

1 IN THE CHANCERY COURT OF JACKSON COUNTY, MISSISSIPPI

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5  
6 CYNTHIA N. ALMOND, et al.

PLAINTIFFS

7 VERSUS

CAUSE NO. 2401-2653 NH

8 SINGING RIVER HEALTH SYSTEM, et al.

DEFENDANTS

9  
10  
11  
12 VIDEOTAPE DEPOSITION

13 OF

14 MIKE CREWS

15 Taken on behalf of the Plaintiffs  
16 10:01 a.m., Tuesday, June 23rd, 2015

17 before

18 Lynn Strickler, CCR #1299  
19  
20  
21  
22

23 COAST-WIDE REPORTERS  
24 Court Reporters  
25 Post Office Box 95  
Biloxi, Mississippi 39533-0095  
(228) 374-5066

**ORIGINAL**

1           The videotape deposition of MIKE CREWS, taken on  
2           the 23rd day of June, 2015, commencing at 10:01 a.m.,  
3           at the Dornan Law Office, located at 2200 25th Street,  
4           Suite B, in the City of Gulfport, County of Harrison,  
5           State of Mississippi, before Lynn Strickler, CCR,  
6           Freelance Court Reporter and Notary Public within and  
7           for the County of Jackson, State of Mississippi.

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## I N D E X

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1                                   MICHAEL CREWS,  
2       having been produced and first duly sworn, was examined  
3       and testified as follows:

4                                   - - -

5                   MR. BARTON:  Are we reserving objections?

6                   MR. DORNAN:  Yeah.

7                   MR. BARTON:  Except as to form of the  
8       question?

9                   MR. DORNAN:  Right, which is what the  
10       Mississippi Rules of Civil Procedure preside --  
11       provides.

12                                  - - -

13                                   EXAMINATION

14       BY MR. BARTON:

15           Q.     Full name, please, sir.

16           A.     Michael Edward Crews.

17           Q.     Mr. Crews, what's your resident address?

18           A.     It's 2916 Shell Landing Boulevard in  
19       Gautier, Mississippi.

20           Q.     How long have you lived there?

21           A.     Eight and a half years.

22           Q.     I take it you're currently retired?

23           A.     I'm currently retired.

24           Q.     And before we get to the retirement from  
25       Singing River Hospital System, give us a little bit of

                                  COAST-WIDE REPORTERS

1 your -- your background. Let's start with your  
2 education first. Where did you go to high school?

3 A. Okay. I was -- I went to high school in  
4 Lynchburg, Virginia, graduated in 1965. I went in the  
5 Air Force after that. I then went to University of  
6 West Florida, graduated and got a B.S. in accounting.  
7 Started work after that.

8 Q. What's the highest rank you achieved in the  
9 Air Force?

10 A. I was a -- it's been so long ago. I had  
11 three stripes.

12 Q. Okay.

13 A. I'm not sure what that is anymore.

14 Q. Well, thank you for your service. All right.  
15 Now, give us a little bit of your work background after  
16 you graduated from West Florida, where did you start?

17 A. Okay. I started -- it was then called Peat,  
18 Marwick, Mitchell. It's a public accounting firm. I  
19 worked there maybe three, four years. Got my CPA  
20 certificate while I worked there. After that I went  
21 with Hospital Corporation of America, and I was in the  
22 Atlanta regional office.

23 Q. HCA, are they based out of Nashville?

24 A. They're based out of Nashville, and I was in  
25 the Atlanta office. Immediately after that I went back

1 to Ernst & Young, another CPA firm, as a health care  
2 consultant. From there I went to Baptist Hospital in  
3 Nashville, Tennessee, where I was there ten years. I  
4 left as the CFO of Baptist. And after that I came to  
5 Singing River Health System in 2004 as CFO, chief  
6 financial officer, excuse me.

7 Q. All right. And you retired when?

8 A. February the 14th, 2014.

9 Q. Mr. Crews, how old are you?

10 A. I am sixty-seven years old.

11 Q. All right. The manner and method of your  
12 retirement, just --

13 A. Health. It was health related. I had  
14 cancer surgery in 2012. I took treatment for a year  
15 and a half, almost two years. Worked full-time I was  
16 taking treatment. And in '14 I had a violent reaction  
17 to new form of chemotherapy. I couldn't work anymore.  
18 My cancer was pronounced terminal in 2013.

19 Q. Okay. Are you still undergoing some type of  
20 chemo treatment?

21 A. No.

22 Q. And, I'm sorry, I apologize for having to  
23 ask this question.

24 A. Sure.

25 Q. But, you know, what's your prognosis?

1           A.    It's terminal.  There's no other treatment  
2 options.  I'm in God's hands.

3           Q.    Amen.  All right.  In your journeys through  
4 your CPA work, did you run across Chris Anderson before  
5 you wound up here at the hospital?

6           A.    No.  It's possible I met him at a conference,  
7 but if I did, I don't remember doing so.

8           Q.    Tell me a little bit about how you got  
9 recruited to come to work for the Singing River  
10 Hospital System.

11          A.    Oh, okay.  Baptist Hospital -- if I get too  
12 lengthy, just cut me off.  But Baptist Hospital was  
13 purchased by the St. Thomas system.  And I'm sorry, I  
14 can't remember the name, St. Thomas Hospital in  
15 Nashville.  It's a big -- it's part of a big Catholic  
16 system.  And none of the executives from Baptist chose  
17 to go with the new company.  You know, anytime there's  
18 a takeover, you don't get -- usually don't even get a  
19 choice of any of the choice jobs there.  And so I  
20 decided not to go with them and to pursue other  
21 opportunities.

22                   In the meantime, my wife had serious back  
23 surgery and she needed me to stay home, so I stayed  
24 home with her for quite a while, maybe four, maybe six  
25 months, and I was contacted by a recruiter.  I think

1       they're commonly referred to as head hunters. And he  
2       was doing a search for the CFO position at Singing  
3       River -- it was Hospital System at the time. Am I  
4       speaking loud enough? I'm sorry.

5               MR. CAMPBELL: Yeah, you're fine.

6               A.     Okay. Thank you. And he recruited me and --  
7       BY MR. BARTON:

8               Q.     Do you remember who that recruiter was or  
9       what company that was?

10              A.     Something Associates. I'll tell you what,  
11      I'll remember it before I leave today.

12              Q.     That's fine. Okay.

13              A.     And if I heard his name, I'd know it, but,  
14      I'm sorry, I just don't remember. And he arranged for  
15      me to come down. And I came down and I interviewed  
16      with Chris Anderson, Nebo Carter. I interviewed with  
17      the entire management team. They invited me back and I  
18      got to meet with some of the people who would report to  
19      me; actually all the people who would report to me.  
20      And sometime after that they offered me the position  
21      and I accepted.

22              Q.     Tell me -- we know this was in 2004. Tell me  
23      the -- tell me what your knowledge or understanding of  
24      the retirement plan at Singing River Hospital was and  
25      whether or not that was part of the recruiting package.

1           A.     I'm sure it was -- I'm sure the pension plan  
2 was part of the recruiting package. I don't remember  
3 specifically being told about it. I knew that my  
4 contribution would be three percent. I knew the  
5 vesting period was ten years. And it didn't influence  
6 my decision one way or the other to come to the Coast.

7           Q.     Okay. What was your package, and what did it  
8 encompass when you came to work in 2004?

9           A.     I had no special package here, as all  
10 executives don't. I was paid moving expenses, a  
11 reasonable amount of moving expenses, and, I mean,  
12 that's it. That's it over and above the benefit  
13 package that everybody else receives, which is health  
14 care and the other things it offers. No -- no  
15 incentives.

16          Q.     All right. Did you subsequently receive any  
17 type bonuses for your employment?

18          A.     No. We aren't allowed -- county hospitals,  
19 it's my understanding, are not allowed to give  
20 bonuses. Sometime after that I was offered -- I was a  
21 little unhappy with, I guess, the moving package, all  
22 the costs, and I was offered ten thousand dollars more,  
23 which I did not accept.

24          Q.     Why?

25          A.     Because I initially committed to three years,

1 and at the time I didn't want to commit to any more  
2 than that.

3 Q. Okay. So how much money were you making when  
4 you first came to work at Singing River Hospital?

5 A. Hundred and ninety-five thousand.

6 Q. And when you left in 2014, how much?

7 A. 304. My salary was 311, but we had taken a  
8 two percent pay cut down to 304.

9 Q. Why had you taken a two percent pay cut?

10 A. Executives just decided that that would be a  
11 good show of faith. The hospital was struggling. And  
12 even though it was nominal to most of us, we decided  
13 that we would just take a two percent pay cut. It went  
14 down to the director level.

15 Q. What's your wife's name?

16 A. Elinda. E-L-I-N-D-A.

17 Q. Where is she from?

18 A. She's from Pensacola.

19 Q. Do you have any children living in the area?

20 A. I have one son, but he doesn't live here.

21 Q. All right. When you retired in 2014, did  
22 you -- did you start drawing at that point a disability  
23 retirement --

24 A. No.

25 Q. -- from the pension plan?



1           A.    No, not -- I don't think there is a  
2   disability part of the pension plan.

3           Q.    Probably a bad question, but, anyway, go  
4   ahead and explain.

5           A.    Well, I -- I didn't start drawing anything.  
6   I mean, you have to -- if you don't vest in the pension  
7   plan, what you get back -- and this is in the plan  
8   documents is my understanding, you get back what you  
9   paid in over the term of your employment plus the  
10   interest it earned.

11          Q.    So you came to work in 2004.  You retired  
12   February of 2014.  How close were you to vesting?

13          A.    I was six months to vesting.

14          Q.    I'm sorry.  Okay.  I didn't realize that.

15          A.    Thank you.

16          Q.    Okay.  So you're getting back what you paid  
17   in plus interest?

18          A.    Yeah, I got back; right, I got that.

19          Q.    All right.  When you -- when you say that the  
20   people -- you met the people who would report to you,  
21   who did that consist of?

22          A.    You want names?

23          Q.    If you could.

24          A.    I'll try to remember them.

25                MR. DORNAN:  Can I ask a point of

1 clarification, Harvey? Are you talking about in  
2 2004 when he came?

3 MR. BARTON: 2004 when he came. I know he  
4 mentioned Chris and Nebo as part of the management  
5 team.

6 A. Right.

7 BY MR. BARTON:

8 Q. But I'm just trying to get a better feel for  
9 who was there.

10 A. Okay. When I -- let me make sure I clarify,  
11 though. You want to know the people I met with the  
12 second trip in or the first, executive team or people  
13 who --

14 Q. Yeah, let's go with the executive team.

15 A. Okay.

16 Q. Let's find out who the players are.

17 A. Okay. Well, of course, Nebo Carter headed up  
18 human resources, so naturally I met him. At the time,  
19 we had -- and Chris. I already mentioned Chris. At  
20 the time, we had separate administrators at the two  
21 hospitals, so I met Dwight Rimes, who was the  
22 administrator at Ocean Springs, and Lynn Truelove was  
23 the administrator at Singing River. I did meet  
24 Stephanie Barnes Taylor, who was the chief compliance  
25 officer. That -- that is all the executives I can

1 recall. I'm sure there were others at a lower level,  
2 but those are the executives I recall meeting.

3 Q. And then how long after this meeting was it  
4 that you came back for your second visit?

5 A. Approximately three weeks, two, three weeks.

6 Q. And then you start meeting some of the  
7 staffers, I guess, who were going to be transmitting  
8 the numbers to you on --

9 A. Well, I met the directors who headed up the  
10 departments that reported to the office of the CFO.

11 Q. Tell me what you recall.

12 A. Pardon?

13 Q. Who those directors were.

14 A. Okay. Well, one was Ginger Lay. She headed  
15 up manage care department. One was Tom Baker, who is  
16 no longer here. He headed up purchasing. Carl Cloer  
17 headed up IT, the IT function. Vida Boyd headed up  
18 billing, collecting. She's no longer here. Course I  
19 met my -- who was to be my assistant, who was Barb  
20 Spehr. I know I've left somebody out, but that's all  
21 I can recall.

22 Q. Who was the CFO before you?

23 A. Bobby Lewis.

24 Q. What happened to Bobby?

25 A. I'm sorry, I'm not privy to that

1 information. I did meet him a few times, but I don't  
2 know the circumstances as to why he was not CFO when I  
3 got there.

4 Q. Wayne Smith, did you meet Wayne Smith?

5 A. Oh, Wayne Smith, I'm sorry. I left out Wayne  
6 Smith.

7 Q. All right. This is a real general question,  
8 but it's something on everybody's mind. Were you --  
9 were you privy to the discussions when the plan first  
10 ceased -- the pension plan first ceased to be funded by  
11 the hospital?

