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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

CASE NO. 17-41047

IN RE:

AMERICA'S MHT, INC.

CREDITOR'S MEETING

JULY 14, 2017

TRUSTEE MICHELLE CHOW

Reported by: Ashley Gattenby, CSR, RPR

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1 PROCEEDINGS

2 THE TRUSTEE: This is Trustee. All
3 right. Let's go ahead and start. Case No. 17-41047.
4 America's MHT, Incorporated. This is
5 Michelle Chow, Trustee.

6 And for the record, sir, would you state
7 your name?

8 MR. POSTLE: Yes. Sherman Lester Postle,
9 goes by Scott.

10 THE TRUSTEE: Thank you. What is your
11 title or relationship to America's MHT?

12 MR. POSTLE: The CEO of MHT.

13 THE TRUSTEE: Thank you. Would you
14 please tell your right hand?

15 (Witness sworn.)

16 THE TRUSTEE: Okay. Again, my name is
17 Michelle Chow. I'm the Trustee in this case. Before we
18 start, I'd like to set a couple ground rules. First of
19 all, I'm going to limit this meeting to 30 minutes in
20 order to be respectful to the bulk of my docket
21 afterwards.

22 Okay. That's not a lot of time. I
23 encourage you -- and I want everybody to have a chance
24 to ask at least one question, but make it your best
25 question. I'd like to ask that -- that we not start

1 with what I -- so-called wind-up questions. Okay. This
2 is not a hearing. It's a meeting of creditors.

3 One of the main things that we're doing
4 and the purpose of these meetings is to identify if
5 there's any assets, ultimately, that I can collect,
6 liquidate on behalf of all the creditors.

7 Okay. So what I'll have is, before each
8 person gets their chance to speak, that is when we'll
9 get your appearance on the record so that we can keep
10 track of who's talking -- talking when.

11 Okay. And also for the record, because I
12 know that most people will not get a ask a lot of
13 questions today, this meeting will be continued to
14 August 11th at 1:15 p.m., and at that time you can ask
15 additional questions.

16 MS. PATEL: Can we actually continue it
17 to the following week? I'm out of the country on
18 August 11th, I don't come back until --

19 THE TRUSTEE: Okay. For right now, let's
20 make that the docket entry. I am not allowed to
21 continue to dates when we don't have a scheduled 341,
22 okay? And we can work with that. We may need to move
23 it to the next docket after that, but, again, I'm not
24 allowed to continue to just any date that I choose.

25 MS. PATEL: Understood.

1 THE TRUSTEE: Okay. All right. So
2 for -- for the record, we will have debtor's counsels
3 please state your names for the record.

4 MS. PATEL: Rakhee Patel and Annmarie
5 Chiarello.

6 THE TRUSTEE: Thank you.

7 I'm going to go ahead and just jump in to
8 ask a few questions to get us started.

9 MS. PATEL: No problem.

10 THE TRUSTEE: Okay. Very briefly --
11 Mr. Postle?

12 MR. POSTLE: Postle (different
13 pronunciation).

14 THE TRUSTEE: Postle, would you describe
15 what America's MHT did? What was the business, very
16 briefly?

17 MR. POSTLE: The business is a management
18 services organization that had a collaborative practice
19 model between physicians and nurse practitioners to
20 serve seniors and senior retirement communities, nursing
21 homes, assisted livings, most acute patients.

22 THE TRUSTEE: All right. And what was
23 the business model? How was America's MHT supposed to
24 make money?

25 MR. POSTLE: Right. America's MHT made

1 money from a management services agreement that we
2 provided the services and then also created the funding
3 for the start-up costs of that -- of each of the
4 practices, and we made money through the management
5 services agreement and the profit off of the funding for
6 the operations of the business.

7 THE TRUSTEE: Okay. And very briefly,
8 what happened? Why did America's MHT fail as a
9 business?

10 MR. POSTLE: We lost our funding, and
11 therefore, without funding, we weren't able to continue
12 to grow. Our costs exceeded our income, and we ended up
13 filing the bankruptcy.

14 THE TRUSTEE: Okay. Mr. Levick, I'd like
15 you to ask a few of your questions.

16 MR. LEVICK: Yes. Just to go on the
17 record, I've been meeting with debtor's counsel,
18 Mr. Postle, before this meeting to try to get some of my
19 questions out of the way as to allow other people to ask
20 questions, but the U.S. Trustee did want us to ask one
21 question of debtor's counsel.

22 You received a retainer of \$30,000, which
23 is at the higher end of retainers for Chapter 7. So
24 please describe the work that you've done for the legal
25 fee.

1 MS. PATEL: Well, it was -- it was a flat
2 fee, actually. It's not a retainer, and what the fee
3 entails is, obviously, all the work necessary in order
4 to prepare the company for the Chapter 7 filing, the
5 Chapter 7 filing itself, all the schedules and
6 statements, financial affairs and other documents that
7 were filed, including the creditors metrics.

8 To date, we have, in billed fees,
9 \$29,916.33. There's an additional unbilled amount of
10 74.2 hours, which at, even, Ms. Chiarello's rate, adds
11 another, roughly, \$20,000 to the overall bill. So we're
12 far in excess, in terms of billed time, over the \$30,000
13 flat fee that we've collected. That unbilled time is
14 only through June 30th.

