

Form 1
Individual Estate Property Record and Report
Asset Cases

Case Number: 97-16891 BH
 Case Name: QUALICARE, INC.
 Period Ending: 08/31/04

Trustee: (560070) LYLE R. NELSON
 Filed (f) or Converted (c): 07/14/97 (f)
 §341(a) Meeting Date: 08/18/97
 Claims Bar Date: 10/17/97

Case: 97-16891 Doc: 445 Filed: 09/30/04 Page: 5 of 21

1 Asset Description (Scheduled And Unscheduled (u) Property) Ref. #	2 Petition/ Unscheduled Values	3 Estimated Net Value (Value Determined By Trustee, Less Liens, Exemptions, and Other Costs)	4 Property <u>Abandoned</u> OA=§554(a) abandon. DA=§554(c) abandon.	5 Sale/Funds Received by the Estate	6 Asset Fully Administered (FA) Gross Value of Remaining Assets
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(THIS IS THE ONLY DEPOSIT AMT. \$11,138.21 FOR THIS CASE THAT HAS NOT YET BEEN DEPOSITED) THE DEPOSIT WILL BE RECONCILED AS SOON AS WE ARE NOTIFIED BY UNION BANK. A COPY OF THE LETTER SENT TO UNION BANK OF CALIFORNIA IS IN THE FINANCIAL FILE.

9/25/98 HAVE COMPLETED AUDIT WITH PALMETTO IN LAST QUARTER; PALMETTO CLAIMS FURTHER DEDUCTION OF OVER \$750K BECAUSE OF LACK OF DOCUMENTATION; HAVE HAD SEVERAL CONF. WITH TRACY KLUDING AND HCBS RE: THESE RECORDS; HAVE RECEIVED EXCELLENT DECISION IN HEALTHBACK CASE WHICH SHOULD HELP US PROCEED AGAINST PALMETTO ON OUR CLAIM; ISSUES OF PROOF OF DAMAGES AND EXHAUSTION OF ADMINISTRATIVE REMEDIES MAY REMAIN, AND OUR FOCUS AT THIS TIME IS ON THOSE ISSUES; CONTINUE TO RECEIVE FROM 20-80 PHONE CALLS PER MONTH ON PAYMENT; WAGE ISSUES, W-2 ISSUES FROM PRIOR EMPLOYEES. HEALTH INSURANCE ISSUES HAVE SLOWED DOWN; FBI HAS BACKED OUT OF PROTECTIVE ORDER AGAIN. HAD AGREED TO PAY RENT ON RECORDS, BUT NOW REFUSES; WANTS TO MOVE RECORDS TO FBI BUILDING; I HAVE DECLINED TO LET THEM OUT OF OUR POSSESSION, AND WILL TRY AND MOVE THEM BACK TO HCBS LOCATION. FBI HAS MADE THREE DEALS ON RETENTION OF RECORDS, AND THEMN BACKED OUT ON ALL THREE. THE FOREGOING IS VERY BRIEF SUMMARY OF LAST QUARTER OFACTIVITY.

12/98 GENERAL UPDATE; CONTINUING TO RECEIVE MISC. INQUIRIES REGARDIN CASE DAILY; MAIL CONTINUES; THIS MONTH RECEIVED 4 REPORTS FROM PALMETTO REGARDING DEMAND FOR REFUND OF MONEY PAID; DISALLOWING EXPENSES; ACCT SAYS SOP FOR PALMETTO.

1/99 CONTINUING REVIEW OF SUIT V. PALMETTO; CONF. WITH OUTSIDE COUNSEL RE: TAKING LITIGATION VERSUS PALMETTO.

3/99 FILED DOCUMENTS TO EMPLOY GARVIN, AGEE FIRM TO PURSUE PALMETTO AND HICFA

3/99-8/99 SUIT FILED AGAINST HCFA AND PALMETTO; MOTION TO DISMISS FILED BY HICFA; MOTION FOR SUMMARY JUDGMENT FILED BY TRUSTEE.

8/99 JUDGE ASKS FOR BRIEFS ON ABSTENTION OF ADVERSARY PENDING RESOLUTION OF ADMINISTRATIVE REMEDIES. TRUSTEE BRIEFS FILED. AUTHORITY DOES NOT ALLOW A PARTIAL ABSTNETION UNDER 350 AS REQUESTED BY GOVERNMENT. IN INTERIM, SOME SETTLEMENT DISCUSSIONS WITH GOVERNMENT LAWYERS.

9/99 SCHEDULING CONFERENCE HELD. JUDGE PLACES ADVERSARY ON HOLD CLAIMING ABSTENTION. WE WILL PROCEED WITH OUR CLAIMS REVIEW. AND OTHER CASES. WILL HAVE TO HIRE EAST COAST COUNSEL TO REPRESENT EASTATE TO PURSUE ADMINISTRATIVE REMEDIES. WE HAVE ASSERTED WILL NOT BE A GOOD USE OF ESTATE PROPERTY IN THAT U.S. ATTORNEY OFFICE HAS TOLD TRUSTEE THAT ALL CLAIMS WILL BE DENIED, EVEN BEFORE CLAIMS WILL BE SUBMITTED.

10/99 SOME CLAIMS REVIEW CONTINUEING; MISC. T/C WITH DEPARTMENT OF LABOR RE: RETIREMENT ACCT. CLAIMS; CONTINUEING CONFERENCES REGARDING LITIGATION; CONFERENCES WITH HCBS PERSONELL.