. Thank you, Judge.

MR. HALPERIN: No, thank you, Judge.

MR. SHEEHAN: No, thank you, Judge.

THE COURT: Thank you very much.

I would ask the receiver or -- actually, either Attorney Hemmendinger or Attorney Sheehan to order an expedited transcript. This way I will have it in front of me, so I certainly can get this out to everyone by the end of next week.

With that, the Court will be in recess. Thank you very much.

MR. SHEEHAN: Your Honor. It's Steve Sheehan.

It occurred to me, may the record include that submission I gave to the Court by e-mail today?

THE COURT: The record will certainly -- the Court file will certainly include anything you have sent in. I will deal within the decision what the Court actually can consider in making the decision, and I haven't looked at

them at this point.

MR. SHEEHAN: Thank you, Judge.

THE COURT: Thank you very much. The Court is in recess.

(The proceedings concluded at 2:46 p.m.)

Exhibit 5

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PROVIDENCE, SC.		**SUPERIOR COURT**
CHARTERCARE COMMUNITY BOARD	:	
	:	
v.	:	**C.A. No. PC-2019-3654**
	:	
SAMUEL LEE, ET AL.	:	

ORDER

STERN, J. This matter came to be heard on June 23, 2020, and July 8, 2020,[1] on Stephen Del Sesto, as Receiver (the Plan Receiver) for the St. Joseph Health Services of Rhode Island Retirement Plan (the Plan), and Thomas Hemmendinger's, as Liquidating Receiver (the Liquidating Receiver) of CharterCARE Commnity Board (CCCB), St Joseph Health Services of Rhode Island (SJHSRI), and Roger Williams Hospital (RWH), motion to compel production of documents and other information from Prospect Chartercare, LLC (PCC)[2] and motion for injunctive or equitable relief. After considering oral and written arguments, it is hereby

[1] On the morning of the July 8, 2020, hearing, Attorney Sheehan—counsel to the Plan Receiver—sent to the Court a letter signed by five members of Congress concerning Prospect. Counsel requested that the letter be made a part of the hearing record. As the Court indicated during the hearing, after reviewing the letter it would determine whether the letter was relevant to the Court's decision. After review, the Court finds that the letter is not relevant to the instant motion because it does not have any bearing on whether the information requested is reasonably required to evaluate the Put Option.

[2] CCCB asserts that pursuant to a stipulation and consent order entered by this Court on April 25, 2019 (Consent Order), CCCB is permitted to request additional information as reasonably required in connection with the evaluation of the Put Option. CCCB asserts that on January 21, 2020, and January 30, 2020, it requested answers to 20 questions, access to 10 categories of information, and information regarding the financial condition of Prospect Medical and Prospect East. CCCB asserts that it is entitled to the requested information and it is information necessary for the expert's evaluation of the Put Option. PCC objected to CCCB's request, arguing that it had already complied with the language and spirit of the Consent Order by producing all of the financial information requested by CCCB and complying with the Court's October 3, 2019, Order, which required PCC to produce specific financial information. PCC avers that the information now requested is well beyond the scope of the Consent Order because CCCB requests information to conduct an actual appraisal, not information limited to evaluating whether to begin the Put Option process. PCC also contends that the information requested is not presently available and in existence, and would need to be specifically prepared and would require interviews with multiple PCC employees. PCC also argues that information regarding the financial condition of Prospect Medical and Prospect East are not relevant to the valuation of PCC.

Case Number: PC-2019-3654
Filed in Providence/Bristol County Superior Court
Submitted: 12/13/2020 8:06 PM
Envelope: 2876027
Reviewer: Victoria H

ORDERED, ADJUDGED & DECREED[3]

1. ***Category 1***: PCC shall produce the financial statements for PCC from fiscal year ending 9/30/17 to present, including audited financial at least through 9/30/19 and internally prepared statements to the present.[4] The remaining information requested is denied.
2. ***Category 2***: Granted.
3. ***Category 3***: Granted.
4. ***Category 4***: Granted.
5. ***Category 5***: Granted.
6. ***Category 6***: Granted.
7. ***Category 7***: PCC shall produce documents showing all liens or encumbrances, whether recorded or unrecorded, on the real or personal property of PCC. The remaining information requested is denied.
8. ***Category 8***: The Court reserves on the Plan and Liquidating Receivers' request for documents showing any obligations of the Prospect Entities to third parties outside the usual course of business, including under the 2019 sale-leaseback agreement, in order to allow PCC to update financial statements to clarify that PCC is not a pledger on the sale-leaseback with Medical Properties Trust, Inc.
9. ***Category 9***: Denied; the LLC Agreement provides a specific process for the parties to engage in once the election has been made, including hiring of appraisers and furnishing of information to the appraisers, and the Consent Order in no way entitles CCCB to information it would only be allowed access to during a formal appraisal

[3] Following the June 23, 2020 hearing, the parties were to meet and confer and determine what categories of information they could not reach an agreement on. On July 7, 2020, the Court received a correspondence from Attorney Sheehan which included eleven categories of information. Accordingly, this Order is limited to those eleven categories of information, which is attached hereto as **Exhibit A**; the Court assumes that any remaining documents or requests sought through the motion to compel filed on February 20, 2020 which are not encompassed within these eleven categories of information have been resolved by the parties.

[4] In accordance with the April 25, 2019 Stipulation and Consent Order, any information ordered to be produced pursuant hereto must be available to PCC and shall not include documents that are subject to the attorney-client privilege, joint defense privilege and/or attorney work product doctrine.

Case Number: PC-2019-3654
Filed in Providence/Bristol County Superior Court
Submitted: 12/13/2020 8:06 PM
Envelope: 2876027
Reviewer: Victoria H

process. CCCB may not use the Consent Order as a means of foregoing a formal election and collecting information to establish a valuation.

10. ***Category 10***: The Court reserves on the Plan and Liquidating Receivers' request for five years of financial statements for all entities that are leasees under or guaranteed the lessees' obligations under the sale-leaseback financing documents in order to allow PCC to update financial statements to clarify that PCC is not a pledger on the sale-leaseback with Medical Properties Trust, Inc.
11. ***Category 11***: Denied; the requested information is overly broad and not reasonably required to evaluate whether to exercise the Put Option. Moreover, information regarding any pending transactions involving or affecting PCC may be available via a books and records request in accordance with ¶ 12 of this Order.
12. ***Books and Records***: Pursuant to the LLC Agreement, CCCB is permitted full access to PCC's books and records, and those books and records must be made available for inspection by CCCB and/or its duly authorized representatives. PCC has not objected to CCCB's right to access the books and records and, therefore, PCC is ordered to give CCCB access to the books and records provided, however, that CCCB must make a more specific request regarding what books and records it is seeking so as to allow PCC to search for and produce the appropriate documents. Nothing in this Order is meant to limit the types and scope of the books and records available in accordance with the LLC Agreement.
13. ***Extension of the Put Option***: Pursuant to ¶ 3 of the Consent Order, the Court extends the time by which CCCB must exercise the Put Option until PCC complies with this Order and produces the required documents and information provided, however, that PCC must comply in no longer than sixty (60) days. Once CCCB receives the documents and information from PCC, the time by which CCCB must exercise the Put Option is sixty (60) days from the date thereof. PCC has a continuing duty to disclose and update the documents and information until the Put Option is exercised or lapses.

ENTER:

Brian P. Stern, J.
Stern, J.
Dated: July 21, 2020

PER ORDER:

/s/ Carin Miley
Deputy Clerk I
July 21, 2020

Case Number: PC-2019-3654
Filed in Providence/Bristol County Superior Court
Submitted: 12/13/2020 8:06 PM
Envelope: 2876027
Reviewer: Victoria H

EXHIBIT A

Category 1: **FINANCIAL STATEMENTS FOR PROSPECT MEDICAL HOLDINGS, INC., PROSPECT CHARTERCARE, LLC, PROSPECT CHARTERCARE SJHSRI, LLC, OR PROSPECT CHARTERCARE RWMC, LLC FROM FISCAL YEAR ENDING 9/30/17 TO PRESENT including:**

a. AUDITED FINANCIALS AT LEAST THROUGH 9/30/19[; and]

b. **INTERNALLY PREPARED STATEMENTS TO THE PRESENT**

Category 2. **DOCUMENTS IDENTIFYING ALL OF THE LONG-TERM CAPITAL CONTRIBUTIONS (AS DEFINED IN LLC AGREEMENT)**

Category 3: **ALL RETURN-ON-INVESTMENT ANALYSES FOR ANY TRANSACTION CLAIMED TO BE A LONG-TERM CAPITAL CONTRIBUTION**

Category 4: **ALL CAPITAL NEEDS ASSESSMENTS FOR ANY TRANSACTION CLAIMED TO BE A LONG-TERM CAPITAL CONTRIBUTION**

Category 5: **ALL DOCUMENTS SHOWING NOTICE TO CCCB OF ##2, 3 OR 4**

Category 6: **ALL DOCUMENTS SHOWING THAT ##2, 3 OR 4 WERE ACCEPTABLE TO CCCB**

Category 7: **DOCUMENTS SHOWING ALL LIENS OR ENCUMBERANCES ON THE REAL OR PERSONAL PROPERTY OF PROSPECT CHARTERCARE, LLC, PROSPECT CHARTERCARE SJHSRI, LLC, OR PROSPECT CHARTERCARE RWMC, LLC**

Category 8: **DOCUMENTS SHOWING ANY OBLIGATIONS OF PROSPECT CHARTERCARE, LLC, PROSPECT CHARTERCARE SJHSRI, LLC, OR PROSPECT CHARTERCARE RWMC, LLC TO THIRD PARTIES OUTSIDE THE USUAL COURSE OF BUSINESS, INCLUDING UNDER THE 2019 SALE-LEASEBACK AGREEMENT**

Category 9: **ANY VALUATIONS OF PROSPECT CHARTERCARE, LLC, PROSPECT CHARTERCARE SJHSRI, LLC, OR PROSPECT CHARTERCARE RWMC, LLC PERFORMED OVER THE LAST 5 YEARS**

Category 10: **FIVE YEARS OF FINANCIAL STATEMENTS FOR ALL ENTITIES THAT ARE LEASEES UNDER OR GUARANTEED THE LESSEES' OBLIGATIONS UNDER THE SALE-LEASEBACK FINANCING DOCUMENTS**

Category 11: **ANY PENDING OR CONTEMPLATED TRANSACTIONS INVOLVING OR AFFECTING PROSPECT MEDICAL HOLDINGS, INC., PROSPECT EAST HOLDINGS, INC., PROSPECT CHARTERCARE, LLC, PROSPECT CHARTERCARE SJHSRI, LLC, AND/OR PROSPECT CHARTERCARE RWMC, LLC THAT ARE OR MAY BE IN ANY WAY CONTINGENT UPON OR POSSIBLY AFFECTED BY WHETHER OR NOT THE PUT OPTION IS EXERCISED.**

Exhibit 6

Stephen P. Sheehan

From:	Preston Halperin <phalperin@shslawfirm.com>
Sent:	Thursday, September 17, 2020 4:03 PM
To:	Stephen P. Sheehan; themmendinger@brcsm.com
Cc:	Danielle Smith
Subject:	document production
Attachments:	PC-2019-3654 - Stipulated Protective Order Entered.pdf

Hi Steve and Tom,

Attached is a Stipulated Protective Order in the CCCB case. Do you have any problem with this order governing the documents that Prospect Chartercare LLC is getting ready to produce pursuant to Judge Stern's July 21, 2020 Order?

Preston W. Halperin,
Managing Partner

SHECHTMAN HALPERIN SAVAGE, LLP

1080 Main St.
Pawtucket, RI 02860
Office: (401) 272-1400
Cell: (401) 602-1700
phalperin@shslawfirm.com
www.shslawfirm.com

STATE OF RHODE ISLAND SUPERIOR COURT

PROVIDENCE, SC

CHARTERCARE COMMUNITY BOARD :

:

v. : C.A. No.: PC-2019-3654

:

SAMUEL LEE, ET AL :

STIPULATED PROTECTIVE ORDER
REGARDING PROSPECT CHARTERCARE LLC

Upon agreement of Plaintiff Chartercare Community Board ("CCCB"), Defendant, Prospect Chartercare LLC. ("PCC") and third-party Stephen Del Sesto, Receiver ("Receiver") for the St. Joseph Health Services of Rhode Island Retirement Plan (collectively the "Parties") for Entry of a Stipulated Protective Order regarding the production of confidential and/or proprietary information, and the Court having reviewed and considered the proposed order, and good cause appearing therefor, it is hereby:

ORDERED:

1. **Scope.** This Order shall apply to documents produced by PCC pursuant to a Stipulation and Consent Order between the Parties relating to PCC's production of certain financial information in connection with CCCB's and/or the Receiver's evaluation of the "put option" set forth in the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC (the "PCC Operating Agreement").

2. **Non-Disclosure of Confidential Material.** Except as hereinafter provided under this Order or subsequent Court Order, no Confidential Material may be

disclosed to any person except as provided in Paragraph 4 below. "Confidential Material" means any document produced by PCC that bears the legend "PCC-CONFIDENTIAL" to signify that it contains information deemed to be confidential by the producing party. It shall not include documents that CCCB or the Receiver obtains from another source.

3. **Duty of PCC in designating Confidential Material.** Documents shall not be designated as Confidential Material unless the documents are not publicly available, or contain personal identifying information (meaning social security numbers or other information of a non-public nature) of third parties.

4. **Permissible Disclosure of Confidential Material.** Notwithstanding Paragraph 2, Confidential Material may be disclosed to (a) to CCCB; (b) to the Receiver; (c) to counsel for the Receiver and/or CCCB; (d) to the associates, secretaries, paralegal assistants and employees of such counsel to the extent reasonably necessary to render professional services; (e) to consultants, experts, or investigators retained for the purpose of assisting such counsel; to (f) persons with prior knowledge of the Confidential Material and their agents; and to (g) court officials (including, without limitation: court reporters and any special master or mediator appointed by the Court). Such Confidential Material may also be disclosed to any additional person as the Court may order. This Order shall apply to and be binding upon any individual or entity to whom Confidential Material is disclosed. Prior to sharing Confidential Material with any person in category (e) above, any party or counsel making Confidential Material available shall provide that person with a copy of this Order and explain its terms and the Court's determination that anyone viewing Confidential Material is bound by this Order. All such persons in category (d) above will

read a copy of this Order and shall execute an Acknowledgment in the form of Exhibit 1 hereto, which copy shall promptly be provided to counsel for PCC.

5. **Confidential Information subpoenaed or requested by a court, administrative or legislative body.** If Confidential Information in the possession of a party or its counsel is subpoenaed or otherwise requested by any court, administrative or legislative body, or any other person purporting to have authority to subpoena or request such information, the party receiving the subpoena shall give written notice of the subpoena or request to counsel for PCC five (5) business days prior to the time when production of the information is required. In the event that the subpoena/request purports to require production of such Confidential Information on less than five (5) business days' notice, the party receiving the subpoena shall give immediate telephonic notice of the receipt of such subpoena or request, and forthwith deliver by hand, email, or facsimile a copy thereof, to counsel for PCC. Absent a further court order to the contrary, the party receiving the subpoena may comply with the subpoena or request.

6. **Declassification.** In the event that CCCB or the Receiver seeks to disclose Confidential Material in a manner outside of what is provided in Paragraph 4 or 5, CCCB or the Receiver may file a motion with the Court for a ruling that the document designated as Confidential Material is not or should not be entitled to such status and protection. Such motion may be heard upon no less than fourteen (14) days' notice to counsel for PCC. PCC shall have ten (10) days from the date such petition is filed to file an opposition to the petition defending the designation as Confidential Material. PCC shall have five (5) days in which to file a reply. Alternatively, CCCB and /or the Receiver may seek to obtain a court order in the federal court litigation filed by the Receiver against PCC lifting the confidentiality restriction.

7. **Filing of Confidential Material with the Court.** Confidential Material shall not be filed with the Court except under seal, when required in connection with motions as provided for in Paragraph 4 or 6, or any other reason or in connection with other matters pending before the Court for which such materials may be relevant. Any pleadings, motions, or other papers filed under seal shall be filed in accordance with the Rhode Island Superior Court Rules of Civil Procedure and any other applicable court rules or standing orders.

8. **Confidential Material at Trial or Other Court Proceeding.** Subject to the Superior Court Rules of Civil Procedure and any other applicable rules and standing orders, Confidential Material may be offered in evidence at trial or other court proceeding, provided that the proponent of the evidence gives notice to counsel for PCC sufficiently in advance so as to enable it to move the Court for an order that the evidence be received in camera or under other conditions to prevent unnecessary disclosures. The Court will then determine whether the proffered evidence should continue to be treated as Confidential Material and, if so, what protection, if any, may be afforded to such information at the trial or other court proceeding.

9. **No Waiver.**

(a) Review of Confidential Material by any persons identified in Paragraph 4, 6 or 7 shall not waive the protections provided herein, or any objections to production of Confidential Material.

(b) The inadvertent, unintentional, or in camera disclosure of Confidential Material shall not, under any circumstances, be deemed a waiver, in whole or in part, of claims of confidentiality. If

PCC inadvertently or unintentionally produces any Confidential Material without marking or designating it as such in accordance with the provisions of this Order, PCC may, promptly on discovery, furnish a substitute copy properly marked, along with written notice to the other persons that such document is deemed confidential and should be treated as such in accordance with the provisions of this Order. Each receiving person must treat such document as Confidential Material from the date such notice is received.

10. **Inadvertent Production of Privileged Material.** CCCB, the Receiver, counsel to CCCB and/or to the Receiver, PCC, and counsel to PCC shall adhere to the obligations imposed by the Superior Court Rules of Civil Procedure regarding privileged material. However, the inadvertent failure of any of them to designate and/or withhold any document as subject to the attorney-client privilege, the attorney work-product doctrine or any other applicable protection or exemption from discovery will not be deemed to waive a later claim as to its appropriate privileged or protected nature, or to stop the producing person from designating such document as privileged or protected from discovery at a later date in writing and with particularity.

11. **Privilege Log.** PCC shall not be required pursuant to this Order to produce documents that are subject to the attorney-client privilege, joint defense privilege and/or attorney work product doctrine, provided that any objections to production of documents on the basis of attorney-client privilege, joint defense privilege and/or attorney work product doctrine are noted at the time for production, and any documents withheld from production based on such objections are identified in a privilege log in accordance with the requirements of Super. R. Civ. P. 26(b)(5)&(7).

12. **Survival.** The terms of this Order shall survive the conclusion of this matter. Counsel to CCCB and/or to the Receiver and/or to PCC may move the Court for an order addressing the post-conclusion treatment of Confidential Material.

13. **Amendment or Modification of Order.** This Order may be amended or modified by this Court upon notice to CCCB, the Receiver, and PCC.

ORDERED:

Stern, J.

Dated: 4/25/19

ENTERED:

Dep. Clerk

Dated: 4/25/19

EXHIBIT 1

STATE OF RHODE ISLAND SUPERIOR COURT

PROVIDENCE, SC

CHARTERCARE COMMUNITY BOARD :

v. : C.A. No.: PC-2019-3654

SAMUEL LEE, ET AL :

ACKNOWLEDGEMENT

The undersigned declares and states as follows:

1. I have read the attached Order, dated April __, 2019 ("Order"), understand its contents and hereby agree to comply therewith and to be bound thereby. In addition, I consent to the jurisdiction of the Rhode Island Superior Court for the purposes of enforcement of the Order.

2. I agree to use Confidential Material only for purposes of assisting in the matters for which I have been retained, and for no other purpose.

3. I agree to retain all Confidential Material in a secure manner and in accordance with the terms of the Order. I also agree not to distribute any Confidential Material except in accordance with the Order. I further agree not to communicate Confidential Material to any person or entity not qualified to receive it under the terms of the Order.

4. I agree to comply with all other provisions of the Order.

5. I acknowledge that failure on my part to comply with the provisions of the Order may be punishable by contempt of court and may render me liable to any Party, person, or entity damaged thereby.

I declare under the penalties of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on _____.
Name: _____ (print or type)

Signature: _____

Exhibit 7

Case Number: PC-2019-3654
Filed in Providence/Bristol County Superior Court
Submitted: 12/13/2020 8:06 PM
Envelope: 2876027
Reviewer: Victoria H

From:	Danielle Smith
To:	Benjamin Ledsham; Max Wistow; Stephen P. Sheehan; themmendinger@brcsm.com
Cc:	Preston Halperin; Ekwan E. Rhow (erhow@birdmarella.com); Christopher J. Lee; Dean Wagner; W. Mark Russo, Esq. (mrusso@frlawri.com)
Subject:	PCC Document Production Pursuant to July 21, 2020 Court Order
Date:	Friday, September 18, 2020 8:36:45 PM
Attachments:	image003.png

Gentlemen: In accordance with the July 21, 2020 Court Order, we are providing you with access to a one-drive file containing responsive documents to Category 1, 2, 3-6, 7, and 12. I am unable to serve these documents on you via the Odyssey system due to the size of the file. Please let me know if you have any difficulty opening or accessing the attachments. You should be receiving the link shortly.

Danielle M. Smith,
Firm Administrator

SHECHTMAN HALPERIN SAVAGE, LLP

1080 Main St.
Pawtucket, RI 02860
(401) 272-1400
dsmith@shslawfirm.com
www.shslawfirm.com

Exhibit 8

WISTOW, SHEEHAN & LOVELEY, PC
ATTORNEYS AT LAW
61 WEYBOSSET STREET
PROVIDENCE, RHODE ISLAND 02903

MAX WISTOW
STEPHEN P. SHEEHAN
A. PETER LOVELEY
BENJAMIN G. LEDSHAM
SHAD M. MILLER
KENNETH J. SYLVIA

TELEPHONE
401-831-2700

FAX
401-272-9752

E-MAIL
MAIL@WISTBAR.COM

September 24, 2020

By E-Mail and Regular Mail

Preston Halperin, Esq.
Shechtman Halperin Savage, LLP
1080 Main Street
Pawtucket, RI 02860

Re: Prospect document production

Dear Preston:

We are in the process of reviewing the nearly 2,500 pages of document production your office made on Friday, September 18, 2020 at 8:37 p.m. It is already clear that the document production is missing many documents that should have been included, but it will take time for us to fully address that problem and many other potential problems with the document production, given the quantity of material that needs to be evaluated, as well as the apparent overlap with prior productions. We will try to complete that review by early next week and will advise you then of our additional issues with the document production.

However, we already can address certain deficiencies in Prospect's document production, concerning Prospect's designation of documents as confidential, Prospect's redaction of documents, and Prospect's failure to provide a privilege log. On behalf of both Receivers we are hereby advising you of these matters pursuant to our obligation under Rule 37 to attempt to secure proper discovery without court action.

IMPROPER CLAIMS OF CONFIDENTIALITY

As you know, in this most recent document production, Prospect claimed confidentiality for all or virtually all of the documents it produced, apparently hoping to prevent us from disclosing those documents to third parties, such as the Rhode Island Attorney General and the Rhode Island Department of Health in further support of our objection to the pending HCA and CECA applications. Prospect is seeking thereby to hinder us in asserting valid claims against those applications.

Preston Halperin, Esq.
September 24, 2020

Prospect is not entitled to restrict further disclosure. Prospect's current document production was ordered pursuant to Judge Stern's Decision and Order on July 21, 2020, copy attached. That Decision and Order does not allow Prospect to restrict further disclosure, and certainly does not allow such restriction on grounds of confidentiality. If Prospect wanted to limit Plaintiffs' ability to provide "confidential" documents to third parties, Prospect was required to obtain a new protective order, but did not do so. You clearly understood that, which is why on Thursday, September 17, 2020 you sent us the attached email attaching "a Stipulated Protective Order in the CCCB case," and asked us if we "have any problem with this order governing the documents that Prospect Chartercare LLC is getting ready to produce pursuant to Judge Stern's July 21, 2020 Order?" Without waiting for our response, you went ahead and claimed confidentiality the next day.

Your email on September 17th attached the Stipulated Protective Order Regarding Prospect Chartercare LLC entered on April 25, 2019. We certainly do not agree to applying that protective order to Prospect's current document production. We do not believe that any protective order is appropriate, given the overlap between the issues in this case and the issues in the HCA and CECA applications.

Moreover, that protective order is inapplicable on its face. The Stipulated Protective Order has the following scope:

> 1. **Scope.** This Order shall apply to documents produced by PCC pursuant to a Stipulation and Consent Order between the Parties relating to PCC's production of certain financial information in connection with CCCB's and/or the Receiver's evaluation of the "put option" set forth in the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC (the "PCC Operating Agreement").

Prospect's current document production is pursuant to Judge Stern's Decision and Order on July 21, 2020, not the prior Stipulation and Consent Order. Accordingly, the Stipulated Protective Order does not apply to the current document production.

Prospect could not unilaterally restrict further disclosure simply by marking each document with the legend "PCC CONFIDENTIAL – SEE STIPULATION AND CONSENT ORDER DATED APRIL 25, 2019." Those legends are a nullity. We intend to share those documents with any third parties we choose. If you object, the burden is on you to get a protective order. We will oppose any such motion, given the public

interest in these documents, and the fact that many of them have already been produced without any claim of confidentiality.

Moreover, the Stipulation and Consent Order dated April 25, 2019 does not entitle Prospect to restrict further disclosure of the current production. Although Judge Stern in his Decision and Order on July 21, 2020 referred to the April 25, 2019 Stipulation and Consent Order, that Decision and Order does not incorporate the confidentiality provision from the April 25, 2019 Stipulation and Consent Order. To the contrary, the only reference in the Decision and Order to the April 25, 2019 Stipulation and Consent Order was in footnote 4, stating that "[i]n accordance with the April 25, 2019 Stipulation and Consent Order, any information ordered to be produced pursuant hereto must be available to PCC and shall not include documents that are subject to the attorney-client privilege, joint defense privilege and/or attorney work product doctrine." Those provisions have nothing whatsoever to do with confidentiality.

Indeed, it would have made no sense for the Decision and Order on July 21, 2020 to have incorporated the confidentiality provision of the April 25, 2019 Stipulation and Consent Order, since that provision in turn merely referred to the Stipulated Protective Order Regarding Prospect Chartercare LLC entered on April 25, 2019, which, as discussed above, by its express terms applied only to documents produced pursuant to stipulation and consent order. Judge Stern's Decision and Order on July 21, 2020 was neither a stipulation nor a consent order.

Finally, although not relevant here because Prospect had no such right, even if Prospect had a right to restrict further disclosure of documents by simply labeling them confidential, that would not have permitted Prospect to label as "confidential" documents that are publicly available and have been previously produced without any claim they were confidential. However, it is already clear from our preliminary review of the documents that Prospect has done precisely that.

FAILURE TO PRODUCE A PRIVILEGE LOG

Insofar as Prospect has withheld any documents or portions of documents on grounds of privilege, Prospect has to provide a privilege log complying with Rule 26(b)(5), i.e., Prospect must "describe the nature of the documents, communications, or things not produced or disclosed in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the applicability of the privilege or protection."

Preston Halperin, Esq.
September 24, 2020

Large sections in hundreds of pages of the current production have been redacted, and some of those redactions are labeled attorney-client privilege. The requirements for a privilege log apply to redactions as well as entire documents withheld from production. See In re Marriott International Customer Data Security Breach Litigation, 2020 WL 5525043 *3 (D. Mary. 2020) ("[F]or each proposed redaction, 'the party asserting privilege/protection must do so with particularity for each [redaction], for which privilege/protection is claimed.'" (quoting Victor Stanley, Inc. v. Creative Pipe, Inc., 250 F.R.D. 251, 267 (D. Md. 2008)). Please provide us with a privilege log listing each item that was redacted on grounds of privilege and proving the necessary information with respect to each item.

Obviously, we have no way of nothing how many, if any, entire documents were withheld based on claims of privilege. Please advise whether any documents were withheld, and please provide a privilege log listing and providing the required information for any documents that have been withheld on grounds of privilege.

IMPROPER REDACTION OF DOCUMENTS

Prospect has produced many documents with blacked-out areas which are not marked to show they were redacted under claims of privilege. Prospect provides no grounds whatsoever to justify those redactions. Thus, we have no idea why those sections were redacted.

Prospect certainly is not entitled to redact portions of documents because Prospect claims that the redacted information is irrelevant. That would turn document production into an exercise in redaction since virtually every relevant document has portions that are irrelevant. See Bartholomew v. Avalon Capital Group, Inc., 278 F.R.D. 441, 451-452 (D. Minn. 2011) ("Redaction is an inappropriate tool for excluding alleged irrelevant information from documents that are otherwise responsive to a discovery request. It is a rare document that contains only relevant information. And irrelevant information within a document that contains relevant information may be highly useful to providing context for the relevant information. Fed.R.Civ.P. 34 concerns the discovery of 'documents'; it does not concern the discovery of individual pictures, graphics, paragraphs, sentences, or words within those documents. Thus, courts view 'documents' as relevant or irrelevant; courts do not, as a matter of practice, weigh the relevance of particular pictures, graphics, paragraphs, sentences, or words, except to the extent that if one part of a document is relevant then the entire document is relevant for the purposes of Fed.R.Civ.P. 34. This is the only interpretation of Fed.R.Civ.P. 34

that yields 'just, speedy, and inexpensive determination[s] of every action and proceeding.' Fed.R.Civ.P. 1.").

Accordingly, please provide us with unredacted copies.