15 MS. CHIARELLO: No, it's my time through
16 today.

17 MS. PATEL: Okay. It's all time through
18 today, but that doesn't include, necessarily, our
19 attendance at today's hearing.

20 MR. LEVICK: And what were the --

21 MS. PATEL: I'm sorry, meeting.

22 MR. LEVICK: What was your hourly rate,
23 and what's Ms. Chiarello's hourly rate?

24 MS. PATEL: My standard hourly rate is
25 550 an hour -- \$550 an hour, and Ms. Chiarello's is \$325

1 an hour, and those are the standard rates we charge to
2 all of our clients.

3 MR. LEVICK: Okay.

4 Ms. Chow, do you have anything else on
5 that issue?

6 THE TRUSTEE: No, not right now.

7 MR. LEVICK: Okay. And let me see if I
8 have -- real quickly, anything else before -- I think
9 that -- I don't have anything further. I think debtor's
10 counsel may have wanted to put a couple things on the
11 record about documents or anything --

12 MS. CHIARELLO: Just a few. Mr. Postle,
13 did you prepare the schedules and the amended schedules?

14 MR. POSTLE: Yes.

15 MS. CHIARELLO: And did you -- did you
16 sign those?

17 MR. POSTLE: Yes, I did.

18 MS. CHIARELLO: And we filed the amended
19 schedules last night?

20 MR. POSTLE: Yes.

21 MS. CHIARELLO: And those are true and
22 correct, to the best of your knowledge?

23 MR. POSTLE: To the best of my knowledge,
24 yes.

25 MS. CHIARELLO: And then you brought a

1 couple things here for the Trustee and Mr. Levick; is
2 that correct?

3 MR. POSTLE: That's correct.

4 MS. CHIARELLO: I'll give that to you.

5 So what are you handing over to the
6 Trustee and Mr. Levick today?

7 MR. POSTLE: Well, this is the cashier's
8 check for the balance as of May 15th in the AMHT
9 checking account, and there's also additional checks for
10 the LLCs of -- that have been collected and not
11 deposited.

12 MR. LEVICK: Do you want me to take
13 possession, or do you want --

14 THE TRUSTEE: I'll go ahead and take it.
15 Thank you.

16 MS. CHIARELLO: And you also brought
17 Mr. Levick and Ms. Chow copies of complaints that were
18 served on you as you were AMHT's registered agent; is
19 that correct?

20 MR. POSTLE: That box right over there.

21 MS. CHIARELLO: And I believe that box
22 also includes some mail; is that correct?

23 MR. POSTLE: Yes. Yes. There's some
24 mail from Chase Bank --

25 MS. CHIARELLO: Okay.

1 MR. POSTLE: -- and correspondence
2 regarding the operations or the banking arrangements are
3 included in that.

4 MS. CHIARELLO: And you've handed
5 Ms. Chow all of the money that was in the Chase Bank
6 accounts in AMHT's name -- or in any bank account in
7 AMHT's name; is that correct?

8 MR. POSTLE: That's correct. That's
9 correct.

10 MS. CHIARELLO: I think those are all the
11 questions that we have.

12 MR. LEVICK: I pass the witness.

13 THE TRUSTEE: Okay. All right. I'm
14 going to open it up to creditors and parties of interest
15 today. So let's just take turns starting with you
16 standing up. Do you have any -- yes, you. You.

17 MR. MCBRIDE: Yes.

18 THE TRUSTEE: Go ahead and just, you
19 know, state your name, who you represent, and then go
20 ahead and ask Mr. Postle your questions.

21 MR. MCBRIDE: I'm Michael McBride. I'm
22 local counsel for the Michigan plaintiffs. They're a
23 group of 12 doctors, rather than use my time, the first
24 one is Solarewicz, and so that's the crowd that I'm
25 representing here today.

1 You took one of the servers, the company
2 servers home personally; is that correct?

3 MR. POSTLE: Yes. We were locked out of
4 the building and we had -- we went back in to get the
5 server, which is going to be, on Monday, turned over to
6 counsel.

7 MR. MCBRIDE: And you understand you've
8 got a duty to preserve all the records of MHT, the paper
9 and the electronic; is that correct?

10 MR. POSTLE: Absolutely.

11 MR. MCBRIDE: And did you make any
12 alterations to those documents --

13 MR. POSTLE: No, sir.

14 MR. MCBRIDE: -- or the information on
15 the server?

16 MR. POSTLE: No, sir.

17 MR. MCBRIDE: Okay.

18 MR. POSTLE: The server hasn't been
19 turned on.

20 MR. MCBRIDE: Okay. And was there any
21 MHT policy on shredding documents or purging any
22 documents or records?

23 MR. POSTLE: We had a document that
24 stated that -- the shredding policy, which forbid us to
25 shred any documents or remove any e-mails.

1 MR. MCBRIDE: Okay.

2 And the -- the doctor LLCs, as I call,
3 that were set up --

4 MR. POSTLE: Correct.

5 MR. MCBRIDE: -- that's where the
6 borrowed money flowed; is that correct?

7 MR. POSTLE: No. No, sir. It -- the --

8 MS. CHIARELLO: Objection. I think we're
9 starting to get into the litigation a little.

10 THE TRUSTEE: Okay. Just ask a few more
11 questions.

12 MR. MCBRIDE: Okay. Can I get an answer
13 to the last question? Where the money flowed is not
14 litigation, that's pure deed debtor stuff. Where did
15 the money go? Who's got the money? Where did it go?

