

Joe Lankford & Chris Kluding's Telephone Conversation with Lyle Nelson

Lyle: My feeling for whatever it is worth is that they did everything right and I felt that the money he

Chris: The money was owed.

Lyle: I had no question that the money was in fact owed and, in fact, the reason it was denied. The majority of it was denied was what I was told was just a position in Washington that once a bankruptcy was filed, the jerk reaction was that we are not going to pay anything because they knew they didn't have to at that point. Basically, they could shake people down better than pay what was actually owed.

Chris: Well, but why would that, why don't they just ignore your claims rather than send in the FBI to interfere with your efforts?

Lyle: Don't know.

Chris: Let me run another name by you, Ross Lillard, from the US Attorney's office. He goes by Nick, and do you know him at all?

Lyle: No.

Chris: Okay, okay.

Lyle: I do remember who was the US Attorney?? (Fighting US Attorney).

Chris: You didn't realize that old special agent Klotz had kind of tripped himself up?

Lyle: Was it out of home health care stuff or did he do something else?

Chris: No, he was stealing money that was meant for confidential informants.

Lyle: Was that stuff in the paper?

Chris: Yes, sir.

Lyle: I remember seeing stuff in the paper, but I didn't check it out close enough to, you know, check the name and, you know, get it tied together. Wow, that is small world crap right there!

Chris: Sir, sir. Yeah, isn't it? But, he turns himself in on the 18th and I, uh, I about dropped my phone when I scrolled across that news story and read it. I've known, I've known that that was going on and, obviously, knowing that sort of stuff would have helped with my predicament at the time, but everybody was too scared at the time to come forward and help.

Lyle: Well, you know, that's it, that's kind of where we felt we were not? We had doors shut on us in several different places. Not only did all those doors kind of get shut, but even my bankruptcy judge at the time was surprisingly unhelpful and he had taken a position in the earlier case that was, I thought, correct and extremely helpful to bankruptcy case, and after he did that, the US Attorney's office convinced him not only to set aside a decision, but enter a crazy order that I have never seen a judge do and, basically, just said that even though I found all those things, we're going to act like it never happened.

Chris: Right.

Lyle: He tried to use that order in our case, saying Judge, you can't say it didn't happen, it happened, that's what you ruled, and you were correct.

Chris: Right.

Lyle: They coupled it under some guise as a settlement, anyway totally? I don't know what was going on there, but I just remember thinking that's just one of the weirdest things that has ever happened, so there was, I knew there was a lot of back door stuff going on that was? By the creditors, but it was like, where do you go and how do you find it? Told me to back off is what they told me.

Chris: It was clearly out of the ordinary for when you look at your regular type of work.

Lyle: Oh, yeah. The case was an unusual case anyway.

Chris: Right, certainly.

Lyle: And it was the time that it was in and that whole like a lot of things were? Either gone too far one way, but, by the same token, had surely gone too far back the other way. I remember talking about that with people many a times. I'm sure there are some bad eggs out there, but out of a knee jerk reaction, there needs to be a middle ground here. A lot of work that got caught up in that whole thing.

Chris: Well, we are definitely looking into this and it's becoming more and more formal like, I suppose you could say. Would you be willing to meet with me and people who may be looking into this and try to recollect what you can, and like I said, this documentation I have came out of the bankruptcy filings and there is a lot here that documents use the words "intimidate" and "threaten" and things like that that certainly aren't used lightly, and as we go down this road, would you be willing to meet with us and discuss it?

Lyle: No, not really and I don't mean to, whatever you guys are doing, good luck to you, etc., but kind of what I said is like the most I can kind of remember, but there's nothing really concrete that I have that can help. I kind of thought this and I thought that, but, as a lawyer, I know that means absolutely nothing. Need something more concrete. I have a lot of stuff that is negative results, negative things getting batted around and jerked around and then told to back off. I mean, that's it. It's like, ok, great, I don't know who told who to do what. I was just told to back off, let them have it, do what you can with what you got, but you're going to have to do it without that stuff.

Chris: Do you still have the same staff in your office that you did then, the lady who answered the phone seemed to recognize the Qualicare name.

Lyle: She's been a receptionist here. I actually merged with another firm in 04 on the down end side of Qualicare. She has a good memory; she remembers fielding calls from Qualicare employees, 04 or 05, when we were closing up that case and we were doing payrolls and all that stuff so she remembers the name, but she was actually at a different office location back when this was filed. I had this case. Do you know what year this case was filed?

Chris: 97

Lyle: Oh my gosh! It's even older. I was thinking 2000.

Chris: But the last thing was filed in 09, so it's not.

Lyle: In the Bankruptcy case.

Chris: Yes, sir.