CONCLUSION

Please let us hear from you concerning whether or not we need to file a motion to compel production of any documents withheld under claim of privilege without a privilege log, and/or production of unredacted documents. Also, please confirm that you acknowledge that Plaintiffs' sixty days to exercise the put option has not begun to run because prospect's document production is incomplete.

Finally, as noted above, we believe it to be your burden to seek a protective order in order to limit further disclosure of the documents delivered to us on Friday.

Very truly yours,

Stephen P. Sheehan, Esq.

Thomas S. Hemmendinger, Esq.

Enclosures

Exhibit 9

From: Preston Halperin
To: Stephen P. Sheehan; Benjamin Ledsham; Max Wistow; Max Wistow (carmaxabbey@gmail.com)
Cc: Christopher J. Lee; Danielle Smith; Christopher J. Fragomeni
Subject: RE: document production
Date: Monday, September 28, 2020 1:34:22 PM
Attachments: image002.png

Hi Steve,

This will confirm our telephone conversation today in which you advised me that you would not treat as confidential, the documents produced last week by PCC in accordance with the April 25, 2019 Stipulation and Consent Order. I would ask that you reconsider that position in light of the fact that your motion to compel dated February 20, 2020 which resulted in Judge Stern's recent Order dated July 21, 2020, expressly sought production of documents in accordance with the April 25, 2019 Stipulation and Consent Order. In fact, Judge Stern references the April 25, 2019 consent order in footnote 2 of his July 21, 2020 order. Please be advised that should you release the documents produced without complying with the April 25, 2019 consent order, we will consider that to be an intentional violation of the April 25, 2019 consent order and seek appropriate relief.

Regarding PCC's recent production, based on your objections, we intend to reproduce certain documents with the confidential designation removed.

Preston W. Halperin,
Managing Partner

SHECHTMAN HALPERIN SAVAGE, LLP

1080 Main St.
Pawtucket, RI 02860
Office: (401) 272-1400
Cell: (401) 602-1700
phalperin@shslawfirm.com
www.shslawfirm.com

From: Preston Halperin
Sent: Friday, September 25, 2020 8:28 AM
To: spsheehan@wistbar.com; Benjamin Ledsham <bledsham@wistbar.com>; Max Wistow <mw@wistbar.com>; Max Wistow (carmaxabbey@gmail.com) <carmaxabbey@gmail.com>
Cc: Christopher J. Lee <clee@birdmarella.com>; Danielle Smith <dsmith@shslawfirm.com>
Subject: document production

Case Number: PC-2019-3654
Filed in Providence/Bristol County Superior Court
Submitted: 12/13/2020 8:06 PM
Envelope: 2876027
Reviewer: Victoria H

Gentlemen,

We would like to try to resolve your objection to Prospect's recent document production without the need to burden the Court with another discovery dispute.

As to the applicability of the prior stipulated protective order, you are correct that I did not wait for your confirmation that the prior order was applicable. I felt confident that since the most recent order was based on the prior orders and stipulations, you would agree that a new stipulated protective order was not necessary. Throughout this case, all documents have been produced pursuant to protective orders and I did not want to unnecessarily delay our production.

That said, we would like to agree with you that we can apply the existing protective order to the documents produced.

Based on your objection, we will also be removing the confidential designation from some of the documents that were produced with that designation. We will reproduce those documents so that you will have them without the confidential designation on each page.

Let me know if you would like to discuss this by telephone.

Preston W. Halperin,
Managing Partner

SHECHTMAN
HALPERIN
SAVAGE, LLP

1080 Main St.
Pawtucket, RI 02860
Office: (401) 272-1400
Cell: (401) 602-1700
phalperin@shslawfirm.com
www.shslawfirm.com

Exhibit 10

WISTOW, SHEEHAN & LOVELEY, PC
ATTORNEYS AT LAW
61 WEYBOSSET STREET
PROVIDENCE, RHODE ISLAND 02903

MAX WISTOW
STEPHEN P. SHEEHAN
A. PETER LOVELEY
BENJAMIN G. LEDSHAM
SHAD M. MILLER
KENNETH J. SYLVIA

TELEPHONE
401-831-2700

FAX
401-272-9752

E-MAIL
MAIL@WISTBAR.COM

October 1, 2020

By E-Mail and Regular Mail

Preston Halperin, Esq.
Shechtman Halperin Savage, LLP
1080 Main Street
Pawtucket, RI 02860

Re: Prospect document production

Dear Preston:

In our letter of September 24, 2020, we addressed certain deficiencies in Prospect's document production that Prospect provided electronically at 8:37 p.m. on Friday, September 18, 2020. We also expressly deferred addressing the completeness of that production until we had completed our review of the materials

Since then we have reviewed Prospect's document production sufficiently to determine that it is both grossly incomplete and disorganized into a 2,427 page "document dump" that makes it very difficult for Plaintiffs to understand the facts. This is especially so with respect to the documents that concern Prospect's claim to have satisfied the requirements in the Asset Purchase Agreement ("APA") and the Amended & Restated Limited Liability Agreement of Prospect CharterCARE LLC (the "LLC Agreement") for long-term capital contributions and routine capital contributions

Specifically, although Prospect has produced to Plaintiffs thousands of pages of the same invoices and contract documents that Prospect had previously provided to Affiliated Monitors Inc. ("AMI") and/or the Attorney General, concerning Prospect's claim to have satisfied the requirements in the APA and the LLC Agreement for long-term capital contributions and routine capital contributions, Prospect did not produce to Plaintiffs its detailed correspondence with AMI or summaries it provided to AMI explaining the significance of those thousands of pages of invoices and contracts. Prospect also did not provide Plaintiffs with the workpapers upon which any journal or general ledger entries or spreadsheets are based, concerning Prospect's claim to have satisfied the requirements in the APA and the LLC Agreement for long-term capital contributions and routine capital

contributions. These documents are essential to identify and analyze those expenditures upon which Prospect bases its claim to have satisfied the requirements in the APA and the LLC Agreement for long-term capital contributions and routine capital contributions

In other words, on September 18, 2020 Prospect provided Plaintiffs with (at least some of) the raw materials upon which its claim to have satisfied these obligations is based, but withheld the documents needed to organize and understand those materials. A fitting analogy would be if Prospect provided the thousands of parts that make up a car as proof that Prospect has designed a car, but refused to provide its manual that show how the car is to be assembled. That is why we refer to Prospect's production as a "document dump."

Although AMI attached to AMI's report some of its correspondence with Prospect, and Plaintiffs, with no assistance from Prospect, were able to obtain AMI's report from the Attorney General's website, that does not excuse Prospect from providing Plaintiffs with that correspondence directly. The Court's order called for production of all documents identifying all the long-term capital contributions, not merely those documents that Plaintiffs were unable to obtain from third parties, such as the Attorney General's website. The Order is clear, and Prospect knew it was required to produce all documents concerning these obligations, not merely the documents Plaintiffs were unable to obtain elsewhere. In fact, Prospect's production on September 18, 2020 pursuant to the Order dated July 21, 2020 included thousands of pages of invoices and contracts that Prospect knew Plaintiffs had already obtained from the Attorney General after Prospect supplied them to the Attorney General. Prospect would not have produced those documents if it believed that it was not required to produce documents that Plaintiffs had already obtained from third parties. Prospect apparently was happy to see Plaintiffs buried under those documents for a second time, and certainly deliberately failed to produce the shovels needed to dig out.

Moreover, Plaintiffs have no way of knowing whether AMI attached to its report all, or merely selective, correspondence and summaries it received from Prospect. Plaintiffs cannot and certainly should not be expected to rely on the extremely unlikely possibility that AMI attached to its report all the materials it received from Prospect.

In addition, there is an entire category of documents concerning Prospect's claim to have satisfied the requirements in the APA and the LLC Agreement for long-term capital contributions and routine capital contributions which Prospect

provided to AMI but which AMI did not include in its report and which Prospect has completely failed to produce to Plaintiffs. We are referring to the documents Prospect gave AMI on May 6 and 7, 2020, as referenced in AMI's Second Interim Report at 4 n.3. These were expressly not addressed in or attached to AMI's report, but, according to AMI, they are to be addressed in AMI's next report, whenever that may be filed. Prospect must produce those documents to Plaintiffs now.

It should be noted that both Plaintiffs and AMI are engaged in the same task of attempting to verify Prospect's claim to have satisfied the requirements in the APA and the LLC Agreement for long-term capital contributions and routine capital contributions. AMI is operating under the authority of the Attorney General and the Department of Health, to evaluate the extent of Prospect's compliance with the conditions of the Attorney General's approval of Prospect's acquisition of Fatima and Roger Williams Hospital in 2014. Plaintiffs are proceeding pursuant to court order to obtain documents they need to intelligently decide whether to exercise the Put option. Prospect is supposedly cooperating with AMI, at least to a certain extent, but is completely obfuscating the issues when it comes to Plaintiffs. In other words, Prospect is failing to accord the same respect to Judge Stern's Order as it is according to the requests of the Attorney General and the Department of Health.

Under these circumstances, we intend to ask the Court for the following relief, unless on or before October 5, 2020 Prospect agrees to another stipulation and consent order with the following provisions:

1. Prospect must agree to produce all documents it provided to the Attorney General, either directly or through AMI, concerning Prospect's satisfaction of its obligation to make long-term capital contributions and routine capital contributions as defined in the APA and the LLC Agreement, or which Prospect contends should qualify towards that obligation even if they technically do not fulfill all of the requirements therefor in the APA and the LLC Agreement;[1]

[1] For example, the APA and the LLC Agreement each require Prospect to secure CCCB's approval for any long-term capital contributions. Insofar as Prospect claims that a particular expenditure qualified as a long-term capital contribution even though CCCB's approval was not obtained, Prospect must produce all of the documents concerning that expenditure.

2. Prospect must agree to produce all workpapers supporting any and all journal entries, general ledger entries, or any spreadsheets Prospect has created, either for internal use or external distribution, pertaining to the long term and/or routine capital contributions;

3. Prospect must agree to produce all documents that were requested, regardless of whether the documents could have withheld from production based on privilege if a privilege log had been provided, including but not limited to unredacted documents to replace the redacted documents that were produced;

4. Prospect must agree to designate a representative who will promptly submit to deposition and explain to Plaintiffs' counsel each and every item that Prospect claims qualifies as a long-term or routine capital contribution, and identify and explain the significance of all documents supporting that claim; and

5. Prospect must agree that the sixty-day period to exercise the Put option should not begin until Prospect has satisfied its obligations under 1-4 and Plaintiffs' expert has completed his inspection of Prospect's books and records as discussed below.

In addition, Plaintiffs intend to proceed with the relief Judge Stern granted in his order on July 21, 2020 for an on-premises inspection of Prospect's books and records. Please provide us with the earliest possible dates when our expert can attend at the offices of Prospect where its books and records are kept. Pursuant to paragraph 12 of the Order dated July 21, 2020, we hereby specifically seek to review all documents concerning Prospect's claim to have satisfied the requirements in the APA and the LLC Agreement for both the long-term capital contributions and routine capital contributions, including all documents concerning the expenditures and all ledgers, journal entries, spreadsheets or any other documents explaining and categorizing such expenditures.

We are making these demands pursuant to our obligation under Rule 26 to attempt to informally resolve discovery disputes without court intervention.

In response to our letter of September 24, 2020, you sent us an email on September 28, 2020, requesting that Prospect's document production under Judge Stern's order dated July 21, 2020 be treated by agreement as subject to the confidentiality order that applied to Prospect's prior document production. As we

told you in our letter of September 24, 2020, in response to the same request, we do not agree. If Prospect wanted a confidentiality order in connection with any documents that Judge Stern ordered Prospect to produce, Prospect was required to request it in connection with its objection to our motion to compel production (or at least soon after the entry of the July 21, 2020 order, not belatedly broaching the subject for the first time the afternoon before the 60 day deadline for Prospect's compliance). Prospect chose not to do so, the resulting order compelling production makes no allowance whatsoever for special treatment of documents that are allegedly confidential, and the time for production arrived without a confidentiality order in place.

Moreover, it is not appropriate to apply the old confidentiality order to the current production. We agreed to that order by stipulation. Prospect's prior document production was also by stipulation, i.e., the product of negotiation and give and take between the parties. We agreed to a confidentiality order in connection with that production to accommodate Prospect because Prospect accommodated us by agreeing to produce documents by stipulation, rather than insisting we obtain an order compelling production. We insisted, however, that the confidentiality order expressly state that the order only applied to production of documents that was made by stipulation. In fact, it expressly is limited to "documents produced by PCC pursuant to a Stipulation and Consent Order between the Parties...."

However, Prospect refused to stipulate to produce the documents that were the subject of Plaintiffs' motion to compel production that was granted by Judge Stern's order dated July 21, 2020. Instead, Prospect objected to the motion, and such documents are to be produced by court order, not stipulation. Accordingly, the confidentiality order is inapplicable to the documents produced in compliance with that Order, and we are not willing to stipulate to its applicability.

As you note, our motion to compel was pursuant to the provisions in the April 19, 2019 Stipulation and Order that expressly gave Plaintiffs the right to file a motion to compel production if Prospect failed to produce the documents it stipulated it would produce. However, nothing in the April 19, 2019 Stipulation and Order provided that, if Plaintiffs' motions to compel were granted and Prospect was ordered to produce documents, then Prospect's production would be subject a confidentiality order. To the contrary, the April 19, 2019 Stipulation and Order expressly provided for confidentiality only pursuant to the confidentiality order, which on its face applies only to documents that were produced by stipulation.

Finally, circumstances have changed since April 19, 2019, when Plaintiffs agreed to the confidentiality order that applied to document production by stipulation, such that it now would be contrary to public policy and the rights of the Plan participants for Prospect to use claims of confidentiality to shield from third parties Prospect's failure to make the required long-term capital contributions and routine capital contributions as defined in the APA and the LLC Agreement.

As you know, Prospect Medical guaranteed Prospect East's performance of those obligations, As you also know, there are administrative proceedings currently pending before the Department of Health and the Attorney General in which Prospect Medical is seeking leave to transfer over $12 million to shareholders at a time when Prospect Medical is insolvent, for the apparent sole benefit of Messrs. Lee and Topper, which will hinder and possibly frustrate Plaintiffs' ability to collect on any judgment it obtains against Prospect Medical for breach of that guaranty. It was not until March of 2020 that there was public disclosure of these applications. This was not on the horizon in April of 2019.

Moreover, approval of these applications is conditioned upon proof that Prospect East and Prospect Medical have complied with their obligations under the APA and the LLC Agreement. Plaintiffs are objecting to Prospect's applications in those administrative proceedings. Plaintiffs should be entitled to use any materials they obtain from Prospect to demonstrate in those administrative proceedings that Prospect Medical and Prospect East are in default of their obligation to make the required long-term capital contributions and routine capital contributions as defined in the APA and the LLC Agreement.

In a phone call Monday, September 28, 2020, you took the position that no privilege logs are required for documents produced pursuant to the Order dated July 21, 2020. Presumably, you recognized that is incorrect, since you did not reiterate that position in your email later that day. In any event, as we noted in our letter dated September 24, 2020, there is no provision in that Order excusing Prospect from complying with its obligation under Rule 26(b)(5) to provide a privilege log.

As you know, there is extensive caselaw holding that withholding requested but allegedly privileged documents without providing a privilege log results in the waiver of any privileges. Under that caselaw, Prospect has already waived the privilege. Accordingly, we demand that Prospect produce all documents that were requested, regardless of whether the documents could have withheld from production based on privilege if a privilege log had been provided, including but

not limited to the redactions based on attorney-client privilege. Of course, redactions for which no privilege was even claimed were improper and unredacted documents must be produced.

Also, please confirm that that Prospect agrees that Plaintiffs' sixty days to exercise the put option has not begun to run because Prospect's document production is incomplete.

Finally, as noted in our letter of September 24, 2020, it is Prospect's burden to seek a protective order if Prospect wishes to limit further disclosure of the documents delivered to us on September 18, 2020.

Very truly yours,

Stephen P. Sheehan, Esq.

Thomas S. Hemmendinger, Esq.
per SPS

SPS/lh

Exhibit 11

CharterCARE HEALTH PARTNERS

Prospect CharterCare, LLC
825 CHALKSTONE AVENUE
PROVIDENCE, RI 02908

16-1606
1220
CITY NATIONAL BANK

CHECK NO. 00000154
VENDOR NO. A008798

**$420116.94

VOID AFTER 60 DAYS

DATE 03/15/17

PAY FOUR HUNDRED TWENTY THOUSAND ONE HUNDRED SIXTEEN 94/100

TO THE ORDER OF
MICROSOFT C/O BANK OF AMERICA
1950 N STEMMONS FWY
SUITE 5010
DALLAS, TX 75207

⑈00000154⑈ ⑆122016066⑆ 0752846321⑈

Prospect CharterCare, LLC
825 CHALKSTONE AVENUE • PROVIDENCE, RI 02908

CHECK DATE 03/15/17
CHECK NO. 00000154

INVOICE NO.	DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET PAY
9825473142	02/01/17	269076	420116.94	0.00	420116.94
		< TOTALS >	420116.94	0.00	420116.94

VENDOR NO. A008798

RECEIVED
MAR 23 2017

C-PCC-007322

{!PC9WEZ6X9825473142}++CVR FIS/NOCOVER
R3P2B4A8X

Invoice

Microsoft Corporation
C/O Bank of America
Rt:026009593/Acct:3751205782 (wire)
Rt:111000012/acct:3751205782 (ACH)
1950 N Stemmons Fwy Ste 5010 LB #842467
DALLASTX75207
United States
Phone:
Telex:
Fax:

Bill to PO Number: 0269076
Purchase Order Date: 28-JAN-2016

Page No: 1

Document No: 9825473142
Document Date: 01-FEB-2017
Payment Due Date: 03-MAR-2017

Terms: Net payment due 30 days from invoice date

10.1500.1506

BILL TO
Prospect Chartercare LLC Attn: Andrew Fuss
Customer No: 0005267893
Contact:
825 Chalkstone Ave,
Providence RI 02908-4728
United States
Customer VAT#:
Phone: 401-456-2000
Fax:

INDIRECT RESELLER
~~10.7790.9701~~

END CUSTOMER
Prospect Chartercare LLC
825 Chalkstone Ave
02908-4728,Providence,United States
Public Customer Number: 853BCA50
Contact:
Phone:
Fax:
Program Version: E6
Enrollment / Master No:
63047421 / E1362093

SHIP TO
Prospect Chartercare LLC Attn: Andrew Fuss
Customer No: 0005267893
Contact:
825 Chalkstone Ave
Providence RI 02908-4728
United States
Phone: 401-456-2000
Fax:

Line No.	Usage Country	Microsoft Part No. / Description	Lic. Type / Level	Pool	Period / Delivery	Reason code & Description	Billing Option / Taxable	Qty Ordered / Subscription Qty Ordered	Unit Price	Extended Amount / Tax Amt
000001	United States	269-12442 OfficeProPlus ALNG SA MVL Pltfrm	CUS-B	Enterprise Products	Feb2017-Jan2018 Electronic Delivery		AE Taxable	334.00	96.10	32,097.40 2,246.82
000002	United States	W06-01072 CoreCAL ALNG SA MVL Pltfrm UsrCAL	CUS-B	Enterprise Products	Feb2017-Jan2018 Electronic Delivery		AE Taxable	300.00	48.11	14,433.00 1,010.31
000003	United States	269-12442 OfficeProPlus ALNG SA MVL Pltfrm	CUS-B	Enterprise Products	Feb2017-Jan2018 Electronic Delivery		AE Taxable	770.00	96.10	73,997.00 5,179.79
000004	United States	KV3-00353 WINE3perDVC ALNG SA MVL Pltfrm	CUS-B	Enterprise Products	Feb2017-Jan2018 Electronic Delivery		AE Taxable	770.00	42.41	32,655.70 2,285.90
000005	United States	W06-01069 CoreCAL ALNG SA MVL Pltfrm DvcCAL	CUS-B	Enterprise Products	Feb2017-Jan2018 Electronic Delivery		AE Taxable	770.00	37.05	28,528.50 1,996.99
000006	United States	KV3-00368 WINE3perDVC ALNG SA MVL	CUS-B	Enterprise Products	Feb2017-Jan2018 Electronic Delivery		AE Taxable	864.00	44.68	38,603.52 2,702.25

Invoice

Microsoft Corporation
C/O Bank of America
Rt:026009593/Acct:3751205782 (wire)
Rt:111000012/acct:3751205782 (ACH)
1950 N Stemmons Fwy Ste 5010 LB #842467
DALLASTX75207
United States
Phone:
Telex:
Fax:

Bill to PO Number: 0269076
Purchase Order Date: 28-JAN-2016

Page No: 2

Document No: 9825473142
Document Date: 01-FEB-2017
Payment Due Date: 03-MAR-2017

Terms: Net payment due 30 days from invoice date

Line No.	Usage Country	Microsoft Part No. / Description	Lic. Type / Level	Pool	Period / Delivery	Reason code & Description	Billing Option / Taxable	Qty Ordered / Subscription Qty Ordered	Unit Price	Extended Amount / Tax Amt
000007	United States	W06-00021 CoreCAL ALNG SA MVL DvcCAL	CUS-B	Enterprise Products	Feb2017-Jan2018 Electronic Delivery		AE Taxable	1,347.00	38.99	52,519.53 3,676.37
000008	United States	77D-00111 VSProwMSDN ALNG SA MVL	ACP-B	Enterprise Servers	Feb2017-Jan2018 Electronic Delivery		AE Taxable	5.00	364.80	1,824.00 127.68
000009	United States	PGI-00269 ExchgEntCAL ALNG SA MVL DvcCAL wSrvcs	ACP-B	Enterprise Servers	Feb2017-Jan2018 Electronic Delivery		AE Taxable	200.00	19.04	3,808.00 266.56
000010	United States	395-02504 ExchgSvrEnt ALNG SA MVL	ACP-B	Enterprise Servers	Feb2017-Jan2018 Electronic Delivery		AE Taxable	5.00	732.45	3,662.25 256.36
000011	United States	76N-02468 SharePointEntCAL ALNG SA MVL DvcCAL	ACP-B	Enterprise Servers	Feb2017-Jan2018 Electronic Delivery		AE Taxable	50.00	14.93	746.50 52.25
000012	United States	H04-00268 SharePointSvr ALNG SA MVL	ACP-B	Enterprise Servers	Feb2017-Jan2018 Electronic Delivery		AE Taxable	1.00	1,229.15	1,229.15 86.04
000013	United States	359-00792 SQLCAL ALNG SA MVL DvcCAL	ACP-B	Enterprise Servers	Feb2017-Jan2018 Electronic Delivery		AE Taxable	6.00	37.73	226.38 15.85
000014	United States	228-04433 SQLSvrStd ALNG SA MVL	ACP-B	Enterprise Servers	Feb2017-Jan2018 Electronic Delivery		AE Taxable	1.00	162.22	162.22 11.35
000015	United States	7NQ-00292 SQLSvrStdCore ALNG SA MVL 2Lic CoreLic	ACP-B	Enterprise Servers	Feb2017-Jan2018		AE	20.00	648.32	12,966.40

Invoice

Microsoft Corporation
C/O Bank of America
Rt:026009593/Acct:3751205782 (wire)
Rt:111000012/acct:3751205782 (ACH)
1950 N Stemmons Fwy Ste 5010 LB #842467
DALLASTX75207
United States
Phone:
Telex:
Fax:

Bill to PO Number: 0269076
Purchase Order Date: 28-JAN-2016

Page No: 3

Document No: 9825473142
Document Date: 01-FEB-2017
Payment Due Date: 03-MAR-2017

Terms: Net payment due 30 days from invoice date

Line No.	Usage Country	Microsoft Part No. / Description	Lic. Type / Level	Pool	Period / Delivery	Reason code & Description	Billing Option / Taxable	Qty Ordered / Subscription Qty Ordered	Unit Price	Extended Amount / Tax Amt
					Electronic Delivery		Taxable			907.65
000016	United States	T9L-00223 SysCtrStd ALNG SA MVL 2Proc	ACP-B	Enterprise Servers	Feb2017-Jan2018		AE	11.00	159.49	1,754.39
					Electronic Delivery		Taxable			122.81
000017	United States	6VC-01253 WinRmtDsktpSrvcsCAL ALNG SA MVL DvcCAL	ACP-B	Enterprise Servers	Feb2017-Jan2018		AE	150.00	18.35	2,752.50
					Electronic Delivery		Taxable			192.67
000018	United States	P71-07282 WinSvrDataCtr ALNG SA MVL 2Proc	ACP-B	Enterprise Servers	Feb2017-Jan2018		AE	24.00	1,113.10	26,714.40
					Electronic Delivery		Taxable			1,870.01
000019	United States	P73-05898 WinSvrStd ALNG SA MVL 2Proc	ACP-B	Enterprise Servers	Feb2017-Jan2018		AE	24.00	159.49	3,827.76
					Electronic Delivery		Taxable			267.94
000020	United States	AAA-10758 O365E3FromSA ShrdSvr ALNG SubsVL MVL PerUsr	CUS-B	Enterprise Products	Feb2017-Jan2018		AE	33.00	182.16	6,011.28
					Electronic Delivery		Taxable	36 Months		420.79
000021	United States	AAA-10798 WinE3perUser ALNG SubsVL MVL Pltfrm PerUsr	CUS-B	Enterprise Products	Feb2017-Jan2018		AE	333.00	57.36	19,100.88
					Electronic Delivery		Taxable			1,337.06
000022	United States	AAA-12415 CoreCALBridgeO365 ALNG SubsVL MVL Pltfrm PerUsr	CUS-B	Enterprise Products	Feb2017-Jan2018		AE	33.00	20.28	669.24
					Electronic Delivery		Taxable			46.85
000023	United States	4ZF-00019 VDA ALNG SubsVL MVL PerDvc	CUS-B	Enterprise Products	Feb2017-Jan2018		AE	483.00	76.08	36,746.64
					Cloud		Exempt			0.00

Invoice

Microsoft Corporation
C/O Bank of America
Rt:026009593/Acct:3751205782 (wire)
Rt:111000012/acct:3751205782 (ACH)
1950 N Stemmons Fwy Ste 5010 LB #842467
DALLASTX75207
United States
Phone:
Telex:
Fax:

Bill to PO Number: 0269076
Purchase Order Date: 28-JAN-2016

Page No: 4

Document No: 9825473142
Document Date: 01-FEB-2017
Payment Due Date: 03-MAR-2017

Terms: Net payment due 30 days from invoice date

Total Sale	**USD**	395,036.64
Tax Amount	**USD**	25,080.30
Total Amount	**USD**	420,116.94

We hereby certify that the information on this invoice is true and correct.

Microsoft Corporation

When invoices are reprinted, remittance information may change to reflect current invoicing operations.

C-PCC-007326

FACILITY: CCHP
VENDOR: MICROSOFT C/O BANK OF AMERICA A008798 (CCHP Data)
INVOICE: 9825473142 INV TYPE: INV

INV DATE: 02/01/17 STATUS: PAID BANK ACC: CCHP-CNB
RCV DATE: REMIT TO: MICROSOFT C/O BANK OF AMERICA
REF NUM: 0269076
PO FAC: CCHP ADDRESS: 1950 N STEMMONS FWY
REF DATE: 01/29/16 Override SUITE 5010
LAST PAY: 03/15/17 DALLAS, TX 75207
NEXT PAY:
EMAIL:

FROM APPLICATION: MM
DESCRIPTION: 269076

GROSS	TAX	FREIGHT	DISCOUNT	PAYMENT	BALANCE
395036.64	25080.30	0.00	0.00	420116.94	0.00

PAY ON	UP TO $	DIS %	DIS $	HOLD?
03/03/17		0		

Default Expense Type: NEC

TXN	DATE	USER	BATCH-TXN	GL PERIOD	BANK ACC	CHECK NUM	CHECK DT	GROSS	TAX	FREIGHT	DISCOUNT	PAYMENT	BALANCE
1	03/01/17	ELANZETT	27 1	MAR 2017				395036.64	25080.30				420116.94
2	03/01/17	ELANZETT	29 1	MAR 2017				0.00					420116.94
3	03/15/17	ELANZETT	10 4	MAR 2017	CCHP-CNB	00000154	03/15/17				0.00	420116.94	0.00
4	03/15/17	ELANZETT	COMMENT:	Printed Check Number: 00000154									

TXN INPUT LINES

TXN	LN#	GL ACCOUNT NUMBER	GROSS	FREIGHT	TAX CODE	TAX	EXPENSE TYPE	COMMENT
1	1	10.7790.9701	395036.64		7	25080.30*	*	
2	1	10.7790.9701	-395036.64					
2	2	10.1500.1506	395036.64					

GL DISTRIBUTION

TXN	GL ACCOUNT NUMBER	GL $ GROSS	GL $ TAX	GL $	GL $ FRT	GL $ TOTAL	GL ACCOUNT DESCRIPTION
1	10.7430.9775		25080.30			25080.30	CHP ADMIN-G&A SALES TAX
1	10.7790.9701	395036.64				395036.64	CHP INFORMATION SYSTEMS MAINT CONTRACTS
2	10.1500.1506	395036.64				395036.64	CHP PREPAID MIS MAINT CONTR
2	10.7790.9701	-395036.64				-395036.64	CHP INFORMATION SYSTEMS MAINT CONTRACTS

FY 17

Exhibit 12

Final Version

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made this 18th day of December, 2014 (the "Execution Date"), by and between University Medical Group, Inc., a Rhode Island non-profit corporation ("UMG" or "Seller"), and New University Medical Group, LLC, a Rhode Island limited liability company ("Buyer").

