

**WEBEX HEARING DATE:
FRIDAY, DECEMBER 8, 2023 AT 11:00 AM
PROVIDENCE COUNTY BUSINESS CALENDAR BEFORE JUDGE STERN**

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

In re:

CharterCARE Community Board; St. Joseph
Health Services of Rhode Island; and Roger
Williams Hospital

C.A. No. PC-2019-11756

**SUCCESSOR LIQUIDATING RECEIVER'S FIRST INTERIM REPORT AND
ACCOUNTING AND REQUEST FOR APPROVAL OF FEES, COSTS AND EXPENSES**

Stephen F. Del Sesto, Esq. (the “Successor Receiver” or the “Plan Receiver”) presents the Successor Receiver’s First Interim Report and Request For Approval of Fees, Costs and Expenses (the “First Report”) of his actions as the successor liquidating receiver of CharterCARE Community Board (“CCCB”), St. Joseph Health Services of Rhode Island (“SJHSRI”), and Roger Williams Hospital (“RWH”) (each also, individually, a “Legacy Hospital Entity” and, collectively, the “Legacy Hospital Entities”).

Introduction

1. On December 13, 2019, as they were required pursuant to the terms of the Settlements A and B approved by this Court in 2018, the Legacy Hospital Entities commenced this receivership by filing their petition for judicial dissolution and liquidation.

2. On December 18, 2019, this Court appointed Thomas Hemmendinger, Esq. (the “Original Receiver”) as temporary liquidating receiver of the Legacy Hospital Entities and their respective assets. On January 17, 2020, this Court appointed the Original Receiver as permanent liquidating receiver. The Original Receiver qualified by posting the surety bond required by this Court. Both the temporary and permanent orders appointing the Original Receiver directed him to perform the Legacy Hospital Entities’ obligations under the settlement agreements.

3. On December 16, 2022, this Court granted the joint petition by the Original Receiver and the Successor Receiver (collectively, the “Receivers”) to appoint the Plan Receiver as Successor Receiver.

4. In his Final Report, the Original Receiver provided a comprehensive history of the Legacy Entities and the issues addressed by the Original Receiver during his administration of the Liquidating Estate. For purposes of continuity, the Successor Receiver believes that his First Report should similarly set forth that history while also adding those circumstances and acts and doings occurring since the Successor Receiver's appointment.

The Legacy Hospital Entities and the Sale to Prospect CharterCARE

5. CCCB is the parent of SJHSRI and RWH. Until June 20, 2014, SJHSRI owned and operated Our Lady of Fatima Hospital in North Providence, Rhode Island, and RWH owned and operated Roger Williams Medical Center in Providence, Rhode Island.

6. On June 20, 2014, the Legacy Hospital Entities closed on a transaction involving the sale of these hospitals to subsidiaries of Prospect CharterCARE, LLC. In connection with the transaction:

(a) Prospect East Holdings, Inc. ("Prospect East"), the majority member of Prospect CharterCARE, LLC, was obligated to advance \$50 million in capital contributions to the hospitals for certain capital projects on or before June 20, 2018.

(b) Prospect CharterCARE, LLC and its subsidiaries were obligated to make at least \$10 million per year in additional capital expenditures related to the hospitals.

(c) CCCB received a 15% membership interest in Prospect CharterCARE, LLC and certain additional rights (collectively, the "Hospital Interests"), including the right to an upward adjustment to CCCB's membership interest based on any failure by Prospect East to satisfy the \$50 million capital commitment.

7. Another Prospect affiliate, Prospect Medical Holdings, Inc. ("Prospect Medical"), guaranteed the \$50 million capital commitment.

8. The Hospital Interests include not only CCCB's minority membership interest in Prospect CharterCARE, LLC, but also the following:

(a) Prospect CharterCARE, LLC's operating agreement (the "LLC Agreement") gives CCCB the right to appoint half of the eight-member board of directors (the "Category A Directors"), and Prospect East, the majority member, the right to appoint the other four.

(b) The LLC Agreement grants CCCB a "put option" to compel Prospect East to purchase CCCB's membership interest. Under the agreement, the parties determine the price for the put option through either negotiation or a contractual valuation process.

The Pension Litigation

9. In 2017, at the request of SJHSRI, this Court appointed the Plan Receiver as receiver of the St. Joseph Health Services of Rhode Island Retirement Plan (the “Plan”). At the time, the Plan was substantially underfunded, and the Plan Receiver asserted that the Plan had been substantially underfunded for years before the commencement of the Plan receivership.