16 MR. POSTLE: The -- an invoice was
17 produced as a vendor for the -- for the lender that was
18 paid directly to AMHT for a licensing agreement over
19 five and a half years. The money comes to AMHT, and
20 under contract, we're obligated to pay the start-up cost
21 of each of the practices from those funds.

22 MR. MCBRIDE: Was ever a doctor LLC used
23 to pay the loan cost for another doctor LLC?

24 MR. POSTLE: No.

25 MR. MCBRIDE: Okay. Did you ever get

1 money from an entity -- well, let's ask this: Cliff
2 McKenzie at Ascentium had a company called Financial
3 Logic. Did it get money from MHT or any of the doctor
4 LLCs?

5 MR. POSTLE: Not until the --
6 approximately October of 2016, Mr. McKenzie had
7 contracted to -- to seek additional financing when --
8 excuse me -- when our principal financier stopped -- was
9 threatening to stop funding us --

10 MR. MCBRIDE: So how much --

11 MR. POSTLE: I'm sorry. He was paid to
12 secure additional financing, and we were invoiced for
13 that from him \$20,000 a month or \$10,000 a month if he
14 secured a certain level of financing.

15 MR. LEVICK: And so did you pay him or
16 did you pay this company Financial -- did the debtor pay
17 Cliff McKenzie or pay --

18 MR. POSTLE: Financial Logic.

19 MR. LEVICK: Okay.

20 MR. MCBRIDE: And did you get any money
21 back from Financial Logic personally?

22 MR. POSTLE: No.

23 MR. MCBRIDE: Okay. Was there any other
24 arrangement with, say, a company called Direct Store
25 Delivery, another McKenzie company --

1 MR. POSTLE: No, not that I know of.

2 MR. MCBRIDE: -- from the debtor? Were
3 any payments from MHT to any of your companies, Our
4 Medical Home Team, MMHT, LLC, Carelink, Mobile
5 Physicians Management, Homecare Doctors of America
6 Management, all of those companies are your companies,
7 any money flow from the debtor to any of those?

8 MR. POSTLE: From the debtor to OMHT,
9 there is a royalty license arrangement -- contract, that
10 originated at the inception of the company, and OMHT did
11 receive a royalty for sales or the revenues that were
12 collected.

13 MR. MCBRIDE: Was that a one-time thing
14 or an ongoing?

15 MR. POSTLE: One time.

16 MR. MCBRIDE: How much was it?

17 MR. POSTLE: \$6,000 a license.

18 MR. MCBRIDE: Okay. Have you taken any
19 trips out of the country or overseas in the last four
20 years?

21 MS. PATEL: Objection.

22 MR. SHEPHERD: Objection.

23 MS. PATEL: You don't need to answer that
24 question.

25 THE TRUSTEE: Well, we're not in a

1 courtroom. So what I'd like you to do is either answer
2 it, or you're going to plead the Fifth that you're not
3 going to answer it, because I'd like to hear that
4 answer.

5 MR. POSTLE: The company employees paid
6 for my wife and I on a cruise, and that's the only
7 vacation and it's the only trip that was taken, and it
8 was a five-day cruise.

9 MR. MCBRIDE: Where?

10 MR. POSTLE: Cozumel, Roatan and back to
11 Galveston.

12 MR. MCBRIDE: Okay. I pass the witness.

13 THE TRUSTEE: Okay. Next person who
14 would like to ask questions.

15 MR. MASSEY: I will.

16 THE TRUSTEE: Please state your name, who
17 you represent and then go ahead with your questions.

18 MR. MASSEY: Thank you, ma'am. My name
19 is Don Massey. I represent Dr. Derek Melby and a number
20 of other physicians, and a -- actually, four punitive
21 classes of plaintiffs in litigation that has been filed
22 in the Northern District of Texas. I'll provide the
23 docket information to the court reporter after the
24 hearing so she'll have it available, if I may --

25 THE TRUSTEE: Okay.

1 MR. MASSEY: -- Madam Trustee?

2 Mr. Postle, were there other individuals
3 that were not MHT or America's MHT, Inc. employees that
4 received commissions or incentive payments for bringing
5 doctors into the MHT program?

6 MR. POSTLE: We -- the company had a
7 compensation program of a salary plus commissions for
8 employees, sales employees.

9 MR. MASSEY: Were there nonemployees,
10 physicians?

11 MR. POSTLE: Yes, physicians. There was
12 a compensation program for physicians to refer other
13 physicians into the program.

14 MR. MASSEY: Would you identify for the
15 Trustee and for us, please, sir, the names of the
16 physicians, or anyone else who was a nonemployee, aside
17 from Mr. McKenzie, that received consent -- commission
18 or incentive payments in excess of \$20,000 for the life
19 history of MHT?