RECITALS

WHEREAS, Seller is a Rhode Island non-profit corporation that, through its physician and other clinical employees (the "UMG Practitioners"), participates in the education of medical house officers, fellows, medical students and others, engages in medical research through its employees and provides direct patient care (collectively, the "Practice");

WHEREAS, the UMG Practitioners employed by Seller as of the date hereof are identified on Schedule A hereto;

WHEREAS, Buyer is a newly-formed wholly-owned subsidiary of Prospect CharterCare RWMC, LLC, a Rhode Island limited liability company ("Parent"); and

WHEREAS, Seller desires to sell substantially all of its assets to Buyer, and Buyer desires to purchase such assets from Seller, all in accordance with the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and of the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Recitals. The above recitals are true and correct and are hereby incorporated herein by reference.

2. Purchase and Sale; Consideration.

(a) Subject to the terms and conditions set forth below, at the Initial Closing (as such term is defined in Section 7 below), Seller agrees to sell and deliver to Buyer, and Buyer agrees to purchase from Seller, free and clear of any lien, security interest, encumbrance or other right of any third party, all the assets of or relating to the Practice, including: (i) all equipment, inventory, supplies and other tangible property set forth on Schedule 2 hereto; (ii) all of Seller's right, title and interest in telephone and facsimile numbers, website addresses and domain names used by the Practice; (iii) all intellectual property of Seller, including all trademarks, trade names, computer programs, software (source code and object code), documentation, writings, copyrights, works of authorship, data, patents, inventions, discoveries, trade secrets and all, as applicable, applications, registrations and renewals thereof, and all other proprietary rights relating to the Practice (the "Intellectual Property"); and (iv) copies of all human resource files

and personnel records for Seller's employees hired by Buyer (collectively, items (i) through (iv), the "Initial Closing Assets").

(b) Subject to the terms and conditions set forth below, at the Second Closing (as such term is defined in Section 7 below), Seller agrees to sell and deliver to Buyer, and Buyer agrees to purchase from Seller, free and clear of any lien, security interest, encumbrance or other right of any third party: (i) all cash, cash equivalents and investments of Seller; (ii) all accounts receivable of Seller (including, to the fullest extent permissible under applicable law, possession and control of all of Seller's bank accounts containing or previously containing deposits of such receivables); (iii) all licenses, permits and authorizations (including pending applications or registrations therefor) necessary for and utilized in conducting the business of the Practice, or which are required by law; (iv) all medical records relating to the Practice, including, but not limited to, patient charts, physician notes and any other clinical documents maintained by Seller as part of the Practice (collectively, the "Records"); (v) all real property of Seller; and (vi) all goodwill associated with the Records and the Practice (collectively, items (i) through (vi), the "Second Closing Assets"). The "Initial Closing Assets" and the "Second Closing Assets" shall collectively be referred to herein as the "Assets."

(c) The consideration for the Assets shall be the assumption by Buyer of the Assumed Liabilities hereunder.

3. Excluded Assets. Notwithstanding anything to the contrary contained in Section 2 above, the Assets to be sold pursuant to this Agreement shall not include, and Buyer is not purchasing, any of the following assets (the "Excluded Assets"): (a) all tangible property of Seller described on Schedule 3 hereto; (b) all Records; *provided, however*, that the Records shall be deemed to be Excluded Assets until the Second Closing, at which time such Records shall be purchased by Buyer; (c) all human resource files and personnel records for Seller's employees not previously hired by Buyer; (d) all rights of Seller with respect to any contract other than the Assigned Contracts; and (e) those assets identified on Schedule 12(y) hereto.

4. Assignment and Assumption of Certain Contracts. (a) At the Initial Closing, Seller shall assign to Buyer certain contracts related to the Practice that are identified on Schedule 4(a) hereto (each, an "IC Assigned Contract"; and collectively, the "IC Assigned Contracts"). Buyer hereby agrees to assume all obligations arising under each IC Assigned Contract from and after the Initial Closing Date; *provided, however*, that Buyer shall not assume or be responsible for any liabilities or obligations that arise from any breaches thereof or defaults thereunder by Seller, except for those IC Assumed Liabilities (as such term is defined in Section 5 below) set forth on Schedule 5(a) hereto; and (b) at the Second Closing, Seller shall assign to Buyer certain contracts related to the Practice that are identified on Schedule 4(b) hereto on the Execution Date or that are added to Schedule 4(b) by Buyer in a supplement to Schedule 4(b) between the Execution Date and the Second Closing (each, an "SC Assigned Contract"; and collectively, the "SC Assigned Contracts"). Buyer hereby agrees to assume all obligations arising under each SC Assigned Contract from and after the Second Closing Date; *provided, however*, that Buyer shall not assume or be responsible for any liabilities or obligations that arise from any breaches thereof or defaults thereunder by Seller, except for those SC Assumed Liabilities (as such term is defined in Section 5 below) set forth on Schedule 5(b) hereto. The IC Assigned Contracts and SC Assigned Contracts shall collectively be referred to herein as the "Assigned Contracts."

5. Assumed Liabilities. (a) From and after the Initial Closing Date, Buyer shall assume and be liable for only (i) those obligations of Seller arising from the IC Assigned Contracts after the Initial Closing, and (ii) those other obligations of Seller that are listed on Schedule 5(a) hereto (collectively, the "IC Assumed Liabilities"); (b) from and after the Second Closing Date, in addition to the IC Assumed Liabilities, Buyer shall assume and be liable for (i) those obligations of Seller arising from the SC Assigned Contracts after the Second Closing, and (ii) those other obligations of Seller that are listed on Schedule 5(b) hereto on the Execution Date or that are added to Schedule 5(b) by Seller and agreed to by Buyer in a supplement to Schedule 5(b) between the Execution Date and the Second Closing (collectively, the "SC Assumed Liabilities"). The IC Assumed Liabilities and the SC Assumed Liabilities shall collectively be referred to herein as the "Assumed Liabilities."

6. Excluded Liabilities. Except as provided in Sections 4 and 5 above, Buyer shall not assume any debts, duties, obligations, responsibilities or liabilities of Seller or any employee, or other agent of Seller, of any kind or nature, contingent or otherwise (collectively, "Retained Liabilities"), including, but not limited to, obligations or liabilities pertaining to: (a) the Excluded Assets; (b) any taxes payable; (c) litigation of any kind, including (without limitation) medical malpractice or personal injury proceedings or claims, and all settlement or judgments arising therefrom or pertaining thereto; (d) any employee or former employee of Seller, including any accrued or deferred compensation with respect to any benefit plan, employment arrangement or other understanding; (e) any liabilities related to Medicare, Medicaid and/or other payor billings, recoupments or other liabilities; and (f) those other liabilities or obligations of Seller that are listed on Schedule 6 hereto. Seller shall retain all responsibility for Retained Liabilities.

7. Closing; Closing Date. The closing of the sale and purchase of the Initial Closing Assets (the "Initial Closing") shall take place at the offices of Prospect CharterCare RWMC, LLC, 825 Chalkstone Avenue, Providence, Rhode Island at 10:00 a.m., local time, on the first (1st) business day following the satisfaction (or due waiver) of all of the conditions of Closing set forth in Section 8 below (or at such other time or place as the parties may mutually agree). The date of the Initial Closing is sometimes referred to herein as the "Initial Closing Date." The closing of the sale and purchase of the Second Closing Assets (the "Second Closing" and with the Initial Closing, as applicable, the "Closing") shall take place at the offices of Prospect CharterCare RWMC, LLC, 825 Chalkstone Avenue, Providence, Rhode Island at 10:00 a.m., local time, on February 28, 2015 (or at such earlier time as the Buyer may specify); provided, that Buyer may extend the date of the Second Closing by up to 90 days after February 28, 2015, upon notice to Seller thereof. The date of the Second Closing is sometimes referred to herein as the "Second Closing Date" and with the Initial Closing Date, as applicable, the "Closing Date".

8. Initial Closing Conditions.

(a) Buyer's Obligations. The obligations of Buyer under this Agreement are subject to the satisfaction or fulfillment prior to or on the Initial Closing Date of each of the following conditions, unless waived in writing by Buyer:

(i) The representations and warranties of Seller contained in this Agreement are true and correct as of the date hereof, and shall be true and correct in all material respects as of

the Initial Closing Date with the same effect as though such representations and warranties had been made or given on and as of such date;

(ii) Seller shall have performed and complied fully with all covenants, agreements and conditions required to be performed and complied with prior to or on the Initial Closing Date;

(iii) Buyer shall have entered into an employment agreement, effective as of the Second Closing Date, with each of the physician UMG Practitioners, except as noted on Schedule A, in or substantially in the form attached hereto as Exhibit A, (the "Employment Agreements");

(iv) Seller shall have obtained and delivered to Buyer all third-party consents or approvals required by the IC Assigned Contracts to assign the IC Assigned Contracts and consummate the transactions contemplated by this Agreement;

(v) Seller shall have obtained and delivered to Buyer releases, in form and substance satisfactory to Buyer in its sole discretion, of all liens or other encumbrances on the Assets;

(vi) There shall have been no material adverse change in the condition of the Assets;

(vii) No governmental entity shall have issued an order or injunction restraining or prohibiting the transactions contemplated hereby or shall have commenced or threatened in writing to commence an action or suit before any court of competent jurisdiction that seeks to restrain or prohibit the consummation of such transactions;

(viii) No Litigation (as defined in Section 12(f) hereof) relating to the transactions contemplated hereby shall be pending;

(ix) Buyer shall have obtained all necessary board or other corporate approvals;

(x) Buyer's completion, to its sole satisfaction, of its business, financial, legal, regulatory and clinical due diligence of the Practice;

(xi) Seller shall have satisfied the requirements set forth in Section 10(a); and

(xii) Seller shall have received a written communication from the Attorney General of the State of Rhode Island with respect to the transfer of Seller's charitable and other assets to Buyer, which communication does not contain any conditions that are unacceptable to Buyer in its sole discretion.

(b) Seller's Obligations. The obligations of Seller under this Agreement are subject to the satisfaction or fulfillment prior to or on the Initial Closing Date of each of the following conditions, unless waived in writing by Seller:

(i) The representations and warranties of Buyer contained in this Agreement are true and correct as of the date hereof, and shall be true and correct in all material respects as of the Initial Closing Date with the same effect as though such representations and warranties had been made or given on and as of such date;

(ii) Buyer shall have performed and complied fully with all covenants, agreements and conditions required to be performed and complied with prior to or on the Initial Closing Date;

(iii) No governmental entity shall have issued an order or injunction restraining or prohibiting the transactions contemplated hereby or shall have commenced or threatened in writing to commence an action or suit before any court of competent jurisdiction that seeks to restrain or prohibit the consummation of the transaction;

(iv) No Litigation relating to the transactions contemplated hereby shall be pending;

(v) Buyer shall have satisfied the requirements set forth in Section 10(b);

(vi) Buyer shall have adopted Articles of Organization and the Operating Agreement in the forms attached hereto as Exhibit B and Exhibit C, respectively; and

(vii) Buyer shall have delivered to Seller the First Amended and Restated Operating Agreement of the Buyer, effective as of the Second Closing Date, in the form attached hereto as Exhibit D.

9. Second Closing Conditions.

(a) Buyer's Obligations. The obligations of Buyer under this Agreement are subject to the satisfaction or fulfillment prior to or on the Second Closing Date of each of the following conditions, unless waived in writing by Buyer:

(i) The representations and warranties of Seller contained in this Agreement are true and correct as of the date hereof, and shall be true and correct in all material respects as of the Second Closing Date with the same effect as though such representations and warranties had been made or given on and as of such date;

(ii) Seller shall have performed and complied fully with all covenants, agreements and conditions required to be performed and complied with prior to or on the Second Closing Date;

(iii) Seller shall have obtained and delivered to Buyer all third-party consents or approvals required by the SC Assigned Contracts to assign the SC Assigned Contracts and consummate the transactions contemplated by this Agreement;

(iv) Buyer and Seller shall have obtained any and all governmental permits, licenses, applications and approvals required to consummate the transactions contemplated by this Agreement;

(v) No governmental entity shall have issued an order or injunction restraining or prohibiting the transactions contemplated hereby or shall have commenced or threatened in writing to commence an action or suit before any court of competent jurisdiction that seeks to restrain or prohibit the consummation of such transactions;

(vi) No Litigation relating to the transactions contemplated hereby shall be pending;

(vii) Buyer shall have obtained all necessary board or other corporate approvals; and

(viii) Seller shall have satisfied the requirements set forth in Section 10(c).

(b) Seller's Obligations. The obligations of Seller under this Agreement are subject to the satisfaction or fulfillment prior to or on the Second Closing Date of each of the following conditions, unless waived in writing by Seller:

(i) The representations and warranties of Buyer contained in this Agreement are true and correct as of the date hereof, and shall be true and correct in all material respects as of the Second Closing Date with the same effect as though such representations and warranties had been made or given on and as of such date;

(ii) Buyer shall have performed and complied fully with all covenants, agreements and conditions required to be performed and complied with prior to or on the Second Closing Date;

(iii) No governmental entity shall have issued an order or injunction restraining or prohibiting the transactions contemplated hereby or shall have commenced or threatened in writing to commence an action or suit before any court of competent jurisdiction that seeks to restrain or prohibit the consummation of the transaction;

(iv) No Litigation relating to the transactions contemplated hereby shall be pending;

(v) Buyer shall have satisfied the requirements set forth in Section 10(d); and

(vi) Buyer shall have adopted the First Amended and Restated Operating Agreement in the form attached hereto as Exhibit D.

10. Closing Deliveries.

(a) Initial Closing Deliveries by Seller. At the Initial Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(i) possession of the Initial Closing Assets;

(ii) a counterpart signature page to the Bill of Sale, Assignment & Assumption Agreement, in or substantially in the form attached hereto as Exhibit E.1 (the "Initial Closing Assignment Agreement"), executed by Seller;

(iii) a counterpart signature page to the Interim Administrative Services Agreement, in or substantially in the form attached hereto as Exhibit F (the "Interim Administrative Services Agreement"), executed by Seller;

(iv) a counterpart signature page to each of the Employment Agreements, executed by each of the physician UMG Practitioners, except as noted on Schedule A;

(v) any and all third-party consents or approvals required by the IC Assigned Contracts to assign the IC Assigned Contracts and to consummate the transactions contemplated hereunder;

(vi) a counterpart signature page to such other instruments of transfer and conveyance or other documents that Buyer reasonably requests, each in form and substance reasonably satisfactory to Buyer, executed by Seller;

(vii) a certificate executed by a duly authorized officer of Seller as to the matters set forth in Section 8(a)(i) hereof and Section 8(a)(ii) hereof;

(viii) a certificate executed by the Secretary of Seller that all necessary corporate action on the part of Seller has been taken to authorize the execution, delivery and performance of this Agreement and the other agreements, instruments and documents contemplated hereby, and attaching copies of resolutions duly adopted by the Members and board of directors of Seller in connection therewith; and

(ix) a certificate of existence and good standing of Seller issued by the Office of Secretary of State of Rhode Island and a letter of good standing issued by the Rhode Island Division of Taxation for Seller, each issued no earlier than sixty (60) days prior to the Initial Closing Date.

(b) Initial Closing Deliveries by Buyer. At the Initial Closing, Buyer shall deliver, or cause to be delivered, to Seller the following:

(i) a counterpart signature page to the Initial Closing Assignment Agreement, executed by Buyer;

(ii) a counterpart signature page to each of the Employment Agreements, executed by Buyer;

(iii) a counterpart signature page to the Interim Administrative Services Agreement, executed by Buyer;

(iv) a certificate executed by a duly authorized officer of Buyer as to the matters set forth in Section 8(b)(i) hereof, Section 8(b)(ii) hereof and Section 8(b)(vi) hereof;

(v) a certificate executed by the Secretary of Buyer that all necessary corporate action on the part of Buyer has been taken to authorize the execution, delivery and performance of this Agreement and the other agreements, instruments and documents contemplated hereby, and attaching copies of resolutions duly adopted by the board of directors of Buyer in connection therewith; and

(vi) a certificate of existence and good standing of Buyer issued by the Office of the Secretary of State of Rhode Island.

(c) Second Closing Deliveries by Seller. At the Second Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(i) possession of the Second Closing Assets;

(ii) a counterpart signature page to the Bill of Sale, Assignment & Assumption Agreement, in or substantially in the form attached hereto as Exhibit E.2 (the "Second Closing Assignment Agreement"), executed by Seller;

(iii) any and all third-party consents or approvals required by the SC Assigned Contracts to assign the SC Assigned Contracts and to consummate the transactions contemplated hereunder;

(iv) a counterpart signature page to such other instruments of transfer and conveyance or other documents that Buyer reasonably requests, each in form and substance reasonably satisfactory to Buyer, executed by Seller;

(v) a certificate executed by a duly authorized officer of Seller as to the matters set forth in Section 9(a)(i) hereof and Section 9(a)(ii) hereof;

(vi) a certificate executed by the Secretary of Seller that all necessary corporate action on the part of Seller has been taken to authorize the execution, delivery and performance of this Agreement and the other agreements, instruments and documents contemplated hereby, and attaching copies of resolutions duly adopted by the Members and board of directors of Seller in connection therewith;

(vii) evidence of Seller's name change as provided in Section 22 hereof;

(viii) a certificate of existence and good standing of Seller issued by the Office of Secretary of State of Rhode Island and a letter of good standing issued by the Rhode island Division of Taxation for Seller, each issued no earlier than thirty (30) days prior to the Second Closing Date; and

(ix) such other instruments, certificates, consents and documents, including instruments of conveyance, as Buyer reasonably deems necessary to effectuate the transactions contemplated hereby.

(d) Second Closing Deliveries by Buyer. At the Second Closing, Buyer shall deliver, or cause to be delivered, to Seller the following:

(i) a counterpart signature page to the Second Closing Assignment Agreement, executed by Buyer;

(ii) a certificate executed by a duly authorized officer of Buyer as to the matters set forth in Section 9(b)(i) hereof, Section 9(b)(ii) hereof and Section 9(b)(vi);

(iii) a certificate executed by the Secretary of Buyer that all necessary corporate action on the part of Buyer has been taken to authorize the execution, delivery and performance of

this Agreement and the other agreements, instruments and documents contemplated hereby, and attaching copies of resolutions duly adopted by the board of directors of Buyer in connection therewith; and

(iv) a certificate of existence and good standing of Buyer issued by the Office of the Secretary of State of Rhode Island.

11. Bulk Sales Compliance. To the extent applicable to Seller, promptly after the date of this Agreement, Seller shall make such filings and pay such taxes as are required to be filed and/or paid in accordance with R.I.G.L. Sections 44-19-22 and 44-11-29 (the "Bulk Sales Law") as and when required pursuant thereto. The parties shall comply with the requirements of the Bulk Sales Law. No party shall submit any document prepared in accordance with this Section 11 without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed. Each party shall deliver to the other party a true and complete copy of any written communication that it receives from the State of Rhode Island (or any division or department thereof) relative to any submission made in furtherance of this Section 11.

12. Representations and Warranties of Seller. Seller represents and warrants to Buyer, as of the date of this Agreement, as follows:

(a) Organization and Good Standing. Seller is a non-profit corporation duly incorporated, validly existing and in good standing under the laws of the State of Rhode Island, is duly licensed and qualified to do business under all applicable laws of any governmental entity having jurisdiction over Seller or the Practice and has all necessary corporate power and authority to own and lease the Assets and to carry on the Practice as it is now conducted.

(b) Ownership. There are no shareholders of Seller and no other person(s) has (have) any equity interest in, or option or other rights with respect to, Seller or any of the Assets.

(c) Authority. Seller has full power and authority to enter into this Agreement and to consummate the transactions contemplated hereby and no other approval or authorization of this Agreement or the acts or transactions contemplated hereby is required by law or otherwise to make this Agreement binding upon Seller.

(d) Enforceability. This Agreement and the other agreements, documents and instruments executed by Seller in connection herewith have been, or upon execution thereof will be, duly authorized, executed and delivered by Seller, and will constitute the valid and binding obligations of Seller enforceable in accordance with their respective terms.

(e) No Breach or Violation. The execution and delivery of this Agreement do not, and consummation of the transactions contemplated by this Agreement and compliance with the terms of this Agreement by Seller will not, result in or constitute any of the following: (i) a violation of or a conflict with any provision of Seller's articles of incorporation, by-laws or any other organizing or internal document of Seller; (ii) a breach or acceleration of, or a default (which has not been waived) under, any term or provision of any contract to which Seller is a party or by which any of the Assets are bound; or (iii) a violation by Seller of any statute, rule, regulation, ordinance, code, order, judgment, writ, injunction, decree or award.

(f) Litigation. Except as listed on Schedule 12(f), there are no actions, suits, proceedings, claims, controversies, arbitrations, notices, inquiries, audits, causes of action, complaints, criminal prosecutions, governmental or other examinations or investigations, hearings, administrative or other proceedings (collectively, "Litigation") pending or, to Seller's knowledge, threatened against or otherwise involving or relating to Seller or the Practice, or against or involving any of the Assets, by any person, entity or governmental authority including without limitation the United States Department of Health and Human Services (including its Office of Inspector General and the Centers for Medicare and Medicaid Services), and any State department of health, board of medical examiners, Medicaid agency, office of insurance fraud or Attorney General (or such other agenc(ies) performing comparable functions). Except as set forth on Schedule 12(f), there has been no litigation against Seller during the past five (5) years. Seller has not entered into any agreement to settle or compromise any material Litigation pending or threatened against it. Seller is not in default with respect to any judgment, order, writ, injunction or decree of any governmental authority.

(g) Title; No Liens. Seller is the owner of and shall deliver on the Initial Closing Date good and marketable title to the Initial Closing Assets, free and clear of any and all claims, liens, encumbrances, mortgages or liabilities of any kind. Seller is the owner of and shall deliver on the Second Closing Date good and marketable title to the Second Closing Assets, free and clear of any and all claims, liens, encumbrances, mortgages or liabilities of any kind.

(h) Civil or Criminal Culpability. Neither Seller nor any UMG Practitioner, nor any of their respective independent contractors, employees or affiliates: (i) has at any time had criminal or civil culpability under any health care benefit program, including, but not limited to, under any government sponsored health care benefit program; (ii) has at any time been suspended or excluded from participation in any health care benefit program; or (iii) is currently under investigation or has notice of any future investigation for matters which if found adversely to Seller or any UMG Practitioner or any of their respective independent contractors, employees or affiliates could result in criminal or civil culpability with respect to any health care benefit program.

(i) Protection of Records. Seller has maintained and safeguarded all of the Records in a way that comports with all applicable laws and regulations and is consistent with commonly accepted practices for maintaining and safeguarding such Records.

(j) Operation of Practice. Seller has operated the Practice in compliance with all applicable federal and state laws, rules and regulations, including, but not limited to, Medicare and Medicaid laws and regulations and Rhode Island laws and regulations applicable to physicians.

(k) Medicare and Commercial Payor Participation. There is no recoupment, overpayment, set-off, penalty or fine, pending or, to Seller's knowledge, threatened by any private or public payor or governmental authority having jurisdiction over Seller for amounts arising from or related to payments to Seller for services rendered on or prior to each Closing Date ("Recoupment Claims") arising in connection with audits or reviews of Seller conducted by Medicaid, Medicare or private payors, and there is no basis for any Recoupment Claims based

upon claims or bills submitted or to be submitted in connection with services rendered through Seller or any of its employees, independent contractors, representatives or agents.

(l) Billing. With respect to its operation of the Practice, Seller has billed all third party payors (including, but not limited to, Medicare and Medicaid) accurately, in compliance with all applicable state and federal laws, rules and regulations, and consistent with the requirements of any contracts with payors and the applicable policies and procedures of payors.

(m) Employees.

(i) A complete and correct list of the names and addresses of all employees of Seller is set forth on Schedule 12(m)(1) hereto. A complete and correct list of all employment and consulting agreements to which Seller is a party is set forth on Schedule 12(m)(2) hereto, and all of such agreements have been delivered to Buyer. There is no work stoppage pending or threatened with respect to Seller, and Seller knows of no application for certification as a collective bargaining agent with respect to Seller that is pending or anticipated.

(ii) Seller is, and has at all times been, in material compliance with all applicable laws and regulations respecting employment and employment practices, terms and conditions of employment, wages, hours of work and occupational safety and health, and is not engaged in any unfair labor practices as defined in the National Labor Relations Act or other applicable law, ordinance or regulation. There is no unfair labor practice, discrimination or other unlawful employment practices' charge or complaint against Seller pending or, to the knowledge of Seller, threatened before the National Labor Relations Board, the Equal Employment Opportunity Commission or any other governmental authority. There are no complaints, lawsuits or other proceedings pending or threatened in any forum by or on behalf of any present or former employee of Seller, any applicant for employment or classes of the foregoing alleging breach of any express or implied contract of employment, any law or regulation governing employment or the termination thereof or other discriminatory, wrongful or tortious conduct in connection with the employment relationship. Seller has paid in full all workers' compensation insurance premiums, and Seller will not incur any liability for additional premiums in connection with Seller's next workers' compensation audit by the appropriate insurance carrier.

(iii) All employees of Seller are in good standing.

(n) Licensed Personnel. Each physician, registered nurse and licensed practical nurse employed or engaged by Seller: (i) is duly licensed or certified pursuant to the laws of the State of Rhode Island, and said license or certification has not been suspended, revoked or restricted in any manner; (ii) there are no pending, or to the knowledge of Seller, threatened malpractice suits, claims (whether or not filed in court), settlements, judgments, verdicts or decrees; or (iii) there are no disciplinary investigations, proceedings or actions instituted by any licensure board, hospital, medical school, health care facility or entity, professional society or association, payor, peer review or professional review committee or body, or governmental authority.

(o) Employee Benefits. Seller has no "employee benefit plan", as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or other plans in effect or commitments for group health insurance, group life

insurance, profit-sharing, pension, retirement, incentive compensation or any other employee-related plans, programs, arrangements or similar benefits (the foregoing are, collectively, the "Plans") that may impose any liability on Buyer to provide any benefits of any kind to any of Seller's current or former employees or their dependents or beneficiaries. Except as disclosed on Schedule 12(o) hereto, on or prior to the Initial Closing, Seller has made and will make all contributions (including, but not limited to, participant elective deferrals) Seller is required to make on or before such date to (i) all Plans currently or heretofore maintained, contributed to or entered into by Seller for the benefit of, relating to, or with, any employee of Seller .or (ii) any annuity or other account described under Section 403(b) of the Code that is not an "employee benefit plan" described under ERISA, but is or was established by any current or former employee of Seller (a "Section 403(b) Arrangement"). Furthermore, on or before the Initial Closing, Seller will make additional contributions to any and all Plans and Section 403(b) Arrangements as are necessary to make the participants under such Plans and Section 403(b) Arrangements "whole" and, thus, correct any failure on the part of Seller to make the contributions described in the preceding provisions of this Section 12(o) on a timely basis.

(p) Insurance. Schedule 12(p) hereto is a correct list of all policies of insurance ("Insurance Policies") of which Seller is the owner, insured or beneficiary, or covering any of the Assets or the Practice, or covering the physician(s) currently providing professional services at the Practice with respect to their practice. All premiums with respect to such Insurance Policies are paid in full as of each Closing Date. Seller has not received notice from any insurance carrier that (i) such insurance will be canceled or that coverage thereunder will be reduced or eliminated, or (ii) premium costs with respect to such Insurance Policies will be substantially increased. There are presently no claims pending under such Insurance Policies and no notices have been given by Seller under such policies except as set forth on Schedule 12(f) hereto. At Buyer's request prior to the Second Closing, Seller shall obtain Extended Reporting Period Endorsements, "tail" insurance, for all claims made coverage currently in force. Such tail coverage should pertain to all loss activities occurring prior to each Closing which are reported after the Closing. The duration of said tail coverage should be the longest time made available by each of the respective claims-made insurers for limits of liability equal to the current policies insuring Seller and each physician UMG Practitioner.

(q) Contracts.

(i) Schedule 12(q) hereto contains a complete and accurate list of all Contracts to which Seller is a party or which relate to any of the Assets or the Practice. For purposes hereof, "Contract" means any agreement, contract, instrument, commitment, lease, guaranty, indenture, license, or other arrangement or understanding between parties or by one party in favor of another party, whether written or oral. Schedule 12(q) hereto specifically identifies all Contracts between Seller, on the one hand, and a physician or physician practice, on the other hand.

(ii) The Assigned Contracts are each in full force and effect and valid, binding and enforceable in accordance with their respective terms. Neither Seller nor any other party to an Assigned Contract is in default under such Assigned Contract, and there has not occurred any event which with notice or lapse of time or both would constitute a default under any Assigned Contract. Seller has not received from any party to the Assigned Contracts oral or written notice, as may be required under any such Assigned Contract, to effect a termination of such contract. The Assigned

Contracts contain the entire agreement between the parties thereto pertaining to the subject matter contained therein; there are no other agreements, representations or understanding between or among Seller and the parties to the Assigned Contracts. Seller's rights and interests under the Assigned Contracts are not subject to any Encumbrance, sublease or assignment. Except as set forth on Schedule 4(a) or Schedule 4(b) hereto, the transactions contemplated hereby will not (i) require the consent or waiver of any other party to an IC Assigned Contract or an SC Assigned Contract, (ii) result in a default or breach under an IC Assigned Contract or an SC Assigned Contract, (iii) otherwise cause an IC Assigned Contract to cease to be valid, binding, enforceable and in full force and effect on identical terms following the Initial Closing Date, or (iv) otherwise cause an SC Assigned Contract to cease to be valid, binding, enforceable and in full force and effect on identical terms following the Second Closing Date.

