FILED
JUL 30 1999
GRANT PRIDE
CLERK, U.S. BANKRUPTCY COURT
WESTERN DISTRICT OF OKLAHOMA
BY: _____, DEPUTY

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

IN RE:	)	
QUALICARE, INC.,	)	**97-16891-BH**
Debtor.	)	**Ch. 7**

APPLICATION FOR INTERIM ALLOWANCE OF FEES

COMES NOW, Lyle R. Nelson, P.C., ("Applicant") and pursuant to 11 U.S.C. Section 330 and 331, and Bankruptcy Rule 2016 hereby requests that this Court approve it's request for allowance of interim compensation in the total sum of $54,043.75, representing 432.35 hours of work. In support of this request, it is represented as follows:

1. Pursuant to Section 331 of 11 U.S.C. ("Code"), a professional personal employed under Section 327 of the Code, may apply for interim compensation not more than once every 120 days.

2. Pursuant to Section 327 of Title 11 U.S.C. the Trustee previously employed Applicant to represent the Trustee and pursue many, many claims on behalf of the Estate. An Order approving such employment was entered by this Court in August of 1997.

3. No prior requests for any compensation have been made. Counsel has represented the estate for over two years with no compensation. The period applicable to this interim request is August, 1997 through September, 1998.

4. The services rendered by the Applicant provided a material benefit to the Estate. At the time the case was filed, the only assets listed were certain accounts receivable, with a face value of a few hundred thousand dollars . However, upon investigation the accounts had been collected by a company claiming to be the successor. The Trustee sought to recover such funds, but that company subsequently filed bankruptcy, chapter 11. The Trustee continued his efforts to recover such funds.

5. Subsequently, the Applicant, in connection with his auditors, discovered unscheduled and unknown assets, primarily consisting of unbilled visits and costs. Despite the incredible resistence provided by the federal government, including the FBI, Department of Health and Human Services,

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Office of the United States Attorney (who on several occasions has specifically told the Trustee he will never recover any money for creditors of this estate), Palmetto, as well as a myriad of other claimants, to date, the Trustee has recovered in excess of $560,000.00. The Trustee has obtained an initial approval for the payment of an additional $1,200,000.00, and has caused additional litigation to be brought against the United States to recover that money, as well as additional funds.

6. Copies of the fee bills reflecting the extensive time by Applicant are attached hereto. A total of 432.35 hours were expended. At the approved hourly rate of $125.00 per hour, the balance due is $54,043.75. The hourly rate is below similar hourly rates for the services rendered in this District.

7. No prior compensation has been sought nor has any been paid. The services rendered by Applicant are very extensive, include extensive research regarding extensive federal administrative procedures, federal labor laws, Department of Health and Human Services rules and regulations; researching and defending various subpoenas issued by a grand jury, defending the loss of records which the Department of Health and Human Services is now attempting to use as a basis not to pay the claims of the estate, and a myriad of issues involved with the liquidation of a company with gross annual income of several million dollars.

8. The services rendered clearly benefitted the estate. The interim request is less than 10% of the amount recovered. In a normal contingency fee arrangement, a comparable fee would be from 33% to 40%. Considering that this case was originally a no-asset case, the fees incurred to date are very reasonable. The majority of time was incurred before there was any indication that the case was an asset case or any property would be available at all. In effect, the work was performed on a contingency basis, since there was no apparent assets from which counsel fees could be paid. Applicant is unaware of any attorney who would take what would appear to be a no-asset case on a 10% contingency rate, which is in effect what the compensation requested herein works out to be..

9. Consistent with Bankruptcy Rule 2016, the Applicant would state as follows:

a. No prior payments have been made and none have been promised to Applicant.

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b. No prior compensation has been made nor shared and there is no agreement for the sharing of compensation to be received.

WHEREFORE, premises considered, Lyle R. Nelson, P.C. requests that this Court issue it's Order allowing the sum of $54,043.75 as interim compensation to be paid by the Trustee, upon entry of an Order allowing such compensation, as an administrative claim of this estate.

Respectfully submitted,

Lyle R. Nelson, OBA#10914
Lyle R. Nelson, P.C.
2100 City Place
204 N. Robinson
Oklahoma City, OK 73102
(405) 232-4021

APPLICANT

NOTE: THE DOCUMENTS SUPPORTING THE APPLICATION ARE NOT BEING SERVED TO ALL PARTIES ON THE MATRIX. IF ANY PARTY IN INTEREST DESIRE TO REVIEW A COPY OF ALL SUPPORTING DOCUMENTATION REFLECTING THE TIME INCURRED AND THE SPECIFIC TASKS INVOLVED, THEY MAY REVIEW SUCH INFORMATION AT THE OFFICE OF THE COURT CLERK IN OKLAHOMA CITY, 215 DEAN A. MCGEE AVE. COPIES MAY ALSO BE OBTAINED FROM THE APPLICANT.

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of this document was mailed to all parties on the attached limited matrix, as authorized by prior order of this Court, on July 30, 1999, by regular mail. The document mailed does not include the supporting documentation. Copies of the documentation is available upon request to the Applicant. Copies of the documentation have been furnished to the Office of the United States Trustee.