12 MR. DORNAN: When you say the pension plan,  
13 you're talking about the retirement plan?

14 MR. BARTON: The retirement plan.

15 MR. DORNAN: Can we agree to call it the  
16 retirement plan?

17 MR. BARTON: We can.

18 A. Can you -- can you repeat that? I'm not sure  
19 I got the first part.

20 BY MR. BARTON:

21 Q. Well, I'm not entirely certain when -- you  
22 recognize that in 2004, when you came to work --

23 A. Yeah.

24 Q. -- for the hospital --

25 A. Right.

1           Q.    -- you would have made a mandatory three  
2 percent contribution of your salary --

3           A.    Right.

4           Q.    -- into the retirement plan.

5           A.    Right.

6           Q.    And the hospital was obligated to make a  
7 three percent payment match.

8           A.    I disagree with the term "obligated."

9           Q.    Okay. Tell me.

10          A.    It's my understanding that the hospital is  
11 not required to make a contribution.

12          Q.    Okay.

13          A.    That's my understanding.

14          Q.    All right. We're going to talk about that.

15          A.    Okay. Okay.

16          Q.    And you're the -- you're the first guy under  
17 oath that has testified in this litigation.

18          A.    Yeah. Sure.

19          Q.    So there's a lot that we don't know, and  
20 there's a lot of questions that we'll be asking just  
21 trying to gain understanding of what happened.

22          A.    That's fine. That's fine.

23          Q.    All right. Tell me, then, what your  
24 understanding was in terms of the hospital's  
25 obligations, if any, to make a three percent match.

1           A.    My understanding was if funds were available,  
2           the hospital was to match the employees' contribution,  
3           but it was not required.

4           Q.    Okay.  Who -- who would make the  
5           determination as to whether the funds were available?

6           A.    The determination ultimately would be made by  
7           the board of trustees.  I'm talking about the hospital  
8           board when I say the board of trustees.

9           Q.    What role did you play in that?

10          A.    I would play a role of advising, possibly  
11          making a recommendation.  Certainly would have to go  
12          through my boss, the CEO, before we did so.  That would  
13          be my role.

14          Q.    Okay.

15          A.    I could not -- I couldn't -- I can't  
16          authorize the funds for amount that large, though.

17          Q.    Did you have a limit in terms of your  
18          authorization?

19          A.    Yes.

20          Q.    Which was what?

21          A.    At the risk of giving you a wrong number, I  
22          think it was five hundred thousand.  I can't remember  
23          exactly.  I know anything above that had to go to Chris  
24          Anderson.

25          Q.    Okay.  At some point, at some point you

1 received a subpoena from -- from me, and I think that's  
2 even before you had retained counsel. I don't know if  
3 you recall that or not.

4 A. I do.

5 Q. Okay.

6 A. I'm sorry, can you give me your name?

7 Q. Yeah. I'm Harvey Barton.

8 A. Okay. Okay. Sorry.

9 Q. And then Mr. Dornan gets involved, and  
10 part -- part of the reason we put this off was he said,  
11 well, you weren't up to speed in terms of reviewing  
12 documents in anticipation of the deposition.

13 A. Okay.

14 Q. What documents have you reviewed in  
15 anticipation of the deposition today?

16 A. I've reviewed very few documents. I've  
17 reviewed briefly financial statements. I reviewed the  
18 plan, the written document that constitutes the pension  
19 plan. And I perused the audit of the pension plan.

20 Q. The documents that you saw, where did you get  
21 those documents from?

22 A. I got all documents from my attorney.

23 Q. Did you retain any documents at home?

24 A. Not a single page. Oh, you mean when I left  
25 work? I'm sorry.

1 Q. Yes. Yes.

2 A. Not a single page. I didn't take anything  
3 with me except my personal stuff.

4 Q. Do you have any e-mails dealing with hospital  
5 business on your personal computer?

6 A. No. Well, let me -- can I rephrase that?

7 Q. Uh-huh (indicating yes).

8 A. I still -- I was able to get e-mails on my  
9 personal phone while I worked there. That ability was  
10 cut off, of course, when I left. So to answer -- the  
11 real answer to your question is I would have to look at  
12 my phone to tell you if I have business e-mails still  
13 on my phone. I don't have access to the Health System.  
14 Is that -- is that what you're looking for? I'm sorry.

15 Q. Yeah. Yeah. And I guess really my question  
16 would be, is there anything within your domain at home  
17 or storage building or anything else where you have  
18 documents or anything connected with your employment  
19 that would be beneficial or aid us in this litigation?

20 A. No, I have no documents except what I got  
21 from my attorney.

22 Q. And you didn't bring anything with you today?

23 A. No, I did not.

24 Q. Well, I'm going to commend you because you  
25 seem to have amazing recall so far of events. And we



1        didn't know your health status or how good or bad it  
2        was going to be.

3            A.     Neither did I till I got here.

4            Q.     Okay. Were you -- were you present and part  
5        of the process by which Lynn Truelove ceased to be an  
6        employee of Singing River Hospital System?

7            A.     No, I was no longer there. And I was kind of  
8        taken off guard when that occurred.

9            Q.     And what about Wayne Smith?

10          A.     No, I was not there, also. He was still  
11        employed while I was there.

12          Q.     All right. So Lee Bond replaced you is my  
13        understanding.

14          A.     Yes.

15          Q.     Was Lee Bond a candidate for that job at the  
16        time you were making your departure?

17          A.     Yes. I mean, he was there. He was there.

18          Q.     Lee was already employed there?

19          A.     Yeah, he was there. I was training him to  
20        take my place because I knew I was going to retire  
21        shortly, maybe not that quick, but I was going to  
22        retire.

23          Q.     Okay. What was Lee's position before you  
24        retired?

25          A.     I can't remember what his title was, I'm

1       sorry. But he was second in the finance department,  
2       second to me. I mean, he wasn't an assistant CFO, but  
3       he had a title, but I just can't remember what it is,  
4       I'm sorry.

5           Q.    Tell me a little bit about the process by  
6       which Lee then became the CFO of the system.

7           A.    I can't. I can't answer that because I was  
8       gone.

9           Q.    The actual management of the retirement  
10      plan, did you have any involvement with that?

11          A.    I had -- I had minimal involvement in it.  
12      The plan was actually managed by Fiduciary -- I mean,  
13      Transamerica. I don't think they're Transamerica  
14      anymore. And then they were managed by human resources  
15      department. So I didn't have any day-to-day  
16      involvement in that part of the pension plan.

17          Q.    Help us -- help us understand something.

18          A.    Okay.

19          Q.    At some point in the process, actuaries would  
20      come in and give the hospital system a figure as to  
21      what the employer's contribution should be; is that  
22      correct?

23          A.    That's correct.

24          Q.    Did that happen on an annual basis?

25          A.    It happened on an annual basis probably

1 after -- I know I'm going to get the year wrong, maybe  
2 2006, 2007. And we did that primarily because of the  
3 auditors. The auditors wanted a clearer picture of  
4 what the pension expense was. And they didn't require  
5 we do that, but we decided that we'd get an actuarial  
6 study on an annual basis.

7 And I think as we changed companies -- and,  
8 I'm sorry, I don't remember who the first actuaries  
9 were we used. I think something Watson. Maybe Watson,  
10 Wyatt. But after that when we hired Transamerica, it  
11 was just part of the package. I mean, part of their  
12 administration and management of the pension plan was  
13 an actuarial study on an annual basis.

14 Q. All right. Help us -- help us understand  
15 something generally. When -- when the actuaries come  
16 in and say, okay, hospital, you need to contribute  
17 three million dollars this year, how did that process  
18 then take place?

19 And what I want to know is, since it's over  
20 five hundred thousand dollars, who made the decision to  
21 write the check; where did that money go; who held it;  
22 how quickly was it transferred to Transamerica,  
23 etcetera?

24 A. Okay. If we'd have made a contribution, get  
25 to the second part, it would have been transmitted to

1       them immediately, if we would have -- if we would have  
2       made the contribution. First thing we did was we  
3       looked at available cash, could we afford to make the  
4       contribution.

5               Now, the cash on our balance sheet was not  
6       available cash to the Health System. And the reason  
7       for that, if I can go into this just a little bit, is  
8       the hospital had tax exempt revenue bonds. We had in  
9       excess of a hun -- million -- hundred million dollars  
10      of bonds. And part -- those bonds were insured by bond  
11      insurance, I'm sorry, Assurance. I can't remember  
12      exactly the name of the company.

13             Q.     I think it was Assurance.

14             A.     Something Assurance. I just can't remember  
15      the first --

16             Q.     Out of New York, yeah.

17             A.     Once again, I'll think about it before I  
18      leave today, but they had -- they put covenants on the  
19      hospital. In other words, the hospital is not free to  
20      do whatever they want. And in the old days you would  
21      have five or six or seven covenants. And covenants  
22      would be calculations that you would have to go  
23      through, the auditors would have to go through. You  
24      would have to meet those covenants to stay in good  
25      standing with the bond insurance company.

1 Well, as time passed, as the industries  
2 progressed, there's really only two major covenants,  
3 and the Health System had both of those covenants. One  
4 was a debt to earnings ratio, and I'm probably using  
5 the wrong words, but it's a calculation to show how  
6 many times you can meet debt service, principal and  
7 interest payment. But the other was a cash covenant.  
8 And what that cash covenant was, is that you had to  
9 have X number of days cash on hand at a point in time.  
10 That is the first thing we checked, to see if we had  
11 excess cash.

12 Q. Was that sixty-five days?

13 A. Well, it was all over the board. It was --  
14 it was sixty-five. Initially we couldn't meet that, so  
15 they let us go down to fifty-five. They let us take  
16 three years and go fifty-five, sixty, sixty-five. It  
17 was sixty-five when I left. Now --

18 Q. Do you recall how many times from 2014 in  
19 your ten-year tenure the bonding company changed the  
20 number of days of cash on hand that was required?

21 MR. DORNAN: The cash covenant.

22 A. Cash covenant. Well, I can recall at least  
23 four times. And those were at our request because we  
24 couldn't meet the cash covenants that were set.

25 BY MR. BARTON:

1           Q.    See, you're telling me something that I  
2    didn't know the specifics of.  We just had little  
3    hints --

4           A.    Yeah.

5           Q.    -- that we'd heard these things.

6           A.    Right.

7           Q.    So --

8           A.    So if we -- you want me to --

9           Q.    Yeah, absolutely.  You're doing great.

10          A.    So if we don't meet -- it's serious not to  
11    meet those bond covenants because if you don't meet the  
12    covenants, the bond insurance people qual -- no, not  
13    qual -- the bond insurance people can send people in to  
14    manage our hospital.  More than likely what they will  
15    do is send their own consultants in to -- to give you  
16    ideas, strong ideas, probably mandatory ideas of what  
17    you need to do to improve your cash position to get  
18    within the covenants.

19                Okay.  That is serious.  That's something you  
20    do not want to happen because what happens is you lose  
21    the ability to operate your hospital, to run your  
22    hospital.  You got other people in there.  If they make  
23    a suggestion as good as gold, I mean, the bond  
24    insurance people are going to insist that you make  
25    those changes.

1                   So that is what we -- that's the first thing  
2 we do. That was a long answer, but the first thing we  
3 do --

4           Q. Did you ever personally go to New York and  
5 meet with the bonding people?

6           A. Yes.

7           Q. Okay.

8           A. Yes.

9           Q. So in these four instances in which the days  
10 of cash on hand would be changed, who would typically  
11 be the team that would go up there and negotiate it?

12          A. Chris and I. Chris Anderson and I would go.  
13 And I recall going twice up there.

14          Q. All right. This is a rough figure, but I've  
15 heard generally that it takes about eight hundred and  
16 eighty thousand dollars a day to run the hospital; do  
17 you recall?

18          A. That might be today. It was more than that  
19 when I was there. It's probably right at a million  
20 dollars a day. But it could have -- it could have  
21 changed. I know they've done a lot of cost savings  
22 measures, and anytime you do that, it reduces the daily  
23 cash, but it was roughly a million dollars.

24          Q. And the highest number of days that was ever  
25 required in your recollection for cash on hand was

1       what? Was that sixty-five?

2           A. I don't recall. I think it was higher than  
3       sixty-five, but the only number -- the highest number I  
4       recall is sixty-five days.

5           Q. Okay. The GASB accounting principle dealing  
6       with the eighty-eight million dollars, do you know what  
7       I'm talking about? There was eighty-eight million  
8       dollars that was listed as an asset.

9           A. I know what that is, but I don't know which  
10       GASB you're talking about. I'm not familiar with that.

11          Q. It's my understanding, correct me if I'm  
12       wrong, that there was -- there was a GASB accounting  
13       principle that was changed that caused the eighty-eight  
14       million dollars then to no longer be put in the assets  
15       column. Do you know anything about that?

16          A. No, I'm not aware of that.

17          Q. Okay. So if any of that occurred, it would  
18       have -- it would have occurred -- occurred after you  
19       retired in February of 2014?