(r) Other Licenses and Certificates. All licenses held and used in connection with conduct of the Practice are listed on Schedule 12(r) hereto. All such licenses are in full force and effect. Seller has not received any notice from any federal, state or local governmental agency, and Seller does not have any notice of or reason to believe that any of Seller's properties or activities violates or constitutes a deficiency under any federal, state or local statute, regulation, order, or restriction.

(s) Financial Information. Seller has previously provided to Buyer the financial statements listed on Schedule 12(s) hereto (the "Financial Statements"). The Financial Statements are maintained on a cash basis and are the only sets of financial statements existing for the Practice and were used as the basis for filing Seller's federal income tax returns for the periods stated. Since the last date reflected on the Financial Statements, Seller has conducted the Practice in the ordinary course of business consistent with past practices, and has not taken any action which has, or reasonably could have, a material adverse effect on the Practice, and which has not been explicitly disclosed by Seller to Buyer. The Financial Statements: (i) have been prepared in good faith; (ii) are complete and correct in all material respects; (iii) have been prepared in a manner consistent with past practice and using the same accounting methods, practices, principles, policies and procedures, with consistent classifications and estimation methodologies used by Seller in preparing such financial statements historically, consistently applied throughout the periods indicated; and (iv) present fairly, consistently and accurately the financial position and results of operations of the Practice at such dates and for the periods indicated therein.

(t) Indebtedness. Except as described on Schedule 12(t) hereto, Seller has no outstanding indebtedness for borrowed money, credit facilities, capitalized leases or loans from any Person, or any obligation under any guaranty, letter of credit or performance credit or other debt or credit Contract (collectively, "Indebtedness"). Seller is not in default with respect to any outstanding Indebtedness or any contract relating thereto, and no such Indebtedness or contract relating thereto purports to limit any of the transactions contemplated by this Agreement or the other transaction documents contemplated hereby or the operation of the Practice.

(u) No Undisclosed Liabilities and Solvency. Seller has no liabilities or obligations (absolute, accrued, contingent or otherwise) with respect to the Practice except (i) liabilities which are reflected or reserved against on the Financial Statements, (ii) liabilities incurred in the ordinary course of business and consistent with past practice since December 31, 2013 and (iii)

liabilities disclosed in Schedule 12(u) hereto. The transaction contemplated hereunder is not a fraudulent conveyance with respect to Seller's creditors.

(v) Taxes.

(i) Seller: (1) is a tax-exempt organization as described in Section 501(c)(3) of the Code ("Seller's Tax-Exempt Status"); (2) is not a "private foundation," as defined in Section 509(a) of the Code, (3) does not have a material amount of "unrelated business taxable income," as defined in Section 512 of the Code; and (4) has not, to its knowledge, engaged in any "excess benefit transaction" with any "disqualified person" as such terms are defined in Section 4958 of the Code.

(ii) Seller is not under examination or audit by, nor has it received or been threatened by any written questions or written notice from, any taxing authorities or other governmental authority with jurisdiction over not-for-profit entities and their operations, including, without limitation, any state attorney general, with respect to Seller's Tax-Exempt Status and has not been granted any waiver of any statute of limitations with respect to any such examination or audit, which waiver is still outstanding.

(iii) Seller has duly and timely filed all material tax returns required (by law, election or otherwise) to be filed by it with respect to any and all Federal, state or the District of Columbia or any of their respective political subdivisions, or any other applicable United States or foreign taxes imposed by any revenue or other law, rule, regulation, ordinance, or other official action of or by any taxing authority, to which Seller is subject, for all fiscal years or other taxable period ending on or prior to the date of this Agreement. Each tax return was true, correct and complete as filed in all material respects. Seller has duly and timely paid in full all taxes shown or required to be shown as due on each tax return except for taxes which Seller is contesting in good faith and for which it has made adequate reserves.

(iv) Seller has not engaged in any activity within the last 6 years which, if brought to the attention of any taxing authority, would be likely to cause such taxing authority to question or revoke Seller's Tax-Exempt Status or, to Seller's knowledge, impose any tax or penalty, and to Seller's knowledge, there is no reasonable basis for any such action.

(v) As of December 31, 2013, Seller had no deficiency or any other unsatisfied liability with respect to any taxes that were due and payable, whether or not assessed, which were not fully disclosed and adequately provided for in the Seller's Financial Statements.

(w) Tangible Assets. A complete and accurate list of all tangible assets being sold to Buyer, all of which are in good operating condition and repair, is contained within the list of assets on Schedule 2.

(x) Intellectual Property. Schedule 12(x) hereto lists all Intellectual Property that are part of the Assets. Seller owns and has the unrestricted right to sell or assign to Buyer all Intellectual Property of Seller and all such licenses or other rights relating to Intellectual Property which are licensed. Seller is not in violation of any Intellectual Property rights of any third party, and, to Seller's knowledge, no third party has infringed upon, misappropriated or wrongfully used any of Seller's rights relating to its Intellectual Property.

(y) Restricted Assets. Except as disclosed on Schedule 12(y) hereto, Seller has no donor restricted funds or other restricted charitable assets, including without limitation, gifts, grants, bequests, donations or contributions that are restricted in any manner.

(z) Brokers or Finders. No Person is or will become entitled, by reason of any agreement or arrangement entered into or made by or on behalf of Seller, to receive any commission, brokerage, finder's fee or other similar compensation arrangement in connection with the consummation of the transactions contemplated by this Agreement.

13. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller, as of the date of this Agreement, as follows:

(a) Organization and Good Standing. Buyer is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Rhode Island.

(b) Authority. Buyer has full power and authority to enter into this Agreement and to consummate the transactions contemplated hereby and no other approval or authorization of this Agreement or the acts or transactions contemplated hereby is required by law or otherwise to make this Agreement binding upon Buyer.

(c) Enforceability. This Agreement and the other agreements, documents and instruments executed by Buyer in connection herewith have been, or upon execution thereof will be, duly authorized, executed and delivered by Buyer, and will constitute the valid and binding obligations of Buyer enforceable in accordance with their respective terms.

(d) No Breach or Violation. The execution and delivery of this Agreement do not, and consummation of the transactions contemplated by this Agreement and compliance with the terms of this Agreement by Buyer will not, result in or constitute any of the following: (i) a violation of or a conflict with any provision of any organizing or internal document of Buyer; (ii) a breach or acceleration of, or a default (which has not been waived) under, any term or provision of any contract to which Buyer is a party; or (iii) a violation by Buyer of any statute, rule, regulation, ordinance, code, order, judgment, writ, injunction, decree or award.

14. Covenants. Seller hereby agrees not to take any action or fail to take any action which could cause Seller to be in default under this Section 14, and Seller hereby covenants and agrees, from and after the date of this Agreement and through and including the Second Closing Date as follows:

(a) Business in Ordinary Course. Seller shall conduct the Practice and maintain and protect the Assets in the same manner as in the ordinary course of business, and in a manner that complies with all applicable laws and regulations. Seller shall not remove, sell, destroy, or otherwise dispose of any of the Assets contemplated hereunder. Seller shall work with a designated liaison of Buyer to develop a rolling 13-week cash flow forecast ("Cash Flow") of Seller. Seller shall not make any payment or monetary disbursement not otherwise included on the Cash Flow, without the prior, written consent of Buyer.

(b) Notification and Authorizations. Prior to the Second Closing, Seller and Buyer shall reasonably cooperate to: (i) inform Seller's patients of the proposed acquisition under this

Agreement, including posting mutually agreed upon notifications in Seller's office; (ii) transition Seller's patients to Buyer's billing, appointment booking and other systems; and (iii) through letters in a form mutually agreed upon by the parties, notify all of Seller's patients that Seller will no longer be providing medical care to them, but that Buyer, which will employ many of Seller's clinicians, will be continuing to provide the services previously provided by the Practice.

(c) Consents and Approvals. Seller will, and will cause each of the physician UMG Practitioners to, use its or their respective best efforts to obtain, prior to each of the Initial Closing Date and the Second Closing Date, as applicable, all consents or approvals required (i) to assign the Assigned Contracts to Buyer and (ii) to consummate the transactions contemplated by this Agreement. Any amounts advanced to a third party or to Seller by Buyer in connection with this Agreement and the transactions contemplated herein, including without limitation in connection with obtaining any consent or approval as required by this subsection, including without limitation any amounts paid to Citizen's Bank, N.A. in respect of the Revolving Demand Note executed by Seller in favor of Citizen's Bank, N.A., whether such payment is deemed to be a principal payment, interest payment, consent fee or otherwise, shall be treated as a loan by Buyer to Seller, which loan shall bear interest at an annual rate equal to the prime rate published in the Wall Street Journal on the date of termination of this Agreement; payment of the principal balance together with all accrued and unpaid interest shall be due immediately upon termination of this Agreement for any reason other than a successful Second Closing.

(d) Insurance and Risk of Loss. Seller shall maintain any applicable insurance policies with respect to the Assets, and until the consummation of each Closing, Seller shall bear the risk of loss and damage to the Initial Closing Assets and the Second Closing Assets, as applicable. Such insurance policies shall include, but not be limited to, professional liability insurance with coverage limits of $1,000,000.00 per occurrence and $3,000,000.00 in the annual aggregate. Seller shall obtain and maintain extended reporting period endorsements (i.e., "tail" coverage) that provide coverage within the same limits noted above for any medical incident that is deemed to have occurred during or prior to the Closing.

(e) Due Diligence Examination. During the period from the Execution Date through the Second Closing Date (the "Diligence Period"), Seller shall make available to Buyer and Buyer shall have the right to conduct its due diligence examination of, Seller's business, operations, assets, properties, books, records, financial condition and other documents requested by Buyer and its agents and representatives including, but not limited to, accountants, lawyers, consultants, and appraisers (collectively, "Buyer's Representatives"). During such Diligence Period, Seller will provide to Buyer and Buyer's Representatives full and complete access during normal working hours to any and all of the properties, assets, books, records, financial information and other documents of Seller with respect to the Practice to enable Buyer and Buyer's Representatives to make their due diligence examination of the business, operations, properties, assets, books, records, financial condition and other documents of Seller. Seller will furnish to Buyer such information and copies of such documents and records as Buyer and Buyer's Representatives shall reasonably request.

(f) Standstill. Seller agrees that, until the Second Closing Date, it will not, either directly or indirectly through any affiliates, members, officers, employees, agents or representatives: (i) solicit, initiate, facilitate or encourage any inquiries or the making of any

proposal with respect to Seller or the Assets with any person or group (an "Alternative Transaction"); (ii) engage or participate in discussions or negotiations with any person or group of persons (other than Buyer) with respect to any Alternative Transaction; or (iii) enter into any agreement, arrangement or understanding requiring it to abandon or terminate this Agreement.

(g) Public Relations. Any public announcement, including any press release, relating to this Agreement and/or the transactions between Buyer and Seller contemplated hereunder, must be reviewed and approved by all parties in writing prior to release. The parties agree not to disclose any of the terms of this Agreement, or the transactions contemplated hereby, to any third party (other than their respective professional advisors and lenders) without the prior written consent of the other parties.

(h) Physician Contracts. Seller shall not, without the prior consent of Buyer: (i) amend or otherwise modify any existing Contract between Seller and any physician or physician practice; or (ii) enter into any Contract with a physician or physician practice.

(i) Employment of Individuals Other Than Physicians. Seller shall not enter into any employment arrangement with any non-physician.

(j) Self-Reporting. On or before the Second Closing Date, Seller will (i) take all steps necessary to appropriately and correctly report to the United States Department of Labor, the United States Internal Revenue Service and/or any other federal, state or local governmental department or agency any failure on its part to make any contributions to any Plan or Section 403(b) Arrangement on a timely basis and (ii) pay any and all fines or penalties relating to any failure to make such timely contributions.

15. Restrictive Covenants.

(a) Non-Solicitation. For a period of five (5) years after the Second Closing, Seller may not, directly or indirectly:

(i) contact, recruit or solicit, or attempt to contact, to recruit or to solicit, any patients or former patients of Buyer, or any patients or former patients of Seller, for purposes of providing any goods or services other than exclusively for and on behalf of Buyer;

(ii) contact, recruit or solicit, or attempt to contact, to recruit or to solicit any referral or any sources or former sources of Buyer's or Seller's patient referrals;

(iii) recommend or suggest to any patients or former patients of Buyer or Seller any medical practice or physician other than Buyer not specifically consented to by Buyer, or that such patients curtail or cancel their treatment or follow-up care with Buyer; or

(iv) request, induce or attempt to induce any employees or contractors of Buyer, including, without limitation, the former employees of Seller, to terminate or alter their employment with Buyer.

(b) Extended Period. If Seller violates any of the covenants set forth in Section 15(a) above, the period specified in said section will automatically be extended for a period of time

equal to the period of time during which such violation occurs. If Buyer seeks relief from said violation in any court or alternative proceeding, the period specified in said section will automatically be extended for a period of time equal to the pendency of such proceeding, including appeals by Buyer or Seller.

(c) Modification. If a court of competent jurisdiction holds that any of the covenants set forth in this Section 15 is unreasonable, then to the extent permitted by law, the court may prescribe a duration for the restrictive period, and modify the parameters of the restricted conduct or such other terms so as to render the covenants of this Section 15 in compliance with the law, and the parties hereto agree to accept and be bound by such determination or determinations subject to their respective rights of appeal.

(d) Reasonableness. Seller acknowledges and agrees that the covenants contained under this Section 15 are reasonable and necessary for the protection of the legitimate business interests of Buyer. Seller acknowledges that the duration, geographic limitations and description of the limited conduct as set forth under this Section 15 are reasonable.

(e) Remedies. Seller acknowledges and agrees that any violation of the covenants set forth under this Section 15 would cause substantial, irreparable damage to Buyer and that it is impossible to measure in money the damages that would be caused to Buyer by any such violation. Accordingly, Seller acknowledges and agrees that in the event that Seller violates any of the covenants of this Section 15, Buyer will be entitled to obtain injunctive relief to enforce said covenants and to prohibit Seller from continuing any violation of the same, and Buyer will be entitled to bring actions to obtain such relief without posting any cash, bond or other surety. Buyer also will be entitled to payment by Seller of any and all attorneys' fees and other legal expenses, including, without limitation, court costs, arising from any action Buyer pursues to enforce the covenants of this Section 15. Nothing herein stated prohibits or should be construed as prohibiting Buyer from pursuing any other remedy or remedies available for such violation or threatened violation, including recovery of damages from Seller.

16. Employee Matters. Prior to the Initial Closing Date, Buyer will evaluate the staffing needs for Buyer to operate the Practice of Seller following the Initial Closing. The employees, including management employees, of Seller (other than the UMG Practitioners to be employed as of the Second Closing Date, pursuant to Schedule A) who are in good standing at the time of the Initial Closing shall be hired by Buyer. Those management employees of Seller hired by Buyer shall maintain through at least the Second Closing Date the same responsibilities they held prior to the Initial Closing Date.

17. Indemnification.

(a) Obligation of Seller. From and after the Initial Closing, Seller shall reimburse, defend, indemnify and hold harmless Buyer and its officers, directors, employees, agents, affiliates, successors and assigns (collectively with Buyer, the "Buyer Indemnified Parties") from and against any and all damages, losses, deficiencies, liabilities, actions, suits, claims, proceedings, demand, fines, judgments, costs and other expenses (including, but not limited to, reasonable legal fees and expenses) which may be suffered or incurred by any of the Buyer Indemnified Parties in any way relating to, arising out of, or resulting from: (i) the

ownership and use of the Initial Closing Assets or the Practice by Seller at any time prior to the Initial Closing Date and the ownership and use of the Second Closing Assets by Seller at any time prior to the Second Closing Date; (ii) the conduct by, or any liabilities or obligations of, any UMG Practitioner listed on Schedule A.2., whether known or unknown, arising prior to the Second Closing Date; (iii) the conduct by any employees of Seller (including any UMG Practitioner listed on Schedule A.1.) or any liabilities or obligations of any employees of Seller (including any UMG Practitioner listed on Schedule A.1.), whether known or unknown, arising at any time prior to the Initial Closing Date; (iv) the breach of any representation or warranty of Seller set forth in this Agreement; (v) the non-performance of any agreement, covenant or obligation on the part of Seller under this Agreement; (vi) the Excluded Assets and/or Retained Liabilities; and (vii) any and all claims, investigations and/or other proceedings related to any pre-Closing operations or any pre-Closing act or failure to act.

(b) Obligation of Buyer. From and after the Initial Closing, Buyer shall reimburse, defend, indemnify and hold harmless Seller and Seller's employees, successors and assigns (collectively with Seller, the "Seller Indemnified Parties") from and against any and all damages, losses, deficiencies, liabilities, actions, suits, claims, proceedings, demand, fines, judgments, costs and other expenses (including, but not limited to, reasonable legal fees and expenses) which may be suffered or incurred by any of the Seller Indemnified Parties in any way relating to, arising out of, or resulting from: (i) the ownership and use of the Initial Closing Assets or the Practice by Buyer on or after the Initial Closing Date and the ownership and use of the Second Closing Assets by Buyer on or after the Second Closing Date; (ii) the breach of any representation or warranty of Buyer set forth in this Agreement; (iii) the non-performance of any agreement, covenant or obligation on the part of Buyer under this Agreement; (iv) the Assumed Liabilities; and (v) any and all claims, investigations and/or other proceedings related to any post-Closing operations or any post-Closing act or failure to act.

18. Consummation of Transactions. Each of Seller and Buyer shall use reasonable efforts to perform or comply with, and to cause others to perform or comply with, all of the terms and conditions set forth in this Agreement (including the fulfillment of the conditions precedent to the obligation to close of the other party hereto). Neither party will knowingly take any action that would result in a breach by such party of any of its representations and warranties under this Agreement.

19. Cooperation. Each party will cooperate fully with the other party in transferring the Assets.

20. Access to Records. Subject to applicable law, following the Closing, Seller shall be entitled to access to and copies of Records for reasonable and necessary purposes related to pre-Closing matters, including, but not limited to, responding to patient grievances, government inquiries or audits, billing inquiries and malpractice claims.

21. Termination. This Agreement and the transactions contemplated herein shall terminate: (a) at any time upon the mutual written agreement of the parties; (b) at any time during the Diligence Period upon the issuance by Buyer of a written determination to terminate; (c) upon written notice of Buyer to Seller in the event that the Initial Closing has not occurred on or before December 31, 2014 and such failure to close is not caused by the action or inaction of the

Buyer; or (d) upon written notice of Seller to Buyer in the event that the Initial Closing has not occurred on or before December 31, 2014 and such failure to close is not caused by the action or inaction of the Seller.

22. Change of Name; Operations. Immediately following the Second Closing Date, Seller shall (a) amend its articles of incorporation, by-laws and any other organizational documents and take all other actions necessary to change its name to one sufficiently dissimilar to Seller's present name, in Buyer's judgment, to avoid confusion, and (b) take all actions requested by Buyer to enable Buyer to use, or change its legal name to, the present name of Seller. At any time after the Second Closing, Seller will not adopt any trademarks or service marks that are confusingly similar to the trademarks and service marks assigned hereunder, and neither Seller nor any of its affiliates will challenge the use of, or the validity and enforceability of, any Intellectual Property assigned to Buyer hereunder. After the Second Closing, Seller shall immediately cease to provide all medical and healthcare and related services to patients.

23. Allocation. The consideration for the Assets will be allocated for tax purposes (the "Allocation") among the Assets by Buyer. Buyer shall prepare the Allocation and deliver a copy thereof to Sellers upon the completion of the Allocation. The parties acknowledge and agree to report the transactions contemplated by this Agreement for federal and state income tax purposes in accordance with the Allocation, and the parties shall execute all forms required to be filed for tax purposes with any taxing authority in a manner consistent with such allocation.

24. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Rhode Island without giving effect to its principles of conflicts of law. This Agreement constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement. This Agreement may be modified or amended only upon a writing signed by all parties hereto.

(b) Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other party hereto. Subject to the preceding sentence, this Agreement shall be binding upon and inure to the benefit of, and be enforceable by and against, the parties hereto and their respective heirs, personal representatives, successors and permitted assigns. A party's failure to enforce a provision of this Agreement or insist upon strict adherence to any term, covenant or condition of this Agreement, shall not constitute a waiver of such party's rights to enforce such provision or any other provision or term of this Agreement. All waivers must be made in writing and signed by the party granting such waiver. If any provision of this Agreement shall be declared invalid or illegal for any reason whatsoever, notwithstanding such invalidity or illegality, the remaining terms and provisions of this Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provisions had not been contained herein.

(c) The parties represent that each party has been represented by legal counsel in connection with the negotiation and execution of this Agreement. This Agreement shall not be interpreted in favor of any party due to the fact that this Agreement was prepared by the other

party's legal counsel. Each party shall pay the respective costs and expenses (including, but not limited to, fees and expenses of counsel and accountants) incurred or to be incurred by it in connection with the negotiation, preparation, execution and delivery of this Agreement; *provided, however*, that Buyer shall pay, directly to Seller's counsel, Seller's reasonable fees and expenses of its counsel in the total amount of $195,000 (the "Attorney Payment Amount") to be paid as follows: (1) immediately upon the Initial Closing, Buyer shall pay Seller's counsel $120,000; (2) immediately upon Second Closing, Buyer shall pay Seller's counsel $30,000; and (3) ninety (90) days after the Second Closing Date, Buyer shall pay Seller's counsel $45,000. The Attorney Payment Amount is the entire obligation of Buyer in connection with the payment of Seller's counsel fees and expenses, and no additional amount shall be due from Buyer to Seller's counsel or to Seller in connection therewith.

(d) All notices, requests, demands, and other communications which are required or may be given under this Agreement shall be in writing to the parties' respective addresses set forth below (or to such other address provided in accordance with this subsection), and shall be deemed to have been duly delivered when received if personally delivered; delivered the next day if sent by Federal Express (or similar overnight service); and delivered five (5) days after it is sent, if mailed via first class mail. Notices shall be sent:

If to Seller, to:	825 Chalkstone Avenue P.O. Box 28227 Providence, Rhode Island 02908 Attention: Executive Director
with a copy to:	Donoghue, Barrett & Singal P.C. 155 South Main Street, Suite 102 Providence, Rhode Island 02903 Attention: Jeffrey F. Chase-Lubitz, Esq.
If to Buyer, to:	New University Medical Group, LLC c/o Prospect CharterCare RWMC, LLC 825 Chalkstone Avenue Providence, Rhode Island 02908 Attention: President
with a copy to:	Sills Cummis & Gross P.C. One Riverfront Plaza Newark, New Jersey 07102 Attention: David E. Weiss, Esq.

(e) This Agreement may be executed in counterparts and by facsimile or pdf signature, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The counterparts of this Agreement may be executed and delivered by facsimile.

(f) The parties represent that no broker or finder was used in connection with the subject matter of this Agreement, and each party will indemnify the other and hold such other party harmless against and in respect of any claim for brokerage or other commissions relative to this Agreement.

(g) Each party agrees that from and after the Closing, upon the reasonable request of the other party hereto and without further consideration, they will execute and deliver such documents and further assurances and will take such other actions as may be reasonably requested in order to carry out the purpose and intention of this Agreement.

(h) Sections 4, 5, 6, 11, 12, 13, 14(c), 15, 16, 17, 18, 19, 20, 22, 23 and this Section 24 shall survive the Closing.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

BUYER:

NEW UNIVERSITY MEDICAL GROUP, LLC

By: _____
Name: Samuel S. Lee
Title: Senior Vice President

SELLER:

UNIVERSITY MEDICAL GROUP, INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

BUYER:

NEW UNIVERSITY MEDICAL GROUP, LLC

By: _____
Name:
Title:

SELLER:

UNIVERSITY MEDICAL GROUP, INC.

By: _____
Name: Amer Malik, M.D.
Title: President

[Signature Page to Asset Purchase Agreement]

EXHIBIT A

FORM OF EMPLOYMENT AGREEMENT

SEE ATTACHED.

Standard Form

PHYSICIAN EMPLOYMENT AGREEMENT

This AGREEMENT is made as of this _____ day of _____, 2014, by and between New University Medical Group, LLC (hereinafter referred to "NEW UMG"), a Rhode Island limited liability company, and _____, M.D. (the "Physician"), collectively (the "Parties").

WITNESSETH:

WHEREAS, the Physician is a duly licensed Rhode Island physician and is a member of the medical staff at Roger Williams Medical Center ("RWMC") and is or will be appointed as a faculty member of Boston University School of Medicine ("BUSM") (collectively the "Institutions");

WHEREAS, the Physician is currently employed by University Medical Group, Inc., a Rhode Island nonprofit corporation ("OLD UMG");

WHEREAS, as of the date first written above, NEW UMG and OLD UMG are negotiating the terms of the sale of substantially all of the assets of OLD UMG to NEW UMG pursuant to a two-step process which envisions both an "Initial Closing" and a "Second Closing" (the "Transaction");

WHEREAS, NEW UMG desires to obtain the services of the Physician, following the "Second Closing" of the Transaction, to provide clinical, teaching and administrative services for and on behalf of NEW UMG within the medical specialty of [INSERT SPECIALTY]; and

WHEREAS, the Parties mutually desire that, effective as of the "Second Closing" of the Transaction, the Physician shall be employed by NEW UMG, pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:

1. Employment. NEW UMG hereby employs the Physician as a participating professional employed by NEW UMG and the Physician hereby accepts such participating professional employment, upon the terms and conditions hereinafter set forth.

2. Term.

a. The Physician's employment shall commence on the Second Closing of the Transaction (the "Effective Date"). Subject to earlier termination as provided herein, this Agreement shall continue in effect for a period of one (1) year from the Effective Date, and thereafter shall be renewed automatically for successive one (1) year terms, unless terminated pursuant to Section 7 below.

b. The Physician acknowledges that NEW UMG, in proceeding with the

Transaction, is relying on the commitment made by the Physician pursuant to this Agreement to commence employment with NEW UMG as of the Effective Date pursuant to this Agreement, and on Physician's strict compliance with the terms hereof (including, without limitation, Section 7(d) below). Further, the Physician covenants to NEW UMG that the Physician will not provide professional medical services for or on behalf of any entity other than OLD UMG between the date of mutual execution of this Agreement and the Effective Date.