10. On June 18, 2018, after an investigation by the Plan Receiver’s special counsel, Wistow, Sheehan & Loveley, PC (“Plan Receiver’s Special Counsel”), the Plan Receiver and certain named Plan participants as putative class representatives sued the Legacy Hospital Entities, various Prospect entities, various Roman Catholic organizations, and others to recover damages for the benefit of the Plan and its participants in this Court and in the U.S. District Court (collectively, the “Pension Litigation”).

11. In 2018, subject to court approval, the Legacy Hospital Entities, the Plan Receiver, and the putative class-action representatives entered into the Settlement “A” Agreement and the Settlement “B” Agreement, which brought the gross amount of approximately \$17.1 million into the Plan.

12. Both this honorable Court, in the Plan Receivership proceeding, and the U.S. District Court, in the Pension Litigation, approved these settlements.

The effective change in control proceedings

13. In November 2019, various Prospect entities applied to the Rhode Island Department of Health for approval of an effective change in control of the Prospect CharterCARE subsidiaries that operate Our Lady of Fatima Hospital and Roger Williams Medical Center. As of February 19, 2020, the Prospect entities resubmitted their applications.

14. These Prospect entities also applied to the Department of Health and the Rhode Island Attorney General for approval of the proposed change in control under Rhode Island’s Hospital Conversion Act.

15. After a review and investigation by the Receivers and Special Counsel, on April 9, 2020, the Receivers timely objected and asked the Department of Health to deny the applications, in part because the Prospect entities did not have sufficient current assets to fund their operations or other obligations.

16. On September 29, 2020, various Prospect entities filed a motion to adjudge the Plan Receiver in contempt for his actions in objecting to Prospect’s regulatory applications. The contempt motion also sought relief against the Original Receiver. Each Receiver filed an objection to the contempt motion. The Prospect/Angell Settlement (see below) resolved this motion.

17. On June 1, 2021, the Attorney General approved the Prospect entities’ application on certain conditions. One of those conditions was the establishment of three escrow accounts totaling \$80 million “to be accessed in the event [Prospect Medical Holdings] fails to comply with its

ongoing obligation under this Decision to meet the Rhode Island Hospitals' operating expenses and capital needs, or in the event of insolvency, and then only subject to the approval of the Attorney General.” (Attorney General’s decision, pp. 1 and 2.)

CCCB v. Lee

18. On March 11, 2019, before the start of this receivership, CCCB commenced a civil action in this Court (C.A. No. PC-2019-3654, hereafter “*CCCB v. Lee*”) against Prospect East Hospital Advisory Services, Prospect CharterCARE, LLC and its directors, Prospect East, Prospect Medical, various affiliates of theirs, and a number of individual and entity John Does, seeking, among other things:

(a) Specific performance of the entity defendants’ obligations to fund the \$50 million capital commitment, both derivatively and non-derivatively.

(b) Specific performance of the entity defendants’ contractual and statutory obligations to provide access to the business and financial records of Prospect CharterCARE, and information concerning the funding of the \$50 million capital commitment, including sufficient information for CCCB and the Plan Receiver to evaluate the put option and determine whether to exercise it.

(c) Specific performance and damages against the individual defendants, Prospect East, and Prospect Advisory for breach of fiduciary duty and for aiding and abetting the breach of fiduciary duty, both derivatively and non-derivatively.

(d) Damages and other relief under the Uniform Fraudulent Transfer Act (now the Uniform Voidable Transactions Act) for transfers related to distributions from various Prospect entities and related to obligations incurred to secure the financing that funded those distributions.

(e) Declaratory relief, including the reformation of the LLC Agreement to give CCCB sufficient time to decide whether to exercise the put option.

19. Through a series of stipulated orders in *CCCB v. Lee*:

(a) The deadline for CCCB to exercise the put option was extended.

(b) The Receivers are entitled to receive from Prospect CharterCARE, LLC sufficient information and documents so that the Plan Receiver can evaluate the put option and ascertain whether to exercise it.

20. The Prospect entities failed to comply with the Receivers’ reasonable requests for such information. Therefore, on July 21, 2020, this Court issued a written decision granting in part and denying in part the Receivers’ requests for information and documents. This Court also extended the deadline for exercise of the put option.

21. Based on the Prospect applications to the Department of Health and the Attorney General, the Receivers' and Special Counsel's investigation thereof, and other investigations, on April 21, 2020, the Receivers filed a First Amended and Supplemental Complaint in *CCCB v. Lee*. The amended and supplemental complaint added facts and causes of action uncovered in the investigations thereof by Special Counsel and the Receivers and added as defendants: parties to the proposed change in control transactions; and JP Morgan Chase Bank, the administrative and collateral agent for the lenders who provided the funding for the dividends to owners of Prospect.

22. JP Morgan Chase Bank moved to dismiss the amended and supplemental complaint, but on November 6, 2020, this Court denied the motion. *CharterCARE Community Board v. Lee*, 2020 WL 6736280 (R.I. Super. Nov. 6, 2020).