Lyle Nelson

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JACOBSON & LAASCH
212 E. SECOND
EDMOND, OK 73034

OK BUSINESS INSURERS, L.L.C.
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3555 N.W. 58TH ST., SUITE 510
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ROBERT G. SHOEMAKER, ESQ.
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EDMOND, OK 73083-2013

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INTERNAL REVENUE SERVICE
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AUSTIN, TX 78714

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NEC AMERICA, INC.
MELVIN R. MCVAY, JR.
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211 NORTH ROBINSON
OKLAHOMA CITY, OK 73102

V. BURNS HARGIS, ESQ.
MCAFEE & TAFT
10TH Floor, Two Leadership Square
211 NORTH ROBINSON
OKLA. CITY, OK 73102-7103

GRETCHEN CRAWFORD
ASSISTANT D.A.
320 ROBERT S. KERR, ROOM 307
OKC, OK 73102

STATE OF OKLAHOMA
OKLA EMPL SECURIT COMM
WILL ROGERS MEMORIAL BLVD.
OKLAHOMA CITY, OK 73152

American Medical Disposal, Inc.
DON J. TIMBERLAKE
BAER & TIMBERLAKE, P.C.
5901 N. WESTERN, SUITE 300
OKLAHOMA CITY, OK 73118

STEVEN LEWIS, ESQ.
SUITE 1500, 50 PENN PLACE
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EDWARD GOLDMAN, ESQ.
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416 N.W. 23RD ST.
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JOHN D. MASHBURN
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LYLE R. NELSON, P.C.
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(405) 232-4021

08/31/97

Nelson, Lyle-Trustee
2100 City Place
204 N. Robinson
Okla. City, OK 73102

ACCOUNT NO: 810-25M

Qualicare

		HOURS
08/06/97	Telephone conference from and return conf. with Department of Labor attorney, Fred Diorio re: 401K and health plan; discussions and argument re: priority claims; duty of trustee to collect and whether such funds are traceable and/or can constitute trust funds of some kind.	.25
	Receive and review motion for relief and abandonment by NationBank. Initial review; review notes and related attachments; identify issues.	1.00
08/07/97	Conference with Kevin Blaney, Nations Bank re: Motion for Relief; over-secured issues; priority issues.	.45
08/08/97	Strategy conference; some research re: Nations motion, but probably oversecured; who should collect to maximize estate value; question of whether trustee power may resurrect some medicare receivables.	1.30
08/12/97	Conference with counsel for NationsBank re: their Motion; how to work on receivables; Healthback contract enforceability or not issues; who as right to those receivables; liability for and duty of how to sell 11 cars.	1.10
08/14/97	Draft and review Application and Order to Employ and 2 Affidavits.	1.25
	Draft and review application and Order to limit Notice to parties in Interest—20 largest creditors.	.80
	Draft and review Order to limit notice and time.	.60

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ACCOUNT NO: 810.25M

Qualicare

		HOURS
08/18/97	Rough draft proposed contract for contingency fee contract to audit and search for un-billed accts. (if any).	1.25
	Rough draft proposed contract for contingency fee contract to audit and search for billed accts; this contract will generally apply to HealthBack accts. already billed, but unpaid.	.70
08/22/97	Conference with NationsBank counsel re: motion for relief; over secured issues; executory contract and related issues with HealthBack; application of oral 15% collection deal; how affects pending motion; collectability and identification very generally of medicare/medicaid issues and whether bk may offer any help on collecting old a/r.	1.50
08/23/97	Strategy conference; review motion for relief of NationsBank; modification of stay more applicable than abandonment; definately do not abandon; consider cost effective for Nations to advance rather than hiring acct. As professional; also, various accts to collect.	1.90
08/25/97	Draft and review objection to motion to lift stay and abandon property as filed by NationsBank.	.70
	(Legal Asst) prepare objection for filing; to court; file; matrix mail to limited list.	.40
08/27/97	Strategy conf. with clerk and EL (no charge for clerk of 2d attorney) begin to work on issues of collectability for FMR & ADR; what exactly we need to do and search, legally, to recover medicare/medicaid accts rec.; begin research as to whether we can us BK court jurisdiction for assertion of unpaid claims v. medicaid/medicare.	3.00
08/28/97	Research; medicare and statute of limitation issues for reimbursement; can bankruptcy law be used to "resurect" or extend any limitation period as to old or unbilled a/r; search for any history of bk cases; there is some discussion that Palmetto, just hearing bk filed, may pay.	3.40
08/28/97	Receive and review objection of employees to NationsBank motion for relief and abandonment. Consistent with trustee concerns.	.25
	Receive and review proposed agreed order resolving nationsbank motion to lift; strategy re: same. Some concerns and not enough safeguards as to "extra" collateral; bank is apparently well oversecured.	.70

TOTAL HOURS
20.55

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Page: 1
09/30/97

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2100 City Place
204 N. Robinson
Okla. City, OK 73102

ACCOUNT NO: 810-25

Qualicare

		HOURS
09/02/97	Conference with Healthcare Billing Solutions, Inc.; revise draft of contract and terms; issue of agency, deposits; determination of compensation; name of suit or v. Palmetto.	1.50
09/03/97	Review proposed revised contract with Corp. Collector; note problems with bonding; reporting; employment.	.75
	Receive and review proposed order on Nations Bank Stay Motion. Three telephone conferences; revise Order--draft revisions to Order; fax suggested changes; review revised changes.	1.75
09/04/97	Receive and review via fax updated Order; telephone conference with John Laasch; telephone conference with NationsBank attorney.	.75
09/05/97	Revise and execute final draft of Agreed Order on NationsBank Motion.	.20
	Meeting with contractor on unbilled accounts; discuss revisions.	.75
09/08/97	Receive and review Amended contingency contract to employ Healthcare Billing; further revise.	.85
09/09/97	To court, obtain address of attorneys who have entered an appearance in Case in order to send pleadings. (Legal Assistant)	.20
09/10/97	Meet with HCBS attorney, review another draft of contract--make additional revisions; strategy re: sec. 330; competing and/or multiple claims.	1.70
	Draft and review rough draft Application/Motion for contingency employment of company for search and collection of unbilled/unknown accounts/records	1.00