20          A. No, I -- I think the eighty-eight million  
21       occurred during my watch.

22          Q. Okay. Let's talk about that a little bit.

23          A. Okay.

24          Q. Just generally, how were those -- how was  
25       that eighty-eight million dollars --



1           A.     Okay.

2           Q.     -- accounted for in the accounting principles  
3 that you're aware of?

4           A.     First of all, I don't know -- I don't know  
5 how the eighty-eight -- I'm going to tell you how it  
6 got there. I don't know if it's eighty -- I don't know  
7 the calculation of that because I didn't -- I wasn't  
8 allowed to see any documents after I left. Okay. So I  
9 didn't get to look at any of that, but I'll tell you  
10 what I think happened.

11          Q.     Okay. When you say you weren't allowed, did  
12 you ask to see documents after you left?

13          A.     No, I didn't. I was too sick. I mean, I was  
14 too sick to do anything when I left.

15          Q.     Okay. That's fine.

16          A.     Okay. We had an audit every year, and that  
17 audit was done by KPMG. And one of the things they  
18 would look at from year to year is the reserves. And  
19 the reserves are -- for those of you who do not know,  
20 hospitals are not paid a hundred percent of what they  
21 charge. We're probably paid twenty percent on average,  
22 twenty to twenty-five percent.

23                 Each payer pays you different. Insurance  
24 pays you more. Medicaid pays you less. Medicare is  
25 somewhere in the middle, but everybody pays you

1 difference. And the difference is called a contractual  
2 allowance or reserve. So you got the charge, you got  
3 the payment. The rest of it is contractual or a  
4 reserve account. KPMG spent many hours every year  
5 doing the audit, calculating what that reserve account  
6 would be.

7 Some years they agreed with our calculation  
8 on our books, you know, our books we closed out.  
9 Sometimes they agreed with that, sometimes they did  
10 not. If they did not, they would propose an adjustment  
11 and we would make it.

12 The following year, we would use the audit to  
13 record our reserve account, you know, what they had  
14 just -- what the accounting company had just done,  
15 what we had got a clean opinion on, we would use that  
16 to calculate what our reserve should be. Well, we  
17 changed auditors in '13 and we went to Horne. The  
18 switch was solely a financial decision.

19 Q. Explain.

20 A. We paid three hundred thousand for an audit  
21 from KPMG, we paid one fifty to Horne, simple as that.  
22 It was a cost cutting measure. They're a reputable  
23 regional firm, and we felt comfortable with the change.  
24 They came in and did similar calculations and totally  
25 disagreed with everything KPMG had done.

1 Q. Okay. Can you be a little more descriptive,  
2 recognizing that I'm a layman?

3 A. Yeah, I'd -- I'd love to be descriptive, but  
4 I was -- I was -- in September I had -- I had retired  
5 and I didn't have any more access to any of the  
6 records. I didn't get a chance to look at any of that  
7 in detail. They just -- they just disagreed --

8 Q. September of 2013?

9 A. '14.

10 Q. '14.

11 A. The audit hadn't been finalized at that  
12 point.

13 Q. Okay. I thought you told me, though,  
14 February 14th, 2014, was your date of retirement.

15 A. It was. The audit for '13 had not been  
16 finalized.

17 Q. Gotcha'. Okay.

18 A. Okay. I knew they were proposing an  
19 adjustment. I didn't know the amount. But that is the  
20 reason the two audit firms have disagreed on how to  
21 calculate that reserve. I did not look at their  
22 calculation. I don't know what they disagreed with.  
23 Actually the Monday -- the Monday in January that we  
24 were supposed to have a meeting with them, I was taken  
25 to the hospital and I didn't -- I never returned to

1 work after that.

2 Q. Okay. So my thought process up until now,  
3 that there was a GSAB accounting principle, maybe  
4 number -- statement number 68 that went into effect  
5 June 15th, 2014, that triggered all of this. Do you  
6 know anything about that?

7 A. No. That may be correct. I just don't know  
8 about it.

9 Q. Okay. But that's something that if Horne, if  
10 that's one of the reasons that Horne decided that the  
11 eighty-eight million dollars needed to be treated a  
12 different way, that's very possible, but you might not  
13 know that?

14 A. Yeah, it's possible, yeah.

15 Q. Okay.

16 A. I mean, GASBs have tremendous effect on what  
17 hospitals record as expense, as revenue, and we have --  
18 as a county hospital, we had to follow GASB principles,  
19 so, yeah.

20 Q. So help me understand something, then. The  
21 eighty-eight million dollars was moved to another side  
22 of the books. Is that, then -- it's my understanding  
23 that -- that within the hospital system, you had  
24 accounts receivable that the hospital hoped to collect.

25 A. Right.

1           Q.    And then there was -- there was -- I'm not  
2 going to say bad debt, the complete writeoff, but then  
3 whatever you couldn't collect went to Wayne Smith's  
4 department in financial services.

5           A.    Correct.

6           Q.    Explain that a little bit to me.

7           A.    Which part of the question? I mean, you kind  
8 of asked me two questions. You asked about moving  
9 something on a balance --

10          Q.    Yeah. When does it cease to go from an  
11 accounts receivable to move over to Wayne's department?

12          A.    Oh, okay. All right. Well, it ceases to --  
13 this is going to be an ambiguous -- an ambiguous  
14 answer. But when we determine that we can't collect  
15 it, it goes over there. Now, sometimes that's based on  
16 how old it is.

17                For example, accounts receivable, you  
18 anticipate collecting more the newer it is. If you  
19 have accounts receivable that's thirty days old, you're  
20 going to collect more of that than when it's sixty and  
21 more sixty and ninety, and so on and so forth. And  
22 normally when it gets to be a hundred and twenty days,  
23 it's not a hard, fast rule, we will send accounts to  
24 Wayne Smith to collect. Wayne Smith's department,  
25 which is financial services, acts like a collection

1 agency within the hospital. So I don't know if I got  
2 all your question --

3 Q. No, no, no, you did. You did. So the  
4 eighty-eight million when it was moved, where did it  
5 go?

6 A. Well --

7 Q. How was it treated?

8 A. -- I don't -- as I explained before, I don't  
9 know the pieces of the eighty-eight million from Horne.  
10 Okay. I suspect, and I don't know if I should suspect  
11 in a deposition, but what I suspect, that most of it is  
12 bad debt.

13 Q. As long as you use the word "suspect" in a  
14 deposition, you're okay.

15 A. Okay.

16 MR. DORNAN: Maybe.

17 A. Okay. I suspect maybe that most of that was  
18 bad debt, and most of that was transferred to Wayne  
19 Smith for collection, not in one year, over a number of  
20 years; it would have to be. And at that time --  
21 I've even forgotten the question now. At that time,  
22 Wayne will try to collect that.

23 Now, my guess maybe, I suspect maybe, is  
24 Horne had a different opinion of how much of that Wayne  
25 Smith would collect than KPMG. And I suspect the

1 biggest portion of that would have been bad debt. I  
2 mean, it can't be insurance. We used what we were  
3 paid -- you know, we know what insurance pays us.  
4 There's not much magic in figuring that out.

5 We know what Medicaid pays us. We know what  
6 Medicare. So I suspect that it has to -- most of it  
7 has to be bad debt that we've transferred to Wayne. We  
8 thought, and KPG -- KPMG agreed, we'd collect a higher  
9 percentage than Horne. Now, like I say, I'm suspecting  
10 because I didn't get to look at any documents.

11 BY MR. BARTON:

12 Q. Okay. Prior to your retirement in February  
13 of 2014, had Lee Bond ever been privy to any of the  
14 meetings with Assurance in New York?

15 A. No.

16 Q. It's my understanding that shortly after you  
17 retired, Kevin Holland and Lee Bond and perhaps others  
18 went to New York to meet with Assurance. Do you know  
19 anything about that meetings?

20 A. I do not. It's perfectly plausible, you  
21 know, if they were -- if they were thinking we weren't  
22 going to meet the covenants, that they would go talk to  
23 them. That would be the reason. But I'm not aware of  
24 it, no.

25 Q. Okay. Do you know if -- if the moving of

1 the eighty-eight million was what triggered the  
2 prospect of not meeting the covenants?

3 A. My opinion would be it would be the cash  
4 covenant, not the -- not the eighty-eight million.

5 Q. Okay. All right. So what was happening  
6 during that time that was causing the cash on hand to  
7 be so seriously affected?

8 A. Oh, how deep you want me to go into this?

9 MR. DORNAN: Can I ask for a clarification?

10 When you say at that time, can you give us a time  
11 frame?

12 BY MR. BARTON:

13 Q. At the time of 2014, February, when you  
14 retired and shortly after that Lee and Kevin go to New  
15 York.

16 A. Okay. I can't comment on Lee and Kevin going  
17 to New York. But I can -- I can tell you about the  
18 cash situation at the Health System. Historically as a  
19 health system, Singing River has never placed a huge  
20 importance on stockpiling cash. Some health systems  
21 have. Some health systems make it a priority. Singing  
22 River never has.

23 We had the -- we had the lowest charges in  
24 the area for a number of years. I don't know where  
25 that stands today. But there were a number of reasons



1 we just never -- that the system never put an  
2 importance on that. We struggle with cash. We never  
3 had cash reserves like other health systems had had.  
4 You know, you can see health systems even our size with  
5 two hundred million, a hundred and fifty.

6 Now, I know all those are smaller today based  
7 on the environment, but that wasn't unusual. And so  
8 when we compared ourselves to other hospitals as we did  
9 the ratings and looked at covenants, the only thing we  
10 didn't compare with was cash. We just did not have a  
11 lot of cash.

12 During '08 and '09, mostly '08 after Katrina,  
13 we did have some cash. As a matter of fact, we were up  
14 to ninety days at one point, and that's because we got  
15 a lot of subsistence from the federal government on  
16 Katrina. You know, we got a lot of Katrina money to do  
17 things.

18 Q. Help me understand the figure. Ninety days  
19 cash on hand is how much?

20 A. It's basically -- well, at that time it was  
21 probably ninety -- I can't do the math in my head.  
22 Ninety times a million two a day. Ninety-six,  
23 ninety-five.

24 Q. Ninety-five, ninety-six, yeah.

25 A. I think it was close -- days. We finished

1 the year in '08 or '09 at ninety days. But that was  
2 the reason. You know, we got that influx of cash due  
3 to Katrina, as all health systems did. It wasn't -- it  
4 wasn't just us. So we got that influx of cash, and we  
5 had all kind of things we had to do.

6 We had a facility over at Singing River  
7 where -- that needed -- was in bad need of renovating  
8 the floors. I mean, we would get complaints all the  
9 time from patients saying they didn't want to come  
10 there because the floors were nasty and it didn't seem  
11 clean. So we had ten to twelve floors over there we  
12 needed to renovate.

13 We started using some of that money. Now, we  
14 also issued bonds for that purpose, but we also  
15 starting using some of that money to renovate the  
16 floors at both hospitals and to buy equipment.

17 Equipment in health care today is so  
18 expensive. You know, a C -- a CT scan cost a million  
19 five. I mean, just every -- everything it seems like  
20 is a million dollars, all the new technology. And we  
21 bought some of those things that we sorely needed for  
22 competitive reasons.

23 I mean, I hate to use the term "keep up with  
24 the Joneses," but that's almost what you have to do in  
25 health care. If a hospital across the bridge has got

1 something, you know, you need it, too, if you want to  
2 keep that business. The robot that does surgery is  
3 something else that was very expensive.

4 So we started using that cash. And it wasn't  
5 just in one year, it was over a number of years, but we  
6 did that every year. We started making purchases that  
7 we needed to make as a health care system. At the  
8 same time, Obamacare came in.

9 Now, the severe effects of that certainly did  
10 not occur in 2009, 2010. But what happened is it  
11 emboldened the insurance companies. The insurance  
12 companies would say, well, if Medicare pays you fifteen  
13 dollars, we pay you twenty-five why; why do we do that.  
14 And they started cutting payments to health systems,  
15 not just us, to everybody. Now -- and that's factor  
16 one.

17 Factor two is our payer mix started to  
18 change. What I mean by payer mix is what percentage is  
19 Medicare, what percentage is Medicaid, what percentage  
20 is private pay, what percentage is no pay. It started  
21 to change.

22 Q. Why; do you know?

23 A. Yeah. Let me -- let me finish this. And if  
24 I don't answer that, I'll come back to it. But we were  
25 seeing patients come in with no insurance who had

1 insurance. People were losing insurance on the  
2 Coast. We were seeing that, people were losing their  
3 insurance policy.

4 We started to go down in Medicare and up in  
5 Medicaid. We were getting more Medicaid patients.  
6 We're a county hospital, we take everybody. So we were  
7 getting more Medicaid and we were getting more  
8 self-pay.

9 Now, let me just draw a pic quick -- a quick  
10 picture on why that's harmful. If insurance pays you  
11 twenty-five and Medicaid pays you ten and you start  
12 shifting a lot of patients from -- who had insurance  
13 before but who now are on Medicaid or no pay, that's a  
14 difference of fifteen dollars for every -- course I'm  
15 just making up numbers, but that's a difference on  
16 every patient. So that was the second reason that our  
17 cash was dwindling. We weren't getting paid as much.