20 MR. POSTLE: Dr. Jamal Loan (phonetic),
21 Dr. G. -- Dana G. Arisee (phonetic), Dr. Gary Spangler
22 (phonetic).

23 I want to correct that in that I'm not
24 certain, at that point, of \$20,000. I don't have the
25 records in front of me, but he -- he was compensated. I

1 don't know how long -- how much, total, that that was,
2 but a number of physicians that referred a physician
3 colleague to the program were compensated, but not to
4 the tune of \$20,000.

5 MR. MASSEY: Okay.

6 THE TRUSTEE: Mr. Postle, would banking
7 records support your testimony --

8 MR. POSTLE: Yes, absolutely.

9 THE TRUSTEE: -- today? So they were
10 paid through banking --

11 MR. POSTLE: Absolutely.

12 THE TRUSTEE: -- traditional, just
13 straightforward, traditional banking routes --

14 MR. POSTLE: Yes.

15 THE TRUSTEE: -- that you could see the
16 checks or payments made?

17 MR. POSTLE: Yes. Yes, ma'am.

18 THE TRUSTEE: Thank you.

19 MR. POSTLE: And they weren't paid
20 directly to the physicians, they were paid to their
21 LLCs.

22 MR. MASSEY: Could you quickly inform the
23 Trustee and us, please, sir, who Dr. Nhue, N-H-U-E, Ho
24 is? What Dr. Ho's roles have been either as a
25 nonemployee or employee with MHT, and give us a ballpark

1 of the total amount of incentives, payments, any other
2 things of value that have been provided to Dr. Ho over
3 the course of the MHT lifespan?

4 MR. POSTLE: Dr. Ho was introduced to the
5 company as an interested party in acquiring licenses and
6 beginning the MHT practice in the Houston market. He
7 did purchase four licenses originally and then became
8 interested in representing the company.

9 And so he, in 19- -- excuse me -- 2014,
10 approximately July, he became a contracted sales
11 representative of the company, and he provided
12 information to other physicians, made sales
13 presentations and dinner meetings and, generally,
14 provided the information to the doctors of his practice
15 and practices of others, and he was compensated for
16 that.

17 He -- we had a change in leadership in
18 2015, approximately August, and he left the company.

19 MR. LEVICK: August of what year?

20 MR. POSTLE: August 215 -- 2015.

21 MR. LEVICK: He left in August 2015?

22 MR. POSTLE: Yes. And then in October of
23 2016, he came back and began the process, again, in
24 promoting the MHT practice to physicians --

25 MR. MASSEY: Tell the --

1 MR. POSTLE: -- particularly hospitals.

2 MR. LEVICK: What was his title?

3 MR. POSTLE: His title in 2015 -- 2014,
4 through the middle of 2015, was an independent
5 contractor.

6 MR. LEVICK: Okay.

7 MR. POSTLE: The title that he had was
8 chief operating officer of the -- of the company in
9 October, I believe it was. October of 2016, he came on
10 board and wanted to run the internal operations of the
11 company. He felt the prior management needed to be
12 replaced, and so he offered to run some of the
13 operations, communicate with the providers and so forth.

14 MR. MASSEY: How much, if you would
15 please tell the Trustee, was this gentleman of this
16 position paid over the life history of America's MHT
17 through today?

18 MR. POSTLE: To the best of my knowledge,
19 I don't have the figures in front of me, but to the best
20 of my knowledge, Dr. Ho was paid approximately -- I'm
21 going to say probably about \$700,000 in the independent
22 contractor period, and there was a note to pay him
23 additional commissions, and -- which was not paid, and
24 then when he returned, he was paid a salary of 40,000 a
25 month.

1 MR. MASSEY: Thank you, sir.

2 MS. CHIARELLO: Scott --

3 MR. LEVICK: When he came back, he got
4 the -- he received 40,000 a month, did he receive also
5 further incentives and commissions when he came back?

6 MR. POSTLE: No.

7 MS. CHIARELLO: And, Scott, all of his
8 payments are accounted for in the schedules --

9 MR. POSTLE: Yes.

10 MS. CHIARELLO: -- is that correct?

11 MR. POSTLE: That's correct.

12 MS. CHIARELLO: And just prior to
13 filing -- I guess in early 2017, you were having some
14 issues with payroll; is that correct?

15 MR. POSTLE: That's correct.

16 MS. CHIARELLO: And was Dr. Ho paid his
17 payroll?

18 MR. POSTLE: He -- he was paid. It was
19 delayed, and then the payment was made towards the end
20 of the period of time before we closed.

21 MS. CHIARELLO: And was that something he
22 took on himself to pay himself?

23 MR. POSTLE: Yes.

24 MS. CHIARELLO: And what was that amount?

25 MR. POSTLE: It was \$70,000 he took out

1 towards the end of the business.

2 MS. CHIARELLO: And he paid himself, but
3 other employees were not receiving their regular
4 paycheck; is that correct?

5 MR. POSTLE: Well, he actually did -- he
6 actually did loan the company money --

7 MS. CHIARELLO: Uh-huh.

8 MR. POSTLE: -- to make payroll, and so
9 we made -- he and the company made best effort at trying
10 to pay what collections were available.