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Nelson, Lyle-Trustee

Qualicare

ACCOUNT NO: 810.25M

		HOURS
09/10/97	Receive and review Application/Motion for contingency employment of Corporation for search for unbilled accounts/records.	.75
	Attend second meeting with corporate collector re: contingency contract; review latest Amended contract.	.50
	(Legal Assistant) To court to file Amended Contract.	.20
09/13/97	Prepare for 2004 exam of Healthback.	3.00
09/15/97	Receive and review 2 page fax; 2004 exam of Healthback passed.	.20
	Review again- Motion of NEC for relief (50+ pages); check and Review lease to insure true lease and no objections; check UCC Article 9 re: law on lease and lease indended as purchase; check 8+ lease terms and purchase option.	1.70
09/23/97	Prepare for deposition of Healthback; review inventory bills from supplier; check law on this "oral" contract to collect billed accounts receivable.	1.85
09/24/97	Telephone conference with NEC attorney re: their lease of equipment.	.20
	Receive and review fax re: 2004 from deponent; telephone conferences with attorneys re: whether exam is going to happen.	.40
	Attend and participate in 2004; inquire into contracts, written and oral; collection issues; the money Healthback has; status of billed accounts receivable; inventory.	3.50
	Research right to set off--Healthback collected $26,000 of Qualicare accounts receivable and has applied against their claims pre and post petition.	3.65
09/25/97	Telephone conference with Nations Bank attorney re: deposition of Healthback; offsets and proof; Liberty account.	.25

TOTAL HOURS
25.65

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10/31/97

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Okla. City, OK 73102

ACCOUNT NO: 810-25

Qualicare

		HOURS
10/02/97	Extended conference with attorney for HC Billing solutions; additional work on contract to Employ; revise (.50); Bonding issues; work on and revise Order; discuss AMR; FMR; cost report issue; Statute of Limitations and how Bankruptcy Code may allow relation back to settle old claims.	3.75
	Second meeting with attorney; review more revisions to Contract; review more revisions to Order to Employ; Re-draft Order.	.75
10/03/97	Research section 541 et seq; using Code to go back on old Accounts Receivable; review section 11 of Medicaid/Medicare.	5.00
	Conference with Billing solutions; their attorney; again work on contract terms; extended discussion, debate and pull code on various points as far as collection; holding estate funds; bonding; real party in interest. Procedure discussion of claims v. Medicaid.	2.35
10/04/97	Research; to library; turnover options; adversary v. Motion; ability to attack quickly the unpublished "exceptions" to payment of Palmetto which no. over 700; can we circumvent?	2.70
10/06/97	Miscellaneous telephone conferences with HCBS attorney; meeting, revise contract again.	1.50
10/07/97	Conference with Billing Solutions and attorney to work on Order and contract (1/2 hour); extend conference and code research re: Palmetto and any right to set off? Can we, thru Motion "waive" exceptions? Set off? Section 108--2 year limitation.	2.35
10/08/97	Re-draft contract per telephone conference with Billing Solutions.	.75
	Continued research re: Statute of Limitations self-imposed by Palmetto, and Trustee.	4.00

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10/31/97

Qualicare

ACCOUNT NO: 810-25M

		HOURS
10/21/97	Meet with HC Billing Solutions re: contract; strategy meeting re: Palmetto and "execptions"--type of case to file--Motion? Adversary?	3.20
10/22/97	Receive and review letter from Principal re: retirement accounts, problems with allocation; research an strategy re: same; are these property of the estate?	1.30
	Draft and review correspondence to Principal--demand letter per section 541; fax and mail.	.30
10/30/97	Research re: possible turnover via adversary v. Motion; will it work v. Palmetto? Palmetto status as government entity and their rights or independent company?	2.40
	TOTAL HOURS	30.35

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11/30/97

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ACCOUNT NO: 810-25M

Qualicare

		HOURS
11/01/97	Research at Law Library: Adversary v. Palmetto issues regarding limitations on $1mm claim; other unbilled costs.	8.90
11/02/97	Legal research re: potential causes of action; statute of limitation concerns; medicaid and medicare issues; strategy conference. (10 hours actual)	8.20
11/05/97	Strategy conference with attorneys re: Palmetto suit issues (single attorney charge).	1.70
11/08/97	Telephone conference with Everett Chandler with Palmetto re: any money due would be paid to who and how.	.30
	Review Bob Bruner deposition; strategy session and research re: estate v. Healthback.	6.00
11/09/97	Research statue of limitations issues; federal v. state.	5.80
11/11/97	Research continued re: suit v. Healthback; usurpation of Corp. opportunity; how to value? B/P needs to be addressed on inventory issues.	7.40
11/13/97	Telephone conferences with M. Levins, department of labor re: strategy of $300k insurance claim.	.45
11/17/97	Research; Insurance; issue is prerequisite of Insurance company to not pay claim because doctor (Qualicare) did not pay $10k deductible, at issue is $300,000.	5.80
	Telephone conference with John Laasch; attorney for employees re: Miscellaneous issues; claims; suit v. Palmetto.	1.20

