

EXHIBIT A

DEPOSITION OF ERICH MOUNCE
CONDUCTED ON WEDNESDAY, JUNE 1, 2005

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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLUMBIA

In Re:	*
GREATER SOUTHEAST	* Civil Action
COMMUNITY HOSPITAL	* No. 02-2250
CORP., I, et al.,	*
Debtors.	*
	*
DCHC LIQUIDATING TRUST,	*
Plaintiff,	* Adv. Pro. 04-10266
VS.	* Adv. Pro. 04-10444
UNIVERSAL CARE,	*
Defendant.	*

Corporate Deposition of
Doctors Community Healthcare Corporation

By and Through its Corporate Designee,

ERICH MOUNCE

Washington, D.C.

Wednesday, June 1, 2005

9:41 a.m.

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1 or a critical vendor to use that terminology, then
2 typically those CEOs would contact me or David Denslaw,
3 our general counsel directly. I would then instruct
4 them on what our -- after I've gotten all the
5 information on what our opinions would be and whether or
6 not we would want to try and cure that agreement or not
7 cure that agreement.

8 Q Well, let's walk through that process. You
9 said typically they would handle it -- these issues
10 locally at the local hospital?

11 A That is correct.

12 Q Is this an agreement that was handled -- are
13 these agreements that were handled locally?

14 MR. PENZER: These meaning?

15 MR. MINTZ: The agreements, the term that's
16 defined in the stipulation.

17 MR. PENZER: In this exhibit?

18 MR. MINTZ: Yes.

19 A The agreements or the development of any type
20 of agreement to do a cure amount or even negotiate a
21 contract is always handled locally with input from the
22 corporate office so these would fit into that category.

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1 BY MR. MINTZ:

2 Q What category?

3 A The category where they would select input
4 from either Dave Denslaw, the general counsel or myself.

5 Q Now, you said that they would seek input from
6 yourself or -- can you spell Mr. Denslaw's last name?

7 A D-E-N-S-L-A-W.

8 Q That they would seek input from yourself or
9 Mr. Denslaw if the agreement was, if I wrote this down
10 correctly, for a large amount or a key vendor; is that
11 correct?

12 A That is correct.

13 Q Were these agreements for large amounts or
14 for key vendors or both?

15 MR. PENZER: Objection to form.

16 A I would first say key vendors because I at
17 the time probably would have no idea what the exact
18 amounts are.

19 BY MR. MINTZ:

20 Q Why do you deem them to be, quote, key
21 vendors?

22 A Because they have a significant relationship

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1 with Pacifica and have for a long time.

2 Q And you said that in the case of agreements
3 with a key vendor, the CEO of the local hospital would
4 contact you or Mr. Denslaw, correct?

5 A That is correct.

6 Q And is that what happened in this case?

7 A That is correct.

8 Q And what did you instruct the CEO of the
9 local hospital to do with respect to these agreements?

10 A With respect to these agreements to figure
11 out what the cure amounts were and to also look and see
12 if there was any, for my interpretation, amounts owed
13 back to us meaning Pacifica Hospital that we could
14 negotiate into an agreement.

15 Q And is that what happened here?

16 A That is correct.

17 Q And did the CEO of the local hospital inform
18 you of those amounts?

19 A Yes.

20 Q And what did you advise them to do with
21 respect to these agreements based on that information?

22 A Our business people there began negotiating

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1 with Universal Care on how we could collect what we
2 thought was due to us and also they could collect what
3 they thought was due to them.

4 Q Was it always Pacifica or DCHC's intent to
5 assume the agreements?

6 MR. PENZER: Objection to form. You can
7 answer.

8 A Not to my knowledge.

9 BY MR. MINTZ:

10 Q It was not always their intent to assume the
11 agreements?

12 A There was not any present intent for
13 anything. The intent was to negotiate a deal.

14 Q Was it ever the intent of Pacifica or DCHC to
15 reject the agreements?

16 MR. PENZER: Objection to form.

17 A Again, it was not our intent to not have an
18 agreement or to have an agreement. It was our intent to
19 develop a relationship and have the agreement and keep
20 moving forward.