3. Duties and Responsibilities.

a. The Physician shall devote such time and effort as is necessary to carry out the purposes of this agreement, but in no event less than forty (40) hours per week for the provision of professional clinical services for and on behalf of NEW UMG and its patients, (collectively, the "Clinical Services") as well as teaching and administrative services identified on Exhibit B hereto (the "T&A Services", and together with the Clinical Services, collectively, the "Services"). Physician shall devote Physician's full professional time and attention to the provision of Services hereunder. Physician shall provide the Services according to the schedule set forth on Exhibit C hereto, which schedule shall be completed and attached to this Agreement on or before the Effective Date and shall be subject to change upon the mutual written agreement of the parties. During the term of this Agreement, Physician shall not maintain or be involved in any other practice, position or professional activity, either directly or indirectly, without the express written consent of NEW UMG. The duties and responsibilities of the Physician will be those clinical, academic, research and administrative duties assigned by NEW UMG from time to time. The Physician shall advise NEW UMG of all professional patient care services provided by him/her on behalf of NEW UMG in a timely fashion and in such manner as may be required by NEW UMG. The Physician agrees to participate in any managed care agreement or plan as well as any other third party payor agreement that NEW UMG enters into or in which NEW UMG participates, including without limitation, Medicare and Medicaid. NEW UMG shall retain the discretion to adjust Physician's weekly hourly commitment in accordance with the provisions of Section 4. a. below.

b. The Physician agrees to perform services capably, faithfully, and to the best of his or her ability. The Physician's professional judgment will be respected in the care of patients; however, at all times the Physician shall practice and act in accordance with the Principles of Ethics of the American Medical Association and the accepted standards of care within the Physician's specialty or subspecialty. The Physician agrees to abide by all applicable rules, guidelines, policies, and procedures established by or applicable to NEW UMG, but not limited to, the Bylaws and Rules and Regulations of the medical staff of RWMC.

c. The Physician shall not, during the term of this Agreement and for a period of two (2) years thereafter, disclose to any person whatsoever, other than to NEW UMG, the Institutions, or their representatives, and will not use for Physician's personal benefit or that of any party other than NEW UMG or the Institutions in any manner whatsoever, any confidential or proprietary business information (consisting of any trade secrets, technology, processes, formulae, computer programs, patient names, identities, records, or relationships), including, without limitation contracts or other arrangements with hospitals or other facilities, payor or other contracts, or other confidential or proprietary business information, relationships,

opportunities or assets of NEW UMG or the Institutions used in or associated with any business engaged in by NEW UMG or the Institutions, all such information being collectively defined as "Confidential Information." To the extent that Confidential Information covered by this Section constitutes a "trade secret" as that term is defined under applicable law, this Section is not intended to, and does not, limit or waive the NEW UMG or the Institutions' rights or remedies thereunder, and the time period for prohibition on disclosure or use of such information is as provided by such applicable law.

d. All case records, case histories, x-ray films, accounts receivable cards, computer print-outs or electronic media, patient lists, and all other professional, medical, or financial information concerning patients of NEW UMG or the Institutions, or patients consulted, interviewed or treated by the Physician during the term of this Agreement, shall belong to and remain the sole and absolute property of NEW UMG or the Institutions, as applicable. Upon termination of this Agreement, for any reason and at any time, Physician shall surrender any such patient records maintained in connection with services rendered pursuant to this Agreement then in Physician's possession, custody or control, to NEW UMG or the Institutions, as applicable, and Physician shall have no rights in or to any such information or records, except: (i) as expressly set forth in this Agreement and (ii) as required to comply with applicable laws or rules of professional ethics relating to patient records. Subject to the provisions of any applicable laws, upon termination of this Agreement, the Physician shall have the right, upon receiving written approval from a patient and at their own expense, to obtain a copy of the patient record of any patient treated by the Physician pursuant to this Agreement.

e. Physician shall comply with all applicable provisions of the Health Insurance Portability and Accountability Act of 1996, and all rules, regulations, and NEW UMG and Institution policies promulgated thereunder as well as all other state or federal statutes or regulations regarding patient privacy or confidentiality.

f. The Physician agrees to practice only at site(s) which have been approved by NEW UMG. The Physician agrees not to conduct any professional patient care activities or participate in any independent practice association, physician-hospital organization, group practice, private practice, network or managed care arrangement, other than through or on behalf of NEW UMG or with the prior written approval of NEW UMG.

g. The Physician shall be responsible for maintaining all records, reports and information in accordance with the respective medical records policies, billing policies and procedures of NEW UMG. The Physician shall provide NEW UMG with any information and records required by NEW UMG to properly bill and collect for professional services rendered by the Physician in the event that NEW UMG is billing on the Physician's behalf.

h. The Physician shall prepare contemporaneous reports documenting the T&A Services that Physician provides hereunder (the "T&A Reports"). On a quarterly basis, in accordance with all applicable laws, regulations and policies, the Physician shall submit the T&A Reports to NEW UMG. The T&A Reports shall be submitted within thirty (30) days after the end of each calendar quarter. The Physician shall submit to NEW UMG and NEW UMG shall retain T&A Reports for no less than four (4) years after the Medicare cost reporting period

to which the allocation applies. The Physician shall make a copy of such T&A Reports available to NEW UMG upon reasonable notice. The Physician shall notify NEW UMG immediately upon receiving a request by the Medicare program, or its intermediary for access to such T&A Reports.

i. The Physician agrees to immediately notify the NEW UMG President of the initiation of legal process or any reviews, audits, investigations or actions initiated by the federal or state government, any governmental or quasi-governmental regulatory agency, any Medicare-contracted fiscal intermediary or carrier, any third party payor, or private billing company of any aspect of the Physician's professional service or billing therefor.

4. Compensation and Fringe Benefits.

a. In consideration for the Services provided by the Physician hereunder, NEW UMG shall pay compensation to the Physician as set forth on Exhibit A hereto.

b. The Physician also shall be entitled to receive paid time off and fringe benefits as provided from time to time by NEW UMG to its professional employees and, in particular, shall be entitled to the CME reimbursement and paid time off set forth on Exhibit A hereto. Any such fringe benefit plan may be modified prospectively and will remain in effect at the discretion of NEW UMG, subject only to the terms and conditions of the plan's governing documents and applicable law.

c. The Physician shall promptly report and remit to NEW UMG all income received as compensation for professional clinical services from any source whatsoever, including expressly, income received for clinical, teaching, clinical trial or other research activities, medical director and clinical consulting services.

5. Assignment and Billing.

a. The Physician agrees and does hereby assign to NEW UMG all fees and income owed to or received by the Physician and attributable to his or her professional activities performed pursuant to this Agreement on behalf of NEW UMG. The Physician promptly shall turn over to NEW UMG all such fees and income. If such amounts are paid directly to the Physician and the Physician fails to turn them over to NEW UMG, the compensation due to the Physician from NEW UMG shall be reduced accordingly. The provisions of this paragraph shall survive any termination of this Agreement.

b. During the term of this Agreement all direct and consultative patient care services provided by the Physician, whenever and wherever performed, will be considered to be rendered on behalf of NEW UMG. All billing for such services shall be done in the name of or through NEW UMG or pursuant to any applicable agreement between NEW UMG and a third party.

c. Notwithstanding Paragraph 5.a., the Physician may retain remuneration for expert witness testimony; non-clinical consultations; compensation received as honoraria; reimbursement for expenses incurred by the Physician for delivering lectures or participation in

professional meetings; royalties; and awards for publication and sale of writings of a professional nature or in recognition of distinguished achievements; provided, however, that such activities and remuneration are consistent with the Physician's commitment hereunder and with any applicable policies and guidelines established by or applicable to NEW UMG or of any of the Institutions.

6. Professional Liability Insurance. NEW UMG agrees to obtain and maintain in full force and effect throughout the term of this Agreement professional liability insurance with minimum coverage limits of $1,000,000 (One Million Dollars) per occurrence, $3,000,000 (Three Million Dollars) per year. If such professional liability insurance is maintained on a Claims Made basis and Physician terminates this Agreement without cause or NEW UMG terminates this Agreement for cause, then Physician shall purchase so-called "tail" insurance covering services performed by Physician pursuant to this Agreement. Physician agrees to indemnify and hold harmless NEW UMG from any liability, cost, or expense (including, without limitation, reasonable attorneys' fees) incurred by NEW UMG (and not reimbursed through insurance) as a result of Physician's actions, omissions, or for breach of any provision of this Agreement.

7. Termination.

a. This Agreement and the Physician's employment shall terminate immediately upon the occurrence of any one of the following events:

i. The Physician ceases to meet any criteria for eligibility for this Agreement; or

ii. There occurs or exists any act, event or condition that constitutes cause for the Physician's privileges to practice at RWMC or to be on the faculty at BUSM, or for the Physician's license to practice medicine in any jurisdiction to be suspended, revoked, terminated, restricted or not renewed.

b. NEW UMG may terminate this Agreement immediately by giving the Physician written notice of termination upon the occurrence of any one of the following events:

i. The Physician intentionally or willfully fails or refuses to perform the Physician's obligations under this Agreement or the Physician otherwise materially breaches this Agreement and fails to rectify such breach within thirty (30) days after receiving notice of the breach.

ii. The Physician fails or refuses to participate in or no longer qualifies as a participating physician under the Medicare or Medicaid programs, or the Physician fails or refuses to participate in a managed care agreement or any other program of third party payment, independent practice association or other alternative delivery system in which NEW UMG participates.

iii. Misconduct by the Physician which reasonably could reflect adversely upon NEW UMG or any of the Institutions.

iv. Conduct which threatens the care of patients or which materially impairs the ability of NEW UMG or participating professional members to perform their duties.

v. The death or retirement of the Physician.

c. The Physician may terminate this Agreement and his or her employment immediately by giving written notice to NEW UMG, in the event NEW UMG materially breaches any of its obligations, duties or responsibilities under this Agreement and fails to rectify such breach within thirty (30) days after receiving written notice of the breach.

d. NEW UMG may terminate this Agreement at any time, without cause and without liability, upon providing the Physician with ninety (90) days prior written notice. The Physician may terminate this Agreement at any time after the first anniversary of the Effective Date, without cause and without liability, upon providing NEW UMG with ninety (90) days prior written notice.

8. Effect of Termination.

a. In the event of termination of the Physician's employment, the Physician shall be entitled to compensation and fringe benefits pursuant to this Agreement only with respect to services rendered through the effective date of termination. The Physician will not have any claim whatsoever to any receivables that are outstanding or collected on or after the date of termination. Further, the Physician agrees not to take any vacation time during the ninety (90) day period preceding the date of termination.

b. Upon the termination of the Physician's employment hereunder, NEW UMG shall send a notice to such patients who received healthcare services from the Physician in the past immediate 12-month period, stating that the Physician is no longer affiliated with NEW UMG and providing the address of the Physician's new practice location(s). Following the termination of this Agreement, neither the Physician nor any corporation, partnership, or other business entity or person owned or controlled, directly or indirectly, by the Physician shall, directly or indirectly: (i) solicit any patients or former patients of NEW UMG; or (ii) make offers of employment or offers of contract for services to be rendered by personnel employed or retained by NEW UMG.

9. Suspension. Notwithstanding the terms of Section 7(a)(ii), NEW UMG's Board of Directors may suspend the Physician for cause, without compensation. Such cause may include, but shall not be limited to, suspension of the Physician from the RWMC medical staff or suspension of the Physician's license to practice medicine in any jurisdiction.

10. General.

a. Assignment. This Agreement is personal to the Physician, and he/she may not assign any of his/her rights or delegate any of his/her duties hereunder without the prior written consent of NEW UMG. NEW UMG shall have the right to assign this Agreement to a successor in interest in connection with a merger, sale or transfer of substantially all of its assets or in

connection with a reorganization of NEW UMG without Physician's consent. An assignment by NEW UMG for any other reason shall require the prior written consent of Physician.

b. Entire Agreement; Amendment. This Agreement and all Exhibits contain the entire agreement of the Parties with respect to the subject matter hereof, and no waiver, amendment, modification, or change of any of the provisions of this Agreement shall be valid unless in writing and signed by the Party against whom such claimed waiver, amendment, modification, or change is sought to be enforced.

c. Waiver of Breach. The waiver of any breach of any term or condition of this Agreement shall not be deemed to constitute a waiver of any other term or condition of this Agreement.

d. Notices. Every notice given by one Party to the other pursuant to this Agreement shall be deemed properly given if it is in writing and either hand delivered or sent by registered or certified mail, return receipt requested, and addressed to such other Party at the address set forth below or to such other address as may hereafter be specified by written notice:

To NEW UMG: New University Medical Group, LLC
c/o Prospect CharterCare RWMC, LLC
825 Chalkstone Avenue
Providence, Rhode Island 02908
Attention: President

With a Copy to: Sills Cummis & Gross P.C.
One Riverfront Plaza
Newark, New Jersey 07102
Attention: Gary Herschman, Esq.

Physician: _____
_____
_____

With a Copy to: _____
_____
_____
_____

e. Applicable Law. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Rhode Island.

f. Survival. The provisions of Sections 3, 5, 6, 7, 9, and 10 shall survive the termination of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the day and year first above written.

PHYSICIAN	NEW UNIVERSITY MEDICAL GROUP, LLC
_____	_____
Print Name:	By: Title:

Standard Form

EXHIBIT A

Compensation and Employee Benefits

T&A COMPENSATION. The compensation to be paid to the Physician for the provision of the T&A Services hereunder shall be paid at the rate of _____ per year (the "T&A Stipend"); provided, however, that, in the event that the T&A Reports submitted by the Physician pursuant to Section 3(h) above reflect that the Physician is not providing the T&A Services in accordance with the requirements set forth in the job description for the respective T&A Services (or are not verified as accurate), then NEW UMG may, in its sole discretion, adjust the T&A Stipend to reflect the actual T&A Services provided by the Physician.

CLINICAL COMPENSATION. In consideration for the provision of all Clinical Services hereunder, NEW UMG shall pay compensation to the Physician as follows:

Definitions.

"Annual Period" shall mean each twelve-month period, beginning on the Target Date and each subsequent twelve-month period beginning on each anniversary of the Target Date thereafter.

"Physician Collections" shall mean all amounts actually collected (whether by NEW UMG, the Physician or any other party) with respect to professional and administrative services personally performed by the Physician (net of any refunds or other offsets). In no event shall Physician Collections include any amounts collected with respect "designated health services", as such term is defined in 42 U.S.C. 1395nn and the regulations promulgated thereunder, such as, solely by way of example, any imaging services (x-ray, ultrasound, etc.), laboratory services, physical therapy and infusion services.

"Physician Expenses" shall mean all direct and indirect costs and expenses incurred by NEW UMG which are directly attributable to the Physician's employment (including, without limitation, those costs related to the Physician's salary, benefits, medical malpractice insurance, licensure fees, CME costs, medical staff fees, and professional association dues), as well as an allocable portion of NEW UMG's overhead expenses (including, without limitation, clinical supportive staff costs, administrative personnel costs, billing costs, rent, supplies, etc.). Notwithstanding the foregoing, Physician's allocable portion of NEW UMG's overhead expenses related to rent (the "Rent Expenses") shall be based only on the Rent Expenses that correspond to those "sessions" during which Physician is scheduled to provide services at an "OFFICE" as specifically set forth on Exhibit C hereto.

"Quarter" shall mean each three-month period, beginning on the Target Date and each subsequent three-month period.

"Semi-Annual Period" shall mean each six-month period, beginning on the Target Date and each subsequent six-month period.

"Target Date" shall mean November 1, 2014.

Base Salary.

Subject to reconciliation and adjustment as described below, in consideration for the provision of the Clinical Services hereunder, NEW UMG shall pay to the Physician compensation at the rate of _____ per year (the "Base Salary"). The Base Salary shall be subject to customary payroll taxes and withholdings, and shall be paid to Physician in accordance with NEW UMG's standard payroll practices.

Reconciliation/Adjustment.

Quarterly Reports. At the end of each Quarter, NEW UMG shall calculate, on an annualized basis, the projected Physician Collections and Physician Expenses for the Annual Period (the "Quarterly Report"). NEW UMG will inform Physician of the results of the Quarterly Report so that Physician may have the opportunity to improve his/her productivity in the succeeding Quarter.

Semi-Annual Projection. At the end of each Semi-Annual Period, NEW UMG shall calculate, on an annualized basis, the projected Physician Collections and Physician Expenses for the Annual Period (the "Semi-Annual Projection"). If the Semi-Annual Projection projects that the Physician Collections for the Annual Period will be greater than the Physician Expenses for the Annual Period, then there shall exist an "Income Surplus" that is equal to the difference between the Physician Collections and the Physician Expenses. If the Semi-Annual Projection projects that the Physician Collections for the Annual Period will be less than the Physician Expenses for the Annual Period, then there shall exist an "Income Deficit".

In the event that the Semi-Annual Projection projects the existence of an Income Deficit, then the Base Salary due to be paid to the Physician for the remainder of the Annual Period shall be adjusted downward by an amount such that the Physician Collections for the Annual Period are projected to be at least equal to the Physician Expenses for such Annual Period.

In the event that the Semi-Annual Projection projects the existence of an Income Surplus, then the Base Salary to be paid to the Physician hereunder may, at the sole discretion of NEW UMG, be adjusted upward for the remainder of the Annual Period by an amount up to the amount of the Income Surplus; provided, however, that in no event shall the Base Salary paid to the Physician hereunder at any time exceed $_____ per year.

At the end of each Annual Period, NEW UMG shall calculate the projected Physician Collections and Physician Expenses for the following Annual Period, based on the actual Physician Collections and actual Physician Expenses of the previous Annual Period, and may adjust the Base Salary for the following Annual Period so that the Physician Collections for the following Annual Period are projected to be at least equal to the Physician Expenses for the following Annual Period.

Solely by way of example:

Assume that the Physician's Base Salary is $250,000 per year. If the first Semi-Annual Projection projects that the annualized Physician Collections will be equal to $275,000 and the

Physician Expenses will be equal to $290,000, then an Income Deficit exists and the Base Salary shall be adjusted downward by an amount that will cause the projected Physician Expenses for the Annual Period to equal $275,000 (the amount of the Physician Collections).

BENEFITS

CME Stipend

$2,500.00 per year for continuing medical education expenses, dues, licensed and subscriptions.

Paid Time Off

- 20 vacation days
- 9 holidays
- 5 days for continuing medical education activities

Standard Form

EXHIBIT B

Teaching and Administrative Services

Standard Form

EXHIBIT C

Physician Schedule

Physician shall provide services hereunder during the times and locations set forth below.

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
SESSION					
A.M.					
P.M.					

- All sessions identified above as being provided at "**HOSPITAL**" shall mean that physician is scheduled to provide services at Roger Williams Medical Center

- All sessions identified above as being provided at "**MAUDE**" shall mean that the physician is scheduled to provide services at the medical offices located at 50 Maude Street, Providence, Rhode Island 02908.

- All sessions identified above as being provided at "**OFFICE**" shall mean that physician is scheduled to provide services at one of the following private medical offices operated by NEW UMG:

  Cranston Offices

  1500 Pontiac Avenue, Suite 107

  725 Reservoir Avenue

  Cumberland

  175 Nate Whipple Highway

  East Greenwich

  1407 South County Trail, Suite 432, Building 4

  East Providence

  1018 Waterman Avenue

  Johnston

  1539 Atwood Avenue

  Providence Office

  1195 North Main Street

EXHIBIT B

ARTICLES OF ORGANIZATION

SEE ATTACHED.

RI SOS Filing Number: 201446878770 Date: 09/29/2014 1:29 PM

Filing Fee: $150.00

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
Office of the Secretary of State
Division of Business Services
148 W. River Street
Providence, Rhode Island 02904-2615

2014 SEP 29 PM 1:29
SECRETARY OF STATE
CORPORATIONS DIV

LIMITED LIABILITY COMPANY

ARTICLES OF ORGANIZATION

Pursuant to the provisions of Chapter 7-16 of the General Laws of Rhode Island, 1956, as amended, the following Articles of Organization are adopted for the limited liability company to be organized hereby:

1. The name of the limited liability company is:

   New University Medical Group, LLC

2. The address of the limited liability company's resident agent in Rhode Island is:

   450 Veterans Memorial Parkway, Suite 7A (Street Address, not P.O. Box) — East Providence (City/Town), RI — 02914 (Zip Code)

   and the name of the resident agent at such address is C T Corporation System (Name of Agent)

3. Under the terms of these Articles of Organization and any written operating agreement made or intended to be made, the limited liability company is intended to be treated for purposes of federal income taxation as:

   (Check one box only)

   ☐ a partnership *or* ☐ a corporation *or* ☒ disregarded as an entity separate from its member

4. The address of the principal office of the limited liability company if it is determined at the time of organization:

   825 Chalkstone Avenue, Providence, RI 02908

   (If not determined, so state)

5. The limited liability company has the purpose of engaging in any lawful business, and shall have perpetual existence until dissolved or terminated in accordance with Chapter 7-16, unless a more limited purpose or duration is set forth in paragraph 6 of these Articles of Organization.

FILED

SEP 29 2014

BY CM 233225

Form No. 400
Revised: 09/06

C-PCC-000928

6. Additional provisions, if any, not inconsistent with law, which the members elect to have set forth in these Articles of Organization, including, but not limited to, any limitation of the purposes or duration for which the limited liability company is formed, and any other provision which may be included in an operating agreement:

7. Management of the Limited Liability Company (check one only):

A. The limited liability company is to be managed ☒ by its members. ***(If you have checked this box, go to item No. 8 – DO NOT LIST ANY NAMES IN SECTION B.)***

or

B. The limited liability company is to be managed ☐ by one (1) or more managers. ***(If the limited liability company has managers at the time of the filing of these Articles of Organization, state the name and address of each manager.)***

Manager	Address

8. The date these Articles of Organization are to become effective, if later than the date of filing, is:

(not prior to, nor more than 30 days after, the filing of these Articles of Organization)

Name and Address of Authorized Person:
Robert Elders, Corporate Counsel
10780 Santa Monica Boulevard, Suite 400
Los Angeles, CA 90025

Under penalty of perjury, I declare and affirm that I have examined these Articles of Organization, including any accompanying attachments, and that all statements contained herein are true and correct.

Date: September 25, 2014

Signature of Authorized Person

State of Rhode Island and Providence Plantations

A. Ralph Mollis

Secretary of State

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

I, A. RALPH MOLLIS, Secretary of State of the State of Rhode Island and Providence Plantations, hereby certify that this document, duly executed in accordance with the provisions of Title 7 of the General Laws of Rhode Island, as amended, has been filed in this office on this day:

September 29, 2014 1:29 PM

A. RALPH MOLLIS

Secretary of State

111479-4-988438

EXHIBIT C

OPERATING AGREEMENT

SEE ATTACHED

OPERATING AGREEMENT

OF

NEW UNIVERSITY MEDICAL GROUP, LLC
(a Rhode Island limited liability company)

This Operating Agreement (this "**Agreement**") of New University Medical Group, LLC (the "**Company**"), is entered into by the Company and Prospect CharterCARE RWMC, LLC, a Rhode Island limited liability company, as the sole member (the "**Member**").

WHEREAS, the Company was organized on September 29, 2014, pursuant to, and in accordance with, the Rhode Island Limited Liability Company Act (R.I. Gen. Laws §7-16-1 et seq.), as amended from time to time (the "**Act**"), by an authorized person, by the filing of Articles of Organization of the Company (the "**Articles**"), and the Member hereby adopts and ratifies the Articles and all acts taken by the authorized person in connection therewith.

NOW, THEREFORE, in consideration of the premises contained herein and each party intending to be legally bound, the parties hereto agree as follows:

1. Name. The name of the limited liability company is New University Medical Group, LLC.

2. Principal Business Office. The principal business office of the Company is located at 825 Chalkstone Avenue, Providence, Rhode Island 02908, or such other location as may hereafter be determined by the Member.

3. Registered Office. The address of the registered office of the Company in the State of Rhode Island is c/o CT Corporation System, 450 Veterans Memorial Parkway, Suite 7A, East Providence, Rhode Island 02914.

4. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Rhode Island is CT Corporation System, 450 Veterans Memorial Parkway, Suite 7A, East Providence, Rhode Island 02914.

5. Purpose. The Company is formed for the object and purpose of, and the nature of the business conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any activities necessary or incidental to the foregoing.

6. Member. The name of the sole Member of the Company is Prospect CharterCARE RWMC, LLC, with an address of c/o Prospect Medical Holdings, Inc., 10780 Santa Monica Blvd., Suite 400, Los Angeles, California 90025.

7. Management.

(a) Management of the Company. The sole Member of the Company shall be the Manager of the Company and shall take all action required or permissible hereunder. Without limiting the foregoing, the Manager is hereby specifically authorized to:

(i) appoint individuals, with or without such titles as it may elect (including the titles of president, vice president, treasurer, secretary and assistant secretary), to act on behalf of the Company with such power and authority as the Manager may delegate in writing to any such individual(s);

(ii) establish a record date with respect to all actions to be taken hereunder that require a record date be established;

(iii) bring and defend on behalf of the Company actions and proceedings at law or in equity before any court or governmental, administrative or other regulatory agency, body or commission or otherwise;

(iv) execute any and all documents or instruments, perform all duties and powers and do all things for and on behalf of the Company in all matters necessary, desirable, convenient or incidental to the purpose of the Company, including all documents, agreements, certifications and instruments in connection with the protection and preservation of the Company's assets; and

(v) engage in any kind of activity and perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of the purposes of the Company, as may be lawfully carried on or performed by a limited liability company under the laws of the State of Rhode Island and in each state in which the Company is then formed, has qualified or is doing business.

(b) Reliance by Third Parties. Persons dealing with the Company are entitled to rely conclusively upon the power and authority of the Manager, and any officers designated by the Manager.

(c) Bank Accounts. The Manager, or any officer designated by the Manager, may from time to time open bank accounts in the name of the Company, and the Manager or officer shall be the only signatory thereon, unless the Manager determines otherwise.

(d) Exculpation and Indemnification. No Manager or officer shall be liable to the Company, or to any other person or entity that has an interest in the Company, for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Manager or officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Manager or officer by this Agreement, except that a Manager or officer shall be liable for any such loss, damage or claim incurred by reason of such Manager's or officer's willful misconduct. To the full extent permitted by applicable law, a Manager or officer shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Manager or officer by reason of any act or omission

performed or omitted by such Manager or officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Manager or officer by this Agreement, except that no Manager or officer shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Manager or officer by reason of willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 7(d) shall be provided out of and to the extent of Company assets only, and the Manager or officer shall not have personal liability on account thereof.

8. Limited Liability. Except as otherwise expressly provided by the Act, the debts, obligations and liabilities of the Company shall be the debts, obligations and liabilities solely of the Company, and neither the Member, nor the Manager, is personally obligated for any such debt, obligation or liability of the Company solely by reason of being a Member or a Manager.

9. Capital Contributions. The Member has contributed to the Company the property listed on the books and records of the Company. The Member is not required to make any additional capital contribution to the Company. To the extent that the Member makes an additional capital contribution to the Company, the Manager shall revise the books and records of the Company.

10. Allocation of Profits and Losses. The Company's profits and losses shall be allocated to the Member.

11. Distributions. Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Manager in accordance with the Act and applicable law.

12. Books and Records. The Manager shall keep or cause to be kept complete and accurate books of account and records with respect to the Company's business. The Company's books of account shall be kept using the method of accounting determined by the Manager. The Member and its duly authorized representatives shall have the right to examine the Company books, records and documents during normal business hours.

13. Tax Status. It is intended that the Company shall be a disregarded entity for federal, state, and local income tax purposes.

14. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Rhode Island.

15. Amendment. This Agreement may be amended by a writing executed by the Company and the Member.

[signature page follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Operating Agreement effective as of September 29, 2014.

COMPANY:	MEMBER:
New University Medical Group, LLC	Prospect CharterCARE RWMC, LLC
By:_____	By:_____
Name:	Name:
Title:	Title:

EXHIBIT D

FIRST AMENDED OPERATING AGREEMENT

SEE ATTACHED

Final Execution Version

FIRST AMENDED & RESTATED OPERATING AGREEMENT OF NEW UNIVERSITY MEDICAL GROUP, LLC
(a Rhode Island limited liability company)

This First Amended & Restated Operating Agreement (this "**Agreement**") of New University Medical Group, LLC (the "**Company**"), is entered into by the Company and Prospect CharterCARE RWMC, LLC, a Rhode Island limited liability company, as the sole member (the "**Member**").

WHEREAS, the Company was organized on September 29, 2014, pursuant to, and in accordance with, the Rhode Island Limited Liability Company Act (R.I. Gen. Laws §7-16-1 et seq.), as amended from time to time (the "**Act**"), by the filing of Articles of Organization of the Company (the "**Articles**");

WHEREAS, the sole Member of the Company adopted the initial Operating Agreement of the Company effective as of September 29, 2014 (the "**Initial Agreement**"); and

WHEREAS, the sole Member and the Company wish to amend and restate the Initial Agreement to provide provisions for, among other things, the governance of the Company.

NOW, THEREFORE, in consideration of the premises contained herein and each party intending to be legally bound, the parties hereto agree as follows:

1. Name. The name of the limited liability company is New University Medical Group, LLC.

2. Principal Business Office. The principal business office of the Company is located at 825 Chalkstone Avenue, Providence, Rhode Island 02908, or such other location as may hereafter be determined by the Member.

3. Registered Office. The address of the registered office of the Company in the State of Rhode Island is c/o CT Corporation System, 450 Veterans Memorial Parkway, Suite 7A, East Providence, Rhode Island 02914.

4. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Rhode Island is CT Corporation System, 450 Veterans Memorial Parkway, Suite 7A, East Providence, Rhode Island 02914.

5. Purpose. The Company is formed for the object and purpose of, and the nature of the business conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any activities necessary or incidental to the foregoing.

6. Member. The name of the sole Member of the Company is Prospect CharterCARE RWMC, LLC, with an address of c/o Prospect Medical Holdings, Inc., 10780 Santa Monica Blvd., Suite 400, Los Angeles, California 90025.

7. Management.

(a) Management of the Company. The Member acknowledges and agrees that the Company shall be "manager-managed." Therefore, subject to the approval rights of the Member under Section 8, all management and other responsibilities shall be vested in a Board of Managers (the "**Board of Managers**"). The members of the Board of Managers (each, a "**Manager**") shall devote such time to the affairs of the Company as is reasonably necessary for performance by the Board of Managers of its duties. Except as otherwise provided for elsewhere in this Agreement, the Board of Managers shall have the right, discretion, and power to manage, operate, and control the Company without any required consent, to do all things necessary or appropriate to carry on the business and purposes of the Company, including without limitation the right to:

(i) appoint individuals, with or without such titles as it may elect (including the titles of Chairman of Medicine, President, Vice President, Treasurer, Secretary and Assistant Secretary), to act on behalf of the Company with such power and authority as the Board of Managers may delegate in writing to any such individual(s);

(ii) establish a record date with respect to all actions to be taken hereunder that require a record date be established;

(iii) bring and defend on behalf of the Company actions and proceedings at law or in equity before any court or governmental, administrative or other regulatory agency, body or commission or otherwise;

(iv) execute any and all documents or instruments, perform all duties and powers and do all things for and on behalf of the Company in all matters necessary, desirable, convenient or incidental to the purpose of the Company, including all documents, agreements, certifications and instruments in connection with the protection and preservation of the Company's assets; and

(v) engage in any kind of activity and perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of the purposes of the Company, as may be lawfully carried on or performed by a limited liability company under the laws of the State of Rhode Island and in each state in which the Company is then formed, has qualified or is doing business.

(b) Appointment of Managers. The Board of Managers shall consist of four (4) Managers. The following persons shall be ex-officio Managers on the Board of Managers:

(i) Chairman of the Department of Medicine of the Member;

(ii) President of Roger Williams Medical Center; and

(iii) President of Prospect East Holdings, Inc. or his/her designee.

In addition to the ex-officio Managers, the individual serving as President of University Medical Group, Inc. as of the date this Agreement is executed shall serve as a Manager on the Board of Managers. When said individual for any reason no longer serves as a Manager, a physician employee of the Company shall be elected by the ex-officio Managers from among one or more individuals nominated by the physician employees of the Company.