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ACCOUNT NO: 810-25M

Qualicare

		HOURS
11/18/97	Telephone conferences with Department of Labor; FBI to subpoena; research; can FBI/Criminal subpoena beat Trustee?	4.00
11/19/97	Conference with Billing Solutions re: audit to date: conference re: our research on Cause of Action v. Palmetto.	2.00
	Research continuing–claim v. insurance carrier; ability to precondition payment on payment of deductible. (EL)	5.20
11/20/97	Research Insurance Issues; duty of debtor and hence subsequent liability on documents or lack of documents–FLSA problems?	3.35
	Draft and review memo for notice to file claims and include proof of claim form; general advice to former employees as to filing claims; what to include, etc.	1.20
	Confernce with Vance Brown re: Insurance carrier claim; strategy conference; potentially represents some additional employees; FLSA was brought up.	1.40
	Receive and review demand letter from Jo Slama; claimed attorney for some employees re; insurance benefits; list of documents and contracts demanded.	.25
11/21/97	Draft and review correspondence to Palmetto; audit unit; re: any funds to be paid directly to Trustee; cite section 541 and provide authority to support direct payment to estate; Quick research and provide cite; send overnight per request.	1.10
11/22/97	To library– continuing research re: Medicare/medicaid enabling act and legislation; issue remains–limitations and the larger picture re: ability of contractor Palmetto to withhold payment; to "create" a limitations claim versus estate.	7.00
11/23/97	To library–research re: various exceptions created by Palmetto; Healthback has advised that to date, majority of audited accounts have been flagged for non-payment.	3.50
	Continued research re: various causes of action; medicaid/medicare issues, limitations of actions; strategy conference with RN. (10 hours actual)	7.50

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ACCOUNT NO. 810-25M

Qualicare

		HOURS
11/24/97	Telephone conference with Kevin Blaney of NationsBank re: Liberty Bank statements (.20–Trustee); $15,000 preference issue; investigate preference.	.85
11/25/97	Research; begin looking through Palmetto rejection sheets as to unbilled accounts; issue of collectability based on Code.	2.70
11/26/97	Research insurance law; issue of bad faith; can company withhold payment of claim because deductible not paid? At issue–$300k insurance claim.	5.25
11/30/97	Continued research on insurance law as described above is 10th circuit case. (Partial charge, 6.5 actual)	4.20
	TOTAL HOURS	95.25

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12/31/97

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ACCOUNT NO: 810-25

Qualicare

		HOURS
12/01/97	Telephone conferences regarding and research of medicare regulations re: cost report; apparent set-off without Section 350 Motion.	2.10
	Telephone conferences with NationsBank attorney re: cost report (2 conferences).	.35
12/02/97	Research: filing claims for "lost" employees.	1.00
	Telephone conferences with NationsBank attorney re: claims of Palmetto; also with Healthcare Billing solutions re: Kluding claims, audit and strategy.	.25
12/05/97	Strategy conference re: denial of claims; conference re: claims and problems with proof; check law on "proof" and ability of proof.	1.50
12/06/97	Research and strategy with EL claims v. Healthbakc (2 attorneys, 1 charge); work on how to identify exact amount of damages for usurpation of business opportunity.	6.00
12/07/97	Work on strategy re: estate v. Healthback. Research ability to pursue and Identify damages for 362 violation of Stay and set off of Qualicare receivables they collected.	5.50
12/12/97	Meeting with FBI and Medicaid fraud investigation re: Bankruptcy requirements v. theirs; negotiate document issues.	1.75
*	Telephone conferences with Health Care Billing Solutions re: cost report, miscellaneous suit issues.	.70

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Qualicare

ACCOUNT NO: 810.25M

		HOURS
12/15/97	Telephone conference with Bank attorney re: cost report; telephone conferences with Health Care Billing Solutions re: same.	.40
12/18/97	Research ability to pursue and identify damages for 362 violation of Stay and set off against Healthback.	3.60
12/19/97	Conference with K. Blaney and Bank attorney re: cost report; telephone conference with K. Blaney and accountant; conference re: report verification and representations; liability; drafting of appropriate release of trustee.	1.10
	Meeting with Health Care Billing Solutions re: cost report; review report, waiver, and proposed release of trustee; make and draft some revisions.	1.75
12/21/97	Research and strategy conference; cause of action v. Healthback.	4.50
12/22/97	Miscellaneous telephone conferences with NationsBank; with accountant; with Health Care Billing Solutions; receive and review proposed release of trustee; revise again; report places extreme personal liability on trustee.	1.00
12/23/97	Miscellaneous telephone conferences with Health Care Billing Solutions; conference with NationsBank attorney re: disclaimer letter; modify and confirm re: language.	1.20
12/24/97	Research and strategy conference with EL (2 attorneys, 1 charge); cause v. Healthback and insurance litigation issue.	1.20
	Draft and review correspondence to Palmetto re: Cost Report and documents; forward Overnight.	.35
	TOTAL HOURS	34.25

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Page: 1
01/30/98
ACCOUNT NO: 810.25M