21 BY MR. MINTZ:

22 Q Did you ever reject the GSA?

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1 A When you say did I reject it can you be more
2 specific?

3 Q Well, the term "reject" is a pretty
4 straightforward term. What does it mean to you?

5 A In my mind did I ever then not cut a deal and
6 not have a contract with -- with Universal Care in
7 that -- no, I did not ever have that in my mind.

8 Q Did you ever inform Universal Care or anyone
9 else that the GSA -- anyone else -- I'm sorry, did you
10 ever inform Universal Care or any of its representatives
11 that the subscriber agreement was rejected?

12 A I never informed anybody at Universal Care.

13 Q Do you know if any representative of Pacifica
14 or DCHC ever informed anyone at Universal Care that the
15 subscriber agreement was rejected?

16 A Not to my knowledge. They were only in
17 contact for negotiations.

18 Q When did you agree to a cure amount under the
19 GSA with respect to the subscriber agreement?

20 A I think the formal agreement was April -- as
21 it's dated, April 1, 2005.

22 Q Do you know when Universal Care filed its

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1 Care contract for the provision of health insurance to
2 Pacifica employees?

3 A Yes, it is.

4 MR. PENZER: Are you done with this exhibit
5 for now?

6 MR. MINTZ: For the moment. I'd like to
7 refer to what's been labeled Trust Exhibit 25.

8 (Trust Deposition Exhibit Number 25 was
9 marked for identification and attached to the
10 transcript.)

11 BY MR. MINTZ:

12 Q Please take a moment to review the e-mail.

13 MR. COLLINS: Is there a Bates number on this
14 one, Doug?

15 MR. MINTZ: I'm sorry, Pat. It's P 000992.

16 MR. COLLINS: Bates number is P?

17 MR. MINTZ: Yes. It was provided by
18 Universal Care.

19 MR. COLLINS: Okay.

20 BY MR. MINTZ:

21 Q Did you take a look at it?

22 A I did.

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1 Q Can you tell us what this is?

2 A This appears to be an e-mail from me to
3 Ms. Kimberly Nelson on Monday, April 19, 2004.

4 Q And who is cc'd on this e-mail?

5 A Casey Fatch.

6 Q Who is Casey Fatch?

7 A He was the then CEO of Pacifica Hospital.

8 Q And he's no longer employed by Pacifica or
9 DCHC?

10 A That is correct.

11 Q What does this letter say, this e-mail say?

12 A "Hello, I am in receipt of the letter you
13 sent to Mr. Deryck Palmer of Weil Gotshal regarding
14 Universal Care. The contract scheduled on Exhibit 8 of
15 the Plan Supplement was referring to the Universal Care
16 Hospital Services Agreement. That is, the contract that
17 allows for Universal Care to place patients at Pacifica.
18 This contract does not have anything to do with the
19 premiums for healthcare benefits contract. Thus the
20 cure amount for that contract is zero. We are assuming
21 no other contracts with Universal Care."

22 Q That's fine through there.

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1 A Okay.

2 Q Let's walk through this. When you say the
3 contract -- is this -- have you seen this e-mail before?

4 A Have I seen it before? This is the first
5 time I've seen it in writing like this in front of me
6 other than the time I typed it and sent it.

7 Q But you did type it and send it?

8 A I did.

9 Q And this is a fair and accurate copy of the
10 e-mail you typed and sent?

11 MR. PENZER: Objection.

12 A I assume so.

13 BY MR. MINTZ:

14 Q Looking at the second sentence you say "The
15 contract scheduled on Exhibit 8 of the Plan Supplement
16 was referring to the Universal Care Hospital Services
17 Agreement."

18 What is the Universal Care Hospital Services
19 Agreement?

20 A That would be the Medi-Cal capitation
21 agreement.

22 Q So the capitated agreement that we looked at

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1 earlier?