18 The third reason, and this is my opinion, is  
19 I don't think we moved fast enough to cut expenses.  
20 Now, we were starting to do that as I left, but we were  
21 really a little bit behind the curve on cutting  
22 expenses because our -- if your revenue is down, you  
23 need to cut expenses.

24 There's a fourth reason, too. And I'm sorry,  
25 I'm losing my train of thought here. That window

1 washer has got me --

2 Q. Well, you were talking about -- you were  
3 talking about the mix.

4 A. Yeah, I'm talking about the mix. Yeah, I'm  
5 talking about the reasons that net revenue is down.  
6 Net revenue is cash. I'm talking about the reason --  
7 oh, the insurance companies, not only were they paying  
8 us less, they were doing all they could to shift their  
9 patient from inpatient to outpatient, so they were not  
10 admitting people to the hospital. Now, that's where  
11 the bread and butter is.

12 As a matter of fact, at the time I left, our  
13 outpatient revenue was over fifty percent of total  
14 revenue, whereas before historically had been forty.  
15 The difference in inpatient payments and outpatient,  
16 it's a huge difference in that. I mean, so those are  
17 just some of the environmental reasons leading up to  
18 when I left why net revenue was down. I don't know if  
19 I answered all your question, but...

20 MR. DORNAN: I think you answered most of  
21 them.

22 A. Okay.

23 BY MR. BARTON:

24 Q. Yeah, we're getting there.

25 A. All right.

1           Q.    And I saw something that may take me a minute  
2 to find it, but it's something I didn't quite  
3 understand. There's like a threshold limit set by the  
4 government on the amount of Medicaid, Medicare charges  
5 you can make in a single year on a type of treatment.  
6 Is any of that making sense?

7           A.    No. Sorry.

8           Q.    All right.

9           A.    If you show it to me, maybe it will.

10          Q.    We'll find it.

11          A.    Okay.

12          Q.    We'll find it later.

13          A.    Okay.

14          Q.    All right. Let me go back.

15          A.    Okay.

16          Q.    And we're going to bounce around a little  
17 bit. When an amount of money was designated that had  
18 to be funded to the retirement plan, was that made by  
19 electronic transfer from the hospital's account  
20 directly to Transamerica or whoever was managing the  
21 plan?

22          A.    To the best of my knowledge, it would have  
23 been, yes.

24          Q.    Was there ever any type of trust account,  
25 bank account, holding account or anything like that

1       where the money was parked for a period of time before  
2       the transfer?

3           A.     Not to my knowledge.

4           Q.     Did you have anything to do with employees  
5       in the hospital system that were called double dippers,  
6       that is, that would retire and then come back to work?

7           A.     Well, I can explain to you how that came  
8       about if that's what you're asking.

9           Q.     Absolutely.

10          A.     And I don't remember the year. It may have  
11       been 2005. It may have been 2006. We went through an  
12       early retirement program. In other words, we set  
13       criteria. If you met the criteria, you could retire,  
14       you could take early retirement.

15                Now, as we did that, the response was really  
16       overwhelming. I mean, almost probably ninety percent  
17       of people took us up on that. Matter of fact, I only  
18       know of three people who didn't out of a hundred and  
19       fifty or so. And we noticed a huge brain drain on the  
20       Health System. I mean, you know, these were people who  
21       had been there in excess of twenty years, most of them,  
22       and it's a huge loss to lose that many people at one  
23       time.

24                So we -- we had a program where they could  
25       come -- these employees could come back to work, not

1 full-time, part-time, I think up to thirty-six hours.  
2 It could have been thirty-two, I'm not sure. And  
3 that's what people refer to as double dippers.

4 Q. Okay. So who -- who decided who got to  
5 double dip and who didn't?

6 A. Well, human resources department decided. I  
7 mean, I think they would have -- if I'd have -- if I'd  
8 have had employees on there, they would have asked me,  
9 excuse me, did I need to bring those people back. And  
10 I did have a few that I needed to bring back because I  
11 didn't have the experience level to cover.

12 Q. And the double -- double dippers, are they  
13 just getting like thirty-two hours a week without any  
14 benefits package, or are they also --

15 A. I don't recall the benefit package, but I do  
16 recall thirty-two or thirty-six hours. I can't  
17 remember which.

18 Q. That doesn't have a Bates number on it. Do  
19 you recall that during the 2005, 2006 internal revenue  
20 audit cycle that Wayne Smith's department was not  
21 included as part of that audit?

22 A. I don't recall an internal revenue audit.

23 Q. Do you ever recall excluding financial  
24 services from any of the audits conducted by the  
25 hospital or on the hospital?



1           A.    No, I do not.

2           Q.    Do you know when the hospital first decided  
3 to stop making employer contributions to the retirement  
4 plan?

5           A.    We did not make a contribution in 2010 was  
6 the first time I remember. Now, if it was anything  
7 prior to 2004 I wouldn't know.

8           Q.    Okay. Is it your understanding, then, from  
9 2004 until 2010 that the hospital did make  
10 contributions?

11          A.    Through 2009 is my understanding we made  
12 con -- the Health System made contributions.

13          Q.    Okay. In 2010, why was the decision made to  
14 stop making contributions?

15          A.    Well, I don't remember a decision formally  
16 being made. I do remember at 9/30 when we -- at the  
17 year end when we usually made the contribution, we had  
18 no excess cash to make that contribution. In other  
19 words, we had just enough or we were below the cash  
20 covenant. So we would have not funded the pension plan  
21 if that were the case. There was just no money  
22 available to do that.

23          Q.    Do you ever recall within your tenure when --  
24 when the hospital didn't make the required Social  
25 Security contributions?

1           A.    Never during -- while -- you mean paying the  
2   Social Security?

3           Q.    Uh-huh (indicating yes).

4           A.    No, I never remember not paying those.

5           Q.    All right. After 2010 and before your  
6   retirement, did the hospital make any employer  
7   contributions to the retirement plan?

8           A.    Not to my knowledge.

9           Q.    Is the only motivation, then, that you know  
10   of as to why the employer ceased to make contributions  
11   is a lack of available cash?

12          A.    Yes.

13               MR. DORNAN: Before you answer, can I ask you  
14   to clarify the word "motivation"? Can we agree on  
15   a different word? Reason?

16   BY MR. BARTON:

17          Q.    The only reason?

18          A.    That's the only reason, there was not cash  
19   funds available to make any contribution to the pension  
20   plan.

21               MR. DORNAN: Thank you.

22               THE WITNESS: Sorry.

23   BY MR. BARTON:

24          Q.    During this process, was anyone -- did you  
25   seek the advice of anyone about whether or not

1 contributions had to be made under the terms of the  
2 plan --

3 A. Yeah.

4 Q. -- or what --

5 A. I did.

6 Q. Okay.

7 A. I spoke to our attorney for the pension plan.  
8 I think it's -- I'm sorry, my mind's a blank on his  
9 name.

10 Q. Okay.

11 A. But he was the attorney for the pension  
12 plan. I told him that my understanding is that we were  
13 not required to make a contribution, and that was his  
14 understanding. I also spoke with my colleagues. I  
15 spoke with Mr. Anderson. That was also his  
16 understanding, that we were not required to make a  
17 contribution.

18 Q. All right. The attorney who told you that,  
19 let's see if we can help figure that out. Do you --

20 MR. WILLIAMS: Well, Harvey, let me -- let  
21 me -- I don't want him getting into any type of  
22 conversation with our attorney that he spoke  
23 with. And I'm going to instruct -- I can't  
24 instruct. I don't represent Mr. Crews, but I'm  
25 going to lay that objection, attorney-client.

1           MR. BARTON: Well, I'm not getting into the  
2 substance of the conversation. I want to know  
3 which attorney gave that advice. I'm going to  
4 see if I can help narrow it down by locale,  
5 geographics, anything else like that.

6           MR. DORNAN: Yeah, I understand the question  
7 on the floor is who was it.

8 BY MR. BARTON:

9           Q. Yeah. I'm trying to figure out who this  
10 attorney was.

11          A. I'm sorry, I just can't remember his name.

12          Q. All right.

13          A. I will.

14          Q. Would he have been from Jackson?

15          A. Yes.

16          Q. Okay. Do you recall any time before you  
17 retired dealing with attorneys out of Kansas City,  
18 Missouri --

19          A. No, I do not.

20          Q. -- with the Denton firm?

21          A. I recall the Denton firm. I -- I don't  
22 recall having any conversations with them. I may have,  
23 I just don't recall any.

24          Q. So if we --

25          A. Louis Watson.

1 Q. I couldn't think of the name either.

2 MR. BARTON: We got -- we got five -- you  
3 want to take a break so you can switch tapes?  
4 We've been going an hour. Let's take a break.  
5 He's got to switch tapes, anyway.

6 THE VIDEOGRAPHER: We're going off the  
7 record. The time on the screen is 10:57 a.m.

8 - - -

9 (A short break was taken.)

10 THE VIDEOGRAPHER: We're back on the record.  
11 The time on the screen is 11:08 a.m.

12 BY MR. BARTON:

13 Q. Mr. Crews, I handed you a sheet there that's  
14 out of a KPMG report, and it's just really kind of to  
15 help me understand this, the UPL, which is -- I called  
16 it threshold limits. That's maybe not a good term.

17 A. I know what you mean when you say threshold  
18 now.

19 Q. Yeah.

20 A. Okay. You want me to explain it to you?

21 MR. DORNAN: No, he hasn't asked you a  
22 question yet, so let Mr. Barton ask a question.

23 BY MR. BARTON:

24 Q. And my question will be, yes, sir, go ahead  
25 and explain it to us.

1           A. I will try. This is a tough one. There are  
2 two programs operated by the state, and the intention  
3 of both of these programs is to help hospitals that  
4 serve a high percentage of indigent and Medicaid  
5 patients. Medicare patients, too.

6           One of them is the DHS, D-H-S, DHS program,  
7 And the other one is UPL. It's called the Upper  
8 Payment Limit. And to qualify for this, what you meant  
9 by the threshold, the threshold has to be -- you have  
10 to meet the threshold of the total number of days of  
11 uncompensated care in Medicaid as a percentage of  
12 total.

13           Now, the threshold, it used to be real. It  
14 used to be a number around seventy-five percent. It's  
15 not anymore. It's one percent. You know, they did  
16 this so everybody would qualify. But the purpose of  
17 this program is to make up the difference in Medicare  
18 payments and Medicaid payments. That's the purpose of  
19 the program to hospitals.

20           MR. DORNAN: Go ahead.

21           A. Now, it doesn't achieve that, but that's the  
22 intent. But the Health System, as all health systems,  
23 are very dependent on this money, and it's very welcome  
24 money, and it's a -- it's a large sum. It's -- the  
25 disproportionate share is not that great, but the UPL

1 is.

2 BY MR. BARTON:

3 Q. To make up the difference from where, though?

4 A. Well, you get paid X dollars from Medicare.  
5 You get paid X dollars from Medicaid. There's a  
6 difference in those two. Medicaid is a state program  
7 that pays less than Medicare. So this program is  
8 intended to make up the difference. If Medicaid pays  
9 you ten, Medicare pays you fifteen, supposedly this  
10 program would make up the five dollar difference. It's  
11 to bring every -- it's to bring the state programs up  
12 to a Medicare level in payment.

13 Q. That's additional government monies over --

14 A. It's additional government money.

15 Q. -- and above and beyond?

16 A. But health systems, especially Singing  
17 River, are really dependent on this money. Money was  
18 very important. Is that enough explanation?

19 Q. Yeah, it does. I may have some more  
20 questions later.

21 A. That's as far as I can go.

22 Q. I really didn't understand the program at  
23 all.

24 A. Okay.

25 MR. DORNAN: So let me just say for the

1 record that the witness looked at page 26 of the  
2 KPMG report dated September 30, 2009, and it does  
3 not have Bates numbering on it. And I'll give  
4 that back to the question.

5 BY MR. BARTON:

6 Q. All right. Let's talk a little bit about  
7 third-party vendor contracts and just how that process  
8 works. If -- if a vendor is going to do business with  
9 a hospital and must get into a statutory bidding  
10 procedure, is that something that you are privy to and  
11 you oversee?

12 A. I oversee it because it goes through  
13 purchasing. Purchasing department reported to me.

14 Q. Okay. So help me understand the process, and  
15 I think statutorily there's like up to twenty-five  
16 thousand dollars is no bids and over, you know. Just  
17 tell me what you recall that I'll understand.

18 A. Well, that's a broad question. I'm not sure  
19 where --

20 MR. DORNAN: Can you narrow it down a little  
21 bit?

22 A. Yeah, can you narrow it down for me?

23 BY MR. BARTON:

24 Q. At what point -- at what -- what's the  
25 threshold amount where an actual public bid, an



1 advertisement for bid takes place?