Qualicare

		HOURS
01/04/98	Follow up on rumor that Healthback has filed Bankruptcy; strategy re: Qualicare claim; proof; what can we realistically and legally establish. (2 attorneys--1 charge).	3.50
01/06/98	Strategy re: interim compensation under HBS contract for HBS; research section 331; rough draft and finalize motion to approve special interim compensation per contract. (1.10)	2.25
	(Legal assistant) To court; pull file; check for new Entry of Appearance to revise Matrix; file Motion and matrix.	.75
01/08/98	Strategy conference re: Healthback bankruptcy (2 attorneys, only 1 charge); how to establish usurption of corporate opportunity; value business issues; search and review some documents; financial statements previously submitted to NationsBank.	2.30
01/09/98	Conference re: general comments and claims made by employees attorney re: a Fair Labor wage claim act; is this an issue? Check prior briefs from prior litigation. (2 attorneys, 1 charge).	2.30
01/15/98	Conference and additional general research with E.L. re: suit v. Palmetto for unbilled visits; work angle of government tort claims or similar jurisdictional issues; we still want to use Oklahoma law and 5 year statute of limitations. (2 attorneys, 1 charge)	5.20
	Office conference with creditors and their attorney re: case; claims; Healthback Group.	2.50

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Nelson, Lyle-Trustee

01/30/98

ACCOUNT NO: 810-25M

Qualicare

		HOURS
01/19/98	Conference with HCBS re: status of collections; defenses offered by Palmetto on 1995 Cost Report; strategy conference re: same theory of Oklahoma's 5 year statute of limitations.	2.40
01/21/98	Receive telephone conference re: Healthback; filing bankruptcy and 341 today; attend 341; continued to 2/9.	1.00
	Draft and review correspondence to property owner re: demand of $570,000 check which government improperly sent to wrong address.	.30
	Draft and review correspondence to renter re: demand of $570,000 check.	.25
	(EL) Telephone conference with D. Glaze (Denise).	.25
01/22/98	Draft and review Application to employ accountant; work on rough estimate of fees to extent possible.	2.00
	Draft and review Affidavit.	.50
	Draft and review proposed Order to employ accountant.	.70
	Conference with Mr. Bruner re: documents; revise documents to employ.	.35
	Miscellaneous telephone conference with Palmetto; HCBS; post office re: loss of $500K check; draft demand and confirming letter to Palmetto and fax re: stop payment.	.50
	Telephone conference with John Laasch, attorney for employees re: miscellaneous issues; Fair Labor Claim/discussion being discussed; proof of claims; notice problems; W-2 issue.	.50
01/23/98	Telephone conference with creditor's attorney re: case. (3 calls)	.75
01/26/98	Research and strategy conference; Palmetto mis-delivered $570K check; issue of liability; draft letter to cover what we have done to protect; fax.	1.00

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Nelson, Lyle-Trustee

ACCOUNT NO: 810-25M

Qualicare

		HOURS
01/28/98	Extended telephone conferences with attorney for A.G. office; Mr. Bob Troester re: records issue; copy versus original; competing interests; citation to regulation or rule; custodian; research, find regulations re: retention.	1.25
	(Legal Assistant) To court; file Application and Affidavit; deliver to U.S. Trustee office; matrix mail Application.	1.00
	File Mr. Bruner's Application to Employ.	.20
01/29/98	Draft and review Order as to Compensation of Auditor.	.60
	To court; pull file; check for any objections; leave Order for Auditor Compensation with U.S. Trustee for execution.	.40
	Draft and review Amended Proof of Service; Application to Employ Accountant.	.25
	Telephone conference with V.Brown; apparently an attorney for some employees (this is group#4 that we know of) re: overtime claims; extended discussion re: FLSA claim and liability.	1.20
	Draft and review Entry of Appearance in Healthback case.	.35
	(Legal assistant) To court; pull Healthback file for all appearances.	.60
	Numerous telephone conferences with creditors re: case and claims.	1.50
01/30/98	Meet with Bank attorney re: Accounts Receivable and claim issues.	1.00
	Research FLSA, claim looking more likely; conference with HCBS re: records and time records; may need to check with Paychex. (.75)	4.00

TOTAL HOURS
41.65

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02/27/98

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Okla. City, OK 73102

ACCOUNT NO: 810-25M

Qualicare

		HOURS
02/02/98	Strategy conference to review legal research to date; Palmetto withholding $1.2mm of claim HCBS has turned in; conference with HBSC (.70); request copy of submittal; options; wonder what effect FBI investigation has on Palmetto refusal.	3.80
02/04/98	Telephone conference with HCBS re: Accounts Receivable; failure of Palmetto again; review documents to date; draft demand letter.	.50
02/09/98	Strategy conference with EL (2 attorneys present, 1 attorney charge) review research to date re: claims versus Healthback; establishment of Claim Amount; claims versus Palmetto ($1mm); scan research to date; re-focus research as needed. Some discussion re: FLSA potential claim.	4.50
	(EL) Attend first meeting of Creditors for Healthback.	1.00
02/10/98	Conference with Accountant re: valuation of claim versus Healthback; go over information to date; proof issues.	1.00
	(Legal assistant) Prepare service of: Order Authorizing Employment of Accountant; Order on Motion for Ongoing Payment of Administrative claims; (2 orders) draft Proof of Service on both Orders.	1.00
02/11/98	Telephone conference with R. Abernathy; attorney re: insurance claim.	.25
	Strategy telephone conference with HCBS re: strategy on collection; trip to VA discussed what documents and law would be needed; what delay Palmetto could use with FBI investigation.	.60
02/12/98	Draft and review Motion to extend Proof of Claim Bar date.	.75
	Revise and review Application for interim compensation of HCBS per prior Order and signature.	1.70

