

Cause No. D-1-GV-13-000384

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
Plaintiff	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
UNIVERSAL HMO OF TEXAS, INC.,	§	
Defendant	§	345th JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER’S QUARTERLY FINANCIAL REPORT  
AND SUMMARY OF STATEMENT OF EXPENSE  
FOR THE QUARTER ENDING AUGUST 31, 2016**

**TO THE HONORABLE JUDGE OF THIS COURT:**

COMES NOW, Jean Johnson, Special Deputy Receiver of Universal HMO of Texas, Inc., and presents to this Court her *Quarterly Financial Report and Summary of Statement of Expense for the Quarter Ending August 31, 2016*, for the above-referenced receivership estate. The Financial Report and Summary of Statement of Expense covers the period of June 1, 2016 through August 31, 2016.

Respectfully submitted,

**Wisener Nunnally Roth, L.L.P.**

Original signed by

By: \_\_\_\_\_

Robert H. Nunnally, Jr.

Bar No. 15141600

[Robert@wnrlaw.com](mailto:Robert@wnrlaw.com)

Michael Roth

Bar No. 24070531

245 Cedar Sage Drive, Suite 240

Garland, Texas 75040

T: 972.530.2200

F: 972.530.7200

*Attorneys for Jean Johnson, Special Deputy  
Receiver of Universal HMO of Texas, Inc.*

## Certificate of Service

I hereby certify that a true and correct copy of the foregoing document has been served on the following interested parties in accordance with Tex. Ins. Code §443.007(d) and the Rehabilitation Order this the 15<sup>th</sup> day of September, 2016.

Mr. Tom Collins, Receivership Master  
by serving his Docket Clerk  
Texas Department of Insurance  
333 Guadalupe, Tower III, 5th Fl., MC-305-1D  
Austin, Texas 78701  
specialmasterclerk@tdi.texas.gov

Ms. Kathy Gartner  
Rehabilitation & Liquidation Oversight  
Texas Department of Insurance  
333 Guadalupe St., Tower III  
5th Floor, MC-305-1C  
Austin, Texas 78701  
Email: Kathy.Gartner@tdi.texas.gov

Universal Health Care Group, Inc.  
c/o Soneet Kapila, Chapter 11 Trustee  
1000 South Federal Highway, Ste. 200  
Fourt Lauderdale, Florida 33316  
SKapila@kapilaco.com

Soneet R. Kapila, Ch. 11 Trustee  
c/o Lori Vaughan, Esq.  
Trenam Kemker  
P.O. Box 1102  
Tampa, FL 33601  
Lvaughan@trenam.com  
jfolman@trenam.com  
idawkins@trenam.com  
[MHoran@trenam.com](mailto:MHoran@trenam.com)  
[lfloyd@trenam.com](mailto:lfloyd@trenam.com)  
[jstraw@trenam.com](mailto:jstraw@trenam.com)

Patrick Cantilo  
SDR for Universal HMO of Nevada, Inc.  
Cantilo & Bennett LLP  
11401 Centur Oaks Terrace, Ste. 300  
Austin, Texas 78758-8702  
phcantilo@cb-firm.com

Robert H. Nunnally, Jr.  
Wisener Nunnally Gold, LLP  
245 Cedar Sage, Ste. 240  
Garland, Texas 75040  
robert@wnrlaw.com

Fifth Third Bank  
Attn: Muffin White, Assistant Vice President  
201 East Kennedy Blvd, Ste. 1800  
MD T201KA  
Tampa, Florida 33602  
Muffin.White@53.com

Dr. A. K. Desai  
drakdesai86@gmail.com

E. Stuart Phillips, Staff Attorney  
Texas Department of Insurance  
P.O. Box 149104  
Austin, Texas 78714  
stuart.phillips@tdi.texas.gov

Universal Health Care Group, Inc.  
c/o Jeff Friedman, Esq.  
575 Madison Avenue  
New York, New York 10022-2585  
jeff.friedman@kattenlaw.com

BankUnited, N.A.  
c/o Frank Terzo, Esq.  
1221 Brickell Avenue, Ste. 1600  
Miami, Florida 33131  
frank.terzo@gray-robinson.com

Wells Fargo Bank, N.A.  
Attn: Tyree B. Bedell  
Senior Relationship Associate  
150 2<sup>nd</sup> Avenue North, Ste. 300  
St. Petersburg, Florida 33701  
tyree.bedell@wellsfargo.com