2 MR. HUNTER: I'm going to object to that  
3 unless some time is specified because it's  
4 changed. At what point in time?

5 BY MR. BARTON:

6 Q. I didn't realize it changed, actually, so I  
7 don't know when it changed. The year before you left,  
8 2014 --

9 A. Yeah.

10 Q. -- the year before you left, how would you  
11 guys advertise for public bids that required written  
12 bids?

13 A. Well, I'm not sure I know the full  
14 requirement. I know it has to be in the paper, and I  
15 know there has to be a certain time specified. I don't  
16 know if it's ten days before or two weeks before, I'm  
17 not sure. But we put it in the paper and we set a bid  
18 date, and then all bids are open publicly.

19 Q. Are you -- were you responsible for or privy  
20 to the opening of the bids and the awarding of the  
21 bids?

22 A. I knew it was going on. I was not  
23 responsible for that.

24 Q. Okay. Who would -- who -- in the scheme of  
25 things, would that be the different directors of

1 different departments that would be involved in that?

2 A. It would be the director of our construction  
3 department.

4 Q. Who was that?

5 A. Well, it's been different people. Most  
6 recent, I think, is Randall Cobb. And I'm probably  
7 wrong with that. He may have been promoted.

8 Q. All right. Was there ever a time when  
9 Fletcher Construction Company maintained offices at  
10 Singing River Hospital?

11 A. I don't know the answer to that.

12 Q. Was there ever a time in which Fletcher  
13 Construction Company was paid a supervisory or a  
14 management fee to oversee construction projects that  
15 they did not win the bid on?

16 A. I don't know. Not to my knowledge.

17 Q. Let's talk a little bit about the Epic  
18 computer system. Do you recall the circumstances under  
19 which and why the hospital had to go to a new computer  
20 system?

21 A. Sure. We had a real crummy computer system.  
22 It was McKesson. In my opinion, this is my opinion, it  
23 was poorly maintained. And when Obamacare legislation  
24 was introduced, there were a lot of requirements in  
25 there, and McKesson was not going to be able to give us

1 all those things that we needed to have by the date  
2 that it was required. So that -- so at that time we  
3 knew we needed a new computer system.

4 Q. Okay. So the Obamacare requirements,  
5 Medicaid requirements, was the trigger for the fact  
6 that you needed a new computer system?

7 A. Yes.

8 Q. Okay. That makes sense. All right. Now,  
9 the bid process went out. It's my understanding that  
10 then Epic won the bid?

11 A. Correct.

12 Q. Do you know where Epic's home office was?

13 A. I do. It's in Madison, Wisconsin.

14 Q. Was there any tie-in previously that you  
15 know about between Chris Anderson and Epic computers?

16 A. I'm not aware of any.

17 Q. The winning bid for the Epic computer system  
18 was how much?

19 A. I can't recall. I know it was in excess of  
20 twenty-eight million, though.

21 Q. Do you recall the total amount paid to Epic  
22 before the computer system was actually implemented and  
23 operable?

24 A. I do not.

25 Q. Do you know that there were significant cost

1       overruns during that period of time?

2           A.     I do.

3           Q.     Okay. Let's talk a little bit about that.  
4       How -- once the -- once the bid was awarded to Epic,  
5       how would they get a change order to entitle them to  
6       more money and why -- why did that happen?

7           A.     That did not run through me. I don't know.

8           Q.     Who would have been responsible for that?

9           A.     Probably our purchasing department, who  
10       reports to me.

11          Q.     Okay. But you were aware that there were  
12       some cost overruns. How -- how did you become aware of  
13       that? Did you write the checks?

14          A.     Yeah, I was told, and, yeah, the checks come  
15       through my office. And I was told there were overruns.

16          Q.     Do you know anything about a refund of money  
17       from the government if the hospital met certain  
18       benchmarks in terms of the implement -- implementation  
19       of the new computer system?

20          A.     Yes, I do.

21          Q.     Tell me what you know.

22          A.     I can't remember what they were called, but  
23       if you met certain requirements, as far as medical  
24       records, you received a calculated amount from the  
25       government. And we had received that at the time --

1 before I left we had received those monies. That was  
2 one -- yeah, we did get them.

3 Q. Okay. Help -- help me understand that  
4 because it's my understanding that the refund or the  
5 reimbursement from the government could not be used to  
6 pay for the Epic system, it had to go into some  
7 other --

8 A. No. That's the first I've heard of that.

9 Q. Well, I may be wrong.

10 A. Yeah.

11 Q. And do you recall generally how much money  
12 the hospital system received from the government for  
13 meeting these benchmarks?

14 A. Ten million dollars over three years.

15 Q. When that money came back into the hospital  
16 system, did it go into general budget?

17 A. General budget.

18 Q. So it wasn't -- those funds were not  
19 specifically designated for any purpose?

20 A. No.

21 Q. All right. And I'm going to back up just a  
22 minute on some of the construction projects at the  
23 hospital.

24 A. Okay.

25 Q. How was it determined which of those

1 construction projects would be done internally versus  
2 outsourced?

3 A. I -- I was never involved in those  
4 discussions. I think it would totally be a cost issue.  
5 Sometimes it costs less to do them in-house than it  
6 does to go outside, and we felt like we had the  
7 manpower to do them.

8 Q. Mr. Crews, have you ever given a deposition  
9 before?

10 A. Many years ago.

11 Q. What were the circumstances?

12 A. I was an expert witness on a Medicare case  
13 when I was with Ernst & Young, but it's been a long  
14 time ago.

15 Q. Okay. Do you recall what court system that  
16 was?

17 A. No. It was in St. Louis, Missouri, but I  
18 don't remember the court system.

19 Q. In dealing with your employment or post  
20 employment at the Singing River Hospital System, have  
21 you given any testimony under oath anywhere else?

22 MR. DORNAN: You mean other than the grand  
23 jury?

24 BY MR. BARTON:

25 Q. Other than the grand jury.

1           A.    Oh.  I spoke with the FBI.

2           Q.    Okay.  In reference to the retirement plan?

3           A.    Yes.

4           Q.    Have you yourself been involved in any  
5 personal litigation versus Singing River Hospital  
6 System?

7           A.    Oh, no.

8           Q.    You -- I take it from the answer to that  
9 question that you testified before the grand jury?

10          A.    I'm not sure I can speak -- I'm not sure I  
11 can speak to that.

12               MR. DORNAN:  But I probably can.  And I think  
13 we all know that he went to the Jackson County  
14 grand jury about two weeks ago, same day we were  
15 all together, very well documented.

16               And, also, let me tell you this, Harvey.  You  
17 probably know this.  I do not think his interview  
18 with the FBI was testimony.  I believe that was an  
19 interview.

20          BY MR. BARTON:

21          Q.    Do you know -- do you know anything involving  
22 an investigation concerning the transcription  
23 department at the hospital?

24          A.    Can you narrow that down?  I mean...

25          Q.    Transcription department at the hospital

1       operated by Dr. McKell or some of his family members?

2           A.     There was an incident where there were some  
3       family members employed there, that they should not --  
4       and they should not have been, but we took care of that  
5       internally.

6           Q.     Okay. Has that been the subject of any  
7       investigation by anybody that you know of?

8           A.     Not to my knowledge.

9           Q.     The hospital would primarily do business with  
10      which banks in the local area?

11          A.     We had to -- we had to go through a process  
12      to select a bank and was board approved, but we  
13      probably did business with all the banks. I mean, you  
14      know, we didn't keep all of our funds in one place. We  
15      kept some in Regions. We had some in M&M. So there  
16      was not one bank we dealt with.

17          Q.     Any business with BancorpSouth?

18          A.     What's that now? I mean, that's not --  
19      isn't that --

20          Q.     It is BancorpSouth.

21          A.     Oh, still is?

22          Q.     Yeah.

23          A.     I know I talked to them on some occasions. I  
24      don't remember doing any business with them.

25          Q.     Okay. So typically when you're writing a



1 check for five hundred thousand dollars or less, what  
2 personal accounts would you use to write those checks?

3 A. Just the general operating account.

4 Q. Any specific bank that you dealt with?

5 A. Wherever -- wherever the -- yeah, wherever  
6 the operating account is. And like I say, it would be  
7 one of those two -- one of those three banks. Hancock  
8 would be the other.

9 Q. Did you know Morris Strickland?

10 A. Yes.

11 Q. One of the trustees?

12 A. Yes.

13 Q. At the time of his departure from the  
14 trustees, John McKay, the supervisor, made a statement  
15 that was something like, we can all be thankful to Mr.  
16 McKay for his contributions to the hospital system. He  
17 helped manage the retirement plan and return a net  
18 profit of 12.9 percent, or something to that effect.

19 MR. HUNTER: You mean Mr. Strickland?

20 MR. BARTON: Huh? Yeah, talking about Mr.  
21 Strickland.

22 MR. WILLIAMS: And let me object to form.

23 MR. DORNAN: I'm going to object to it, too,  
24 once you get to the question mark.

25 BY MR. BARTON:

1 Q. Yeah. Okay, that's the question mark. So  
2 that's -- that's -- that's a general comment that was  
3 made. I don't recall the specifics of it.

4 MR. DORNAN: So what's the question?

5 BY MR. BARTON:

6 Q. Was there ever a time in which Morris  
7 Strickland or any of the trustees would have the  
8 ability to manage the employee or employer  
9 contributions before they went to the retirement plan?

10 A. I'm not aware of how they could have done  
11 that.

12 Q. The financial records of the hospital, how  
13 are they kept and maintained and stored electronically?

14 MR. DORNAN: Can we agree that what you  
15 really mean is when he was there?

16 BY MR. BARTON:

17 Q. When you were there.

18 A. I'm not sure I understand the question.

19 Q. Let me tell you what I think I know.

20 A. Okay.

21 Q. Okay. But, again, you're educating us all on  
22 a lot of this. I thought there was a -- there was an  
23 off-site central storage facility for all electronic  
24 data by Singing River Hospital System, and it may have  
25 even been in the Lucedale area.

1           A.    I know we had backup systems. I'm not aware  
2 exactly where they were located. But, yes, everything  
3 would have been stored on our computer system and we  
4 had all of that backed up.

5           Q.    Okay. And the backup system was where?

6           A.    I don't know. I know it was off site. I  
7 don't really know where it was.

8           Q.    All right. What was the -- what was the  
9 policy of the hospital in terms of disposal or  
10 shredding of hard documents dealing with the financial  
11 department?

12          A.    I don't -- I don't know what the policy says.  
13 We normally kept financial records five to seven years.  
14 We kept them in store -- we kept hard copies in  
15 storage. I never had any trouble going back getting --  
16 retrieving anything electronically that I needed.

17          Q.    And the hard copies were kept where?

18          A.    We had a storage unit where we kept them  
19 after they got two or three years old off site, but --  
20 we had a warehouse, but I'm not sure exactly where it's  
21 located because I never went there.

22          Q.    Is that the warehouse that is -- and you may  
23 not know, but is it the warehouse facility that's  
24 somewhat in behind where financial services used to be?

25          A.    I think this is separate from that one.

1           Q.    Okay.  So are you aware of any policy in  
2 terms of how to purge documents after five or seven  
3 years?

4           A.    No.  I know the -- I know we had a policy for  
5 medical records, and that's usually a reg -- that's --  
6 I think that's a regulation on how long you keep those,  
7 but I'm not aware of the policy for financial records.

8           Q.    Were you ever involved in a process in which  
9 you would take hard copies of the documents and provide  
10 them to a shredding service?

11          A.    Yeah, we used the shredding service.  I don't  
12 know if they were ever -- I don't -- I don't recall  
13 ever shredding financial records, financial statements.

14          Q.    So during your tenure there, was it your  
15 understanding that the financial records were kept in  
16 perpetuity?

17          A.    It was.

18          Q.    For check writing authority less than five  
19 hundred thousand dollars, did you have to have a  
20 cosigner on the checks?

21          A.    The checks, yes.  You know, we had a process  
22 where everything got approved by a document before it  
23 was paid, you know, kind of a purchase order or a  
24 request for approval.  No one signature would suffice.  
25 All checks had two signatures.

1 Q. All checks?

2 A. All checks.

3 Q. Were there any extra requirements for checks  
4 exceeding five hundred thousand dollars?

5 A. Well, they -- they had to go to the CEO for  
6 signature. Some had to go for signature to the CEO.

7 Q. CEO signed checks above five hundred thousand  
8 along with someone, and who was that someone?

9 A. I'm not positive on the five hundred  
10 thousand dollars. I just can't -- I just can't  
11 remember. I signed most checks, and Chris sign -- was  
12 the other signatory. But other people had -- other  
13 people had authority to sign checks once they were  
14 approved. The limit is really to the approval process.

15 Q. And help me understand a little bit more  
16 about the approval process. Who made that approval?

17 A. Well, whoever was requesting that the payment  
18 be made, they would fill out an approval form with all  
19 the pertinent information. And then they would go up  
20 to their leader, their administrator. Then they would  
21 go to the appropriate person above that for processing.