2 A Correct.

3 Q And that is the contract that, quote, allows
4 for Universal Care to place patients at Pacifica?

5 A That is correct.

6 Q When you say "This contract does not have
7 anything to do with the premiums for healthcare benefits
8 contract," the first "this contract" is referring to the
9 capitated agreement, correct?

10 A Yes.

11 Q And what is the premiums for healthcare
12 benefits contract?

13 A I would under previous testimony assume that
14 that's referring to what we are calling the GSA
15 agreement.

16 Q The one that we looked at earlier today?

17 A Yes.

18 Q In the next sentence you say "thus the cure
19 amount for that contract is zero."

20 A Correct.

21 Q Which contract are you referring to?

22 A For the Medi-Cal capitated agreement.

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1 Q The cure amount for the capitated agreement
2 that we looked at earlier is zero?

3 A That was my knowledge at that time.

4 Q In the next paragraph and next sentence you
5 state "we are assuming no other contracts with Universal
6 Care."

7 A That is correct. That's what it says.

8 Q What does that mean?

9 A We are assuming no other contracts with
10 Universal Care.

11 Q So what contracts were you assuming with
12 Universal Care?

13 A I would imagine that that's just a general
14 statement for me meaning that if there's anything else
15 out there we're not assuming it. That's what I meant by
16 that.

17 Q And what were you assuming?

18 A What were we assuming? The Medi-Cal in
19 this -- Medi-Cal contract and this e-mail was written
20 14 -- 13 or 14 days after we emerged from bankruptcy or
21 what I call emerging from bankruptcy. Hundreds and
22 hundreds of contracts of this kind of thing coming

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1 through and I referred to the plan supplement to look at
2 exactly what was on the plan at that time and just
3 verbatim wrote what I thought was the correct thing
4 based on that plan.

5 Q So did this constitute a rejection of all
6 contracts other than the capitated agreement between
7 Pacifica and Universal Care?

8 A I just -- I don't know what constitutes a
9 rejection from a legal standpoint because I'm not a
10 lawyer but I said we are assuming no other contracts by
11 looking at the plan supplement that lists all the
12 contracts.

13 Q So when did you change your mind?

14 MR. PENZER: Objection. That's not what he
15 said.

16 A I'm not sure I understand the question, when
17 did I change my mind.

18 BY MR. MINTZ:

19 Q Well, today or pursuant to the stipulation
20 you were assuming the subscriber agreement, correct?

21 A Correct.

22 Q But as of April 19, 2004 you were assuming no

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1 other contracts with Universal Care, correct?

2 MR. PENZER: Objection.

3 A The problem was I was looking at a statement,
4 whatever that -- what was that called? Whatever it has
5 that lists all of the contracts in there that says
6 what's assumed or rejected. I can't remember if it
7 assumes actual rejection -- I'm sorry, lists actual
8 rejections or lists actual assumptions and that's what I
9 was looking at at the time.

10 BY MR. MINTZ:

11 Q So as of that time you intended to -- you
12 were assuming the subscriber agreement?

13 A Again, you're assuming that I had personal
14 knowledge of every single contract and I go back to what
15 I said is how we did this was each CEO set a massive
16 list of all the contracts that they wanted to assume or
17 reject. Those were put into a master spreadsheet if you
18 will that was submitted to the court. They were
19 reviewed by each CEO. They weren't -- they were not
20 reviewed specifically by anybody at corporate, every
21 single contract. Certain key contracts were reviewed.
22 At the point in time that I wrote this e-mail I referred

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1 directly to that.

2 Q Didn't you state earlier that the agreements
3 with Universal Care were directly reviewed by you?

4 A I said that the negotiations for my
5 communication with Pacifica were discussed with me. You
6 asked me if I had discussed anything with regard to the
7 cure amounts, at least to my recollection, with Pacifica
8 individuals and I said yes, I had.