Sha'Ron James, Division Director  
Division of Rehabilitation & Liquidation  
Florida Department of Financial Services  
200 East Gaines Street  
Tallahassee, Florida 32399  
Sha'Ron.James@myfloridacfo.com

Amy Jeanne Welton  
P.O. Box 1644  
Dripping Springs, Texas 78620-1644  
ajwelton@ajweltonlaw.com

Leah Stewart  
Beatty Bangle Strama P.C.  
400 West 15th Suite 1450  
Austin, Texas 78701  
lstewart@bbsfirm.com

Leigh Vandiver Graves  
Fultz Maddox Hovious & Dickens  
101 South Fifth Street, 27th Floor  
Louisville, KY 40202  
lvgraves@fmhd.com

Susanne Boston  
Wise County Medical & Surgical Association  
1001 Eagle Drive  
Decatur, TX 76234  
susanneboston@msn.com

Tammi Scott  
Scott Medical  
6236 N. Hwy 146, Suite 9  
Baytown, TX 77523  
tscott@scottmedical.net

Traci L. Cotton  
Managing Attorney  
Claims & Financial Litigation  
The University of Texas System  
Office of General Counsel  
201 W. 7th Street  
Austin, TX 78701  
tcotton@utsystem.edu

Cynthia A. Morales  
Attorney-in-Charge  
Financial Litigation, Tax, and Charitable Trusts  
Division  
[Cynthia.morales@texasattorneygeneral.gov](mailto:Cynthia.morales@texasattorneygeneral.gov)  
P.O. Box 12548  
Austin, Texas 78711-2548

Arati Bhattacharya  
Cantilo & Bennett LLP  
11401 Century Oaks Terrace, Ste. 300  
Austin, Texas 78758-8702  
abhattacharya@cb-firm.com

Marshall Turner  
Matthew Gartner  
Husch Blackwell  
The Plaza in Clayton  
190 Carondelet Plaza  
Suite 600  
St. Louis, MO 63105  
[Marshall.turner@huschblackwell.com](mailto:Marshall.turner@huschblackwell.com)  
[Matthew.gartner@huschblackwell.com](mailto:Matthew.gartner@huschblackwell.com)

David Medearis, **Atty-Hermann Memorial**  
Sullins Johnston Rohrbach & Magers, P.C.  
3200 Southwest Freeway, Suite 2200  
Houston, Texas 77027  
Email: [DMedearis@sjrm.com](mailto:DMedearis@sjrm.com)

/s/ Michael C. Roth  
Michael C. Roth

**FINANCIAL REPORT**  
**Relating to**  
**Universal HMO of Texas, Inc.**  
**For the Quarter Ending August 31, 2016**

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**Universal HMO of Texas  
Statement of Net Assets**

**For the Period Ending  
08/31/16**

Line		8/31/2016
<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	18,920,304
	APF Funds (Loan proceeds)	
<b>Investments</b>		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
<b>Restricted Assets</b>		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
<b>Reinsurance Receivable</b>		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	
15	Reinsurance Recoverables on UEP & Contingent Commissions	
<b>Other Receivables</b>		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
<b>Other Assets</b>		
21	FF&E	
22	Other Assets	
	<b>Total Assets</b>	<b>18,920,304</b>

**NOTES**

Ref No.

**Universal HMO of Texas  
Statement of Net Assets****For the Period Ending  
08/31/16**

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The following assets have been identified on the Company books and records but due to uncertainty, the amounts have been fully reserved.  
20 The SDR will perform additional work to determine the collectible amounts for each item and the amounts and reserve will be adjusted accordingly.

Premium Receivable-Members	\$1,820
Pharmacy Rebates Receivable	214,918
Prepaid Claims to Third Party Administrators	9,642
Deferred Commission Expense	299,495
Deferred Tax Asset	306,687
Reserve for Uncollectible Amounts	(832,562)
Net Amount	<u><u>\$0</u></u>

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**Universal HMO of Texas**  
**Changes in Net Assets for the Quarter Ending**