11 MR. MASSEY: Sir, and I want to be quick,
12 there are many other people here.

13 MR. POSTLE: Uh-huh.

14 MR. MASSEY: I want to touch on Ascentium
15 Capital. Between the months of January of 2016 and
16 April 2016, at Ascentium Capital's direction, did
17 America's MHT fully pay off some loans that were taken
18 out to participate in the MHT program by certain LLCs?

19 MR. POSTLE: Yes, sir.

20 MR. MASSEY: Would that amount -- tell
21 us, if you know, how much money and loans was expended
22 in 2016 to pay -- to pay off loans for these LLCs.

23 MR. POSTLE: In 2015, without the --

24 MR. MASSEY: Just '16 for right now.

25 MR. POSTLE: 2016, \$2.3 million.

1 MR. MASSEY: Okay. If, in fact, there
2 were records that the Trustee can see that reflected
3 approximately \$4.8 million was paid in the months of
4 January, February, March and April from America's MHT
5 directly to Ascentium Capital, would you dispute the
6 bank records?

7 MR. POSTLE: I'm sorry. Could you
8 repeat?

9 MR. MASSEY: If there are banking records
10 from America's MHT bank account reflecting payments
11 during the months I mentioned, January, February, March
12 and April --

13 MR. POSTLE: Of what year?

14 MR. MASSEY: -- 2016 that reflect
15 approximately \$4.8 million in payments, would you
16 dispute that amount, sir?

17 MR. POSTLE: If there's bank records to
18 that effect, but now you're asking -- we paid, on the
19 benefit of the LLCs, payments on a monthly basis.

20 You asked two questions. One was the
21 payoff of LLCs, which our bank records will show
22 approximately 200 -- \$2.3 million in 2016. Monthly
23 payments were paid for -- on the benefit of the LLC by
24 AMHT to Ascentium, and we do have records specific to
25 those accountable through the LLCs.

1 MS. CHIARELLO: And, Scott, those
2 payments were made pursuant to contractual
3 relationships?

4 MR. POSTLE: Contractual relations.

5 MR. LEVICK: And so the -- so there were
6 the payments that the debtor made, and then there were
7 payments that the LLC made directly to Ascentium?

8 MR. POSTLE: That's correct.

9 MR. LEVICK: And that's what you're
10 speaking of?

11 MR. POSTLE: That's correct.

12 MR. MASSEY: Have you produced to the
13 Trustee all of the contractual relationships, the
14 memorialization of all of those contracts?

15 MR. POSTLE: Yes.

16 MR. MASSEY: And, sir, have you produced
17 to the Trustee any reconciliation, any financial
18 statements, any records to keep up with the accountancy
19 of the LLCs from their inception to the present?

20 MR. POSTLE: Through the end of October
21 of 2016, yes.

22 MR. MASSEY: Would the Trustee be able
23 to -- would the Trustee be able to find, in what you've
24 produced to her, actually, profit and loss statements --

25 MR. POSTLE: Yes.

1 MR. MASSEY: -- balance sheets for the
2 LLCs that would go back from their inception to the
3 present?

4 MR. POSTLE: Yes.

5 MR. MASSEY: When were those created?
6 Were they contemporaneous, or were they put together --

7 MR. POSTLE: They were created -- well,
8 the last production of profit and loss statements for
9 the LLCs was produced and distributed through the
10 regional managers in November for the end of October --

11 MS. CHIARELLO: Scott, in fact --

12 MR. POSTLE: -- period, January to
13 October.

14 MS. CHIARELLO: -- there are a number of
15 records that were not in your possession because you
16 were locked out of the --

17 MR. POSTLE: Correct.

18 MS. CHIARELLO: -- of the space prior to
19 filing; is that correct?

20 MR. POSTLE: That's correct.

21 MS. CHIARELLO: And some of the records,
22 I think that you mentioned, are continued to be in the
23 lease space?

24 MR. POSTLE: Yeah, that's correct.

25 MS. CHIARELLO: So you don't -- you --

1 you haven't, physically, turned over possession of all
2 of those records, however --

3 MR. POSTLE: They were produced by the
4 company.

5 MS. CHIARELLO: They're in -- presumably
6 in the lease space, to the best of your knowledge?

7 MR. POSTLE: That's correct.

8 MS. CHIARELLO: Which I imagine -- which
9 you have access to with permission from the landlord?

10 MR. POSTLE: Permission from the
11 landlord.

12 MR. MASSEY: So there are additional
13 records yet to produce to the Trustee, is that your
14 understanding and representation today?

15 MR. POSTLE: Yes. Yes.

16 MR. MASSEY: Okay. And back to the
17 contracts that counsel had touched on, I want to be
18 certain, the contracts are the relationships with the
19 lenders, there were certainly America's MHT personnel,
20 Mr. Leer (phonetic), Mr. Hemsley (phonetic) and others,
21 that, effectively, when communicating with doctors,
22 served as the agent or the face of the lender and an MHT
23 rep when they were closing these IPAs; is that correct,
24 sir?

25 MR. POSTLE: I'm not certain how to

1 answer that in the fact that they're not representing
2 AM -- or representing the lender. The documents that
3 were signed were provided by the lender and we executed
4 those contracts.