23. Green Equity Investors V, LP and Green Equity Investors Side V, LP (the current majority equity owners of the Prospect entities) filed an untimely motion to dismiss for lack of personal jurisdiction. The Prospect/Angell Settlement (see below) resolved this motion.

The Category A Directors

24. Pursuant to the LLC Agreement, on July 22, 2020, the Original Receiver appointed James H. Aceto, CPA, William J. Lynch, Esq., James P. Riley, and Marc Weinberg, M.D. as the Category A Directors to replace the original Category A Directors.

25. The Original Receiver indicated to this Court that he selected these gentlemen for their integrity, skills, commitment to supporting the long-term success of Prospect CharterCARE, LLC and the local hospitals, and commitment to the communities that these hospitals serve.

26. The new Category A Directors fully complied with their fiduciary obligations to Prospect CharterCARE, LLC, complied with the company's conflict of interest policy, and otherwise satisfied their obligations as directors of the company.

27. However, shortly after the new directors were appointed, disputes arose as to whether Prospect CharterCARE, LLC and its counsel used improper and unwarranted means to prevent the Category A Directors from communicating with the Original Receiver or others and from performing their duties or exercising their rights.

28. In the face of the asserted misconduct by Prospect CharterCARE, LLC, the Category A Directors engaged Matthew T. Oliverio, Esq. and his firm Oliverio & Marcaccio LLP (collectively, "Independent Counsel") to advise them, to represent them before this Court, and to represent them in any disputes with Prospect CharterCARE, LLC, any other Prospect entities, or any other persons associated with a Prospect entity.

29. On November 18, 2020, this Court authorized the Original Receiver to advance the compensation of Independent Counsel, reserving to the Original Receiver the right to seek recovery of all such amounts from Prospect CharterCARE, LLC and others.

The Delaware Chancery Action

30. On December 19, 2019 Prospect Medical and Prospect East commenced an action in the Delaware Court of Chancery against CCCB for declaratory judgment, injunctive relief and damages (the “Delaware Chancery Action”). The same day, the Prospect plaintiffs acknowledged that the receivership stay applies to the Delaware Chancery Action and agreed not to prosecute the action without permission from this Court.

31. In addition to disputing the merits of the Delaware Chancery Action, the Original Receiver asserted that this Court has exclusive jurisdiction of any disputes between CCCB or the Original Receiver, on one side, and the Prospect entities, on the other.

The Prospect/Angell Settlement

32. As of December 30, 2020, subject to approval by this Court and by the U.S. District Court, the Original Receiver, the Plan Receiver, and the other plaintiffs in the Pension Litigation entered into a Settlement Agreement (the “Prospect/Angell Settlement Agreement”) with the following:

(a) Prospect Medical, Prospect East, Prospect CharterCARE, LLC, Prospect CharterCARE SJHSRI, LLC, and Prospect CharterCARE RWMC, LLC (collectively, the “Prospect Parties”).

(b) Sam Lee and David Topper, principals of the Prospect Parties.

(c) The Angell Pension Group, Inc. (“Angell”).

33. The Prospect/Angell Settlement Agreement was the result of months of negotiations among the parties and mediation by retired Chief Justice Frank J. Williams.

34. Both this Court and the U.S. District Court approved this settlement.

35. The following is a summary of the terms of the Prospect/Angell Settlement Agreement:

(a) Settlement Payments.

(1) Prospect Medical paid the Plan Receiver \$22.25 million through a standby letter of credit.

(2) Prospect East paid the Plan Receiver \$5 million through a standby letter of credit.

(3) The Prospect Parties paid the Original Receiver \$100,000 in settlement of the parties’ respective claims over revised final settlements from the Centers for Medicare & Medicaid Services for services that the legacy hospitals performed before the 2014 sale to Prospect.

(4) Angell paid the Plan Receiver \$2.75 million.

(b) Category A Directors. The settlement addressed the controversies regarding the Category A Directors as follows:

(1) Prospect paid the Category A Directors their stipend of \$1,000 per month from the date of their appointment (July 22, 2020) until the directors were replaced after Court approval of the settlement.

(2) Until they were replaced after Court approval of the settlement, the Category A Directors (i) agreed not to attend board meetings during the settlement approval process (the LLC Agreement was amended to eliminate the requirement for votes by the Category A Directors), and (ii) were relieved of any obligation to act in any way as directors of Prospect CharterCARE, LLC during the settlement approval process.

(3) The Prospect Parties and their principals indemnified the Category A Directors for any claims arising out of or related to any Category A Director not taking action as a director of Prospect CharterCARE, LLC.