Lyle: I have no idea what that might have been. It might have been there were people who never picked up their checks, so we ended up whatever monies are left, we end up depositing in the court clerk's office. People can apply for it and stuff like that. I know I've been out of the case.

Chris: So, it was your understanding that the money that was found was money that had never been submitted for payment?

Lyle: Correct.

Chris: So, if you were successful in getting that 1.7 million, I believe that it was, then there would have been a surplus in the estate, essentially, when it was all said and done.

Lyle: I'd have to look at the claims to answer that question; whatever our claims show. I mean, do the math, and that will tell you.

Chris: If you'll indulge me one more thing, on Mr. Patzkowski? That wound up settling out of court with him?

Lyle: Yeah, he was the guy in-house CPA expert or whatever else.

Chris: Right. That did the Cost Report. And how did you back him into a corner to go ahead and have his insurance pay that money, I mean because it was a malpractice deal. What did he do?

Lyle: It was a mapractice deal, uh, you know it was just too long ago. My educated guess would be that whoever looked through his Cost Reports, there was some problems with the Cost Report and; boy, for some reason, my mind wants to say that some of the stuff that got the woman in trouble, her husband in trouble, were things in that Cost Report that they signed off on. It's like tax returns, if you get a complicated tax return, if you sign off on stuff you're swearing is true, but isn't. I find that so ironic, because, you're like, I don't know if it's true. That's why I'm paying somebody to do this stuff. Otherwise, you're saying so this return is comprised of over a million items of information. Every visit, every time entry, every cost entry, every bill. Well, if I had first hand knowledge of all of it, why do I have any employees? I would have had to do every visit myself, everything myself. It's insanity to look at that, to take any government form and look at it. It's like, I don't know if it's right or not. I mean, I guess, yeah, I'm signing it now because that's what you're making me do. But I don't really know if it is. I mean my tax returns are like that. Any tax return is like that for any business. You're signing stuff and you're like, I don't know if it's right or not. Your accountant is like, here's all the info. You guys prepare it. I'm not a cost accountant. You know? This and that. Memory serves me that is where the problems were. Some of the stuff he did that caused them, caused several withholding problems? We were able to say, look, because of your errors in this, that cost us these refunds and uh. The thing is, if you get in that case, if I remember, cases when they go into the archives, they go to Fort Worth. You can request that all those files be sent back to Oklahoma State. There is a form and you can go in there and look at. The court would of approved those. There's a motion, it may not discuss it to the penny or the wheres or whys, but it discusses it to a point because the court and creditors notice the basis of the claim. So, if you go in there and pull up that motion, look at it. That will give you a pretty good idea what the claims were against him and what we were settling.

Chris: Can you tell me how the mailing matrix works on noticing on those cases; because, one thing I noticed was I made my appearance and it took 15 to 17 months for my name to appear and then it intermittently appears and disappears off the mailing matrix for the bankruptcy case.

Lyle: No, I have no idea, but, you know like, I guess, my observation would be this: Cases like this, they just get weird. Well, I'll just say this. They were run very old school. If you had a lot of people that were responsible for doing this and ? They

could practically get pretty messy in cases like this. Let me just understand this a little bit. Oklahoma City, I think, pretty sure about this. Was the last district to go electronic in the county, they were literally the last. I mean, that sound really like? You think it would be some backwoods small district somewhere; I'm talking about bankruptcy court. We were literally the last bankruptcy court in the entire county to go electronic. And we went electronic in late 05. I think it was 05, could have been 08, but up until that point, everything was just equal. And I, you know, people make mistakes and it's funny that I'm sitting here commenting about? The way the electronic filing because I had real reservations about it and, but I think about it now that everything is electronic whatever mistakes there might have been in the past, assuming there are mistakes because there are people, I doubt that there's as many because the office probably has half as many employees, maybe even 2/3 less.

Chris: And, see, you had gotten permission from the judge to limit that mailing list and I can appreciate why just because of the size. But, that essentially shrunk it down to maybe a dozen names, my name included.

Lyle: Ultimately, what we had shrunk it to was to people who had claims. Only people who had claims were going to get any money and that's a pretty common thing to say. It's like, look, all these other 500 people who didn't file claims, why send them stuff, they are not going to get any money. Why should they have any say in what is going on and so, that's kind of the theory behind that and also, what we did was we went through claims which primarily?? and suppliers. At the end, by the time we filed the report and we're like, all we are going to pay is wage claims, that's like the only people we sent and those who had lawyers who had entered their appearance.

Chris: And see, that's the thing. I had entered an appearance and my name appears and disappears on those mailing matrixes.