5 MR. MASSEY: Through the authorization --
6 you didn't get the documents randomly, the lender
7 authorized --

8 MR. POSTLE: Oh, absolutely.

9 MR. MASSEY: And they were -- the lenders
10 were well aware that the documents were being presented
11 by your sales force and --

12 MR. POSTLE: Absolutely.

13 MR. MASSEY: And the salesmen were having
14 doctors execute these installment purchase agreements
15 with the full blessing of the lenders; is that correct?

16 MR. POSTLE: That's correct.

17 MR. MASSEY: Okay.

18 THE TRUSTEE: All right. Mr. Massey,
19 could you just wrap up?

20 MR. MASSEY: Ma'am, thank you for your
21 patience.

22 THE TRUSTEE: Okay. All right.

23 MR. MASSEY: We'll have another
24 opportunity I would think. Thank you, ma'am.

25 THE TRUSTEE: Does anybody else want to

1 ask questions?

2 MR. CAMPBELL: I have a couple.

3 THE TRUSTEE: Yes. State your name, who
4 you represent, and go ahead.

5 MR. CAMPBELL: Hello. I'm Dana Campbell.
6 I'm here on behalf of Dr. Don Adams, as well as the
7 landlord, but my questions relate to Mr. Adams -- or
8 Dr. Adams.

9 In the schedules, Schedule A, there's an
10 Exhibit G, which is a list of licenses. Are you aware
11 of that, you prepared that?

12 MR. POSTLE: Uh-huh.

13 MR. CAMPBELL: Correct?

14 MR. POSTLE: Yes.

15 MR. CAMPBELL: How was that schedule
16 prepared?

17 MR. POSTLE: All of our contracts and all
18 of our schedules were produced by counsel, but we have a
19 healthcare lawyer that produced all of our agreements.

20 MR. CAMPBELL: I think you're
21 misunderstanding. My question is how was the Exhibit G
22 to Schedule A prepared.

23 MR. POSTLE: In the bankruptcy?

24 MR. CAMPBELL: Yes.

25 MR. POSTLE: Oh, I'm sorry.

1 MS. PATEL: Give us a minute to show him
2 the document.

3 MR. CAMPBELL: Sure. Sure. And I can
4 hand you a copy, if it's easier. If you just pass that
5 up.

6 MR. POSTLE: Schedule G?

7 MS. CHIARELLO: It's the contract.

8 MS. PATEL: Let's look at the official
9 document. Pass that back.

10 MR. POSTLE: How was this produced?

11 MR. CAMPBELL: How was it prepared?

12 MR. POSTLE: This was produced by our IT
13 department that was requested to produce this document
14 as to the number of licenses, the contract start date,
15 so forth. I initiated it by requesting this document,
16 and they pulled the data from our records to produce
17 this document.

18 MR. CAMPBELL: Okay. The records that
19 were used to prepare that exhibit, are those records on
20 the server that is to be provided on Monday?

21 MR. POSTLE: Yes.

22 MR. CAMPBELL: Follow up on that, do you
23 know whether physical copies of the license agreements
24 referenced in that schedule actually exist?

25 MR. POSTLE: Yes, sir.

1 MR. CAMPBELL: Do you know where they
2 are?

3 MR. POSTLE: Yes, sir. They're in -- on
4 the premises.

5 MR. CAMPBELL: They're actually on the
6 premises --

7 MR. POSTLE: Yes, sir.

8 MR. CAMPBELL: -- in McKinney, Texas?

9 MR. POSTLE: Right.

10 MS. CHIARELLO: Can you tell us where
11 within the premises those documents would be found?

12 MR. POSTLE: We have a legal department,
13 and we have locked files in that legal department with
14 copies of all the contracts that were produced, and
15 they're physically there.

16 MR. CAMPBELL: Okay. So would that be
17 true that all of the contracts that exist for America's
18 MHT can be found on the premises in McKinney, Texas in a
19 locked file drawer?

20 MR. POSTLE: To the best of my knowledge,
21 that's -- we had a department that handled that, yes.

22 MR. CAMPBELL: Is --

23 MR. LEVICK: Go ahead.

24 MR. CAMPBELL: Is there any other
25 repository where any other books or records of America's

1 MHT can be found?

2 MR. POSTLE: No.

3 MR. CAMPBELL: So would it be fair to say
4 that everything relating to the books and records for
5 America's MHT can be either found on the server that's
6 being produced on Monday or on the premises in McKinney,
7 Texas?

8 MR. POSTLE: That's correct.

9 MR. CAMPBELL: Okay. Follow up on
10 that --

11 MR. LEVICK: And, Mr. Campbell, before
12 you enter the premises as -- wearing your other hat, as
13 landlord's counsel, please notify our office so we can
14 send someone with you.

15 MS. CHIARELLO: I will -- I will
16 represent that, consistent with your direction, the only
17 access that's been granted is to prospective people --
18 prospective tenants under the supervision of the
19 landlord. Nothing has been removed, nothing will be
20 removed without the agreement of the Trustee.

21 MR. LEVICK: Thank you.

22 THE TRUSTEE: Thank you.

23 MR. CAMPBELL: In that regard, you
24 understand there was what was called an MSA or
25 Management Service Agreement, correct?

1 MR. POSTLE: Yes, sir.

2 MR. CAMPBELL: And under that, the debtor
3 agreed to fund any operating deficits of the LLCs
4 established by the physicians?