(c) Litigation. The settlement resolved the remaining controversies among the settling parties, specifically:

(1) *CCCB v. Lee* and all pending motions in that action.

(2) The Delaware Chancery Action.

(3) The Plan Receiver's and individual plaintiffs' claims against the Prospect Parties in the Pension Litigation (but preserving all plaintiffs' claims against the remaining defendants).

(4) The Prospect Parties' pending motion to adjudge the Plan Receiver in contempt.

(5) The Prospect Parties' pending motion for protective order.

(6) The Receivers' motion for reconsideration of this Court's October 19, 2020, decision denying their motion for injunctive relief against Adler Pollock & Sheehan P.C.

(7) CCCB's put option.

(8) Claims between SJHSRI and RWH, on the one hand, and the Prospect Parties, on the other hand, regarding pre-2014 sale Medicare rate increases and adjustments.

(9) The disputes over the Category A Directors, as more fully set forth above.

(10) The Receivers' objections to Prospect's then-pending regulatory applications.

(d) Releases. The parties exchanged releases consistent with the settlement terms.

(e) Wind-down Matters. However, the Prospect/Angell Settlement Agreement leaves in place the following:

(1) The records-retention and access obligations of the various Prospect entities.

(2) Prospect's obligations to cooperate with the Plan Receiver or other Plan administrator regarding employment documentation or other information.

(3) Ongoing transition and wind-down obligations regarding CCCB, SJHSRI or RWH.

SJHSRI's Pre-Receivership Self-Insured Workers Compensation Program

36. From about 1986 to 1999, SJHSRI maintained a self-insurance program for its employees' workers compensation claims. Starting in November 2010, under a third-party administration agreement (the "TPA Agreement") Beacon Mutual Insurance Company ("Beacon") served as third-party administrator of the program.

37. After the start of this liquidating receivership, disputes arose among Beacon, the Rhode Island Department of Labor and Training ("DLT"), the Original Receiver, and the Plan Receiver, related to workers compensation claims against SJHSRI and funding sources to pay those claims.

38. On March 1, 2022, this Court approved a settlement of this dispute. The major terms of the settlement were:

(a) DLT assumed full liability for ongoing administration and payment of all workers compensation claims covered by the TPA Agreement.

(b) Neither Beacon nor DLT shall make any claim against either of the Receivers, including claims for administration or payment/reimbursement of the claims.

(c) Neither Beacon nor DLT shall seek payment or reimbursement from any source that would, by making such payment or reimbursement, acquire any subrogation or other rights against SJHSRI or the Receivers.

(d) Beacon and DLT released each of the Receivers from any claims arising from or related to the TPA Agreement.

(e) The Receivers released each of Beacon and DLT from any claims arising from or related to the TPA Agreement other than claims for breach of the Settlement Agreement, claims relating to contracts or agreements that were entered into exclusive of the TPA Agreement, any insurance policies issued to SJHSRI by Beacon, and claims against third parties.

(f) The TPA Agreement was terminated.

Proofs of Claim

39. On May 22, 2020, this Court ordered that the Plan Receiver could file a proof of claim in this receivership on behalf of all Plan participants, and that individual Plan participants were not required to file separate proofs of claim in their capacity as Plan participants. The Plan Receiver submitted a timely sworn proof of claim on behalf of the Plan and the Plan participants.

40. The bar date for creditors to submit sworn proofs of claim has expired.

41. The Original Receiver's obligations to cooperate with the Plan Receiver under Settlement "A" and the Orders of this Court include "opposing and seeking to limit the claims of other creditors where appropriate."

42. Pursuant to the Prospect/Angell Settlement, the Prospect entities withdrew their claims with prejudice.

43. Pursuant to the Prospect/Angell Settlement, Angell withdrew its claim with prejudice.

44. Pursuant to the Beacon/HLT Settlement, Beacon withdrew its claim with prejudice.

Truk-Away Environmental Remediation Site

45. The RI Department of Environmental Management ("DEM") filed a \$50 million proof of claim in this receivership, based on allegations that SJHSRI and RWH generated hazardous materials that were ultimately deposited at the Truk-Away landfill site in Warwick, Rhode Island. A group of potentially responsible parties at the site have filed a \$16.7 million proof of claim in this receivership.

46. The Original Receiver disputed these claims and, pursuant to Settlement "A" and orders of this Court, collaborated with the Plan Receiver to investigate these claims and the Original Receiver's defenses and to defend against these claims.

Pre-Receivership Tort Litigation

47. At the Original Receiver's request, on February 10, 2020, this Court modified the receivership stay to permit fourteen (14) tort plaintiffs to prosecute cases against SJHSRI and RWH for claims that arose before June 20, 2014, on condition that the plaintiffs limit their recovery to any insurance proceeds.