Lyle: Actually, what happens now is if people move, I actually tell people make sure you keep your addresses updated with the court. Now, if you move and don't do a change of address with the court, the piece of mail comes back, they send out electronic notices and if those come back, they said we are not sending it any more.

Chris: Right and I saw that as well. But, I'm talking about being noticed on this one and then on the next one not being there and on the next one the same address appears again. Everyone has spoken very highly of you that you are an absolutely great guy of highest integrity. I appreciate you speaking with me at all and thank you.

Lyle: Not a problem and I good luck to you guys, while we were talking, I pulled up this Klotz and man.

Chris: Isn't he special?

Lyle: It's just so crazy because, you know, you always hear that, you always talk about that stuff that what goes around comes around. We always have people that cross our paths like you see things and you are like, how and the hell does that person, why doesn't a load of bricks just fall on them walking down the street. It's Karma. And it never seems to hit them. I always tell myself if it doesn't happen on this earth, then God's going to take care of it or something like that. I try to tell myself that then every once in awhile, you see something like this and you have to laugh and there you go.

Chris: May I leave you my telephone number just in case you think of something?

Lyle: Yeah. And listen, if you guys stumble across something else and you think I may have a take on it, you know, remind me of something, call me back just like this because you saw sometimes it's just a name or word and it's like, yeah, I remember that. But, you know, it started so long ago and, obviously, when you step back from all the crap and the weirdness, it was an interesting case because it was odd and matigious?? time not only in Oklahoma, but in the area of home health.

Chris: Sure, they were cracking heads, that's for sure. But, they were leaving the reservation to do it. But you're certain that you're familiar with Klotz, though?

Lyle: It's funny you say that because my memory, I only spoke with him 2 or 3 times. Gosh, I can't even remember a third time. I mean, I literally remember the first time. You know, he called, made the appointment, came to my office, sat in the conference room with him and the main thing I remember about him the

whole time: gray suit, FBI right, Gray suit, black shirt, blue tie. And curly black hair and a mustache, and just had a stupid grin on his face.

Chris: Yup, that's him.

Lyle: And, you know, we had a cordial thing, you know, it was polite, it was professional. We talked about the case some, we talked about the records, I was polite, but firm, that like, they are my records dude, you guys can look at them, I'll arrange that you can come to my office and I'll arrange for you to look at them, but I'm not giving them to you. Then, you know, I got subpoenaed for the grand jury, but all that was literally, I was just a records guy. Literally, that was it, it was just who are you, how do you know the case, how are you involved, bankruptcy trustee, yeah, that's me, blah, blah, blah. I sent a truck full of records and now I got them here. And, uh, that was like it and then I was out and you know that was it. You know he asked me something about her and if I had seen anything this, that, and the other. And the thing was, I really hadn't; he saw me early in the case before he had guys started looking into the Polish guy.

Chris: Patzkowski?

Lyle: Patzkowski, thank you. They started looking at him and all this type of stuff before all this stuff happened and, you know, they don't give you anything; it's a one way street. The FBI doesn't give you anything.

Chris: I was looking at one of your entries, and I know it was a long time ago, it's from Valentine's Day 2000, it says unscheduled meeting with FBI, FBI appears to threaten trustee or employees.

Lyle: Well, yes, there you go. He just showed up and, uh, and it's so funny, I hate laughing, but I get told on more than one occasion by the US Trustee's office, Nelson, you put way too much information in your comments. But my attitude is like, listen, if somebody is giving me a hard time, I'm putting it out there. I want people to know these guys are not being nice.

Chris: Exactly.

Lyle: And you know, you mentioned that and I suspect what that probably was

those guys showing up and starting to give me a lot of crap about those documents, giving me a hard time and I'm like, I'm not giving them to you. And, you know, they are not used to people saying no.

Chris: Well, this is long after those documents were handed over.

Lyle: They were probably giving me crap about trying to get the money, but my job as trustee, I felt like they owed it.

Chris: The interesting part is that it is within a day or two of testimony opening in my case. It's documenting that they were threatening in your office and in the health care billing people as well and you know, ultimately, they got a target letter from the US Attorney's office that is in here and, ultimately, it never went anywhere, but they had to scare them away from the case is kind of the long and the short of it.

Lyle: ? Not smart. He just got sentenced 30 days ago. What did he get?

Chris: 6 months in. 6 months home confinement, and 3 years supervised release, I believe.

Lyle: Right.

Chris: He is a gem. Thank you, Mr. Nelson. Let me give you my telephone number: 255-8267.

Lyle: Good luck with it; if you find out something else you think I might have a take on, let me know, most of my stuff is just random coming out of my head and it sounds like you're looking at some of the basic information, the pleading in the Bankruptcy case that's probably the best? Good luck to you.