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ACCOUNT NO: 810-25M

Qualicare

		HOURS
02/12/98	To court; file Motion to Extend Claim date and Application for interim compensation; to Judge's chambers and present Order per prior court Order and signature.	.60
	(Legal assistant) Prepare application for Interim Compensation and Motion to Extend Proof of Claim Bar Date for filing; prepare service to limited matrix after filing.	.75
	Second telephone conferences with Bank Attorney re: their payment claim; bank perfection; Healthbank issue.	.50
	Third telephone conference with Bank attorney re; payment of claim; motion.	.25
02/13/98	Telephone conference with NationsBank attorney re: interim compensation Order.	.20
02/16/98	Rough draft and review Order and Motion to authorize payment of NationsBank claim now; will save estate significant interest to pay now since secured (2 documents); hand deliver draft to Bank attorney.	1.50
	Conference with Bank attorney re: Motin; revise and finalize; send back to approve.	.85
	Draft and review signature page to Order for interim compensation per conference.	.25
	Extended telephone conference from V. Brown; claimed attorney for a small group of employees re: FLSA claim; conference re: management of that claim; exhibits; proof records.	.80
	Small and focused research re: burden of Proof on FLSA claim; it is on employer.	2.10
	Receive and review NationsBank Proof of Claim; research legal issues re: amount of claim; attorney fees excessive? Actual?	1.40
	Revise Motion to pay secured claim per conference with Bank attorney; include language to cap claim and allow trustee to review claim and attorney fees.	.80
	To court; conference with Judge BH re; interim compensation; hearing; need to pay because of 1.2mm more to recover.	.50
02/17/98	To court; conference with Judge's clerk re: HCBS; conference with Judge re: HCBS application.	1.00
02/19/98	(Legal assistant) Service of : Notice for Interim compensation; application for interim. Compensation; trustee's motion for NationsBank; Order for Interim Compensation.	1.00
	Draft and review Order to Limit Notice on Interim application for HCBS compensation.	.75
	Draft and review Notice of Hearing.	.30

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ACCOUNT NO: 810-25M

Qualicare

		HOURS
02/19/98	To court; file application and Notice; present Order to Judge Bohanan.	.40
	(Legal Assistant) Prepare application, notice and Order for service and filing.	.40
02/24/98	Draft and review Application to limit notice on interim application per court directive.	.60
	Draft and review Proof of Service on Order limiting Notice of the Application for Interim compensation of Healthcare billing solutions.	.30
02/25/98	Draft and review Supplement to Auditor's application for Interim Compensation.	.50
	(Legal assistant) Prepare application for filing; to court; file; matrix mail.	.45
	(Law clerk) General review and file organization. (No charge)	(4.00)
02/27/98	Conference with FBI (unannounced); accept service of subpoena; conference re: focus; documents and inventory of documents.	.60
*	Research--quash Subpoena Ducas Tecum as to location; delivery and simple breath of request; also, what is related Management company; not scheduled; 2 attorney conference re: Subpoena (1 attorney charge).	4.80
02/28/98	Pull files; also, review 4 boxes of documents from Nations not previously reviewed; effort is to comply with FBI subpoena.	7.65

TOTAL HOURS
44.35

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03/31/98

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ACCOUNT NO: 810-25

Qualicare

		HOURS
03/02/98	Telephone conference with U.S. Attorney re: their Subpoena and our Objection.	.40
03/03/98	Telephone conference with U.S. Attorney re; Subpoena; how to resolve our concerns.	.40
03/04/98	Draft and review Proposed Order for Interim Compensation of HCBS.	.35
	Meeting with HCBS; to court, Interim Compensation docket.	1.00
	Conference with HCBS re: Department of Justice subpoena; proof and original documents we need to go through administrative hearing; proof standards; loosing our ability to get our documents back and litigation and proof problems as to Palmetto.	1.75
	Research how to challenge a subpoena when there is no case on file; where to file a Motion to Quash.	2.00
	Telephone conference with U.S. attorney re; we do not wish to comply with Subpoena, but work out compromise.	.40
	Conference with NationsBank attorney re; their hourly rate on claim and our Objection to Claim.	.15
	Draft and review Withdrawal of Trustee's Motion to Extend bar date for filing Proof of Claim.	.40
03/05/98	Revise Proof of Claim for filing in Healthback; additional Conference re: breakdown of Claim; valuation of business; legally what we are allowed to claim.	1.85
	Telephone conference with U.S. attorney Bob Tresper re: subpoena problems.	.50
	Research Title 18 U.S.C. "new" healthcare Portability Act, any basis to challenge subpoena; conference with M.G. and EL re: same (1 attorney charge).	2.40