5 MR. POSTLE: That's correct.

6 MR. CAMPBELL: Okay. My question is, and
7 in following up on Mr. Massey's question, you have books
8 and records that reflect what sums or deficits exist for
9 each of the physician LLCs, correct?

10 MR. POSTLE: That's correct.

11 MR. CAMPBELL: But those amounts have not
12 been scheduled in the bankruptcy; is there a reason?

13 MR. LEVICK: Could you ask your question
14 again?

15 MR. CAMPBELL: Yes. My question is, if I
16 understand Mr. Postle's testimony, under the MSA, the
17 debtor was responsible for funding any deficits of the
18 LLCs established for the physicians. I believe he
19 answered that in the affirmative.

20 MR. POSTLE: Deficit funding, correct.

21 MR. CAMPBELL: Yes. And then Mr. Massey
22 asked the question, do you have books records that
23 evidence what the deficits were or liabilities of the
24 LLCs were, and you said, as of 10/16, those records did
25 exist.

1 MR. POSTLE: That's correct.

2 MR. CAMPBELL: So my follow-up question
3 is, why, then, in the schedules that were filed by the
4 debtor, were those unliquidated amounts not set forth in
5 any schedule?

6 MS. CHIARELLO: Mr. Postle, did we
7 schedule every single MHT LLC on the schedules?

8 MR. POSTLE: We listed the MHT LLCs, yes.

9 MS. CHIARELLO: And some of those have
10 the amounts due as unknown; is that correct? We listed
11 them as either having an -- having a claim, or if you
12 didn't know, we just -- we put them on there -- every
13 single -- on Schedule E and F every single MHT LLC is
14 listed; is that correct?

15 MR. POSTLE: That's correct.

16 MR. CAMPBELL: And they're all listed
17 notice only; isn't that correct?

18 MR. POSTLE: Not just notice only, no.
19 They were also listed as regarding litigation and
20 potential --

21 MR. CAMPBELL: But the amounts that
22 appear in the books and records of the debtor as of
23 October '16 --

24 MR. POSTLE: Are not -- are not --

25 MR. CAMPBELL: -- are not in the

1 schedule?

2 MR. POSTLE: They're reflected in the
3 financial statements of AMHT, of the company, as
4 deficits.

5 MR. CAMPBELL: But they're not scheduled
6 in the bankruptcy?

7 MR. POSTLE: The financials were
8 submitted.

9 MR. CAMPBELL: I understand, but the
10 actual listing of the creditors, none of the physician
11 LLCs or the physicians are scheduled in any amount,
12 correct?

13 MR. POSTLE: No, not specifically.

14 MR. CAMPBELL: Okay. I would ask the
15 schedules be amended to correct that.

16 THE TRUSTEE: Okay. Does anybody else
17 have any questions? Yes, sir. State your name, who you
18 represent, and go ahead with your questions.

19 MR. ALLEN: My name is Ryan Allen. I
20 represent Dr. Jamal Loan and several other physicians.

21 A couple of quick questions, do you know
22 a company called MHT Financial, LLC?

23 MR. POSTLE: Yes, sir.

24 MR. ALLEN: Was there any money ever
25 transferred by America's MHT to MHT Financial, LLC?

1 MR. POSTLE: No, sir.

2 MR. ALLEN: Was there ever -- was there
3 any money ever transferred from MHT to you, personally,
4 to purchase property in McKinney, Texas?

5 MR. POSTLE: No, sir.

6 MR. ALLEN: So you never utilized any
7 money at MHT to purchase any property in McKinney,
8 Texas?

9 MR. SHEPHERD: Asked and answered.

10 MR. POSTLE: Property was purchased in
11 McKinney, Texas through a company, not through me,
12 personally.

13 MR. ALLEN: And what was that company's
14 name?

15 MR. POSTLE: Our Medical Home Team, LLC,
16 through a licensing agreement between AMHT and OMHT, was
17 the acronym we used for the two companies. There's a
18 licensing agreement, which I addressed earlier, was
19 \$6,000 a license, that went to OMHT.

20 The property was purchased during a very
21 significant growth spurt in 2015 and a move to a very
22 expensive corporate office center, and we were planning
23 to be able to utilize that property to provide a
24 building so that we could maintain the growth of the
25 company and control costs, but it -- 2016 was a

1 different year for us than 2015.

2 MR. ALLEN: Who owns that property now?

3 MR. POSTLE: Currently -- it was
4 transferred to my wife and I, later in 2016, when
5 circumstances about withholding taxes and so forth were
6 disclosed and that asset we would pledge.

7 MR. ALLEN: And do you know what the
8 purchase price of that property was?

9 MR. POSTLE: \$890,000.

10 MR. ALLEN: No further questions.

11 THE TRUSTEE: Go ahead, Larry.

12 MR. LEVICK: What did -- so OMHT was paid
13 approximately \$3 million?

14 MR. POSTLE: Uh-huh.

15 MR. LEVICK: Was it a one-fell-swoop, or
16 was it every time there was a license, there was a check
17 cut?

18 MR. POSTLE: When -- it was based on cash
19 flow of the company, the ability to pay, and so in the
20 early years, it wasn't paid routinely. So there was an
21 accumulation and a payment, but it was not in one fell
22 swoop. It was paid over an extended period of time.