48. None of these plaintiffs had filed a proof of claim in this liquidating receivership.

49. In one potentially substantial case, brought by Michael Nissensohn, the insurance carrier's counsel sought the Original Receiver's assistance. The Original Receiver promptly complied, and the case was settled. The insurance carrier paid the settlement amount.

50. In late October 2021, Prospect Medical Holdings notified the Original Receiver of a civil action commenced in November 2018 against various Prospect entities, alleging that one of the Prospect Entities (Prospect CharterCARE SJHSRI, LLC, d/b/a Our Lady of Fatima) is liable for acts and omissions both before and after the 2014 sale to Prospect. This was the first notice that either the Original Receiver or the Legacy Hospital Entities had of this action. Further, neither the complaint nor the amended complaint in this action names SJHSRI.

51. The Original Receiver tendered the defense of this matter to SJHSRI's liability insurance carrier. The carrier engaged counsel to represent the Original Receiver and SJHSRI and participate in the defense of this action under a reservation of rights. Both the Original Receiver and the Plan Receiver took the position that this does not constitute a claim against the Legacy Hospital Entities or this liquidating receivership.

52. In December 2022, this action was dismissed.

53. Since the appointment of the Successor Receiver, two medical malpractice matters against RWH a/k/a Roger Williams Medical Center (Polanco vs. Roger Williams Medical Center and Scotti vs. Roger Williams Medical Center) have settled. The settlements have no financial impact on the Liquidating Estate and the Successor Receiver has coordinated the execution of all settlement documents and releases.

Coordination between the Original Receiver and the Plan Receiver

54. The Original Receiver worked collaboratively with the Plan Receiver and his designated representatives to facilitate the speedy and just resolution of those issues and the closing of this liquidating receivership, as provided in Settlement "A".

Charitable Trusts

55. SJHSRI and RWH are income beneficiaries of various charitable trusts. From the date of the undersigned's appointment as temporary liquidating receiver, the Original Receiver collected income from these trusts.

56. On February 27, 2022, the Plan Receiver filed his petition to apply all of the income (the "Petition to Apply Trust Income") from the following charitable trusts to the Pension Plan and served the Petition on all parties who filed proofs of claim and on all counsel of record:

(a) The Trust under Will of Sarah S. Brown dated June 21, 1911;

(b) The Trust under Will of C. Prescott Knight dated November 14, 1932;

(c) The Trust under Will of George Luther Flint dated June 25, 1935;

(d) The Miriam C. Horton Trust dated August 9, 1948, as amended by its entirety and restated on June 12, 1963 and modified by a Memorandum of Understanding dated June 24, 2004 between Fleet National Bank (now Bank of America, N.A.), RWH and Brown University;

(e) The Trust under Will of Albert K. Steinert dated July 11, 1927;

(f) The Herbert G. Townsend Trust dated January 2, 1929, as restated on June 14, 1949, as amended on October 6, 1955, and as modified by agreement dated November 18, 1971; and

(g) The Trust under Will of Albert K. Steinert dated July 11, 1927.

57. On March 17, 2022, the Original Receiver filed his response to the petition and recommended that it be granted on certain terms and conditions.

58. On March 22, 2022, after notice and hearing to all parties in interest, including all parties who had open proofs of claim, this Court granted the Petition to Apply Trust Income. The Court entered its Order granting the Petition on March 30, 2022 (the "Trust Order").

59. Pursuant to this Court's Order, the Original Receiver paid \$1,005,776 which represented all of the accumulated income and distributions that the Original Receiver had received from these trusts through March 28, 2022.

60. As the Court may recall, notwithstanding the entry of the Trust Order, following the entry of the Trust Order Bank of America failed to send all Trust distributions to and payable to the Plan Receiver. Rather, Bank of America continued to send some of the Trust distributions to the Original Receiver and the Legacy Entities' prior counsel, Attorney Richard Land, and those Trust distributions were also payable to those parties. Unfortunately, it took the Successor Receiver several months of communications with Bank of America to correct the issue and have all Trust distributions payable to and sent to the Plan Receiver. Since rectifying that issue, the Plan Receiver has received all Trust distributions made.

61. As a result of the confusion created by Bank of America's failure to comply with the Trust Order, after the issue was resolved the Successor Receiver also had to reconstruct the Trust distribution accounting and perform a detailed reconciliation to assure that all Trust distributions were received by the Plan Receiver. After an additional several months, the Plan Receiver was able to identify "missing" Trust distributions and, ultimately, received those "missing" distributions and confirmed that all Trust distributions had been received.