(c) Meetings of Managers. The Board of Managers shall meet at least annually, and additional meetings may be called by any Manager. Times and places for meetings of the Board of Managers shall be determined by the Managers. At least five (5) business days' prior written notice of a meeting shall be given to each Manager in person, or by letter, confirmed e-mail or confirmed facsimile. Notice of a meeting of the Board of Managers shall specify the place, date and time of the meeting, as well as the business to be transacted at such meeting. Such notice to a Manager may be waived by such Manager and shall be deemed waived by a Manager's presence at the meeting.

(d) Meetings by Telecommunications. Unless the Act otherwise provides, a Manager may participate in a meeting of the Board of Managers by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

(e) Quorum. The presence of all of the Managers at a meeting shall be required to constitute a quorum. Once a Manager is represented for any purpose at a meeting, such Manager is deemed present for quorum purposes for the remainder of the meeting and any adjournment thereof. If less than a quorum of Managers is present at a Board of Managers meeting, a majority of the Managers present may adjourn the meeting from time to time without further notice. No Manager shall fail to attend a meeting of the Board of Managers for purposes of defeating a quorum or avoiding corporate action.

(f) Voting of Managers. Except as otherwise specifically provided herein, any action required or permitted to be taken by the Board of Managers shall be taken by affirmative vote of a majority of the Managers present at a meeting of the Board of Managers at which a quorum is present. Each Manager shall have one (1) vote on all matters considered by the Board of Managers.

(g) Deadlock. To the extent there is a deadlock in a vote of the Board of Managers, the Managers will endeavor in good faith to informally resolve such deadlock. In the event the Managers are unable to agree with respect to any matter which is material to the Company, its business or its prospects, then, the Board of Managers shall deliver to the Board of Directors of Prospect CharterCARE, LLC, a Rhode Island limited liability company (the "**CharterCARE Board**") a notice of deadlock (the "**Notice**"). For a period of thirty (30) days following the date of the Notice, the President of the Company and the President of the Member shall, in good faith, negotiate a resolution to the deadlock. If a resolution with respect to the deadlock is not reached within such thirty (30) day period, the CharterCARE Board shall, after considering the matter and reviewing any materials provided by the Company or its Board of Managers, vote on the matter which resulted in the deadlock. The vote of the CharterCARE

Board shall resolve the deadlock and the Company shall make such decisions or take such action/inaction as directed by such vote. The determination of the CharterCARE Board shall be final and binding on the Company and the Member and such decision, action or inaction shall be deemed to be duly authorized by the Company and its Board of Directors and, if otherwise required hereunder, by the Member.

(h) Action Without Meeting. Any action which the Board of Managers could take at a meeting may be taken without a meeting if one or more written consents, setting forth the action taken, shall be signed, before or after such action, by all of the Managers entitled to vote on such matter. The consent shall be delivered to the Company for inclusion in the minutes or filing with the Company's records.

(i) Appointment of Officers. The Company shall have officers. The officers of the Company shall include a Chairman of Medicine/President, a Secretary, a Treasurer and such other officers as may be deemed necessary by the Board of Managers. The Chairman of Medicine/President be responsible for the day-to-day operation of the Company and shall carry out the strategic plan and policies set forth by the Board of Managers. Other officers shall have the authority to perform the duties customary to their offices or as from time to time may be prescribed by the Board of Managers. Any two or more offices may be held by the same individual, but no officer may act in more than one capacity where action of two or more officers is required. The officers of the Company shall serve in such capacities until the expiration of their terms (if any) or their earlier removal by the Board of Managers, resignation or death. Any officer may be removed by the Board of Managers at any time with or without cause whenever in its judgment the best interests of the Company will be so served. Vacancies among the officers shall be filled and new offices may be created and filled by the Board of Managers. The compensation of the officers, if any, shall be fixed by the Board of Managers.

(j) Reliance by Third Parties. Persons dealing with the Company are entitled to rely conclusively upon the power and authority of the Board of Managers, and any officers designated by the Board of Managers.

(k) Exculpation and Indemnification. No Managers or officer shall be liable to the Company, or to any other person or entity that has an interest in the Company, for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Managers or officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Managers or officer by this Agreement, except that a Board of Managers or officer shall be liable for any such loss, damage or claim incurred by reason of such Manager's or officer's willful misconduct. To the full extent permitted by applicable law, a Managers or officer shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Board of Managers or officer by reason of any act or omission performed or omitted by such Board of Managers or officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Board of Managers or officer by this Agreement, except that no Managers or officer shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Managers or officer by reason of willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 7(k) shall be provided out

of and to the extent of Company assets only, and the Managers or officer shall not have personal liability on account thereof.

8. Powers Reserved to the Member. Notwithstanding any other provision in this Agreement to the contrary, the Member, in its sole and absolute discretion, shall have the full power and authority to take any of the following actions:

(a) cause any amendment to be made to the Articles or this Agreement; provided, however, that no such amendment shall be made prior to the first anniversary of the date of this Agreement unless required by applicable law;

(b) require any additional capital contributions from the Member;

(c) authorize the merger, consolidation or similar combination of the Company with any other entity, or authorize the sale of all or substantially all the assets of the Company;

(d) organize or form any subsidiary of the Company;

(e) approve the Company's participation in joint ventures, acquisitions or expansions of operations or the dissolution or divestiture of the same;

(f) change the purpose or organization of the Company;

(g) admit any new Member;

(h) issue or authorize any options, securities or other investment, ownership or similar rights in the Company; and

(i) make any election to change the tax status of the Company or take any action to cause the Company to be treated as a corporation for US federal income tax purposes.

9. Actions Requiring Member Consent. Notwithstanding any other provision in this Agreement to the contrary, the Board of Managers shall not take any of the following actions without the prior written approval or consent of the Member:

(a) enter into or approve any agreement or arrangement with an affiliate of the Company or any Manager;

(b) enter into or approve any employment agreement or management agreement;

(c) approve any debt of the Company;

(d) approve any guaranty by the Company of the indebtedness of a third party;

(e) adopt or amend any operating budget of the Company or approve any transaction or expense that is a material deviation from the operating budget of the Company;

(f) adopt or amend any capital budget of the Company or approve any transaction or expense that is a material deviation from the capital budget of the Company;

(g) approve any unbudgeted capital expenditure of the Company excess of Ten Thousand Dollars ($10,000);

(h) approve any strategic or operating plan for the Company;

(i) enter into, amend, renew or terminate any contract to which the Company is a party, pursuant to which the Company is to pay, or is reasonably likely to pay, in excess of Ten Thousand Dollars ($10,000);

(j) effect the voluntary or involuntary dissolution, liquidation or winding-up of the Company; or

(k) voluntarily file for bankruptcy by the Company.

10. Limited Liability. Except as otherwise expressly provided by the Act, the debts, obligations and liabilities of the Company shall be the debts, obligations and liabilities solely of the Company, and neither the Member, nor the Board of Managers, is personally obligated for any such debt, obligation or liability of the Company solely by reason of being a Member or a Manager.

11. Capital Contributions. The Member has contributed to the Company the property listed on the books and records of the Company. To the extent that the Member makes an additional capital contribution to the Company, the Board of Managers shall revise the books and records of the Company.

12. Allocation of Profits and Losses. The Company's profits and losses shall be allocated to the Member.

13. Distributions. Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Board of Managers in accordance with the Act and applicable law.

14. Books and Records. The Board of Managers shall keep or cause to be kept complete and accurate books of account and records with respect to the Company's business. The Company's books of account shall be kept using the method of accounting determined by the Board of Managers. The Member and its duly authorized representatives shall have the right to examine the Company books, records and documents during normal business hours.

15. Tax Status. It is intended that the Company shall be a disregarded entity for federal, state, and local income tax purposes.

16. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Rhode Island.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this First Amended & Restated Operating Agreement as of __________ ___, 2015.

COMPANY:

New University Medical Group, LLC

By:______________________________
Name:
Title:

MEMBER:

Prospect CharterCARE RWMC, LLC

By:______________________________
Name:
Title:

EXHIBIT E.1

INITIAL CLOSING
FORM OF BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT is made this _____ day of _____ 2014 (this "Assignment Agreement"), by and between University Medical Group, Inc., a Rhode Island non-profit corporation ("Seller"), and New University Medical Group, LLC, a Rhode Island limited liability company ("Buyer"). All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement (as hereinafter defined).

RECITALS

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement dated as of December ____, 2014 (the "Purchase Agreement"); and

WHEREAS, the Purchase Agreement provides for, among other things, the sale by Seller to Buyer of the Assets (as such term is defined in Section 1 below).

AGREEMENT

NOW, THEREFORE, in consideration of the promises and of the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree to the following terms and conditions:

1. Purchase of Assets. Subject to the terms and conditions of the Purchase Agreement, Seller hereby sells, transfers, assigns, conveys, grants, releases, delivers, vests and confirms unto Buyer, and Buyer hereby accepts the foregoing conveyance, sale, transfer, assignment and delivery of the entire right, title and interest of Seller in and to all of the assets described in Section 2(a) of the Purchase Agreement (collectively, the "Assets").

2. Assignment of Contracts. Seller hereby assigns and Buyer hereby assumes all of the Assigned Contracts that are identified in Attachment 1 hereto (collectively, the "IC Assigned Contracts").

3. Power of Attorney. Seller covenants and agrees that it will, any time and from time to time, from and after the date hereof, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better assigning, transferring, granting, conveying, assuring and confirming to Buyer, or for the aiding, assisting, collecting and reducing to possession any or all of the Assets being assigned to Buyer as provided herein. Seller hereby constitutes and appoints Buyer as the true and lawful attorney of Seller, with full power of substitution, in the name of Buyer or in the name of Seller, but for the benefit of Buyer, to do all things necessary to:

(a) collect, demand and receive any and all Assets hereby sold and assigned to Buyer;

(b) institute and prosecute any and all actions, suits or proceedings which Buyer may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Assets hereby sold and assigned to Buyer; and

(c) take any and all other reasonable action designed to vest more fully in Buyer title to the Assets hereby sold and assigned to Buyer and in order to provide for Buyer the benefit, use, enjoyment and possession of such Assets.

4. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Rhode Island, without regard to its conflict of laws principles.

5. Counterparts. This Assignment Agreement may be executed in counterparts and by facsimile or pdf signature, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The counterparts of this Assignment Agreement may be executed and delivered by facsimile.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, this Assignment Agreement has been executed as of the day and year first above written.

BUYER:

NEW UNIVERSITY MEDICAL GROUP, LLC

By: _____
Name:
Title:

SELLER:

UNIVERSITY MEDICAL GROUP, INC.

By: _____
Name:
Title:

ATTACHMENT 1

IC ASSIGNED CONTRACTS

[TO BE COMPLETED.]

EXHIBIT E.2

SECOND CLOSING
FORM OF BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT is made this _____ day of _____ 2015 (this "Assignment Agreement"), by and between University Medical Group, Inc., a Rhode Island non-profit corporation ("Seller"), and New University Medical Group, LLC, a Rhode Island limited liability company ("Buyer"). All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement (as hereinafter defined).

RECITALS

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement dated as of December ____, 2014 (the "Purchase Agreement"); and

WHEREAS, the Purchase Agreement provides for, among other things, the sale by Seller to Buyer of the Assets (as such term is defined in Section 1 below).

AGREEMENT

NOW, THEREFORE, in consideration of the promises and of the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree to the following terms and conditions:

6. Purchase of Assets. Subject to the terms and conditions of the Purchase Agreement, Seller hereby sells, transfers, assigns, conveys, grants, releases, delivers, vests and confirms unto Buyer, and Buyer hereby accepts the foregoing conveyance, sale, transfer, assignment and delivery of the entire right, title and interest of Seller in and to all of the assets described in Section 2(b) of the Purchase Agreement (collectively, the "Assets").

7. Assignment of Contracts. Seller hereby assigns and Buyer hereby assumes all of the Assigned Contracts that are identified in Attachment 1 hereto (collectively, the "SC Assigned Contracts").

8. Power of Attorney. Seller covenants and agrees that it will, any time and from time to time, from and after the date hereof, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required for the better assigning, transferring, granting, conveying, assuring and confirming to Buyer, or for the aiding, assisting, collecting and reducing to possession any or all of the Assets being assigned to Buyer as provided herein. Seller hereby constitutes and appoints Buyer as the true and lawful attorney of Seller, with full power of substitution, in the name of Buyer or in the name of Seller, but for the benefit of Buyer, to do all things necessary to:

(a) collect, demand and receive any and all Assets hereby sold and assigned to Buyer;

(b) institute and prosecute any and all actions, suits or proceedings which Buyer may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Assets hereby sold and assigned to Buyer; and

(c) take any and all other reasonable action designed to vest more fully in Buyer title to the Assets hereby sold and assigned to Buyer and in order to provide for Buyer the benefit, use, enjoyment and possession of such Assets.

9. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Rhode Island, without regard to its conflict of laws principles.

10. Counterparts. This Assignment Agreement may be executed in counterparts and by facsimile or pdf signature, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. The counterparts of this Assignment Agreement may be executed and delivered by facsimile.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, this Assignment Agreement has been executed as of the day and year first above written.

BUYER:

NEW UNIVERSITY MEDICAL GROUP, LLC

By: _____
Name:
Title:

SELLER:

UNIVERSITY MEDICAL GROUP, INC.

By: _____
Name:
Title:

ATTACHMENT 1

SC ASSIGNED CONTRACTS

[TO BE COMPLETED.]

EXHIBIT F

INTERIM ADMINISTRATION SERVICES AGREEMENT

SEE ATTACHED.

INTERIM ADMINISTRATIVE SERVICES AGREEMENT

THIS INTERIM ADMINISTRATIVE SERVICES AGREEMENT ("Agreement") is entered into as of December 19, 2014 by and between **NEW UNIVERSITY MEDICAL GROUP, LLC**, a Rhode Island limited liability company with principal offices located at 825 Chalkstone Avenue, Providence, Rhode Island 02908 ("Administrator"), and **UNIVERSITY MEDICAL GROUP, INC.**, a Rhode Island nonprofit corporation with business offices located at 825 Chalkstone Avenue, P.O. Box 28227, Providence, Rhode Island 02908 ("Practice").

RECITALS

A. Practice is organized to engage in the practice of medicine in the State of Rhode Island through its physician employees, each of whom are licensed to practice medicine in the State of Rhode Island.

B. Administrator has the capability of providing administrative, managerial and support services to Practice.

C. On December 18, 2014, Practice and Administrator entered into that certain Asset Purchase Agreement (the "Purchase Agreement") pursuant to which, among other things (i) Practice sold certain of its assets to Administrator as of even date herewith, and (ii) Practice will sell certain of its remaining assets to Administrator on or about February 28, 2015, or on such later date as may be extended pursuant to the terms of the Purchase Agreement (the "Final Closing Date").

D. During the short transition period between the date hereof and the Final Closing Date, Practice will continue to operate a medical practice and provide healthcare services to patients, but desires to engage Administrator to provide office space, equipment, supplies, personnel and the business and administrative services necessary for the day-to-day operation of Practice during such transition period, and Administrator desires to provide such services for and on behalf of Practice, all under the terms and conditions of this Agreement.

AGREEMENT

For and in consideration of the foregoing premises, the mutual covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby agree as follows:

I. DEFINITIONS

As used in this Agreement, the following capitalized terms and phrases have the meanings specified in this Article I. Other terms and phrases may be defined in the text of this Agreement, and those terms and phrases have the meanings respectively ascribed to them.

1.1 "Accounts Receivable" means the accounts receivable of Practice for services rendered by or on behalf of Practice, including, without limitation, accounts arising from bills and claims submitted to patients, commercial insurance carriers, health maintenance

organizations, government payors, preferred provider organizations, self-insured employers, and third party administrators.

1.2 "Administrative Services" means, collectively, all of the services, licenses and products provided by Administrator to Practice under this Agreement.

1.3 "Affiliate" means, with respect to a named entity, any person or entity directly or indirectly owned or controlled by such named entity, any person or entity directly or indirectly owning or controlling such named entity, and any person or entity under common ownership or control with the named entity. Practice is not an Affiliate of Administrator.

1.4 "Applicable Law" means all applicable federal, state and local law, including, without limitation, all applicable statutes, codes, regulations, ordinances and rules, and all applicable case law, administrative decisions and agency-guidelines.

1.5 "Effective Date" means December 19, 2014.

1.6 "Equipment" means any and all medical and office equipment, instruments, furniture, fixtures and other furnishings otherwise provided by or on behalf of Administrator to Practice under this Agreement.

1.7 "Government Receivables" means Accounts Receivable for sums due to Practice from health care benefit programs funded by the United States of America, any agency or instrumentality of the United States of America, or any individual state of the United States of America, including, without limitation, sums due under the Medicare or Medicaid programs, but not including amounts due to Practice from private insurers under contract to provide benefits under the Federal Employee Health Benefit Program.

1.8 "Medical Records" means all written and electronic records concerning health care services rendered to patients by or on behalf of Practice, including, without limitation, all diagnosis and treatment notes, medical histories, imaging films and files, patient-billing information, and patient, service and outcome databases.

1.9 "Physician Expenses" means all of the costs and expenses incurred by Practice with respect to the employment of its physicians, including without limitation, all costs and expenses related to salaries and wages, employee benefits, insurance premiums, continuing education expenses, professional licensure fees, and all federal, state and local employment taxes and other charges and required withholdings.

1.10 "Practice Expenses" means all of the costs and expenses incurred by Practice with respect to: (i) the "Second Closing Assets", "SC Assigned Contracts" and "SC Assumed Liabilities" (as such terms are defined in the Purchase Agreement); and (ii) the Physician Expenses.

1.11 "Practice Locations" means the medical or business office locations identified on Exhibit B hereto.

II. RELATIONSHIP OF THE PARTIES

2.1 Engagement. Practice hereby engages Administrator during the Term of this Agreement to provide the Administrative Services, and Administrator hereby accepts such engagement, under the terms and conditions of this Agreement.

2.2 Independent Contractor Status of Parties. In performance of the services, duties and obligations under this Agreement, the parties acknowledge and agree that each party is at all times acting and performing as an independent contractor with respect to the other. In this regard, the parties further acknowledge and agree as follows:

(a) The relationship between Administrator and Practice is that of an independent supplier of non-medical services and a medical practice, respectively, and, unless otherwise expressly provided herein, nothing in this Agreement constitutes or should be construed to be or to create a principal-agent, employer-employee, or master-servant relationship between the parties (and their respective agents and Affiliates);

(b) Nothing contained in this Agreement constitutes or should be construed to be or to create a partnership or joint venture between Administrator and Practice, an equity interest in Practice on the part of Administrator, or an equity interest in Administrator on the part of Practice; and

(c) Neither party, nor any person directly employed or engaged by either party, has any right or claim against the other party for Social Security benefits, workers' compensation benefits, disability benefits, unemployment benefits, health benefits, vacation pay, sick leave or any other employee-benefits of any kind.

2.3 Medical and Professional Matters. Practice acknowledges and agrees that notwithstanding any of Administrator's obligations under this Agreement:

(a) The professional relationship with each patient is between the patient, on one hand, and Practice and the physicians and other professionals providing services for and on behalf of Practice, on the other hand;

(b) Practice is exclusively in control of and responsible for all aspects of the practice of medicine and the provision of medical services to patients;

(c) Administrator has absolutely no control over or responsibility for any aspect of the practice of medicine or the provision of medical services to patients, whether by physicians or other professionals directly engaged by Practice, or by individuals engaged by Administrator and provided to Practice under this Agreement; and

(d) Practice is responsible for the organization and management of all medical and professional services provided at the Practice Locations, including, without limitation:

(i) The determination of fees, charges, premiums or other amounts due in connection with its delivery of health care services;

(ii) The maintenance of medical charts, patients records and vital records;

(iii) The selection and compensation of Practitioners (as defined in Section 5.1(a) below);

(iv) The selection and supervision of all clinical employees; and

(v) The scope of services to be provided by Practice at the Practice Locations, subject to any limitations imposed by Applicable Law.

2.4 Prohibition on Referrals. The compensation payable to Administrator under this Agreement has been determined by the parties through good-faith and arm's length bargaining for the services to be provided by Administrator to Practice. The benefits to Practice under this Agreement do not require, are not payment for and are not in any way contingent upon the referral, admission or any other arrangement for the provision of any item or service offered by Administrator or any of its Affiliates, or by any facility, laboratory or health care practice controlled, managed, operated or administered by Administrator or any of its Affiliates.

2.5 Authority. Except as otherwise prohibited, limited or restricted by this Agreement, or by Applicable Law, Administrator is hereby authorized by Practice to provide the Administrative Services in any reasonable manner Administrator deems appropriate to meet the requirements of the day-to-day business functions of Practice. To the extent that any of the Administrative Services are construed by a court of competent jurisdiction or by any government authority having oversight responsibilities regarding such services to constitute the practice of medicine, individually or collectively, the requirement and authority of Administrator to perform that service will be deemed waived and unenforceable, and this Agreement will continue or be terminated in accordance with Section 11.3 below.

2.6 Subcontracting. Administrator may subcontract with third parties for the provision of any of the services and obligations of Administrator under this Agreement. Administrator shall notify Practice of any such subcontracts on a timely basis.

III. PRACTICE SITE AND EQUIPMENT

3.1 Selection of Practice Locations and Equipment. Practice and Administrator shall cooperate to evaluate, to secure and to maintain medical and business offices, and medical and office equipment, instruments, furniture, fixtures and other furnishings, reasonably necessary and appropriate for the operation of Practice's business.

3.2 Limited Purpose License. Administrator shall provide to Practice, or shall arrange for the provision of, the purchase, lease or license of the Practice Locations and Equipment. Administrator shall grant to Practice a limited license to access and to use the Practice Locations and Equipment for the sole purpose of conducting Practice's private medical practice, and Practice shall accept such limited license, under the terms and conditions of this Agreement.

3.3 Permitted Use; Reasonable Care.

(a) Generally. Practice shall occupy and use the Practice Locations and Equipment solely for the purpose of conducting Practice's private practice of medicine, and Practice shall exercise reasonable care and diligence in such occupation and use. Practice shall not occupy or use the Practice Locations or Equipment for any unlawful purpose, or in any manner that will constitute waste, nuisance or unreasonable annoyance to any other person or entity.

(b) Specific Compliance. Practice shall at all times comply with any and all requirements for the occupancy and use of the Practice Locations and Equipment set forth in any leases, licenses, service agreements, warranty agreements, loan and security agreements, and any other agreement concerning the Practice Locations or Equipment. Practice shall use each item of Equipment only in the manner in which its manufacturer intended it to be used. Practice shall not occupy or use the Practice Locations or Equipment in any manner that may (i) interfere with the occupancy or use of any surrounding or adjacent premises by any other person or entity, (ii) conflict with or violate any federal, state or local law, rule or regulation, or any order of a government entity having jurisdiction over the conditions, occupancy or use of real property or the ownership or operation of the Equipment, (iii) cause the termination, or limitation in any way, of any guarantee, warranty, or service obligation of any manufacturer, lessor or sublessor of the Practice Locations or Equipment, (iv) be deemed or construed to be an abandonment of possession of any of the Practice Locations or Equipment, or (v) cause an increase in premiums for, or the termination or limitation of the benefits of, any insurance maintained with respect to the Practice Locations or Equipment.

(c) No Liens. Practice shall keep and maintain the Practice Locations and Equipment free and clear of any and all claims, encumbrances, charges and liens of any kind, other than those liens granted by or to Administrator in exchange for financing or leasing the same, or otherwise consented to in writing in advance by Administrator. Practice shall not assign, pledge, mortgage, encumber, sell or dispose of, or attempt to assign, pledge, mortgage, encumber, sell or dispose of the Practice Locations or any Equipment at any time, except as otherwise consented to in writing in advance by Administrator.

(d) Alterations. Unless Administrator otherwise agrees in writing, which agreement may be contingent upon any terms and conditions deemed necessary or desirable by Administrator, Practice shall not make or perform, nor cause any other person to make or perform, (i) any alterations, repairs, adjustments, maintenance, installations, improvements, additions or other physical changes to, in or about the Practice Locations, or (ii) any alterations, repairs, adjustments or maintenance to or on any of the Equipment.

3.4 Repairs and Maintenance.

(a) Practice Locations. Practice shall regularly survey the Practice Locations to ensure that it presents a safe and clean environment, suitable for operation of Practice's private medical practice. Practice shall promptly notify Administrator upon Practice's discovery of any unsafe condition in the Practice Locations, and upon its discovery of any other condition

requiring repair or maintenance. Subject to the terms and conditions of the underlying lease or license agreement, if any, and upon notice of the need therefor, Administrator shall use commercially reasonable efforts to repair and to maintain or to arrange for the repair and maintenance of the non-structural components of the Practice Locations, including, for example, the wall coverings, floor coverings, ceilings, partitions, doors, windows and lighting fixtures, and any and all plumbing, electrical, heating, ventilation and air conditioning systems, damage by fire or other casualty excepted.

(b) Equipment. Practice shall regularly inspect all of the Equipment to ensure the Equipment's proper and safe operation. Practice shall promptly notify Administrator upon Practice's discovery of any unsafe condition with respect to the Equipment, and upon the discovery of any other condition requiring repair or maintenance. Subject to the terms and conditions of any of the leases, service agreements, warranty agreements and other agreements concerning the Equipment, Administrator shall perform as follows:

(i) Administrator shall use commercially reasonable efforts to provide, or to arrange for the provision of, any and all routine repairs and maintenance of the Equipment that Administrator determines to be reasonably necessary after notice of the need therefor by Practice, and

(ii) Administrator shall use commercially reasonable efforts to provide, or to arrange for the provision of, any and all major repairs and maintenance of the Equipment, including replacements, that Administrator determines to be reasonably necessary after notice of the need therefor by Practice, as required for operation of Practice, and as recommended by any technician or repairman authorized by the manufacturer to service the applicable Equipment.

3.5 Additional Equipment. Subject to the availability of sufficient funding under this Agreement, as determined in Administrator's sole discretion after consideration of the results of prior operations under this Agreement, at the request of Practice, Administrator may provide additional equipment, instruments, furniture, fixtures and other furnishings to Practice hereunder.

3.6 No Other Interests. NOTHING IN THIS ARTICLE III OR ELSEWHERE IN THIS AGREEMENT CONFERS OR IS INTENDED TO CONFER UPON PRACTICE ANY OWNERSHIP, LEASEHOLD OR INVESTMENT INTEREST IN THE PRACTICE LOCATIONS OR ANY OF THE EQUIPMENT, OR ANY RIGHT OR PRIVILEGE UNDER OR INTEREST IN, EITHER EXPRESS OR IMPLIED, ANY LEASE, SUBLEASE, SERVICE AGREEMENT, WARRANTY AGREEMENT, OR OTHER AGREEMENT HELD BY ADMINISTRATOR OR ITS AFFILIATES WITH RESPECT TO THE PRACTICE LOCATIONS OR THE EQUIPMENT. PRACTICE HEREBY WAIVES ANY CLAIM TO SUCH INTERESTS, RIGHTS AND PRIVILEGES, EXPRESS OR IMPLIED, WHETHER PRESENTLY EXISTING OR ARISING IN THE FUTURE.

IV. SERVICES AND SUPPLIES

4.1 Utilities and Similar Services. Subject to the terms and conditions of the lease or sublease for the Practice Locations, if any, Administrator shall use commercially reasonable efforts to provide or arrange for the provision of such utilities and similar services as generally

required for operation of a medical practice and as reasonably required by Practice at the Practice Locations, which utilities and services include (a) electrical utilities, (b) heat, ventilation and air-conditioning services, (c) water, (d) waste collection and removal, including medical and other hazardous waste, (e) office cleaning services, (f) telephone hookups and related services, and (g) if applicable, maintenance of the parking areas, sidewalks and landscaping.

4.2 Medical and Office Supplies. Administrator shall provide to Practice, or shall arrange for the provision of, and shall replenish as necessary and as may be permitted or required by Applicable Law, the medical and office supplies needed for the efficient and effective delivery of medical services by Practice and for the delivery of services by Administrator pursuant to this Agreement at the Practice Locations. Administrator shall consult with Practice with respect to the suppliers, prices and specifications of the medical supplies.

4.3 Information Technology Support Services. Administrator shall provide, or shall arrange for the provision to Practice, all information technology support services necessary or required by Practice in connection with the operation of its medical practice.

4.4 Signage. If applicable, Administrator shall arrange for the installation of all signage in or about the Practice Locations, including, without limitation, the signs and name-plates that are necessary and proper for the operation of Practice's private medical practice.

V. PERSONNEL

5.1 Clinical Personnel.

(a) The parties acknowledge that Practice may establish any level of clinical staffing, including both physician and mid-level practitioner (e.g., physician assistants and advanced practice nurses) personnel (each, a "Practitioner", and collectively, the "Practitioners"), it deems necessary and appropriate for operation of its medical practice with the consent of Administrator, which shall not be unreasonably withheld. Practice shall engage directly all Practitioners as necessary and appropriate to conduct its practice of medicine.

(b) Practice shall be solely responsible for the salaries and wages, employee-benefits and other direct costs and expenses related to the Practitioners. During the term of this Agreement, Practice shall pay to the Practitioners the salary or wage as is set forth with respect to each such Practitioner on Exhibit A hereto. During the term of this Agreement, Practice shall not adjust the salary, wage or bonus paid to, or level of employment benefits provided to, the Practitioners.