23 MR. LEVICK: Okay. And then what did
24 OMHT do with the other \$2.1 million, trying to do math
25 in my head?

1 MR. SHEPHERD: Larry, I think that goes
2 beyond -- I mean, we're talking about MHT.

3 MS. PATEL: Right. He's here on behalf
4 of AMHT, so if we could limit our questions to AMHT.

5 THE TRUSTEE: Larry, go ahead and ask
6 your question.

7 MR. LEVICK: What did OMH -- does OMHT
8 still have the other \$2.1 million?

9 MR. POSTLE: No.

10 MR. LEVICK: Where did that money go?

11 MR. POSTLE: It was used to purchase
12 software, licensing, software from an electronic medical
13 records system. It was used by my wife and I,
14 personally.

15 MR. LEVICK: Okay.

16 MR. POSTLE: We were paid out of OMHT.

17 MR. LEVICK: Okay. I pass the witness.

18 THE TRUSTEE: Okay. Anybody else have
19 questions?

20 MR. MCBRIDE: May I ask one more
21 follow-up?

22 THE TRUSTEE: Yes, this is Mr. McBride
23 again?

24 MR. MCBRIDE: Yes. Thank you very much.
25 This is an easy one, was accounts

1 receivable owed the debtor -- the question is are there
2 any account receivables that are not yet paid, anything
3 on the books as far as Medicare, Medicaid, and where
4 would those funds be going, and would that be put on
5 hold, as far as you know, when the bankruptcy was filed?
6 Who's collecting that?

7 MR. POSTLE: At the current time, no one
8 is, but there is a company that was contracted to
9 collect the receivables. The money goes to Medicare to
10 the LLC accounts for services that were performed by the
11 practitioners that were employed by AMHT.

12 MR. MCBRIDE: So what account is it that
13 it's -- money is going into for Medicare and Medicaid?

14 MR. POSTLE: Into the physician MHT LLC
15 bank account of each doctor's practice.

16 MR. MCBRIDE: Okay. And all of those
17 records are with the Trustee, all of those bank accounts
18 have been frozen, if you will?

19 MR. POSTLE: Uh-huh.

20 MR. MCBRIDE: Okay. Thank you. That's
21 it.

22 THE TRUSTEE: Anyone else have any
23 questions?

24 MR. CAMPBELL: I guess just following up
25 on that last question, who, today, has access to the

1 bank accounts for the physician LLCs? And this is Dana
2 Campbell speaking for Dr. Don Adams.

3 MR. POSTLE: Just the Trustee.

4 MR. CAMPBELL: The Trustee has been
5 granted access to all of those accounts?

6 MR. LEVICK: Well, we have access to the
7 master account and that, kind of, issue, kind of, is
8 still, kind of, open with Chase because they're LLC
9 accounts.

10 MR. CAMPBELL: Right. That's, kind of,
11 what I'm trying to get at is, does the Trustee today
12 have access to those accounts?

13 MR. LEVICK: We're -- we're having
14 discussions with Chase on that, I guess, would be the
15 fair thing to say right now.

16 MR. CAMPBELL: Okay. Very good. Thank
17 you.

18 THE TRUSTEE: Mr. McBride?

19 MR. MCBRIDE: Thank you.

20 Can any money flow out of there in that
21 interim period?

22 MR. POSTLE: No.

23 MR. LEVICK: We don't think so.

24 THE TRUSTEE: And -- okay. Anybody else
25 have any last questions?

1 All right. Just one more announcement,
2 we have a court reporter here today, and I do have to
3 put on the record that she is transcribing, but the
4 official record is the one that I'm making.

5 If you want a copy of the official
6 recording, you'll have to ask the U.S. Trustees for
7 that. And again, nobody else should have been recording
8 anything today. Okay?

9 So for the record, we're continued to
10 October -- excuse me -- August 11, 2017, this same
11 location, SMU in Plano, at 1:15 p.m.

12 Please stay in touch with my office, if
13 that time -- if we need to move that, and also, if -- as
14 a courtesy, it would be nice to know who intends to
15 appear. So just stay in touch with me and Mr. Levick.

16 MR. LEVICK: And yes, as it looks like
17 that hearing may be continued, because Ms. Patel isn't
18 available, but Ms. Chow does not have another date to
19 continue it to, please do not drive up here on August
20 11th without calling my office. Okay? Because we'll
21 have an assistant tell you what the anticipated new date
22 may be.

23 THE TRUSTEE: Yes. Just for the record,
24 I'm continuing it to my very next docket date, but we
25 may need to continue it further out. Okay. Thank you.

1 And we'll see you either on August 11th or a date to be
2 determined.

3 (End of proceedings.)
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REPORTER'S CERTIFICATE

THE STATE OF TEXAS)
THE COUNTY OF COLLIN)

I, Ashley Gattenby, Certified Shorthand Reporter in
and for the State of Texas, do hereby certify that the
matters set forth in the caption to the foregoing
contains a true and correct transcription of all
portions of evidence and other proceedings requested by
counsel for the parties in the above-styled and numbered
cause, all of which were reported by me.

WITNESS MY OFFICIAL HAND this 26th day of July,
2017.



Ashley Gattenby, CSR, RPR
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