22 Q. Was -- was KPMG the auditor when you first  
23 came to work there --

24 A. Yes.

25 Q. -- in 2004? Do you know anything about Chris

1 Anderson's previous employment with KPMG?

2 A. I know he was with KPMG and I know it was in  
3 Jackson, and that's about the extent of my knowledge.  
4 I don't know anything about his work history there.

5 Q. What interaction, if any, before your  
6 retirement did you have with Kevin Holland?

7 A. Can you be more specific? I mean, I worked  
8 with Kevin, so...

9 Q. Okay. Yeah, we'll talk about that. Kevin --  
10 Kevin was the administrator of the Ocean Springs branch  
11 of Singing River Hospital System, I take it?

12 A. Not when I left. He was the chief operating  
13 officer.

14 Q. Chief operating officer.

15 A. Uh-huh (indicating yes).

16 Q. So in the scheme of your normal business  
17 activities, what interaction would you have with Kevin?

18 A. Well, we would talk about financial issues  
19 that he saw, financial things that I saw I needed his  
20 cooperation with. We talked about cost cutting. We  
21 met a lot about how we could effectively cut costs.  
22 That was most -- most of my interaction with him.

23 Q. Okay. So any expenditures that took place at  
24 the Ocean Springs system, did it go through the same  
25 approval process for the Pascagoula system and it was

1 all one and the same or did Ocean Springs do their own  
2 thing?

3 A. No, it was -- it was all the same. We had a  
4 system policy on that.

5 Q. Chris Anderson, when -- when he was CEO,  
6 apparently used to meet weekly with Kevin Holland to  
7 discuss hospital business. Are you aware of that?

8 A. I'm aware he met with Kevin often, but I'm  
9 not -- I wasn't privy to what they talked about.

10 Q. Prior to your retirement, had the discussion  
11 about termination of the retirement plan ever come up?

12 A. I never heard a word about termination.  
13 Well, let me go back to that. When we went to the soft  
14 freeze, that was one of the options on the table, but  
15 it didn't go anywhere, so --

16 Q. Stop just a minute.

17 A. All right.

18 Q. The soft freeze, did that not occur after  
19 your retirement?

20 A. Before. Before my retirement.

21 Q. Okay. All right. You got to talk to me  
22 about that because I'm not sure of the time frame  
23 you're talking about. When was there a soft -- are you  
24 talking about 2011 --

25 A. Yes.

1 Q. -- when they no longer took beneficiaries --

2 A. Yes.

3 Q. -- additional beneficiaries?

4 A. Yes.

5 Q. All right. And was that phrase -- that term  
6 that you guys used in the hospital system was a soft  
7 freeze at that point?

8 A. Yes.

9 Q. Did anything else happen at the time of that  
10 soft freeze?

11 A. We instituted a new plan, a new retirement  
12 plan for the new people we hired. It was just a  
13 401(k), so we set that up at the same time.

14 Q. All right. Let's talk about the soft freeze,  
15 then, as that phrase is used. What -- what brought  
16 about that soft freeze?

17 A. Okay. Well, we were all concerned about  
18 pension, pension plan. Costs kept increasing, and, you  
19 know, we would always take it out twenty-five years and  
20 look at -- say here's what it would look like  
21 twenty-five years from now, just projections, and it  
22 was unsustainable in our opinion, taking it out that  
23 far on the current stand.

24 So Chris contacted Transamerica and he asked  
25 them to come up with some options on how we could



1 effectively deal with the cost of the pension plan, you  
2 know, what could we do different. And so that's what  
3 brought that about, the soft freeze.

4 Q. And you used the pronoun "we" several times,  
5 we, our opinion. Who was -- who was the think tank  
6 that was making that decision on behalf of Singing  
7 River Hospital?

8 A. Right. On the projections, Chris, Chris  
9 Anderson and I did the projections. But normally when  
10 I say when "we," I mean the Health System.

11 Q. Were there any other options considered at  
12 that time, such as increasing the employer and employee  
13 contributions?

14 A. Well, that option was certainly put on the  
15 table, was increasing the employees' contribution, but  
16 it didn't -- it didn't make it. It didn't make it  
17 through to the final version of increasing it.

18 Q. Why?

19 A. I'll tell you -- this is my opinion. I'm not  
20 sure why everybody -- you know, some of the board  
21 members didn't want to do it. But this was -- this  
22 was at a time when we weren't sure we could give  
23 employee raises. And we didn't want the employees to  
24 take home less money. I mean, it's just a -- it's a  
25 perception, you know. Our employees, their check

1 was -- was important to them and that amount on the  
2 check. And we tried to revise a soft plan where the  
3 employees would not have less take-home money, which if  
4 we'd have increased the contribution, that would have  
5 been the case.

6 Q. Did you ever make a comparison of the  
7 percentage of employ -- of pay -- payroll Singing River  
8 Hospital was making versus the state PEERS retirement  
9 plan?

10 A. We -- we compared what the employees  
11 contributed to our plan, which was three percent to the  
12 state, which I think was eleven percent. We did  
13 compare that; right.

14 Q. So in 2011 when the soft freeze comes around,  
15 we're no longer taking new participants into the plan,  
16 what was -- what was Plan B because, I mean, it can't  
17 be the only thing that you're doing.

18 A. I don't think we had a Plan B. I mean, the  
19 Plan B was to continue the current plan as long as we  
20 could, but that really wasn't an option when you take  
21 it out. You know, the pension plan is something that's  
22 supposed to be -- you know, supposed to go on and on,  
23 and you have to look at it out many, many years. You  
24 can't look at it over a three to five-year window. So  
25 I don't know what Plan B was. I'm assuming there was a

1 Plan B, but I don't -- I don't know what it was or I  
2 don't remember what it was.

3 Q. Was there ever any time in which the hospital  
4 borrowed money from the retirement plan benefits?

5 A. Not to my knowledge. That would be illegal.

6 Q. And based on what you told me before, if the  
7 funds, once a contribution was made, whether it's  
8 employee money or employer money, it's electronically  
9 transferred, so there's no other way that it's in any  
10 kind of holding account where the hospital can borrow  
11 it?

12 A. That's correct, to my knowledge.

13 Q. Was there ever a time in which the hospital  
14 system would borrow money from a local banking  
15 institution to shore up the bottom line before an  
16 annual audit or a report to the board of supervisors?

17 A. Well, borrowing money --

18 MR. WILLIAMS: Object to form.

19 THE WITNESS: Pardon?

20 MR. WILLIAMS: I object to the form.

21 THE WITNESS: Okay.

22 MR. DORNAN: You can answer.

23 A. Okay. Borrowing money doesn't shore up the  
24 bottom line. Borrowing money is just a balance sheet  
25 account. But we did one year -- I can't remember if it

1 was '12 or not. We took a short-term loan out to try  
2 to meet our cash covenant.

3 BY MR. BARTON:

4 Q. I guess -- I guess maybe that's what I'm  
5 talking about.

6 A. Okay. Yes, we did --

7 Q. Do you remember how much that money was that  
8 was the short-term loan?

9 A. I believe it was five million.

10 Q. And was that to meet the cash covenant for an  
11 annual audit --

12 A. Yes.

13 Q. -- by the bonding company?

14 A. Yes.

15 Q. So why would that have not still affected the  
16 bottom line if you show it as a --

17 A. Well, cash -- cash is not -- it's not an  
18 expense, it's not a revenue. It just goes into the  
19 cash account. It doesn't shore up the bottom line.  
20 Cash does not affect the bottom line. Well, borrowing  
21 money, putting cash in your cash account does not  
22 affect the bottom line of the hospital.

23 MR. DORNAN: Because you got to pay it back.

24 THE WITNESS: Pardon?

25 MR. DORNAN: Because you got to pay it back.

1 THE WITNESS: Correct.

2 BY MR. BARTON:

3 Q. So how often would the bonding company check  
4 the cash on hand balances?

5 A. Twice, March 31st and September 30th.

6 Q. And who would give them those numbers?

7 A. I would; although they would ask us every  
8 month.

9 Q. Even though they would ask, you didn't  
10 necessarily have to produce hard copies to them except  
11 for twice a year?

12 A. Right.

13 Q. What -- what do you know about why the  
14 Singing River Hospital System Foundation was set up and  
15 what its purpose was?

16 A. Course it was set up long before I got there,  
17 but the purpose was, you know, charitable gifts to the  
18 community.

19 Q. Do you -- who -- who -- who would be  
20 responsible for the finances in the Foundation?

21 A. Okay. The Foundation was not part of the  
22 Health System. It was separate from Singing River  
23 Health System. It had its own board and it had its own  
24 executive director. The executive director was  
25 responsible for keeping the books and for everything

1       that went on within the Foundation. The Foundation was  
2       funded by the hospital.

3           Q.     Recently the hospital stopped funding the  
4       Foundation, or this year.

5           A.     Right.

6           Q.     I think the executive director left in a huff  
7       or something. I don't remember all the details. Do  
8       you know anything about that?

9           A.     I didn't hear that.

10          Q.     I could be wrong.

11                 MR. WILLIAMS: Object to the form, but go  
12       ahead.

13          A.     I didn't hear that. I mean, I don't know  
14       anything about that, I'm sorry.

15       BY MR. BARTON:

16          Q.     What was the degree to which the hospital  
17       made annual contributions to the Foundation?

18          A.     The executive director would come to the  
19       board and request operating funds for -- and he would  
20       bring his budget, and that budget would be approved by  
21       the board. And they would -- they would request that I  
22       fund the amount that they approved.

23          Q.     And the purpose, then, of the Foundation was  
24       to make charitable contributions to the community. Was  
25       there any restrictions on that?

1           A.    Well, yeah, I think there was all kind of  
2    restrictions on who got what money. But I think you'd  
3    have to be a little bit more specific before I could --

4           Q.    So the Foundation --

5           A.    -- before I can answer that.

6           Q.    The Foundation was some type of 501(c)(3)  
7    charitable --

8           A.    I don't know the form. I'm assuming it was  
9    not -- I know it was not for profit. I don't know the  
10   form.

11          Q.    Well, the type of charitable contributions  
12   the Foundation made was to who?

13          A.    They would make them to employees, to the  
14   community. People would send in requests. People who  
15   had undue hardships, they would give money to those  
16   people. They would buy drugs for patients to keep them  
17   out of the hospital, those type of things. Everything  
18   was sent in by a request, though, by the people.

19          Q.    Did the Foundation itself actually own any  
20   assets?

21          A.    No. Oh, they -- wait a minute. They -- they  
22   were given -- they were given a building as a gift that  
23   was on the books, so, I'm sorry, they did own that.

24          Q.    That building is where?

25          A.    Oh, gosh. It's behind the hospital. It

1       used to be the diabetes center. I want to say  
2       Telegraph Road, but I'm not sure. It's a small  
3       building.

4             Q.     Telephone Road?

5             A.     Yeah, Telephone -- yes, somewhere back there.

6             Q.     Okay. And did they do other -- did they  
7       have other fund raising sources that they did, and if  
8       so, what?

9             A.     Yeah, they -- I'm not sure I can remember  
10       them all. They had a couple fundraisers each year.  
11       They had a big party and dance that they charged  
12       admission to. They had a dog fair. They had pancake  
13       cooking contest. I'm sure they had others that I just  
14       don't remember.

15            Q.     All right. At some point the hospital  
16       system started acquiring other properties outside of  
17       Jackson County. Are you aware of that or do you recall  
18       that?

19            A.     Can you be more specific?

20            Q.     I believe there's a clinic in Grand Bay.

21            A.     Okay. I know about that.

22            Q.     Let's talk about that one.

23            A.     Well, I don't know if it was prior to my  
24       coming or after I came, but we did set up a clinic in  
25       Grand Bay, a physician clinic, for patients. We didn't



1 have really any coverage other than the hospital, so  
2 we -- we set up the clinic and we operated the clinic.

3 Q. Who would be responsible for seeing to the  
4 finances of that clinic, that is, whether they're  
5 turning a profit, whether the hospital needed to  
6 continue to fund them, etcetera, who made those  
7 decisions?

8 A. Well, we had an executive director, and I'm  
9 not sure my title is right, who looked after all the  
10 physician practices. Course the financials were kept  
11 by my department, my finance department, but we had an  
12 executive director over that, over that operation.

13 Q. And the general -- the general motivation for  
14 wanting to extend the jurisdiction of the hospital  
15 system across state lines was to do what?

16 A. Yeah. I'm not an expert in that area. But  
17 from a financial standpoint, if we have a clinic over  
18 there, it might keep some of the people out of the  
19 emergency room. Our emergency room was overcrowded, so  
20 it might keep people out of the emergency room that  
21 don't need to be there. And we just need -- we wanted  
22 to expand the scope of our services into west Alabama.