08/31/16

Line		05/31/16	08/31/16	Change
<b>Cash</b>				
1	Cash			
	Cash - Unrestricted	18,356,480	18,920,304	563,824
	APF Funds (Loan proceeds)	0	0	0
<b>Investments</b>				
2	Short-Term Investments	0	0	0
3	Bonds	0	0	0
4	Stocks - Preferred & Common	0	0	0
5	Investments in Subsidiaries, Controlled or Affiliated Entities	0	0	0
6	Mortgage Loans	0	0	0
7	Real Estate	0	0	0
8	Policy Loans	0	0	0
9	Other Invested Assets	0	0	0
<b>Restricted Assets</b>				
10	Statutory Deposits	0	0	0
11	Funds held by or deposited with Reinsured Companies	0	0	0
12	Restricted - Other	0	0	0
<b>Reinsurance Receivable</b>				
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	0	0	0
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	0	0	0
15	Reinsurance Recoverables on UEP & Contingent Commissions	0	0	0
<b>Other Receivables</b>				
16	Salvage & Subrogation Recoveries	0	0	0
17	Premiums Due from Agents & Policyholders	0	0	0
18	Receivable from Parents, Subsidiaries & Affiliates	0	0	0
19	Receivable from Guaranty Associations - Early Access Payments	0	0	0
20	Other Receivables	0	0	0
<b>Other Assets</b>				
21	FF&E	0	0	0
22	Other Assets	0	0	0
<b>Total Assets</b>		<b>18,356,480</b>	<b>18,920,304</b>	<b>563,824</b>

1 Receipt of funds from CMS Reconciliation: \$ 6,016,274

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**Universal HMO of Texas  
Statement of Net Liabilities**

**For Period Ending  
08/31/16**

Line		8/31/2016
1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	35,314
	Liquidation Oversight	3,239
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
<b>Policy Claims - Class 2</b>		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	2,150,060
9	LAE - Other	62,875
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
<b>Other Liabilities</b>		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	878,178
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	9,082,267
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	37,205,711
22	Other Liabilities	
	<b>Total Liabilities</b>	49,417,644
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(30,497,340)
	<b>Total Liabilities &amp; Equity</b>	18,920,304

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**Universal HMO of Texas  
Statement of Net Liabilities**

**For Period Ending  
08/31/16**

**NOTES**

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

<sup>8</sup> Represents amounts reserved based on review of company books and records and proof of claims (POC) adjudicated to date. All POC's have not been adjudicated and the reserve amount will be updated as warranted.

<sup>9</sup> Represents amounts reserved based on review of company books and records and proof of claims (POC) adjudicated to date. All POC's have not been adjudicated and the reserve amount will be updated as warranted.

<sup>21</sup> Represents claims from minority shareholders in the parent company and claims of the secured creditor of the parent company.

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**Universal HMO of Texas**  
**Changes in Net Liabilities for the Quarter Ending**

08/31/16

Line		05/31/16	08/31/16	Change
1	Secured Claims	0	0	0
2	APF Loan	0	0	0
3	Special Deposit Claims	0	0	0
<b>Administrative Claims - Class 1</b>				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	48,860	35,314	(13,546)
	Liquidation Oversight	3,217	3,239	22
	Special Master's Fees	0	0	0
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	0	0	0
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	0	0	0
	LAE Reserves	0	0	0
<b>Policy Claims - Class 2</b>				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	0	0	0
	Loss Claims Reserves	0	0	0
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	13,762,046	2,150,060	(11,611,986)
9	LAE - Other	62,875	62,875	0
10	Unearned & Advance Premium Claims - GA	0	0	0
11	Unearned & Advance Premium Claims - Other	0	0	0
<b>Other Liabilities</b>				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	878,178	878,178	0
15	Class 5 Reinsurance Related Unsecured Claims	0	0	0
16	Class 6 Claims	0	0	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	9,082,267	9,082,267	0
19	Class 9 Claims	0	0	0
20	Class 10 Interest	0	0	0
21	Class 11 Claims	37,205,711	37,205,711	0
22	Other Liabilities	0	0	0
	Detail Item if any	0	0	0
	Detail Item if any	0	0	0
	<b>Total Liabilities</b>	61,043,154	49,417,644	(11,625,510)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(42,686,674)	(30,497,340)	12,189,334
	<b>Total Liabilities &amp; Equity</b>	<b>18,356,480</b>	<b>18,920,304</b>	<b>563,824</b>

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**Universal HMO of Texas  
Sources & Uses of Cash**