5.2 Non-Practitioner Personnel. Administrator shall furnish the services of both non-Practitioner clinical personnel (e.g., nurses and technicians) and non-clinical personnel reasonably necessary for operation of Practice, including, without limitation, administrators and managers, and clerical and support staff. Administrator shall provide or arrange for the provision of such staffing for the following business operations of Practice: office administration and management, accounting, billing and collection, secretarial, transcription, appointments, reception, medical records and public relations. Administrator may engage the non-Practitioner

personnel under any terms and conditions it deems reasonable, and Administrator may recruit, hire, train, promote, assign, set the compensation level for, and discharge any and all such non-Practitioner personnel at its sole reasonable discretion.

5.3 Supervision of Medical Care. All clinical personnel performing patient care services for and on behalf of Practice, will be under the direction, supervision and control of Practice. If any activities of non-clinical personnel affect the delivery of medical care by Practice, Practice shall direct, supervise and control the provision of such activities to the extent reasonably necessary to ensure that the best possible medical care is provided to Practice's patients.

5.4 Assignment. Administrator shall use its best efforts to assign to Practice the personnel employed or engaged by Administrator in a manner that will promote Practice's ability to render high quality medical services, ensure prompt availability and accessibility of individual support personnel to clinical personnel, and allow the development of positive working relationships between the clinical and non-clinical personnel. Notwithstanding the foregoing provisions of this Section 5.4, Administrator may at any time assign or reassign any personnel employed or engaged by Administrator to other medical practices or facilities under Administrator's administration or management, on a full- or part-time, permanent or temporary basis, and nothing in this Agreement restricts or may be construed to restrict Administrator's right to make such assignments or reassignments.

VI. PRACTICE'S ORGANIZATION AND OPERATION

As a continuing condition of Administrator's performance under this Agreement, Practice must comply with each of the following provisions:

6.1 Generally. Practice must be legally organized and operated to provide medical services at the Practice Locations, and Practice must comply with all Applicable Law and all applicable standards of professional conduct.

6.2 Authorizations. Practice shall secure and maintain without interruption all government or regulatory authorizations, including without limitation, all licenses, permits, certificates and registrations, necessary to conduct business in the State of Rhode Island, to occupy and to use the Practice Locations, to operate the Equipment, and to provide the services rendered by Practice.

6.3 Fees, Charges, and Payors. Practice shall determine the fees, charges, premiums or other amounts due in connection with its delivery of health care services, although Administrator shall consult with Practice respecting such matters, including those relating to the terms and conditions of agreements with third party payors. The fees, charges, premiums and other amounts accepted by Practice, regardless of whether determined on a fee-for-service, capitated, prepaid or other basis, must be reasonable and consistent with the fees, charges, premiums and other amounts due to health care providers for similar services within the community under the type of reimbursement program involved. Prior to the Effective Date, Practice shall provide to Administrator a representative list of Practice's fees and a complete list of all third party payors with which Practice is a party to any agreement for the provision of

health care services. Practice shall immediately notify Administrator in writing of any changes to either the fee schedule or the list of payors, and to the extent practicable, Practice shall notify Administrator in writing in advance of the effective date of any such changes.

6.4 Hours of Operation. Practice shall consult with Administrator regarding the hours of operation of the Practice Locations.

6.5 Quality Assurance; Risk Management. Practice shall develop, implement, maintain and administer quality assurance and utilization review and management programs, including, without limitation, peer review processes and procedures. Practice shall rigorously monitor utilization and quality of services provided for and on behalf of Practice, and Practice shall take all steps necessary to remedy any and all deficiencies in the efficiency or quality of medical care provided. Practice is responsible for any and all incident and quality reporting required by Applicable Law. Administrator shall provide administrative assistance to Practice in performing its credentialing, quality assurance and utilization review and management activities, but only if such assistance can be provided without jeopardizing the confidentiality or non-discoverability protections, if any, afforded such activities by Applicable Law.

6.6 Indebtedness. Practice must consult with Administrator before incurring any indebtedness other than in the ordinary course of business.

VII. INSURANCE

7.1 Professional Liability.

(a) Practitioners. Practice shall secure and maintain, or Practice shall ensure that each of the Practitioners performing services for or on behalf of Practice secures and maintains, professional liability insurance covering Practice and said Practitioners for all medical and other services rendered by Practice or the Practitioners, with coverage limits of not less than $1,000,000 per occurrence and $3,000,000 in the yearly aggregate, or such greater requirements imposed by any hospital where the Practitioners have medical staff privileges. Upon Administrator's written request, Practice shall secure and maintain, or Practice shall ensure that each Practitioner performing services for and on behalf of Practice secures and maintains, any prior acts policy or any extended reporting endorsement (i.e., "tail") necessary to provide professional liability insurance coverage with the limits of coverage specified above in this Section 7.1(a) for any and all acts or omissions attributable to a period of time during the Term of this Agreement.

(b) Other Clinical Personnel. Practice shall secure and maintain professional liability insurance coverage for all medical and other services rendered for and on behalf of Practice by non-Practitioner clinical personnel, with coverage limits of not less than $1,000,000 per occurrence and $3,000,000 in the yearly aggregate, or such greater requirements imposed by the Hospital for its medical staff members. Upon Administrator's written request, Practice shall secure and maintain any prior acts policy or any extended reporting endorsement (i.e., "tails") necessary to provide professional liability insurance coverage with the limits of coverage

specified above in this Section 7.1(b) for any and all acts or omissions attributable to a period of time during the Term of this Agreement.

7.2 Public Liability. Administrator shall secure and maintain, on behalf of itself and Practice, comprehensive general liability and vicarious liability insurance naming the Practice Locations as an office of Practice and Administrator, with liability limits for injury to persons or for injury to property not less than $1,000,000 per occurrence and $3,000,000 in the yearly aggregate.

7.3 Personal Property Insurance. Administrator shall secure and maintain, "extended risk" or "all risk" property damage insurance protecting Administrator's personal property used in connection with the operation of Practice at the Practice Locations, with coverage limits reasonably determined by Administrator.

7.4 Worker's Compensation; Disability Insurance; Unemployment Insurance.

(a) Practice's Employees. Practice shall secure and maintain such workers' compensation insurance, disability insurance and unemployment insurance covering all of Practice's employees as is required by Applicable Law, or as may be otherwise reasonably required by Administrator.

(b) Administrator's Employees. Administrator shall secure and maintain such workers' compensation insurance, disability insurance and unemployment insurance covering all of its employees as is required by Applicable Law.

7.5 Policies and Premiums. Upon request, Practice shall provide to Administrator, or shall require its employees or independent contractors to provide to Administrator, true copies of the certificates of insurance evidencing compliance with the provisions of this Article VII, and with true copies of the renewal certificates prior to the termination of the respective terms of each policy. Upon Practice's request, Administrator shall provide to Practice true copies of the certificates of insurance and renewal certificates evidencing compliance with the provisions of this Article VII. All coverage must be obtained from insurance companies approved by Administrator and authorized to issue insurance in the State of Rhode Island.

VIII. FINANCIAL MATTERS

8.1 Accounting.

(a) System. Administrator shall direct and maintain in conformance with Practice's bookkeeping policies and procedures, the operation of an accounting system for all bookkeeping and accounting services required for the operation of Practice, including (i) the maintenance, custody and supervision of business records, ledgers and reports, (ii) the establishment, administration and implementation of accounting procedures, controls and systems, and (iii) the implementation and management of computer-based management information systems.

(b) Audit. Practice and its authorized representatives may review and audit the financial books and records maintained by Administrator relating to the operation of Practice, and Administrator shall, upon reasonable advance written notice from Practice, allow Practice and its authorized representatives access to all information and documents required for such review and audit.

8.2 Billing and Collections.

(a) Administrator's Services. Administrator shall advise and consult with Practice regarding the development, implementation and maintenance of Practice's billing and credit collection policies and procedures. In accordance with Practice's policies and procedures, in Practice's name and under Practice's identification and billing numbers, Administrator shall perform the following billing services:

(i) Administrator shall bill Practice's patients and, as applicable, submit claims for reimbursement or indemnification to third party payors, including, without limitation, Medicare and Medicaid; and

(ii) Administrator shall monitor and manage the Accounts Receivable, and except as otherwise prohibited by law with respect payments on the account of Government Receivables, Administrator shall collect, receive, take possession of, endorse in the name of Practice, and deposit into or direct electronic funds to the bank accounts indicated by Practice ("Practice Account") any notes, checks, money orders, insurance payments and any other instruments received or sums collected in payment for goods and services rendered for and on behalf of Practice.

(b) Practice's Responsibilities. Except as otherwise agreed upon in writing, Practice shall require all personnel providing patient cares services for and on behalf of Practice to assign to Practice all rights the personnel may have to receive income, payment and reimbursement for any and all such services provided during the Term of this Agreement. Practice shall require all such personnel to execute any and all documents that may be necessary or desirable, to effectuate this assignment of income, payment and reimbursement. Practice shall require all personnel providing patient care services for and on behalf of Practice to fully and accurately complete the medical records and report to Administrator all information necessary for Administrator to bill for the services. Practice and the personnel providing the services are responsible for the accuracy of all billing information provided to Administrator.

(c) Revenue Collected. Practice and Administrator shall deposit into Practice Accounts all revenues received for goods and services provided or performed during the Term of this Agreement, as and when received on a daily basis. Practice shall require all personnel providing services for or on behalf of Practice to deliver to Practice any and all revenue they receive that has or should have been assigned to Practice in accordance with this Agreement, as and when received on a daily basis.

(d) Extraordinary Collection Services. Administrator is not obligated to implement or to maintain any extraordinary collection efforts. Administrator may, at upon the

request of Practice, engage the services of a collection agency or attorney to collect past due amounts under the Accounts Receivable; provided, however, that Practice shall be responsible for paying any and all fees associated with such services.

8.3 Power of Attorney.

(a) Billing, Collection and Bank Accounts. Practice shall and does hereby grant to Administrator an exclusive special power of attorney and appoint Administrator as Practice's exclusive true and lawful agent and attorney-in-fact, with full power of substitution, and Administrator hereby accepts such special power of attorney and appointment, to perform any and all obligations and to take any and all actions permitted under Section 8.2 above and under Section 8.4 below, including, without limitation, to sign checks and to make withdrawals or to transfer funds from each of the bank accounts it administers under Section 8.4 below.

(b) Interest; Expiration. The special powers of attorney granted under this Section 8.3 are coupled with an interest. The special powers of attorney will expire on the last to occur of the termination of this Agreement or the payment of all amounts due Administrator under this Agreement. If Administrator assigns this Agreement in accordance with its terms, then Practice shall execute such powers of attorney in favor of the assignee.

8.4 Administration of Bank Accounts.

(a) Practice Accounts. Practice shall establish and maintain such accounts as requested by Administrator from time to time, with a bank or banks selected by Administrator in consultation with Practice, under Practice's name, into which all revenues for goods and services provided or performed for and on behalf of Practice will be deposited, and from which the Service Fee will be drawn (the "Practice Accounts"). The Practice Accounts may include, without limitation, depository accounts, investment accounts, lockbox accounts, operating and payroll accounts.

(b) Authorization and Instructions. Practice shall authorize each bank to permit withdrawals and fund transfers from Practice Accounts, and as applicable, to honor checks drawn against these accounts, only under the signature of Administrator's designated representatives, the President of Practice and such other officers of Practice approved in advance, in writing by Administrator.

(c) Control. Notwithstanding its control over the Practice Accounts, Practice shall amend its authorizations or instructions to the bank or banks with respect to Practice Accounts only as specified from time to time by Administrator. Any amendment to the authorizations or other instructions not approved in advance by Administrator is a material breach of this Agreement by Practice.

(d) Access and Use. Practice and Administrator may access and use the funds in the Practice Accounts only for purposes contemplated under this Agreement. Unless otherwise agreed upon by Practice and Administrator, in writing, in advance, any access to or use

of the funds in the Practice Accounts in a manner or for a purpose that is inconsistent with the obligations of the party under this Agreement is a material breach of this Agreement.

(e) Special Circumstances. Notwithstanding anything to the contrary contained in this Agreement, Administrator, in its reasonable, good faith discretion, may deposit to, or transfer or withdraw funds from, any Practice Account, in any manner not expressly contemplated under this Agreement in order to adjust or to respond to an immediate business need of Practice or of Administrator with respect to Practice, or to correct any error.

8.5 Priority of Payment. Notwithstanding Administrator's obligation to adhere to any priority of payment, if Practice or any member or agent of Practice breaches any obligation to make payments or otherwise to perform under this Agreement or any other written agreement to which Administrator or any of its Affiliates is a party or third party beneficiary, or upon termination of this Agreement or its expiration without renewal, Administrator may apply any and all revenue of Practice to repay as a first priority any or all obligations owed to Administrator or any of its Affiliates by Practice or its member or agent, including, without limitation, the Service Fee and any other indebtedness.

IX. COMPENSATION

9.1 Service Fee. In consideration for the Administrative Services, including all of the services, facilities, equipment, instruments, furniture, fixtures, furnishings, supplies, and personnel provided by Administrator to Practice under this Agreement, Practice shall pay to Administrator a management fee equal to the gross revenues of Practice in excess of the Practice Expenses (the "Service Fee"). Practice shall pay the Service Fee to Administrator on a monthly basis, within ten (10) business days following the last day of each month.

9.2 Effect of Termination. All unpaid Service Fees will become immediately due and payable to Administrator upon termination of this Agreement for any reason or upon expiration of this Agreement without renewal, and Administrator is entitled to apply any and all revenue of Practice to the amounts due and payable to Administrator as a first priority, without observing any other priority of payments, and Administrator is entitled to offset the amounts due and payable to Administrator against any amounts Administrator may owe Practice. Administrator reserves the right to continue collection efforts with respect to all outstanding billings and collections owed to Practice following the termination of the agreement. The Administrator shall continue to collect its Service Fee from all such amounts collected.

9.3 Security Agreement. To secure Practice's financial obligations hereunder, Practice shall enter into a security agreement, in substantially the same form as attached hereto at Exhibit C, under which Practice grants to Administrator a security interest in all of the tangible and intangible assets of Practice, including, without limitation, the Accounts Receivable (the "Security Agreement").

X. ADDITIONAL COVENANTS

10.1 Representations and Warranties of Practice. Practice hereby makes the following representations and warranties to Administrator, each of which is material to this Agreement and is being relied upon by Administrator:

(a) Due Authority. Practice has full power and authority to execute and deliver this Agreement and to engage in the transactions and obligations contemplated by this Agreement. Upon its execution by a duly authorized representative of the Practice, this Agreement constitutes a valid and binding obligation of Practice, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, moratorium, or other similar laws affecting generally the rights of creditors and by principles of equity. Each individual executing this Agreement on behalf of Practice is duly authorized to do so.

(b) No Breach. The consummation of the transactions contemplated by this Agreement will not result in a breach of any agreement to which Practice is a party or by which it is bound, or, to the best knowledge of Practice, constitute a violation of any applicable law or regulation.

10.2 Disclaimer of Warranties. PRACTICE UTILIZES THE PRACTICE LOCATIONS, THE REAL PROPERTY ASSOCIATED THEREWITH, ALL EQUIPMENT, SUPPLIES AND OTHER PERSONAL PROPERTY CONTAINED THEREIN AND OTHERWISE PROVIDED UNDER THIS AGREEMENT, IN WHERE AND "AS IS" CONDITION. ADMINISTRATOR HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER RELATING TO THE PRACTICE LOCATIONS, THE REAL PROPERTY ASSOCIATED THEREWITH, THE EQUIPMENT, SUPPLIES OR OTHER PERSONAL PROPERTY CONTAINED THEREIN OR OTHERWISE PROVIDED UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN, CONDITION, QUALITY, CAPACITY, MATERIAL OR WORKMANSHIP.

10.3 Limitation on Administrator's Liability. Administrator is not liable to Practice, nor any of its members, directors, officers, employees, contractors, representatives or agents, for any damages, whether accrued, absolute or contingent (including, without limitation, any direct, indirect, consequential, special or punitive damages), based upon, arising out of or resulting from any failure to provide Administrative Services (including, without limitation, the failure to provide the utilities or similar services, equipment, instruments, furniture, fixtures or other furnishings, supplies, repairs or maintenance, or personnel described under this Agreement), if such failure is based upon, arises out of or results from a breakdown, a removal from service for repair or maintenance, a scarcity of labor or materials, an act of God, government requirement, fire, water damage or other casualty, condemnation, or any other cause or circumstance beyond Administrator's control. Notwithstanding anything to the contrary contained in this Agreement, Administrator's total liability for damages under this Agreement to Practice, its members, directors, officers, employees, contractors, representatives or agents, is limited, in aggregate, to the total Service Fee due and payable to Administrator under this Agreement.

XI. TERM AND TERMINATION

11.1 Term. The initial term of this Agreement commences as of Effective Date and shall continue in effect until Final Closing Date of the Purchase Agreement, unless sooner terminated under this Article XI (the "Term").

11.2 Termination Without Cause. This Agreement may be terminated by Administrator at any time, without cause and without liability, upon providing Practice with five (5) days prior written notice.

11.3 Regulatory Termination. This Agreement may be terminated by either party upon 30 days advance written notice of termination to the other party if (a) a court of competent jurisdiction or government authority with jurisdiction over either of the parties holds this Agreement or the obligations to be performed hereunder to be illegal in whole or in part, or adopts regulations that render this Agreement or any of the obligations to be performed hereunder to be illegal, in whole or in part, (b) with respect to the specific obligations held to be illegal, severance of the obligation would materially change the financial results of this Agreement, materially undermine the purpose of or operational design established by this Agreements, or materially undermine Administrator's ability to secure Practice's performance under this Agreement, and (c) the parties are unable to agree, within 30 days of such a holding, upon a restructuring of the practical conduct of this Agreement so as to eliminate the illegal or unenforceable aspects hereof while retaining the intent and financial results of this Agreement, the purpose and operational design of this Agreement, and Administrator's ability to secure Practice's performance. In this regard the parties agree to negotiate in good faith, for a period of at least 30 days, a revised agreement to evidence their restructured relationship.

11.4 Termination for Cause.

(a) Events of Default. Each of the following shall constitute an "Event of Default," and the party causing the default is referred to as the "Breaching Party:"

(i) A party fails to make any payment to the other party required under this Agreement;

(ii) A party fails to observe or otherwise breaches any material term, condition, covenant, or warranty of this Agreement;

(iii) Insolvency, bankruptcy, dissolution, liquidation, or receivership proceedings are commenced by or with the consent of a party, or are otherwise pending for more than 30 days against a party;

(iv) A party admits in writing its inability to pay its debts as they mature, makes any general assignment for the benefit of creditors, or seeks to avail itself of any law for the release of insolvent debtors; and

(v) The suspension or revocation of, or material limitation on, either party's right, or the right of any of its employees, contractors, agents or representatives, to

participate under any federally funded health care benefit program, including, without limitation, the Medicare or Medicaid programs.

(b) Termination by Non-Breaching Party. The non-Breaching Party may terminate this Agreement upon the occurrence of an Event of Default in accordance with the following:

(i) For an Event of Default referred to in Section 11.4(a)(i) or 11.4(a)(ii) above, upon the expiration of 30 days after written notice to the Breaching Party, which notice specifies the nature and extent of such Event of Default, unless the amount due is paid or the default is cured within such 30 days; and

(ii) For an Event of Default referred to in Section 11.4(a)(iii), 11.4(a)(iv) or 11.4(a)(v), immediately upon written notice to the Breaching Party, which notice specifies the nature of the Event of Default.

11.5 Duties Upon Termination or Expiration. Upon the expiration or earlier termination of this Agreement, neither party will be released or discharged from any obligation, debt or liability which has previously accrued or been incurred and remains to be performed upon the date of termination or expiration, and all sums of money owing from one party to the other will become immediately due and payable.

XII. EXCLUSIVITY

12.1 Acknowledgment. Practice hereby acknowledges and agrees that Administrator will incur substantial costs in providing the Administrative Services under this Agreement, and that in the process of providing such services, Administrator will necessarily provide Practice with access to the Proprietary Information (as defined in Section 12.3 below), to which Practice would not have otherwise been exposed. Practice hereby acknowledges and agrees that the covenants described under this Article XII are necessary to protect the legitimate business interests of Administrator, and that Administrator would not have entered into this Agreement but for the agreement of Practice to abide and be bound by each and every provision of this Article XII.

12.2 Exclusivity. During the term of this Agreement, Practice shall not establish, operate or provide medical or other health care services at any medical office, clinic or other health care facility other than at the Practice Locations.

12.3 Proprietary Information.

(a) In the course of the relationship created pursuant to this Agreement, Practice may necessarily have access to certain methods, trade secrets, processes, ideas, systems, procedures, inventions, discoveries, concepts, software in various stages of development, designs, drawings, specifications, models, data, documents, diagrams, flow charts, research, economic and financial analysis, developments, procedures, know-how, policy manuals, form contracts, marketing and other techniques, plans, materials, forms, copyrightable materials and

trade information regarding the business and operations of Administrator or of its Affiliates (collectively, the "Proprietary Information").

(b) Practice shall maintain all Proprietary Information in strict secrecy, and Practice shall not divulge such information to any third parties, except as may be necessary for the discharge of its obligations under this Agreement. Practice shall take all necessary and proper precautions against disclosure of any Proprietary Information to unauthorized persons by any of Practice's officers, directors, employees or agents. Practice acknowledges and agrees that any or all officers, directors, employees and agents of Practice who will have access to all or any part of the Proprietary Information may be required by Administrator to execute an agreement, in a form acceptable to Administrator and its counsel, committing themselves to maintain the Proprietary Information in strict confidence and not to disclose it to any unauthorized person or entity.

(c) Any of Administrator's Affiliates that are not a party to this Agreement are hereby specifically made third party beneficiaries of this Section 12.3, with the power to enforce the provisions hereof. Upon termination of this Agreement for any reason, Practice and each of its officers, directors, employees and agents shall cease all use of any of the Proprietary Information and, at the request of Administrator, shall execute such documents as may be necessary to evidence the abandonment of any claim thereto.

12.4 Exceptions to Proprietary Information. The obligations under Section 12.3 do not apply to information (a) that is a matter of public knowledge on or becomes a matter of public knowledge after the Effective Date of this Agreement, other than as a breach of the confidentiality terms of this Agreement or as a breach of the confidentiality terms of any other agreement between Practice and Administrator or its Affiliates, or (b) was lawfully obtained by Practice on a non-confidential basis other than in the course of performance under this Agreement and from some entity other than Administrator or its Affiliates or from some person other than one employed or engaged by Administrator or its Affiliates, which entity or person has no obligation of confidentiality to Administrator or its Affiliates.

12.5 Covenant Not to Solicit. Unless otherwise consented to in writing by Administrator, during the Term of this Agreement and for a period of five (5) years following the termination of this Agreement or its expiration without renewal, Practice will not directly or indirectly, whether for itself or for the benefit of any other person or entity:

(a) Solicit, recruit or engage any person who is an employee or contractor of Administrator or any of its Affiliates, or was an employee or contractor of Administrator or any of its Affiliates at any time during the Term of this Agreement;

(b) Call upon, solicit, divert or take away, or attempt to call upon, solicit, divert or take away any of Administrator's customers, business, or clients; or

(c) Disrupt, damage, impair or interfere, or attempt to disrupt, damage, impair or interfere with the business of Administrator or any of its Affiliates.

12.6 Confidential Information; HIPAA. The parties acknowledge that in the course of the performance of this Agreement certain information or data may be exchanged between the parties that is confidential or proprietary to the other party, or that a reasonable person in like circumstances would understand to be confidential or proprietary information of the disclosing party. Accordingly, each party agrees, both during the term of this Agreement and after termination or expiration hereof, to hold the other party's proprietary or confidential information in strict confidence, and further agrees not to make the other party's proprietary or confidential information available in any form to any third party. The parties agree that all medical records and patient identifiable information are to be treated as confidential so as to comply with all local, State and Federal laws and regulations including, but not limited to the Health Care Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information Technology for Economic and Clinical Health Act (HITECH), and any regulations promulgated thereunder. Accordingly, the parties agree to execute and comply with all provisions of the Business Associate Agreement set forth in Exhibit D hereto.

12.7 Enforcement. Practice acknowledges and agrees that a remedy at law for any breach or attempted breach of the provisions of this Article XII will be inadequate, and that Administrator is entitled to specific performance and injunctive or other equitable relief in case of any such breach or attempted breach, in addition to any other remedies that may exist by law. Practice waives any requirement for the securing or posting of any cash, bond or other surety in connection with the obtaining of any such injunctive or other equitable relief. If any provision of this Article XII relating to the period of time for the restriction, scope of activity restricted or other provisions described herein, shall be declared by a court of competent jurisdiction to exceed the maximum time period, scope of activity restricted or geographical area such court deems reasonable and enforceable under applicable law, the time period, scope of activity restricted and area of restriction held reasonable and enforceable by the court shall thereafter be the time period, scope of activity restricted and the territory applicable to the restrictive covenants in Article XII. The invalidity or enforceability of this Article XII in any respect shall not affect the validity or enforceability of the remainder of this Article XII or of any other provisions of this Agreement. The covenants of this Article XII should be construed as an agreement ancillary to the other provisions of this Agreement, and the existence of any claim or cause of action of Practice against Administrator may not be utilized by Practice as a defense to the enforcement of this Article XII by Administrator.

XIII. MISCELLANEOUS

13.1 Benefit; Assignment. Practice may not assign this Agreement or any of its rights and obligations under this Agreement. Any attempt by Practice to make an assignment of this Agreement or any right or obligation hereunder is void *ab initio* and of no force and effect. Administrator may assign this Agreement, or any of its rights and obligations hereunder, at any time to any person or entity it deems necessary or desirable without advance notice to Practice. This Agreement inures to the benefit of and is binding upon the parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

13.2 Notice. Any notice, request, demand, report, offer, acceptance, approval, consent or other communication (collectively, a "Notice") required or permitted under this Agreement

must be in writing and delivered personally, or by certified mail, return receipt requested, postage prepaid, or by a nationally recognized courier, addressed to the parties at their respective addresses set forth in this Agreement or to such other address as any party may request with advanced Notice to the other parties. A Notice that is sent by certified mail is deemed given three (3) business days after it is mailed.

13.3 Additional Assurances. The provisions of this Agreement are self-operative and do not require further agreement by the parties except as may be herein specifically provided to the contrary. Nevertheless, at the reasonable request of any party, the other parties shall execute such additional instruments and take such additional acts as the requesting party may deem necessary to effectuate this Agreement.

13.4 Choice of Law. This Agreement is governed under, and should be interpreted and construed in accordance with, the laws of the State of Rhode Island, without regard to choice of law principles.

13.5 Waiver of Breach. No covenant, condition or undertaking contained in this Agreement may be waived except by the written agreement of the parties. Forbearance or indulgence in any other form by any party in regard to any covenant, condition, or undertaking to be kept or to be performed by any other party does not and should not be construed to constitute a waiver thereof, and until complete satisfaction or performance of all such covenants, conditions and undertakings, each party is entitled to invoke any remedy available under this Agreement despite any such forbearance or indulgence.

13.6 Entire Agreement; Amendment. This Agreement supersedes all previous contracts and constitutes the entire agreement of whatsoever kind or nature existing between the parties respecting the within subject matter. As between the parties, no oral statements or prior written material not specifically incorporated herein is of any force and effect; the parties specifically acknowledge that in entering into and executing this Agreement, the parties rely solely upon the representations and agreements contained in this Agreement and no others. This Agreement may only be amended in a writing signed by Practice and Administrator.

13.7 Severability. Except as otherwise provided under Section 11.3, if any provision of this Agreement is declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Agreement will remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein.

13.8 Survival. The provisions of Sections 2.2, 2.3, 3.6, 7.1, Article VIII, 9.3, 10.1, 10.2, 10.3 and 11.4, Article XII and this Article XIII survive any termination of this Agreement or the expiration of this Agreement without renewal.

13.9 Counterparts. This Agreement may be executed in more than one counterpart, all of which will be considered one and the same instrument.

{signature page to follow}

IN WITNESS WHEREOF, Practice and Administrator have entered into this Administrative Services Agreement as of the date and year first above written.

Administrator:
NEW UNIVERSITY MEDICAL GROUP, LLC

By: _____

Name: _____

Title: _____

Practice:
UNIVERSITY MEDICAL GROUP, INC.