62. RWH is also a remainder beneficiary of a trust created by Anthony A. Iavazzo (the "Iavazzo Trust"). The life beneficiary of the Iavazzo Trust has died, and Bank of America as

trustee is in the process of closing out the trust and making distributions to the remainder beneficiaries. Bank of America had requested that the trust be closed without the need for it to perform a final accounting and the Successor Receiver has had several communications with Bank of America regarding its desire to close out that trust. It is the Successor Receiver's understanding that all beneficiaries must consent to close the trust without a final accounting and, as of this date, Bank of America has not obtained full consent.

Transition to Successor Receiver

63. Promptly after this Court appointed the Successor Receiver on December 13, 2022, the Original Receiver and the Successor Receiver began work to transfer the receivership property, including cash on hand and books and records, to the Successor Receiver.

64. The Receivers substantially completed this work by the end of that month.

65. Because certain deposits and checks were in process, with the Successor Receiver's consent, the Original Receiver retained custody of funds sufficient to cover such items, along with a modest reserve. Upon those items clearing, the Original Receiver transferred the remaining funds to the Successor Receiver.

Additional matters

66. In order to maintain the tax exempt status for each of the Legacy Entities, the Successor Receiver has worked with Kahn Litwin Renza & Co., Ltd. to prepare and file the fiscal year ending 2022 Tax Exempt returns, Forms 990 and 990-T.

67. At the time of the transition to the Successor Receiver, Roger Williams Medical Center had a "stalled" 403(b) tax sheltered annuity retirement plan (the "403(b) Plan"). According to the 403(b) Plan's administrator, Transamerica, a plan is considered "stalled" when all participants have been paid and only "employer level" funds remain. Transamerica has confirmed that all of the 403(b) Plan's participants have been paid and approximately \$70,796.00 of "employer level" funds remain in the 403(b) Plan (this amount does not include \$121.90 held in a forfeiture account). The "employer level" funds may be used to pay/reimburse qualified plan expenses. However, if payment/reimbursement of the qualified plan expenses do not exhaust all of the remaining funds then, at the Successor Receiver's direction, Transamerica will re-distributed the remaining funds to participants. In March/April 2023 the Successor Receiver worked with Transamerica to prepare and file the Form 5500-SF for the 403(b) Plan. The Successor Receiver is now coordinating with Transamerica to pay/reimburse all remaining qualified plan expenses, including those expenses needed to prepare and file the final Form 5500. It is expected that the final Form 5500 will be filed and 403(b) Plan will be closed in or before April 2024.

68. The Successor Receiver also prepared and filed changes of Registered Agent for the Legacy Entities with the Rhode Island Secretary of State changing the Registered Agent from the Original Receiver to the Successor Receiver.

69. As the Registered Agent for the Legacy Entities, the Successor Receiver regularly receives subpoenas related to medical malpractice claims occurring after the sale of the Legacy Entities to Prospect. The Successor Receiver works with counsel and Prospect to assure that the proper parties are served.

70. During the Original Receiver’s administration, he maintained a digital database for the Legacy Entities’ with Consillio International e-Discovery (“Consillio”). After his appointment, the Successor Receiver coordinated the transition of that database with Consillio.

Accounting

71. Following the Original Receiver’s Final Report, included in the several interim reports filed with this Court by the Plan Receiver since that date, the Plan Receiver has reported the accounting of all collections and disbursements for the accounts under the Plan Receiver’s and Successor Receiver’s control related to St. Joseph Health Services of Rhode Island Retirement Plan, CCCB, SJHSRI and RWH. Copies of the Plan Receiver’s Interim Report filed after the Original Receiver’s Final Report and Accounting are on file with the Clerk of the Court and accessible on the Receiver’s dedicated website and all are incorporated by reference and made a part of this First Interim Report of the Successor Receiver as if fully set forth herein.

72. In connection with the administration of the within proceeding, the Successor Receiver and Plan Receiver have made the following collections and disbursements since the filing of the Plan Receiver’s Twenty-Eighth Interim Report:

	<u>SJHSRI Retirement Plan</u>	<u>CCCB</u>	<u>SJHSRI</u>	<u>RWH</u>
Starting Cash	\$4,520,088.76	\$9,397.99	\$56,135.79	\$239,472.42
Receipts	\$71,570.92	\$1.39	\$138.72	\$727.68
Disbursements	\$101,381.56	\$2,537.50	\$7,056.00	\$2,500.00
Ending Balance	\$4,490,278.12	\$6,861.88	\$49,218.51	\$237,700.10

73. Attached hereto are the “**Schedules of Receipts and Disbursements**”¹ held in all Estate accounts for St. Joseph Health Services of Rhode Island Retirement Plan, CCCB, SJHSRI and RWH which are ultimately maintained for the benefit of the Plan.