23 Q. Same question for the property, I believe,  
24 that was purchased maybe on Highway 67 in Harrison  
25 County?

1           A.    We never built -- we purchased land, but we  
2 never built on it.

3           Q.    What do you recall about the motivation for  
4 wanting to extend --

5           A.    We felt --

6           Q.    -- jurisdiction there?

7           A.    Yeah, we felt that was a high growth area. I  
8 think the land had a good price tag attached to it.  
9 And we had plans to build something there and so we  
10 purchased the property.

11          Q.    All right. So now -- now let's look at the  
12 converse of it. During your tenure, were you aware of  
13 efforts by any other institutions to try and buy  
14 Singing River Hospital System?

15          A.    No, sir. I just heard rumors.

16          Q.    Well, let's -- let's flesh out the rumors.  
17 Did those rumors ever involve Providence Hospital?

18          A.    No.

19          Q.    Ochsner's?

20          A.    No.

21          Q.    Memorial?

22          A.    No.

23          Q.    Okay. Well, you're going to have to tell me.

24          A.    Well...

25          Q.    What were the rumors, then, that you heard?

1           A.    The rumors were for the big for profit  
2 hospitals, the HCAs of the world, the HMAs. And  
3 nothing concrete, nothing specific, but those were the  
4 rumors.

5           Q.    Any -- anytime in which you were required to  
6 put together financials to show somebody a bottom line  
7 for a perspective purchaser?

8           A.    No, not to my knowledge, not to my  
9 remembering of that. I don't recall.

10          Q.    Is there any -- so apparently there was never  
11 any serious effort to purchase the system because I  
12 can't see how that would happen without your --

13          A.    Yeah.

14          Q.    -- without your purview and notice of it?

15          MR. DORNAN: I'm going to object to the form  
16 of the question. I'm not sure how he could know  
17 that. But I don't mind if you restate the  
18 question in a form that maybe would address his  
19 knowledge.

20 BY MR. BARTON:

21          Q.    Well, what you're saying -- what you're  
22 saying is you were never asked to give any financials  
23 to anybody that was a perspective purchaser?

24          A.    Perspective purchaser, no.

25          Q.    You said that, that kind of leads me to

1 another question. Did -- did anybody ever come in and  
2 ask you to produce financials to do due diligence in  
3 terms of a potential purchase of the property?

4 A. No. I didn't mean to phrase that question to  
5 lead to another one, but, no.

6 Q. Hospital retreats, we all know a lot of  
7 rumors about that. Tell us about that, though. I take  
8 it when -- when the administration would go on these  
9 retreats, you were part of that process?

10 A. Yes.

11 Q. When the retreats occurred, for example, at  
12 the Grand Hotel in Alabama, did you ever go to one of  
13 those?

14 A. Yes.

15 Q. Who would pay for those? And would there be  
16 a division of payments; that is, would some vendor  
17 provide for the liquor, some vendor provide for the  
18 golf, etcetera?

19 A. Vendors supplied the liquor, the golf, any  
20 refreshments. The Health System paid for the cost of  
21 the retreat, excluding that.

22 Q. Who would be invited to the retreat?

23 A. Oh, well, the whole executive team would be  
24 invited. The physicians who served on the executive  
25 committee of the hospital would be invited. And there

1       would be certain other guests who may be presenters who  
2       weren't on the administrative level would be invited.

3           Q.     And when you say presenters, presenters in  
4       terms of departmental functions?

5           A.     Yeah.   For example, we may have our IT  
6       director come and talk about something in the IT world  
7       or something to that effect.

8           Q.     Who -- who were some of the vendors, for  
9       example, that provided for the liquor, the food?   I  
10      take it Morrison's -- didn't Morrison's always maintain  
11      a food contract with the hospital?

12          A.     Yes.

13          Q.     Was Morrison's one of the vendors?

14          A.     Yes.   Morrison's was probably the biggest  
15      vendor.   And I don't -- and I know we put out a list  
16      every year to thank those people, but the only one I  
17      can really remember is Morrison's.

18          Q.     Okay.   And that list would be where?

19          A.     Well, it's probably just a memo that  
20      circulated to the attendees making sure they thanked  
21      all the sponsors as they see them on a day-to-day  
22      basis.

23          Q.     Do you recall who the vendors were that  
24      provided the alcohol?

25          A.     Not specifically, no.

1           Q.    Do you know anything about missing personal  
2 property from the hospital in terms of its  
3 disappearance with change of administration - and I'm  
4 going to throw out some specific items - paintings that  
5 were perhaps donated to the hospital?

6           A.    I know that we had some paintings donated,  
7 but they were donated to the Foundation, not to the  
8 hospital.

9           Q.    Okay. Do you know who donated those  
10 paintings to the Foundation?

11          A.    I do not.

12          Q.    Do you know anything about any paintings  
13 missing from the Foundation?

14          A.    I do not.

15          Q.    Do you know anything about any missing chemo  
16 recliners or other furniture that would have belonged  
17 to the hospital, that some perhaps didn't -- was  
18 purchased, but didn't make it through the inventory  
19 process?

20          A.    No, sir. No, sir.

21          Q.    Do you ever recall having to sign a conflict  
22 of interest form?

23          A.    Yes, I do.

24          Q.    Was that a requirement when you first started  
25 at the hospital in 2004?

1           A.    Yes.

2           Q.    In all the years of your tenure at the  
3 hospital, did you ever advise or divulge a conflict of  
4 interest for anything you were involved in?

5           A.    I acknowledged that I served on boards, just  
6 to be safe and do that. I served on a number of  
7 hospital boards. I served on Boys and Girls Club  
8 board. And so I did -- I did acknowledge that.

9           Q.    Were you privy to the conflict of interest  
10 forms that were had -- that were signed by other  
11 administrators, trustees, attorneys, etcetera?

12          A.    No.

13          Q.    Who would keep and maintain those in the  
14 scheme of things?

15          A.    Well, the board would -- I don't know. They  
16 were turned into the board. I don't know who safekeeps  
17 them.

18          Q.    Are you aware of any situation in which an  
19 employee in the accounts payable department was caught  
20 writing unauthorized checks to herself?

21          A.    I'm not -- I'm aware of some checks that  
22 weren't approved being written. I'm not aware that she  
23 wrote one to herself, although it's possible. I mean,  
24 I don't know. I am aware of the situation.

25          Q.    When -- when the checks that were not

1 approved were written, what changes in procedure or  
2 safeguards were implemented?

3 A. Okay. The checks written were to physicians  
4 that we did not have signed contracts with. We were  
5 doing business with them. She just did not have a  
6 signed contract on file. So what we changed is we made  
7 sure that she checked our files every time she got  
8 accounts payable request, and if she didn't have a  
9 document, she was not to write that check.

10 Q. Physicians that you were doing business with  
11 would include whom?

12 A. Well, physicians that we had employment  
13 contracts -- not employment, but physician guarantees  
14 with. And we didn't always have signed documents in  
15 the accounts payable department, but we fixed that.

16 Q. And help me understand, if I say that there  
17 were payments made to the trauma call physicians --

18 A. Yes.

19 Q. -- help me understand that process. Is that  
20 bordering on the same thing?

21 A. No, that's totally different. I mean, we  
22 paid -- we paid physicians for taking trauma call, and  
23 we paid them on a monthly basis. And the check request  
24 would come from the hospital administrators. They  
25 would be signed. They would be approved, and she'd



1       make those payments, so that's a little different  
2       situation.

3             Q.     And explain what physicians would be paid and  
4       how did -- how was it determined who took the trauma  
5       calls?

6             A.     Well, those are -- I'm sorry. I should have  
7       waited, I'm sorry. There was a rotation. It was  
8       published. And physician A would take trauma on  
9       Mondays, physician B Tuesdays, and they would actually  
10      have to be on call for that, so --

11            Q.     And you're talking about like orthopedics --

12            A.     I'm talking about --

13            Q.     -- who would be on call for an orthopedic  
14      situation --

15            A.     Right.

16            Q.     -- from the emergency room?

17            A.     Right. Correct.

18            Q.     Or a cardiologist from --

19            A.     Cardiologist, orthopedics; right.

20            Q.     Okay.

21            A.     And they would fill out the forms showing  
22      they worked. It would be approved. It would be sent  
23      through the system to be paid.

24            Q.     Was there ever a time in which you or Chris  
25      Anderson called Blue Cross Blue Shield of Mississippi

1        requesting payment of claims that were not adjusted so  
2        you could have the money to meet the cash on hand  
3        requirement of the bondholder?

4            A.    I never did that.

5            Q.    Are you aware of Chris Anderson or any other  
6        executive doing that?

7            A.    Well, I'm aware of calling Blue Cross a lot  
8        to try to quicken up our payments. But you're talking  
9        about claims that were not run through the process  
10       yet. I just don't recall if we did that.

11          Q.    It would almost be in lieu of a short-term  
12       loan --

13          A.    Yeah.

14          Q.    -- from a bank to do it that way.

15          A.    Yeah.

16          Q.    Who would make the determination of raises  
17       to the salary package, and how did that process take  
18       place?

19                MR. DORNAN: Talking about the  
20       administrators, regular employees?

21       BY MR. BARTON:

22            Q.    Let's -- let's -- let's start with your level  
23       first.

24          A.    Okay.

25          Q.    Upper -- upper tier administrators.

1           A.    Upper tier administrators, the board used an  
2   outside firm to give them recommendations.  In other  
3   words, they would look at the industry.  They would  
4   look at other facilities of the same size and they  
5   would recommend pay levels.  And the board used those,  
6   the board used those to set our pay.  Now, that's my  
7   understanding of what happened.

8           Q.    How would that procedure take place for  
9   physicians?

10          A.    Physicians.  Well, employed physicians or --

11          Q.    Yes, employed physicians.

12          A.    Okay.  Employed physicians, it would happen  
13   just like it would for any other employee.  I mean,  
14   they were an employee.  Whatever the employees got,  
15   that's what the physicians got.  Now, certain of them  
16   were under different contracts and we had to honor  
17   those contracts, and I'm not sure how those raises were  
18   calculated, but they may have been a little different  
19   from employees.

20          Q.    Were -- were there ever any years during  
21   your ten years of service in which the employees or  
22   administrators did not receive raises?

23          A.    I want to say no.  I know we got -- gave  
24   small raises in '12 and '13.  But best I can remember,  
25   there was no year that they did not get a raise.

1           Q.    Okay.  And kind of walk me through that a  
2   little bit because if you're telling me that the  
3   hospital is having cash flow problems and problems  
4   keeping cash on hand, why are you giving raises when it  
5   doesn't look like you're in a good financial position?

6           A.    Well, that's a -- that's a very valid point.  
7   It's a very good question.  And we felt -- we felt like  
8   with our employee base, we had to give something.  We  
9   almost had to give some raises.  We know that other  
10  hospitals did not, but we felt like for morale  
11  purposes, and we felt like it was a nice gesture to the  
12  employees, even if it was just one percent or one and a  
13  half.

14                The administrators got the same raise as  
15  employees did.  They didn't get anything over and above  
16  that.  And I wasn't involved in too many of those  
17  decisions.  I mean, I knew about it.  I knew about  
18  what -- take a drink of water.  I knew about how the  
19  process worked and how they came up with a percentage,  
20  and it was all based on available funds, also.  But I  
21  don't think there was any year we did not give a raise  
22  to employees.

23           Q.    So what you're telling me, from 2004 to 2014,  
24  your raises in your compensation package were the  
25  general across the board raises that every

1 administrator got?

2 A. Yes. There was no separate package.

3 Q. Do you -- do you recall the firm of Small &  
4 Buckalew?

5 A. Yes.

6 Q. Who are they and what was their role?

7 A. Okay. They're now known as FiduciaryVest,  
8 but they managed the managers of the pension fund, all  
9 the investments. We have different people who manage  
10 the money. You know, we may have ten or twelve  
11 different money managers. Well, they manage the money  
12 managers. You know, they keep an eye on them from a  
13 day-to-day basis and so we pay them a fee to do that.

14 Q. And what was the process by which they came  
15 to be hired and why?

16 A. I don't know. They -- Buckalew was there  
17 before -- before I arrived, and then he left and Harold  
18 Small took over the company. And I had a lot -- I  
19 really had a lot of confidence in his abilities. I  
20 think they did a good job.

21 Q. And when you say they managed the managers,  
22 who then did they report to?

23 A. They reported to head of HR who headed up the  
24 retirement committee, the director of HR.

25 Q. The expense of paying, for example, Small

1 and Buckalew, or whatever their name is now, where did  
2 that money come from?

3 A. Came out of the pension fund, pension plan.

4 Q. So who would approve that payment, the  
5 trustees of the retirement plan?

6 A. Well, I don't know -- when you say trustees,  
7 I don't know who you're referring to. The retirement  
8 committee would approve their fees, approve those for  
9 payment.

10 MR. BARTON: We got five minutes before we  
11 got to change the tape, which means it's a good  
12 time to change the tape. We've been going another  
13 hour. Let's take a break.

14 THE VIDEOGRAPHER: We're going off the  
15 record. The time on the screen is 12:05 p.m.

16 - - -

17 (A short break was taken.)