By: _____

Name: _____

Title: _____

EXHIBIT A

PRACTITIONER SALARIES/WAGES

Faculty Name	Fy 2014 New Base	T&A Component	ACGME Compliance	ACGME Subspecialty Education Coord.	Core Faculty	Total
Greg Allen	200,000	78,000				278,000
Elaine Jones	13,000	87,000				100,000
Emily Baiyee New Hem/Onc	215,000	45,000				260,000
Alan Epstein						629,000
Rabih El-Bizri	170,000	40,000		20,000		230,000
Daniel Valicenti	189,590	30,700				220,290
Amer Malik						622,000
Jane Doyle	126,300	53,700				180,000
Joseph Meharg	242,002	81,000		18,000		341,002
Boram Park	169,172	21,700				190,872
Gail Skowron	194,855	92,000		33,600		320,455
Sukanya Somasundar	189,590	22,200				211,790
Nabil Toubia						563,000
Joseph Tucci	188,814	132,500		13,500		334,814
Bernard Zimmerman	200,526	83,500	7,000			291,026
John Day	154,800	65,200				220,000
Richa Tandon	168,500	31,500				200,000
Jo Genese	141,800	28,200				170,000
Ben Sapers	100,000	110,000				210,000
Katarzyna - Gilek-Seibert 10/1	200,000					200,000
Gail Rebovich 11/1	194,500	10,500				205,000

Edith Garneau 11/1	190,000	190,000
Elinor Collins, RN		93,000
Kerri Deacon, PA		93,400
Jodi Siegelman, PA		80,000
Bonnie St. Jean, RN		32.00/hr
Peter Scanlon, RN		38.48/hr

EXHIBIT B

PRACTICE LOCATIONS

Off-Campus Offices

East Greenwich (Medicine Faculty)	1407 South County Trail, Bldg. 4, Suite 432
Providence – Sub-lease	1195 North Main Street, Agape Primary Care
Johnston – Sub-lease	1539 Atwood Avenue, Suite 102
East Providence – Sub-lease	1018 Waterman Avenue
Lincoln – Sub-lease	2 Wake Robin Road, Suite 204
Cranston, Sub-lease	725 Reservoir Avenue, Suite 306
Warwick – Sub-lease	869 Post Road
Cumberland – Sub-lease	175 Nate Whipple Highway
Cranston – Lease	1500 Pontiac Avenue

On-Campus Offices

RWMC	825 Chalkstone Avenue, Providence, RI
RWMC	877 Chalkstone Avenue, Providence, RI
RWMC	50 Maude Street, Providence, RI

EXHIBIT C

SECURITY AGREEMENT

[See attached]

Final Execution Version

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), made as of December 19, 2014, is by and between **NEW UNIVERSITY MEDICAL GROUP, LLC**, a Rhode Island limited liability company with principal business offices located at 825 Chalkstone Avenue, Providence, Rhode Island 02908 ("Secured Party") and **UNIVERSITY MEDICAL GROUP, INC.**, a Rhode Island nonprofit corporation with business offices located at 825 Chalkstone Avenue, P.O. Box 28227, Providence, Rhode Island 02908 ("Practice").

RECITALS

A. Practice is organized to engage in the practice of medicine in the State of Rhode Island through its physician employees, each of whom are licensed to practice medicine in the State of Rhode Island.

B. Secured Party has the capability of providing administrative, managerial and support services to Practice.

C. On December 18, 2014, Practice and Secured Party entered into that certain Asset Purchase Agreement pursuant to which, among other things (i) Practice sold certain of its assets to Secured Party as of even date herewith, and (ii) Practice will sell certain of its remaining assets to Secured Party on or about February 28, 2015, or on such later date as may be extended pursuant to the terms of the Asset Purchase Agreement (the "Final Closing Date").

D. During the short transition period between the date hereof and the Final Closing Date, Practice will continue to operate a medical practice and provide healthcare services to patients, and, in connection therewith, engaged Secured Party to provide office space, equipment, supplies, personnel and the business and administrative services necessary for the day-to-day operation of Practice during such transition period pursuant to that certain Interim Administrative Services Agreement dated as of December 19, 2014 (the "Administrative Services Agreement").

D. To induce Secured Party to enter into the Administrative Services Agreement, and to secure Practice's full payment of the amounts due for the services rendered under the Administrative Services Agreement, Practice has agreed to grant to Secured Party a security interest in all of Practice's tangible and intangible assets, including, without limitation, its accounts receivable.

AGREEMENT

For and in consideration of the foregoing premises, the agreements and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be bound legally, agree as follows:

ARTICLE I

SECURITY INTERESTS

1.1 Grant of the Security Interests. To secure the prompt payment, observance and performance of all of the obligations of Practice now or hereafter incurred under the Administrative Services Agreement or this Agreement, as amended from time to time, Practice hereby grants to Secured Party a continuing security interest in and a continuing lien upon all of the tangible and intangible personal property of Practice, now owned or existing or hereafter acquired, together with all proceeds thereon or therefrom (collectively, the "Collateral"), including, without limitation, the following assets:

(a) All cash and cash equivalents;

(b) All accounts receivable for services rendered by or on behalf of Practice, including accounts arising from bills and claims submitted to patients, commercial insurance carriers, health maintenance organizations, government payors and other third party payors, together with all proceeds from such accounts (collectively, the "Accounts Receivable");

(c) All contracts, contract rights, book debts, notes, bills, choses in action, and chattel paper, to the extent not included in the Accounts Receivable;

(d) All instruments, documents, books and records relating to the operation of Practice, including all ledger and account cards, electronic databases, and patient lists;

(e) All securities, including all documents of title, policies and certificates of insurance, deposit accounts, checking, savings and other bank accounts, certificates of deposit, checks, notes and drafts;

(f) All goods, inventory, equipment, furniture and fixtures, wherever located; and

(g) All general intangibles and intangible personal property not otherwise described above, including goodwill, intellectual property and tax refunds.

1.2 Perfection of Security Interests. Practice hereby irrevocably authorizes Secured Party to file at any time such financing statements and such continuation statements in the appropriate state and county offices as Secured Party deems necessary to perfect Secured Party's security interests in the Collateral, to maintain the security interest and priority at all times during the term of this Agreement. Practice shall immediately execute and deliver such financing statements and such continuation statements as Secured Party may from time to time request.

1.3 Attorney-in-Fact.

(a) Appointment. Practice hereby irrevocably makes, constitutes and appoints Secured Party, its successors and assigns, as the true and lawful attorney of Practice, with full power of substitution, and with the power and authority to take any of the following actions upon the occurrence and during the continuance of any Event of Default (as defined below):

(i) To sign the name of Practice on any financing statement, or continuation statement, notice or other similar document that in Secured Party's reasonable opinion should be filed in order to perfect or to maintain the priority of the security interest granted under this Agreement;

(ii) To act on Practice's behalf, at Practice's cost, in obtaining any orders, consents, approvals, licenses or certificates required by any government authority as a prerequisite to Secured Party's exercising of its rights and remedies with respect to the Collateral to the fullest extent permitted by applicable law; and

(iii) To do all other things necessary to carry out the provisions of this Agreement, including, without limitation, those actions described in Section 2.2 below, to the fullest extent permitted by applicable law.

(b) Indemnification. Practice shall indemnify and hold harmless Secured Party and each other person or entity acting as attorney-in-fact under this Section 1.3 from and against any and all liabilities or damages that may arise from any act or omission or from any error of judgment in the exercise of the power of attorney granted under this section, unless such act, omission or error occurs as a result of such person's or entity's fraud, gross negligence, willful misconduct, or willful violation of law.

(c) Coupled with an Interest. The power of attorney granted under this Section 1.3 is coupled with an interest and is irrevocable as long as any of Practice's obligations to Secured Party, now or hereafter incurred under the Administrative Services Agreement or this Agreement, remains outstanding.

1.4 Location of Collateral. Practice shall keep all of the Collateral at its principal offices located at the "Practice Locations" identified on Exhibit B of the Administrative Services Agreement. Practice shall not relocate or cease doing business at the Practice Locations or remove any of the Collateral from the Practice Locations or take any other action that may impair the security interests granted under this Agreement in any of the Collateral, unless (a) Practice has first given to Secured Party at least thirty (30) days advance written notice of such relocation, cessation of business or removal of the Collateral, and (b) Practice has delivered to Secured Party such financing statements and other agreements, instruments and documents reasonably required to maintain a first priority security interest in such Collateral.

1.5 Additional Covenants of Practice. At all times during the term of this Agreement, unless Secured Party otherwise consents in writing, Practice shall perform as set forth below:

(a) Practice shall not take, or permit to be taken, any actions that may adversely affect the interests of Secured Party in the Collateral, or materially impair the rights or remedies of Secured Party under this Agreement;

(b) Practice shall not borrow money from any other person or entity, or incur debt of any kind, secured by the Collateral or any portion of the Collateral;

(c) Practice shall not, directly or indirectly, create, assume, incur, or permit to exist or to be created, assumed or incurred, any lien or other encumbrance on any of the Collateral;

(d) Practice shall not make any loan or advance or extend any credit to any person or entity;

(e) Practice shall not sell, lease, assign, transfer or otherwise dispose of any of its interests in the Collateral, or attempt, offer or contract to do so, except for sales in the ordinary course of Practice's medical practice;

(f) Practice shall not amend or revise its Certificate of Incorporation or Bylaws, or consolidate with, merge into, or participate in any partnership or joint venture with, any person or entity, or permit any person or entity to consolidate with, merge into or participate in any partnership or joint venture with it, without the advance written consent of Secured Party;

(g) Practice shall engage in the practice of medicine, and it shall do so through duly licensed professional employees and contractors;

(h) Practice shall keep and maintain each item of equipment, furniture and fixtures included in the Collateral in good condition and repair, ordinary wear and tear excepted;

(i) Practice shall keep the Collateral insured under insurance policies issued by financially sound and reputable insurance companies in amounts and covering such risks as are reasonably acceptable to Secured Party, which policies must designate Secured Party as an additional named insured and must provide for notice to Secured Party of any amendment, expiration or termination;

(j) Practice shall deliver to Secured Party a true and complete copy of the insurance required under Section 1.5(i) above upon execution and exchange of this Agreement, and as otherwise requested by Secured Party from time to time; and

(k) Practice shall take all actions that may be necessary or desirable, or that may be reasonably requested by Secured Party, to maintain at all times the validity, perfection, enforceability and priority of the security interests granted under this Agreement, including, without limitation, defending Practice's title in and to the Collateral against claims by third parties, and executing and delivering to Secured Party all agreements, instruments and other documents that may requested by Secured Party from time to time.

ARTICLE II

DEFAULT

2.1 Events of Default. Any of the following events constitutes and "Event of Default" for purposes of this Agreement:

(a) The failure of Practice to perform or to comply with any term or condition of this Agreement, which failure remains uncured for five (5) business days after notice of such failure from Secured Party;

(b) The failure of Practice to make any required payment under, or Practice's breach of any other material term of, the Administrative Services Agreement, if such failure or breach is not cured by Practice within the period of time allowed under such agreement; or

2.2 Remedies Upon Default. Upon the occurrence and during the existence of any Event of Default, to the extent permitted by law, without notice to or any action of Practice, Practice is deemed to have authorized Secured Party, and Secured Party is authorized, to take any or all of the following actions, in any combination:

(a) Possession and Control. Secured Party may seize and take possession and control of any of the Collateral and all records relating thereto, and Secured Party may enter upon the premises where any of the Collateral is present for purposes of such seizure and in order to take any or all other actions set forth under this Section 2.2.

(b) Sale. Secured Party may sell, assign and deliver any of the Collateral at a public or private sale for cash, upon credit or otherwise, upon such terms as Secured Party may reasonably deem advisable, at Secured Party's sole option and discretion, and Secured Party may bid or become a debtor at any such sale, if public, free from any right of redemption, which Practice hereby expressly waives. Practice acknowledges and agrees that the giving of ten (10) days advance written notice by Secured Party, delivered personally or sent by certified mail, return receipt requested, postage prepaid, to Practice at any address for notice required or permitted under Section 3.2 below, which notice designates the place and time of any public sale or of the time after which any private sale or other intended disposition of the Collateral is to be made, is reasonable notice thereof to Practice and Practice waives any other notice with respect to such sale.

(c) Proceeds. The net cash proceeds resulting from the exercise of any of the rights or remedies set forth in this Section 2.2 will be applied by Secured Party to the payment of any of the obligations of Practice under the Administrative Services Agreement or this Agreement in such order as Secured Party may elect, and Practice will remain liable to Secured Party for any deficiency, together with interest thereon, and the reasonable costs and expenses of collection of such deficiency, including, without limitation, reasonable attorneys' fees, expenses and disbursements. The interest will accrue on the deficiency at a variable rate equal to the interest rate on the indebtedness chargeable under the provisions of the Administrative Services Agreement, as applicable.

(d) Accounts Receivable. In addition to any other rights and remedies provided under this Section 2.2 or otherwise by operation of law, Secured Party may take the following actions with respect to any and all Accounts Receivable to the extent permitted by law:

(i) Secured Party may require Practice to assemble, and Practice shall assemble and make available to Secured Party at Practice's principal office, all of the books of account, claim forms, explanations of benefits, collection records, reports and databases, and other information concerning the Accounts Receivable (the "Records"), and all computer hardware and software ordinarily used by Practice and reasonably necessary to make the most effective and efficient use of the Records for purposes of collecting the amounts due under the Accounts Receivable. Secured Party may enter into and remain upon Practice's principal office premises without cost or charge, and use all of the Records, hardware and software for purposes of collecting the amounts due under the Accounts Receivable.

(ii) Secured Party may remove from Practice's premises any of the Records, hardware and software to the premises of Secured Party, or any designated agent of

Secured Party, for such time as Secured Party may desire in order to effectively collect the amounts due under the Accounts Receivable.

(iii) Secured Party may notify any or all debtors to Practice that Secured Party has a security interest in the Accounts Receivable, and Secured Party may direct all such persons and entities to make payments to Secured Party or to a lockbox designated by Secured Party.

(iv) Secured Party may receive, endorse, assign and deliver, in Practice's name or in the name of Secured Party, all checks, notes, drafts and other instruments relating to the Accounts Receivable, and Secured Party may receive, open and dispose of all mail addressed to Practice concerning the Accounts Receivable.

(v) Secured Party may set off and apply to the payment of any or all of the amounts due Secured Party from Practice, any or all of the proceeds of the Accounts Receivable, in such manner as Secured Party in its sole discretion determines.

(vi) Secured Party may enforce payment of the Accounts Receivable, and to that end, prosecute, at Practice's cost, in Practice's name or in the name of Secured Party, any action, suit or other proceeding, and take any and all other steps Secured Party deems to be reasonably necessary to effect collections and to enforce payment of the amounts due under the Accounts Receivable.

(vii) Secured Party may extend the time of payment of any and all of the Accounts Receivable, or otherwise settle, compromise or release in whole or in part, or make allowances and adjustments with respect to and issue credits against such Accounts Receivable.

(e) Government Accounts Receivable. Practice and Secured Party acknowledge that certain federal laws may impose limitations on the granting of a security interest in or the assignment of payments due from the federal government, such as payments due from the Medicare program. Practice and Secured Party acknowledge and agree that such laws do not invalidate, and should not be interpreted or applied to invalidate, this Agreement or the security interest or other rights and obligations of the parties under this Agreement. To that end, notwithstanding anything to the contrary contained in this Agreement, the security interest and other rights and obligations under this Agreement with respect to the Accounts Receivable for amounts due from the federal government are hereby limited to the extent necessary to comply fully with applicable law. Practice shall cooperate in good faith with Secured Party, and Practice shall not object to any action that may be required or permitted under applicable law in order for Secured Party to effect interests and rights equivalent to those specified under this Agreement with respect to the Accounts Receivable.

(f) Rights Under UCC. In addition to any other rights and remedies contained in the Administrative Services Agreement or this Agreement, Secured Party possesses all of the rights and remedies of a secured party under the Uniform Commercial Code, as adopted by the State of Rhode Island, and all other rights and remedies provided by law, all of which are cumulative.

2.3 Attorneys' Fees and Other Expenses. If at any time or times hereafter Secured Party employs counsel for advice or otherwise incurs any expenses or makes any disbursements with respect to this Agreement, to intervene, to file a petition, or to answer a motion or other

pleading in any suit or proceeding relating to this Agreement or any Collateral, or to protect, to take possession of, or to liquidate any Collateral, or to attempt to enforce any security interest or lien in any Collateral, or to enforce any rights of Secured Party or liabilities of Practice or debtors to Practice, or any other person or entity that may be obligated to Secured Party by virtue of this Agreement, then in any of such events, all of the reasonable attorneys' fees and all reasonable expenses and charges incurred by Secured Party, including without limitation, court costs and similar expenses, are deemed a part of the obligations of Practice to Secured Party, and will be secured by the Collateral, and will be payable on demand.

2.4 Waiver by Secured Party. Secured Party's failure at any time or times hereafter to require strict performance by Practice of any of the provisions, warranties, terms and conditions contained in this Agreement does not waive, affect or diminish any right of Secured Party at any time or times hereafter to demand strict performance therewith and with respect to any other provision, warranty, term or condition contained in this Agreement, and any waiver of any Event of Default, does not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or a different type. None of the provisions, warranties, terms or conditions contained in this Agreement may be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers or employees except by an instrument in writing signed by an officer of Secured Party directed to Practice and specifying such waiver.

2.5 Waiver by Practice. Except for the notices expressly required in this Agreement, to the extent permitted by law, Practice waives any and all notices or demands that Practice may be entitled to receive with respect to this Agreement by virtue of any applicable statute, rule or regulation, including, without limitation, notice of nonpayment at maturity of any or all obligations, notice of any action taken by Secured Party, demand, presentment, protest, notice of protest, notice of default, notice of intent to accelerate, to release, to compromise, to settle, to extend or to renew any commercial paper, accounts, contract rights, instruments, guaranties and other rights at any time held by Secured Party for which Practice may in any way be liable.

2.6 No Marshaling. Secured Party is entitled to determine, in its sole discretion, which rights, security, liens, security interests or remedies Secured Party will at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or any of Secured Party's rights or any of the Practice's obligations, regardless of the interests of junior or common creditors.

ARTICLE III

MISCELLANEOUS

3.1 Benefit; Assignment. Practice may not assign this Agreement or any of its rights or obligations under this Agreement. Any attempt by Practice to make an assignment of this Agreement or any right or obligation hereunder is void *ab initio* and of no force and effect. Secured Party may assign this Agreement, or any of its rights and obligations hereunder, at any time to any person or entity it deems necessary or desirable without advance notice to Practice. This Agreement inures to the benefit of and is binding upon the parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

3.2 Notice. Any notice, request, demand, report, offer, acceptance, approval, consent or other communication (collectively, a "Notice") required or permitted under this Agreement

must be in writing and delivered personally, or by certified mail, return receipt requested, postage prepaid, or by a nationally recognized courier, addressed to the parties at their respective addresses set forth in this Agreement or to such other address as any party may request with advanced Notice to the other parties. A Notice that is sent by certified mail is deemed given three (3) business days after it is mailed.

3.3 Additional Assurances. The provisions of this Agreement are self-operative and do not require further agreement by the parties except as may be herein specifically provided to the contrary. Nevertheless, at the reasonable request of any party, the other parties shall execute such additional instruments and take such additional acts as the requesting party may deem necessary to effectuate this Agreement.

3.4 Choice of Law; Jurisdiction; Venue. This Agreement is governed under, and should be interpreted and construed in accordance with, the laws of the State of Rhode Island, without regard to choice of law principles. Any suit involving a dispute or matter arising under this Agreement may only be brought in a United States District Court located in the State of Rhode Island or any Rhode Island State Court having jurisdiction over the subject matter of the dispute or matter. Practice and Secured Party hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding.

3.5 Entire Agreement; Amendment. This Agreement supersedes all previous contracts and constitutes the entire agreement of whatsoever kind or nature existing between the parties respecting the within subject matter. As between the parties, no oral statements or prior written material not specifically incorporated herein is of any force and effect; the parties specifically acknowledge that in entering into and executing this Agreement, the parties rely solely upon the representations and agreements contained in this Agreement and no others. This Agreement may only be amended in a writing signed by Practice and Secured Party.

3.6 Language Construction. The language in all parts of this Agreement must be construed, in all cases, according to its fair meaning, and not for or against any party hereto. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party may not be employed in the interpretation of this Agreement.

3.7 Severability. If any provision of this Agreement is declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Agreement will remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein.

3.8 Counterparts. This Agreement may be executed in more than one counterpart, all of which will be considered one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, Practice and Secured Party have entered into this Agreement as of the date and year first above written.

UNIVERSITY MEDICAL GROUP, INC.

By: _____
[Signature]

_____
[Name]

_____
[Title]

NEW UNIVERSITY MEDICAL GROUP, LLC

By: _____
[Signature]

_____
[Name]

_____
[Title]

EXHIBIT D

BUSINESS ASSOCIATE AGREEMENT

[See attached]

Final Execution Version

BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT ("Agreement") is entered into as of the last date of signature (the "Effective Date") by and between University Medical Group, Inc. ("Covered Entity"), and New University Medical Group, LLC (the "Business Associate").

RECITALS

Covered Entity and Business Associate have entered into an Interim Administrative Services Agreement and/or other documented arrangement (collectively, the "Services Agreement") pursuant to which Business Associate provides services to Covered Entity ("Services") that may require Business Associate to access, create and use health information that is protected by state and/or federal law; and

WHEREAS, the Business Associate is obligated to protect the privacy and security of individually identifiable health information ("Protected Health Information" or "PHI") and electronic protected health information ("EPHI") created and/or maintained by Covered Entity in accordance with the Health Insurance Portability and Accountability Act of 1996 and its implementing privacy and security regulations at 45 C.F.R. Parts 160 and 164 promulgated by the U.S. Department of Health and Human Services ("HHS"), as amended by the federal Health Information Technology for Economic and Clinical Health Act ("HITECH Act") and its implementing regulations (collectively "HIPAA"); and

WHEREAS, Covered Entity and Business Associate desire to enter into this Agreement in order to comply with HIPAA, as may be modified or amended, including future issuance of regulations and guidance by HHS, and reflect their understanding of the use, disclosure and general confidentiality obligations of Business Associate as it relates to the Services Agreement.

NOW, THEREFORE, in consideration of the mutual promises and other consideration contained in this Agreement, the parties agree as follows:

ARTICLE I
DEFINITIONS

Capitalized terms used herein but not otherwise defined in this Agreement shall have the same meanings as set forth in HIPAA, as may be modified or amended, including future issuance of regulations and guidance by HHS.

ARTICLE II
OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE

2.1 Business Associate agrees to not use or disclose PHI other than as permitted or required by this Agreement or as permitted or required by law.

2.2 Business Associate may use and disclose PHI for the proper management and administration of Business Associate; provided that with respect to any disclosures of PHI, such disclosures are required by law or Business Associate obtains reasonable assurances from the

person to whom the information is disclosed that it will remain confidential and be used or further disclosed only as required by law or for the purpose for which it was disclosed to the person. Business Associate may, in accordance with the Privacy Rule, de-identify PHI. Without limitation of the foregoing, Covered Entity acknowledges that the legal structure of the Business Associate and its affiliates, including Prospect Medical Holdings, Inc., affords the Business Associate the opportunity to be characterized for HIPAA purposes as a participant in an affiliated covered entity arrangement as part of such legal structure ("HIPAA Arrangement"), and as such Covered Entity agrees that disclosure of PHI may be made to the other participants in such HIPAA Arrangement and that such other participants in such HIPAA Arrangement may use or disclose PHI, only in compliance with the terms of this Agreement.

2.3 Business Associate agrees to use appropriate physical and technical safeguards to prevent the use or disclosure of Covered Entity's PHI for any purpose other than the provision of Services under this Agreement.

2.4 Upon written request from the Covered Entity, Business Associate agrees to report to Covered Entity, in writing, any use or disclosure of PHI not in compliance with this Agreement.

2.5 In the event Business Associate engages any agent or subcontractor to perform the services under this Agreement and discloses PHI to such agent or subcontractor, Business Associate will require any such agent or subcontractor to agree to the same restrictions and conditions required in this Agreement.

2.6 Upon written request from the Covered Entity, Business Associate agrees to make PHI available to individuals in accordance with 45 CFR Section 164.524 of HIPAA governing access of individuals to PHI.

2.7 Upon written request from the Covered Entity, Business Associate agrees to make PHI available for amendment and incorporate any amendments in accordance with 45 CFR Section 164.526 of HIPAA governing amendments to PHI.

2.8 Upon written request from the Covered Entity, Business Associate agrees to make any and all information available for the purpose of providing patients an accounting of disclosures in accordance with 45 CFR Section 164.528 of HIPAA governing accounting for disclosures.

2.9 Business Associate agrees to make its internal practices, books and records related to the use and disclosure of PHI received from, created or received by Business Associate on behalf of Covered Entity, available to the Secretary of HHS and the HHS Office for Civil Rights for the purposes of determining Covered Entity's compliance with HIPAA.

2.10 Business Associate shall implement and maintain safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that it creates, receives, maintains or transmits on behalf of Covered Entity.

2.11 Business Associate and Covered Entity agree to comply with all applicable rules and regulations promulgated under HIPAA in effect during the term of this Agreement.

2.12 Business Associate will report to Covered Entity within a reasonable time period of discovery, any (a) Security Incident, or (b) Security Breach as defined at 45 C.F.R. Part 164, Subpart D. Business Associate may supplement its initial report as information becomes available in order to identify:

(a) The nature of the non-permitted use or disclosure including how such use or disclosure was made;

(b) The unsecured PHI used or disclosed;

(c) If possible and applicable, the identity of the person/entity who received the unsecured PHI;

(d) What corrective action Business Associate took;

(e) What Business Associate did to mitigate any deleterious effect; and

(f) Such other information as Covered Entity may request.

2.13 At all times during the term of this Agreement, Business Associate will comply with all applicable federal, state and local laws, rules and regulations pertaining to patient records and the confidentiality of patient information, including Covered Entity's PHI. Business Associate acknowledges that HITECH imposes new requirements on business associates with respect to the privacy and security of PHI and notification of breaches involving Unsecured PHI. Business Associate contemplates that such requirements shall be implemented by regulations to be adopted by HHS, and agrees to comply with such regulations commencing on the applicable effective date.

ARTICLE III
OBLIGATIONS OF COVERED ENTITY

3.1 Covered Entity will notify Business Associate of any agreement Covered Entity makes regarding any restriction or requirement for confidential communication with respect to the use or disclosure of PHI, to the extent that such restriction agreement or confidential communication requirement may affect Business Associate's use or disclosure of PHI.

3.2 Covered Entity will: (i) use safeguards to maintain and ensure the confidentiality, privacy and security of PHI transmitted to Business Associate, until such PHI is received by Business Associate; and (ii) inform Business Associate of any consent or authorization, including any changes in or withdrawal of any such consent or authorization, provided to the Covered Entity by an individual.

ARTICLE IV
TERM AND TERMINATION

4.1 This Agreement shall remain in effect until such time as the Services Agreement expires or is terminated.

(a) Except for the requirements set forth in Section 4.2, which shall survive as set forth therein, and except as otherwise provided in Section 4.1(b), this Agreement will terminate on the date that the Services Agreement is terminated or expires.

(b) This Agreement may be terminated by Covered Entity upon the breach of any material provision of this Agreement by Business Associate, which breach is not corrected within thirty (30) days after written notice of such breach is given to Business Associate. If cure of the breach and termination of this Agreement is not feasible, Covered Entity may report the breach to HHS as required by law.

4.2 Business Associate agrees that, upon termination of the Services Agreement and this Agreement, Business Associate will return or destroy all PHI received from or created or received on behalf of Covered Entity. In the event Business Associate determines that return or destruction is not feasible, Business Associate will extend the protections required in this Agreement to the PHI and limit further uses and disclosures to only those purposes that make the return or destruction of the information infeasible.

ARTICLE V
MISCELLANEOUS

5.1 Regulatory References. A reference to HIPAA or the HITECH Act, or a section thereof, and its regulations and requirements means the provisions and section(s) in effect, as may be modified or amended, including issuance of regulations and guidance by HHS.

5.2 Amendment. Both parties agree that the provisions of HIPAA and the HITECH Act, including provisions to be adopted by HHS which apply to business associates and that are required to be incorporated into a HIPAA business associate agreement, are hereby incorporated into this Agreement as if set forth in this Agreement in their entirety and are effective as of the applicable effective date. Notwithstanding the foregoing, the parties agree to take such action as is required by law to amend this Agreement pursuant to final regulation or amendment of HIPAA and the HITECH Act.

5.3 Notices. Any notices to be delivered hereunder shall be delivered to the addresses set forth in and consistent with the requirements for delivery contained in, the Services Agreement. Notice shall be in writing and shall be deemed effective when personally delivered or, if mailed, three (3) calendar days after the date deposited in the United States mail, first class, postage prepaid, to the addressee at its current business address.

5.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and when taken together shall constitute one agreement.

5.5 Choice of Law. All issues and questions concerning the validity, enforcement and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the state identified in the Services Agreement.

5.6 Voluntary Execution. Each party has read and understands this Agreement, and represents that this Agreement is executed voluntarily and should not be construed against any party hereto solely because it drafted all or a portion hereof.

5.7 Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision and this Agreement will be reformed, construed, and enforced as if such invalid, illegal or unenforceable provision had never been contained herein.

5.8 No Modification. No modification of this Agreement will be effective unless made in writing and executed by each party hereto, except as otherwise provided hereunder.

5.9 Entire Agreement. This Agreement supersedes any and all prior agreements and understandings between the parties related to the subject matter hereof.

5.10 Independent Contractor. None of the provisions of this Agreement are intended to create any relationship between the parties other than that of independent entities contracting with each other for the purpose of effecting the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Business Associate Agreement to be executed and delivered as of the day and year first above written.

[Signature Page Follows]

COVERED ENTITY:

UNIVERSITY MEDICAL GROUP, INC.

BY: _____

NAME: _____

ITS: _____

DATE: _____

BUSINESS ASSOCIATE:

NEW UNIVERSITY MEDICAL GROUP, LLC

BY: _____

NAME: _____

ITS: _____

DATE: _____