Request for Compensation and Reimbursement of Expenses

74. In connection with this First Report, your Successor Receiver is requesting that the Court approve the First Fee Application for the Successor Receiver’s fees, costs and expenses incurred for time period starting December 13, 2022, through and including November 30, 2023. The Successor Receiver respectfully requests that this Court approve the First Interim Fee Application of the Successor Receiver and authorize him to pay himself such approved fees. A

¹ Cash-on-hand includes the funds received from Settlement “B” and funds transferred from the Liquidating Receiver in compliance with the Court’s April 7, 2022, Order approving the Petition to Apply.

copy of your Successor Receiver's First Fee Application Invoice will be presented under separate cover to the Court for review in advance of the Hearing on this First Report.

Notice to Parties in Interest

75. The Successor Receiver has served this First Report and notice of the hearing thereon to counsel of record in this receivership and to counsel of record for the following parties in interest: all remaining parties in the Pension Litigation; the parties who have filed proofs of claim; and the Prospect entities.

76. The Successor Receiver believes that this constitutes sufficient notice of this First Report and of the Successor Receiver's requests for relief.

WHEREFORE, your Successor Receiver prays that this honorable Court enter an order or orders: (1) approving, confirming and ratifying all of the Successor Receiver's acts, doings, and disbursements as Successor Receiver as of the filing of this First Report; (2) authorizing the Successor Receiver to satisfy the fees, costs and expenses incurred by the Successor Receiver and presented in connection with the First Fee Application for his services as Successor Receiver herein; (3) directing that this proceeding remain open pending final resolution of all the issues identified herein and the general winding down of the Liquidating Receivership Estate; and (4) granting such further relief as this Honorable Court deems necessary and appropriate.

Respectfully submitted,

/s/ Stephen F. Del Sesto

Stephen F. Del Sesto, Esq. (#6336)
Solely in his capacity as Successor Receiver
for the Legacy Hospitals and not individually
One Citizens Plaza, 10th Floor
Providence, RI 02903
Tel: 401-490-3415
sdelsesto@pierceatwood.com
Dated: November 29, 2023

CERTIFICATE OF SERVICE

I hereby certify that on the 29th day of November, 2023, I electronically filed and served the within document via the Electronic Case Filing System of the Superior Court with notice to all parties in the system.

/s/ Stephen F. Del Sesto

SCHEDULES OF RECEIPTS AND DISBURSEMENTS

St Joseph Health Services of RI Retirement Plan
Transactions by Account 112723
As of November 27, 2023

Date	Num	Name	Memo			Balance
BankRI Checking Account						
09/28/2023	417	Litigistics				4,520,088.76
09/29/2023			Inv #3885: copying & mailing	8,628.00	1,242.11	4,518,846.65
10/02/2023	418	Litigistics	Brown quarterly dist from BoA paid to RWMC		4,533.47	4,527,474.65
10/04/2023	419	Wistow Sheehan & Loveley, PC	Inv #3895: copying & mailing		71,297.46	4,522,941.18
11/02/2023			Fees due WSL based upon Trust funds rec'd from BoA from 5/5/23 thru 10/4/23		2,700.00	4,451,643.72
11/15/2023	420	US Treasury	Fee for Application for Determination Letter to IRS		5,035.41	4,448,943.72
11/22/2023			Inv #4076: copying & mailing	61,282.42		4,443,908.31
11/22/2023			Combined Townsend (from BoA pd to SJHSRI)	1,660.50		4,505,190.73
11/27/2023	421	Litigistics	Brown Trust dist deficiency pymt tax year ending 12.31.22 (pd to RWMC)		16,573.11	4,506,851.23
			Inv #4097: copying & mailing class notice & notice of meeting			4,490,278.12
Total BankRI Checking Account						
					71,570.92	4,490,278.12
TOTAL					71,570.92	4,490,278.12

CCCB

Transaction Detail by Account

All Transactions

Date	Num	Name	Memo	Balance
CCCB BankRI Acct				
01/19/2023			closeout funds from Hemmendinger's account	9,642.08
01/31/2023			interest	0.34
02/22/2023			interest	0.74
03/31/2023			interest	0.82
04/28/2023			interest	0.79
05/31/2023			interest	0.82
06/23/2023	101	Xact Data Discovery	invoices 12/2022 - 05/2023	193.75
06/30/2023			interest	0.79
07/28/2023	102	Xact Data Discovery	invoice #XDD075177	18.75
07/31/2023			interest	0.80
08/23/2023	103	Xact Data Discovery	Inv #XDD076761	18.75
08/31/2023			interest	0.81
09/15/2023	104	Consilio (formerly Xact)	Inv # INV 557284	18.75
09/29/2023			interest	0.77
10/02/2023	105	Kahn Litwin Renza & Co., Ltd.	Inv #K0077722: 2022 form 990 prep & filing	2,500.00
10/16/2023	106	Consilio (formerly Xact)	Inv # INV 569365	18.75
10/31/2023			interest	0.62
11/20/2023	107	Consilio (formerly Xact)	Inv #INV581503	18.75
Total CCCB BankRI Acct				9,649.38
TOTAL				9,649.38
				2,787.50
				6,861.88