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Qualicare

		HOURS
03/05/98	(EL) Proof of Claim and finalize; additional strategy on business evaluation; "lost" checks; review deposition transcript of Healthback to try to determine amount of converted estate receivables by Healthback.	1.35
03/06/98	Revise and review HCBS Application for Compensation and Affidavit in light of Court's comments as to hours; research Section 328 because it allows contingency contract; this court has allowed contingency compensation before without hours. In re: Plotner, Estate must be careful because suit versus Estate to recover per approved contract is threatened (6 hours actual).	4.00
	Revise and finalize application; draft Notice of continued hearing.	1.00
	(Legal assistant) To court; file supplement to application and Notice; prepare for matrix mailing and service.	.80
	(EL) Continued research; subpoena of U.S. attorney; objection basis; is it legitimate; is it issued properly.	4.00
	Matrix serve Notice of Continued hearing on Application for Order for Interim Compensation of Estate Auditors, HCBS and supplement application for Order for Interim compensation of Estate Auditors, HCBS, all per Court's directive.	.30
03/08/98	Research proof issue; allowed attorney fees; amount; enhancement possible; what can we discover on actual rate re: Objection to Boatmen's claim.	1.00
03/10/98	Conference with EL re: subpoena research; authority cited by U.S. attorney is incorrect.	.70
	Conference with NationsBank attorney re: their claim; inquiry on attorney fees issue.	.30
	(EL) Continued research; FBI subpoena; our records; risks; any relation to Palmetto and our work.	2.00
03/11/98	Strategy conference and basic research: any legal basis for Healthback to make claim? No written contract, insider claim? We have our own claims versus Healthback.	2.80
	Telephone conference with Jim Voight, attorney for Healthback, re: our claim; miscellaneous issues and claims versus Qualicare; arrange meeting.	.25
	Draft and review Order allowing payment of NationsBank secured claim per prior Motion; strategy as to attorney fee issue; re-draft Order to include open end payment; partial pay now pending Trustee's Objection to claim.	.85
	Draft and review Objection to portion of NationsBank claim re: fees; request accounting of expense.	1.80
	Draft and review Notice of Hearing on Claim Objection; conference with clerk; set hearing; file Notice, serve.	.45

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		HOURS
03/12/98	Finalize Objection to Nation's attorney fees and claim.	.75
	Extended conference with HCBS re; subpoena; strategy re: how to protect our records; obvious conflict of Palmetto in refusing to pay valid claims and using technical argument of late proof or non-original (2 attorneys, 1 charge).	3.80
	To court; present Order to allow partial claim payment; file Objections.	.40
	Draft and review correspondence to NationsBank attorney re: draft of Objection to claim; request billing records and backup documents without generating subpoena.	.35
03/16/98	Meeting wiht two Healthback attorneys re: our claim, value, suit, plan, workout, Interim Qualicare's treatment.	2.75
03/18/98	Extended telephone conference with NationsBank attorney re: claim; our Objection; Proof of Service; fees.	.75
	Strategy conference on FBI subpoena (2 attorneys, 1 charge); Objection date is 3/19, still no deal as to custody of records and our concern that Palmetto will not pay 1.2mm without originals.	.80
03/23/98	Telephone conference with NationsBank attorney re: 4/2 hearing, their claim and other miscellaneous issues.	.25
	Telephone conference with court; Order is incorrect.	.20
	Draft and review Application to Vacate interim compensation Order; Scrivner error; draft Order to set aside; draft new Order.	.90
	To court; file application; present 2 Orders.	.35
	Draft and review Proof of Service of Order for Interim Compensation.	.70
03/24/98	Receive and review Court Order denying Motion to pay secured claim of Nations; Strategy re: how to pay that secured claim; Judge asks for law.	1.15
	Draft and review Proof of Service on Order Authorizing Interim Compensation of Estate Auditor, HCBS.	.15
03/25/98	Meeting with NationsBank attorney re: legal authority to pay secured claim; pull prior agreed Order on Stay; focus on Motion to reconsider of Motion to Abandon.	1.25
	Initial research of Section 506 and 554 to brief and provide law requested and directed by Judge to pay secured claim.	2.30
	Strategy re: this evidence; request copies of his deposition (2 attorneys, 1 charge).	1.90

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		HOURS
03/27/98	Research and strategy; affidavit of Healthback President possibly establishing cause of action; start review of CFO 2004 exam transcript.	4.30
	Draft and review Motion to Abandon cash and request Order to pay NationsBank secured claim; strategy on complying with Court's Order on authority to pay secured claims (5 pages); revise and finalize.	2.25
03/30/98	Continued research and strategy re: establishing our $600K claim versus Healthback.	3.00
	TOTAL HOURS	61.55

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05/31/98

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ACCOUNT NO: 810-25M

Qualicare

		HOURS
05/01/98	Additional review of back up documents of NationsBank; research; follow up; (70+ pages).	2.40
	Extended telephone conferences with bank attorney re: our objection to Bank claim as to costs and fees; negotiate values; seek $10,000 reduction in claim.	.75
05/02/98	Draft and review proposed Order on Motion to pay final allowed claim of Nations.	.70
	To court; submit Order.	.20
	Research per conversation with Wynn Holbrook; code section which allows pre-closing payments; include cite in Order and to provide court additional authority to pay Nations claim now.	.35
05/04/98	Revise; rough draft of proposed Order; calculate final claims as of 5/6 with per diem; hand walk claim to NationsBank attorney.	1.00
	Telephone conference with counsel re: Order and changes; revise Order; re-send to counsel.	.60
05/05/98	Telephone conference with Bank attorney; reach agreement on final claim; $10K+ reduction on behalf of estate.	.35
	To counsel's office; final number crunch; revise Order final time and obtain signature.	1.00
	Telephone conference with Randall Conatsen; attorney for U.S. department of Health and Human services re: their investigation and the documents he wants; now have competing subpoena's.	.50
05/06/98	Prepare for and to court; hearing on Trustee Objection to NationsBank claim; seek court Order reducing claim over $10,000.00 consistent with Trustee objection; court directs supplemental information on claim and our Objection before will approve; third request for information by Court.	.75
	Draft and review cover letter to Judge Bohanan per his request re: documents supporting claim of Bank; focus on fees; provide Judge with copy of proposed Order.	1.50
	Re-check supplement to claim for Seneca; style problems.	1.25