**For Period Ending  
08/31/16**

	<b>Qtr Ending Aug-16</b>
<b>Income</b>	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	690,182
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
<b>Total Receipts from Assets/Receivables</b>	<b>690,182</b>
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	12,494
<b>Total Cash Receipts</b>	<b>702,676</b>
<b>Disbursements</b>	
SDR Fees & Expenses	11,262
Subcontractor Legal Fees & Expenses	7,266
Subcontractor Other Fees & Expenses	108,866
Non-Subcontractor Fees & Expenses	0
Other Expenses	993
RLO Fees & Expenses	10,465
<b>Total Disbursements for Operations</b>	<b>138,852</b>
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
<b>Total Cash Distributions</b>	<b>0</b>
<b>Total Cash Disbursements &amp; Distributions</b>	<b>138,852</b>
<b>Net Increase(Decrease) in Cash</b>	<b>563,824</b>
<i>Cash at Beginning of Period</i>	18,356,480
<i>Cash at End of Period</i>	18,920,304

**SUMMARY OF STATEMENT OF EXPENSE**  
**Relating to**  
**Universal HMO of Texas, Inc.**  
**For the Quarter Ending August 31, 2016**

R-555

**Universal HMO of Texas  
Statement of Expenses**

For Period Ending  
08/31/16

	Total Jun	Total Jul	Total Aug	Total Quarter
<b>SDR</b>				
<b>SDR</b>				
SDR	3,322.50	3,127.50	2,715.00	9,165.00
SDR Travel	0.00	337.50	0.00	337.50
Expenses	0.00	389.42	0.00	389.42
<b>Total SDR Billing</b>	<b>3,322.50</b>	<b>3,854.42</b>	<b>2,715.00</b>	<b>9,891.92</b>
<b>SDR Subcontractors - Legal</b>				
Wisener Nunnally Roth, LLP				
Attorney-Partner	972.00	1,908.00	432.00	3,312.00
Attorney-Partner Travel	0.00	240.00	0.00	240.00
Attorney-Partner	360.00	1,026.00	0.00	1,386.00
Expenses	36.29	500.66	60.32	597.27
<b>Total Billing</b>	<b>1,368.29</b>	<b>3,674.66</b>	<b>492.32</b>	<b>5,535.27</b>
<b>Total Legal Subcontractors</b>	<b>1,368.29</b>	<b>3,674.66</b>	<b>492.32</b>	<b>5,535.27</b>
<b>SDR Subcontractors - Other</b>				
Administrative Insurance Management (AIMS)				
Specialist	5,480.00	5,175.00	4,220.00	14,875.00
Specialist-Travel	0.00	240.00	0.00	240.00
Specialist	13,032.00	3,456.00	6,561.00	23,049.00
Claims Specialist	5,700.00	6,202.50	6,997.50	18,900.00
Claims Manager	12,037.50	11,572.50	13,192.50	36,802.50
Expenses	0.00	672.88	0.00	672.88
<b>Total Billing</b>	<b>36,249.50</b>	<b>27,318.88</b>	<b>30,971.00</b>	<b>94,539.38</b>
Petrosewicz & Company, Inc.				
Accounting Manager/	262.50	787.50	262.50	1,312.50
Accountant/	655.50	1,026.00	864.50	2,546.00
Expenses	8.90	6.70	8.20	23.80
<b>Total Billing</b>	<b>926.90</b>	<b>1,820.20</b>	<b>1,135.20</b>	<b>3,882.30</b>
<b>Total Other SDR Subcontractors</b>	<b>37,176.40</b>	<b>29,139.08</b>	<b>32,106.20</b>	<b>98,421.68</b>
<b>Receivership Service Providers</b>				
Operating Account	20.00	20.00	0.00	40.00
Texas Treasury	321.76	310.73	319.76	952.25
<b>Total Other</b>	<b>341.76</b>	<b>330.73</b>	<b>319.76</b>	<b>992.25</b>
<b>Sub-Total SDR, Subcontractor &amp; Provider Expenses</b>				
<b>Sub-Total SDR, Subcontractor &amp; Provider Expenses</b>	<b>42,208.95</b>	<b>36,998.89</b>	<b>35,633.28</b>	<b>114,841.12</b>
<b>Liquidation Oversight Allocation</b>				
RLO Allocation	3,914.35	3,334.10	3,049.76	10,298.21

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**Universal HMO of Texas  
Statement of Expenses**

**For Period Ending  
08/31/16**

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	<b>Total Jun</b>	<b>Total Jul</b>	<b>Total Aug</b>	<b>Total Quarter</b>
Special Master's Fees	0.00	0.00	189.35	189.35
<b>Total RLO &amp; SM Expense</b>	<b>3,914.35</b>	<b>3,334.10</b>	<b>3,239.11</b>	<b>10,487.56</b>
<b>Total Expenses</b>	<b>46,123.30</b>	<b>40,332.99</b>	<b>38,872.39</b>	<b>125,328.68</b>