SJHSRI General Fund Account Transaction Detail by Account

December 16, 2022 through November 28, 2023

Date	Num	Name	Memo	Balance
SJHSRI BankRI General Fund Acct				
01/19/2023			closeout funds from Hemmendinger's account	70,774.93
01/31/2023			Interest	37.55
03/23/2023			Interest	80.94
03/31/2023			Interest	89.72
04/28/2023			Interest	86.93
05/31/2023			Interest	89.94
06/14/2023			final closeout funds from Hemmendinger's account	4,975.00
06/23/2023	101	Xact Data Discovery	invoices from 12/2022 thru 5/2023	13,410.25
06/30/2023			Interest	88.28
07/28/2023	102	Xact Data Discovery	Inv #XDD075178 6/30/23	2,278.00
07/31/2023			Interest	79.49
08/23/2023	103	Xact Data Discovery	Inv #XDD076762	2,278.00
08/31/2023			Interest	77.26
09/15/2023	104	Consiljo (formerly Xact)	Inv # INV/557285	2,278.00
09/29/2023			Interest	71.08
10/02/2023	105	Kahn Litwin Renza & Co., Ltd.	Inv #K0077720: 2022 Form 990 prep & filing	2,500.00
10/16/2023	106	Consiljo (formerly Xact)	Inv # INV/569366	2,278.00
10/31/2023			Interest	67.64
11/20/2023	107	Consiljo (formerly Xact)	Inv #INV/581504	2,278.00
Total SJHSRI BankRI General Fund Acct				49,218.51
TOTAL				76,518.76
				27,300.25
				49,218.51

RWH General Fund Account Transaction Detail by Account December 16, 2022 through November 28, 2023

Date	Num	Name	Memo	Balance
RWH BankRI General Fund Acct				
01/19/2023			closeout funds from Hemmendinger's account	86,507.19
01/31/2023			Interest	45.90
02/22/2023			Steint semi-annual dist (rec'd from BoA)	1,051.50
02/22/2023			Interest	99.72
02/24/2023			chargeback fee	
03/02/2023			Knight quarterly dist (from BoA)	10.00
03/02/2023			KoR Subpoena service fee	3,023.75
03/23/2023			Flint quarterly dist (reissue of ck dt'd 11.23.22 (rec'd from BoA)	11.00
03/23/2023			Flint quarterly dist (rec'd from BoA)	5,929.00
03/31/2023			Interest	4,514.00
04/04/2023			Horton (\$35,840.17) & Brown (\$8,628) quarterly distributions (rec'd from BoA)	130.30
04/20/2023	101	BRCSM, LLP	Court-approved fees & costs Final Report of Hemmendinger	44,468.17
04/28/2023			Interest	198.18
05/31/2023			Interest	92.54
06/14/2023			final closeout funds from Hemmendinger's account	3,588.99
06/23/2023	102	Xact Data Discovery	VOID:	0.00
06/30/2023			Interest	91.28
07/31/2023			Interest	97.31
08/31/2023			Interest	97.44
09/06/2023			Subpoena fee (Carchis WC action)	11.00
09/08/2023			Subpoena fees (Morales action)	33.00
09/29/2023			interest	94.45
10/02/2023	103	Kahn Litwin Renza & Co., Ltd.	Inv #K0077721: 2022 form 990 prep & filing	2,500.00
10/31/2023			interest	95.08
Total RWH BankRI General Fund Acct				150,179.80
TOTAL				150,179.80
				75,352.62
				75,352.62
				74,827.18
				74,827.18

RWH Cy Pres Account
Transaction Detail by Account
December 16, 2022 through November 28, 2023

Date	Num	Name	Memo	Balance
RWH BankRI Cy Pres Acct				
01/19/2023			closeout funds from Hemmendinger's account	160,365.02
01/31/2023			interest	160,478.22
02/28/2023			interest	160,722.22
03/31/2023			interest	160,992.77
04/28/2023			interest	161,255.03
05/31/2023			interest	161,526.48
06/30/2023			interest	161,789.61
07/31/2023			interest	162,061.96
08/31/2023			interest	162,334.77
09/29/2023			interest	162,599.22
10/31/2023			interest	162,872.92
Total RWH BankRI Cy Pres Acct				162,872.92
TOTAL				162,872.92