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Qualicare

		HOURS
05/12/98	Review disclosure statement and Plan of Healthback; strategy re: how to value our claim.	1.30

TOTAL HOURS
12.65

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06/30/98

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ACCOUNT NO: 810-25

Qualicare

		HOURS
06/04/98	Receive and review IRS letter, "proposed" 941 return; and demand for $256K check or will levy against estate assets; check bankruptcy law and IRS code re: a res judicata effect if trustee leaves proposed 941 return without response or tries to leave it for claim objection at later date. Do not want service seizing Palmetto funds.	2.15
06/10/98	Conference with FBI re: document production.	2.00
06/11/98	Research and strategy; administrative claim issue for ongoing rent if FBI continues to push for extensive record storage here for grand jury.	.60
06/16/98	Meeting (extended) with HCBS re: Palmetto audit and effect on our collection efforts; status and problems of Monarch Management bills; may or will result in $700K swing in our recovery if can't find; work on competing legal theory to consider this estate claim rather than set-off against $1.2mm in claim we have pending; discussion on how to get bankruptcy court to look at this issue and treat it as a state law collection issue rather than "federal" regulation delay deal.	3.10
	Revise challenge letter to IRS. Challenge 941 claim and levy.	.25
	Strategy telephone conference with labor attorney for U.S. department of labor; documents wanted; my duty to produce.	.75
	Finalize correspondence to IRS re: tax issues.	.40
06/19/98	Conference (office) and subsequent phone conference with attorney Mack Martin re: duty to comply with extent of Grand Jury subpoena; objecting procedure; ability to limit or quash scope of subpoena.	1.10

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08/31/98

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ACCOUNT NO: 810-25M

Qualicare

		HOURS	
08/03/98	Conference with EL re: 8/4/98 grand jury appearance; work out with FBI re: dockets; (1 attorney charge).	.85	
08/04/98	Pull file; strategy conference with EL re: cost of additional work not covered in original application filed 1 year ago. Make "best guess" as to additional legal work required; (2 attorney 1 charge) analyze status of various reserves.	3.75	
	Rough draft; revise and finalize supplement application; cover 5 new litigation areas; draft proposed order (8 pages)		2.85
	To court; file; serve, supplemental supplemental application	.40	
	Additional research; seminar material on BK an dPlametto litigation; strategy on split of authority on jurisdiction for litigation.	2.00	
08/06/98	Meeting with HCBS re: older claims found; another $500k to $2mm; any reply to demand letter; strategy re; motion to turnover and whether right work; health back may have tried; will check their case.	1.00	
08/11/98	Receive and review Judge BH decision in Healthback case; looks like can sue Palmetto and HUD;contrary (possible) to some authority; review 34 page opinion and strategy re: same.	2.30	
	Telephone conference with accountant re: proof of debt issues raised in Judges decision.	.75	
	Telephone conference with attorney J. Wright re: proof of debtor issues raised in Judges decision.	.25	
08/12/98	Start drafting suit v. Palmetto for dept. Of HUD; issue who is real party? Outline suit;	1.00	
	Conference with HCBS re: dollar demand and proof in suit prayer and consistent with Judge's prior ruling.	.75	

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Qualicare

		HOURS
08/13/98	Receive and review notice of execution; county tax sale; telephone conference with D.A. conference with HCBS; proof	.50
08/17/98	Telephone conference with Marsha Levine; attorney for department of labor and her demands for documents and claims; direct her to FBI.	.25
08/19/98	Additional review of BH decision in Healthback; 30 pages; work through potential problems of administrative remedy portion of decision; in the Chapter 11, court found basis to "waive" exhaustion of remedies requirements Issue is, will that same analysis apply in the chapter 7 situation.	2.00
08/21/98	Conference with EL and JM (3 attorney 1 charge) re: BH opinion and exhaustion of administrative remedies.	1.00
08/24/98	Conference re: Suit v. Palmetto; still looking at exhaustion of administrative.	1.00
	Begin looking at draft and review correspondence and proof remedies; with EL (2 attorneys 1 charge)	.75
08/27/98	Telephone conference with Kay Sewell, attorney for HUD re: Healthback case and decision; application to Qualicare.	.75

TOTAL HOURS
22.90

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09/30/98

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ACCOUNT NO: 810-25M

Qualicare

		HOURS
09/02/98	Telephone conference with HCBS re: status of "proof" of amount to demand; documents we have;	.75
09/15/98	Strategy conference with HCBS and Eric Leeviraphan re: damages in adversary v. Palmetto and the defendant; proof issues; prior audit and related issues (2 attorney 1 charge)	1.30
09/24/98	Conference with Eric Leeviraphan re: Suit v. Palmetto.	.50
	Work on resolution of issues in BH Healthback order; still struggling with exhaustion of administrative remedies; bring in attorney John Mashburn for consultation (2-3 attorney 1 charge)	3.00
09/29/98	Telephone conference with attorney K. Blaney on possible special counsel for trustee re: suit v. Palmetto.	.50
	TOTAL HOURS	6.05

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Qualicare

		HOURS
10/22/98	To court; attend Healthback hearing; effect on our HUD claim and confirmation issues as to our $600k claim.	1.00
10/30/98	Conference with HCB's re: recent developments and HUD demand letter; is it same money demand in last summer audit.	.80

TOTAL HOURS
1.80

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