9 Q So you didn't discuss with Pacifica
10 representatives the subscriber agreement?

11 A To my knowledge not prior to April 19th
12 specifically that I can recall.

13 Q After April 19th?

14 A Sure. That's when we started to negotiate
15 the cure amounts or the stipulation.

16 Q So as of April 19th, based on your review of
17 the plan supplement and I forgot what you specifically
18 referred to, you believed that Pacifica did not intend
19 to assume the subscriber agreement?

20 A That would be my --

21 MR. PENZER: Objection.

22 A That would be my assumption.

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1 BY MR. MINTZ:

2 Q But later Pacifica decided to assume the
3 subscriber agreement?

4 MR. PENZER: Objection.

5 A Well, I'm not sure if it's later they decided
6 to assume it or later they figured out that there was a
7 mistake in listing it or not listing it but for whatever
8 reason, it was brought to my attention that they're a
9 key vendor and that we wanted to continue the
10 relationship with this vendor.

11 BY MR. MINTZ:

12 Q When was it brought to your attention that
13 you wanted to continue the relationship under the
14 subscriber agreement?

15 A Well, you asked me earlier on and I believe I
16 said sometime in 2004 and you asked me if it was the
17 first half and I said my guess is it was probably
18 sometime the first half of 2004.

19 Q But after April 19?

20 A That would be my guess.

21 MR. MINTZ: I'd like to turn to what is
22 labeled Trust Exhibit 34 and is Bates labeled P 001718.

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1 \$36,000 in funds to cure the prepetition claim.

2 Is that correct?

3 Q That's fine. We were talking about the cure
4 claim under the --

5 A Again, I'm not a lawyer so when we're talking
6 about curing I'm assuming it's curing of amounts
7 outstanding prior to the file date.

8 Q That's fine. I'd like you to return to the
9 document Bates labeled 000161. It's one of the e-mails
10 at the end.

11 Do you got it?

12 A Uh-huh.

13 Q What is the exhibit number?

14 A Trust 17.

15 MR. PENZER: Yes.

16 BY MR. MINTZ:

17 Q Can you read aloud the second sentence of
18 that paragraph?

19 A Of which paragraph?

20 Q I'm sorry, the second sentence of paragraph
21 one.

22 A "As I mentioned earlier, I do believe,

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1 however, that Universal is continuing to provide health
2 insurance through some manner of ad hoc relationship
3 with Pacifica."

4 Q Do you know what Mr. Collins meant by
5 "continuing to provide health insurance through some
6 manner of ad hoc relationship"?

7 MR. PENZER: Objection.

8 A I don't know what Mr. Collins meant by that
9 but I'm assuming that Universal Care is continuing to
10 provide health insurance.

11 BY MR. MINTZ:

12 Q Was Universal Care providing health insurance
13 to Pacifica through any sort of ad hoc relationship?

14 A Universal Care has provided health insurance
15 to Pacifica since 1996 to the best of my knowledge and
16 has never stopped.

17 Q Did it at any point provide it pursuant to
18 some sort of ad hoc relationship?

19 MR. PENZER: Objection.

20 A Not to my knowledge. I'm not sure what ad
21 hoc means.

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1 BY MR. MINTZ:

2 Q What do you think it means?

3 A I don't know. That's what I'm saying.

4 Q Was Universal Care providing health insurance
5 to Pacifica on any sort of temporary basis,
6 noncontractual basis?

7 A I don't see how Universal Care or us would
8 ever do that. I believe that we had contracts in place
9 and that they were continuing to honor their contracts
10 and I was continuing to honor mine.

11 Q And there was no point at which that contract
12 was not being honored?

13 A To my knowledge that is correct.

14 Q And if you could read aloud the final
15 sentence of the first paragraph.

16 A "I don't know what effect this may have on a
17 potential preference claim against Universal."

18 Q Do you know what Mr. Collins meant when he
19 said "what effect this may have"?

20 MR. PENZER: Objection.

21 A No, I don't.

22