18 THE VIDEOGRAPHER: We're back on the record.  
19 The time on the screen is 12:18 p.m.

20 - - -

21 EXAMINATION

22 BY MR. MAYO:

23 Q. Mr. Crews, my name is Cal Mayo. I think we  
24 met for the first time a few minutes ago. I'm an  
25 attorney from Oxford, Mississippi, and I represent what

1 we generally refer to as the Broun plaintiffs,  
2 B-R-O-U-N, a group of current employees at the -- at  
3 the hospital. I've got a few questions I want to ask,  
4 and I'll not repeat all of the conditions that Mr.  
5 Barton put on it.

6 But I will tell you that if at any moment you  
7 want to take a break for any reason, you just let me  
8 know --

9 A. Okay.

10 Q. -- and we'll stop; okay? We've talked about  
11 going through lunch and we'll keep going, but if I hear  
12 stomachs growling, we might change our minds.

13 A. That's fine. That's fine.

14 Q. Okay. I want to start by talking with you a  
15 little bit about the role that KPMG played while you  
16 were the chief financial officer. As I understand at  
17 least for the majority of the time that you were the  
18 chief financial officer, KPMG on an annual basis  
19 audited the financial statements of the Singing River  
20 Hospital System; is that fair?

21 A. That's correct.

22 Q. And by audit the financial statements, what  
23 we're talking about is that the hospital would provide  
24 financial information to KPMG, and KPMG would then  
25 review those documents and the information and then

1 give an opinion as to whether those financial  
2 statements accurately and fairly reflected the  
3 financial condition of the hospital?

4 A. That's correct.

5 Q. And they performed these audits each year  
6 that you were there starting in 2004 until perhaps the  
7 last year or two of your time with the hospital?

8 A. Correct.

9 Q. Okay. And when we talk about the financial  
10 statements, what we're talking about is basically a  
11 balance sheet and an income statement; is that fair?

12 A. And a cash flow.

13 Q. And a cash flow. Okay. And a balance sheet  
14 is in the accounting world a statement that is kind of  
15 a snapshot of what assets and liabilities an entity has  
16 at a particular time; is that fair?

17 A. That's fair.

18 Q. And so by assets, what we're talking about  
19 are things that a company - here we're talking about  
20 the hospital - things that it owns, which could include  
21 cash. We've talked about cash; right?

22 A. Yes.

23 Q. It could include property and equipment?

24 A. That's correct.

25 Q. It can include intangible things, like any



1 intellectual property rights that an entity may own;  
2 right?

3 A. It could.

4 Q. And it would also include accounts  
5 receivable, money that's owed to the hospital; right?

6 A. Correct.

7 Q. And there are other types of assets, but  
8 those are some examples; right?

9 A. Correct.

10 Q. And then we also have on a balance sheet, we  
11 have liabilities. And generally speaking, liabilities  
12 are things that an entity owes; is that fair?

13 A. That's correct.

14 Q. And liabilities are split most of the time  
15 between what we call short-term liabilities. Those are  
16 things that are going to be paid within the next year?

17 A. Correct.

18 Q. And long-term liabilities, which would be  
19 things that are paid sometime outside of a year?

20 A. Correct.

21 Q. Okay. And then in the accounting world, the  
22 difference between assets and liabilities is referred  
23 to either as owners equity or net worth, it has  
24 different names; right?

25 A. That's correct.

1           Q.    Okay.  The other financial statement we  
2   talked about was an income statement, or the one -- one  
3   of the other two we mentioned was an income statement.  
4   And an income statement is basically looking at the  
5   operation of the business over a period of time as to  
6   how it performed.  And by perform, we mean did it make  
7   more money than it spent, generally speaking.

8           A.    Well, it's not a period of time.  It's a one  
9   year income statement.

10          Q.    You can have an income statement for a  
11   month.

12          A.    Oh, sure.  Sure.

13          Q.    And you can have an income statement for a  
14   quarter.

15          A.    Yes.

16          Q.    Now, the one that was audited by KMPG,  
17   getting back to your point, was an annual -- a one year  
18   income statement.

19          A.    Correct.

20          Q.    That's right.  Okay.  And so on that income  
21   statement you would have the income or the revenues  
22   that the hospital had earned and then the amount of  
23   money spent or the expenses incurred by the hospital to  
24   assist in making that money, and the idea was you want  
25   the income to be more than the expenses; right?

1 A. Correct.

2 Q. And each year, KPMG and then Horne would  
3 perform its audit of those statements based on the  
4 information that -- that you and others at the hospital  
5 provided to them and they would give an opinion?

6 A. Correct.

7 Q. And the opinion that you as a hospital wanted  
8 to receive was an unqualified opinion; right?

9 A. Correct.

10 Q. Throughout the time that KPMG was doing its  
11 audits, did the hospital ever receive anything other  
12 than an unqualified opinion from KPMG?

13 A. No.

14 Q. What about from Horne?

15 A. I didn't -- I never saw the Horne report.

16 Q. Okay. They came on board. You were there  
17 when they started, but --

18 A. Right.

19 Q. -- you had not seen any of their work  
20 product?

21 A. Uh-huh (indicating yes).

22 MR. DORNAN: You have to say yes or no.

23 A. Oh, I'm sorry. I did not see a Horne report.

24 BY MR. MAYO:

25 Q. Okay. Fair enough. Now, let's go back just

1 a minute and talk again about the way that these  
2 balance sheets and income statements, and let's talk  
3 just a minute about a cash flow.

4 A cash flow statement is basically just a  
5 statement that follows the flow of cash by itself  
6 through a business during a period of time; is that  
7 right?

8 A. That's correct.

9 Q. In order to come up with the information  
10 that's reflected on a balance sheet or on an income  
11 statement, each financial transaction that the hospital  
12 experiences is recorded in some fashion; right?

13 A. Correct.

14 Q. And in the accounting world, we talk about  
15 debit and credits; right?

16 A. Correct.

17 Q. And debit is referred to as the left-hand  
18 side and credit is the right-hand side?

19 A. Correct.

20 Q. All right. So, for example, if -- you talked  
21 earlier about the fact that the hospital borrowed some  
22 money from a bank in order to meet its requirements,  
23 its cash covenants. That transaction will be recorded  
24 with a debit to cash; right?

25 A. Correct.

1 Q. And a credit to loan payable?

2 A. Correct.

3 Q. All right. And that would all show up on  
4 the balance sheet?

5 A. Correct.

6 Q. So you'd have more cash and you would have a  
7 payable and they would balance out with each other?

8 A. Correct.

9 Q. Okay. So it doesn't show up at all on the  
10 income statement?

11 A. That's correct.

12 Q. All right. And if you bought a piece of  
13 equipment, you would have a debit to equipment, and  
14 let's say you paid cash for it, you would credit your  
15 cash; right?

16 A. Correct.

17 Q. All right. That's also stuff that shows up  
18 on a balance sheet?

19 A. Correct.

20 Q. But if you pay your utility bill for the  
21 utility expenses that you have, that would be a credit  
22 to an expense -- I'm sorry, that would be a debit to an  
23 expense, utility expense?

24 A. Correct.

25 Q. And a credit to cash?

1           A.     Correct.

2           Q.     All right.  So tell us, then, when on a -- in  
3     a given year when you had a -- you got to the end of  
4     the year and you were going to put the money in for the  
5     retirement for that year, and let's assume that you had  
6     the cash to put in, in those -- I guess the beginning  
7     years, '04, '05, '06, '07, those years, tell us how  
8     that transaction would be recorded.

9           A.     Well, it would be a -- it would be a credit  
10    to cash and a debit to the liability account, so it  
11    would reduce the liability account.

12          Q.     Reduce the liability account?

13          A.     Uh-huh (indicating yes).

14          Q.     And the liability account would be a  
15    liability account for --

16          A.     Yeah, pension -- I don't know the correct  
17    term, pensions payable, pension plan payable, which is  
18    a liability on the book.

19          Q.     All right.  And was there ever a period of  
20    time when you got there that the pension liability was  
21    zero?

22          A.     I don't recall.

23          Q.     Okay.  So when you got there, there was a  
24    preexisting pension liability of some amount?

25          A.     I don't recall -- I don't recall whether it

1 was a balance or not there.

2 Q. Okay. Well, if the -- go ahead, I'm sorry.

3 A. No, it's okay. That's all I was going to  
4 say.

5 Q. If there was no liability, would it be a --  
6 still a debit to the liability or would it be -- would  
7 it be an expense?

8 A. Expense.

9 Q. Okay. All right. So if there's no balance  
10 in that liability account that you're going to reduce  
11 with the debit, then it would be an expense for that  
12 year; is that right?

13 A. That's correct.

14 Q. Okay. Now, in the years when there was no  
15 cash, how would that be recorded?

16 A. It's recorded as an expense. You still have  
17 a pension expense, and it increases the liability.

18 Q. Okay. So it would be a debit to expense on  
19 the left side?

20 A. That's right.

21 Q. And that would show up on the income  
22 statement?

23 A. Right.

24 Q. And it would be a credit to a liability?

25 A. Correct.

1           Q.    Now, would that be a short-term liability or  
2           a long-term liability?

3           A.    That would be a long-term liability.

4           Q.    Okay.  So that would be an amount that the  
5           hospital would owe, but not within the current --  
6           excuse me, not within the coming year?

7           A.    That's correct.

8           Q.    It would owe it sometime after that year?

9           A.    That's correct.

10          Q.    Okay.  And the KPMG, when it came in and  
11          reviewed the way the hospital was recording these  
12          transactions on its books and establishing this  
13          liability, recognizing this expense related to the  
14          retirement fund, it never qualified its opinion at all  
15          about the way the hospital accounted for it, did it?

16          A.    That's correct.

17          Q.    Gave an unqualified opinion?

18          A.    On the whole -- statements as a whole;  
19          correct.

20          Q.    You mentioned earlier that you served on  
21          some different boards both internal to the hospital  
22          system and external; okay.

23          A.    Yes.

24          Q.    I want to focus on the ones internal to the  
25          hospital system.



1           A.     Okay.

2           Q.     Were you ever on what I call the hospital  
3 board of trustees?

4           A.     No.

5           Q.     Okay. As I understand, there were five  
6 appointed members of that board. They were appointed  
7 by the Board of Supervisors of Jackson County?

8           A.     That's correct.

9           Q.     And then there was the current chief of  
10 staff and the chief of staff elect?

11          A.     Correct.

12          Q.     Were there any other members of the board?

13          A.     No.

14          Q.     So those seven were the board members that  
15 served -- the names might have changed over time, but  
16 those are the seven people on the board?

17          A.     That's correct.

18          Q.     Did you attend the hospital board meetings?

19          A.     Yes.

20          Q.     Were minutes kept of those meetings?

21          A.     Yes.

22          Q.     Did you keep them?

23          A.     No.

24          Q.     Who was -- do you recall who the person was  
25 that was responsible for keeping those minutes?

1 A. Yes. The CEO's secretary kept those.

2 Q. Okay. And her -- is that a he or a she?

3 A. It's a she.

4 Q. And her name is?

5 A. Currently it's Barb Spehr.

6 Q. Okay.

7 A. Before that it was Judy -- sorry, can't  
8 remember her last name.

9 Q. As the minutes were prepared after a meeting,  
10 were you provided a copy of those minutes --

11 A. No.

12 Q. -- on a regular basis?

13 A. No.

14 Q. Would you see them at the next meeting of  
15 the board of trustees?

16 A. Yes.

17 Q. Okay. Did you review them?

18 A. Not in detail. I read through them, perused  
19 them. I didn't study them.

20 Q. There was another board that I will refer to  
21 as either the plan board or the retirement fund board,  
22 and you were a member of that board; right?

23 A. That's correct.

24 Q. Okay. And who determined the members of that  
25 board?

1           A.    Chris Anderson --

2           Q.    All right.

3           A.    -- appointed members.

4           Q.    He appointed all the members?

5           A.    He appointed the hospital members, and the  
6 chairman of the -- of the system board appointed the  
7 board. We had three board members -- or four board  
8 members. They were appointed by him.

9           Q.    Okay. I'm sorry, you said --

10          A.    I'm sorry, let me start over.

11          Q.    There you go.

12          A.    Chris Anderson appointed the hospital  
13 members.

14          Q.    Okay.

15          A.    And the chairman of the board of trust  
16 appointed the trustee members.

17          Q.    Okay. So the chairman of the hospital board  
18 appointed some number of the members of the hospital  
19 board of trustees to serve on the plan trust?

20          A.    Correct.

21          Q.    How many did he appoint?

22          A.    I'm trying to go through the names now. I  
23 think there were four.

24          Q.    Okay. And then there were some members of  
25 that -- the retirement trust board or the plan board of

1 trustees that were appointed by Chris Anderson?

2 A. Yeah. I need clarification on what board  
3 you're talking about.

4 Q. Okay. I get confused, too, so let's do get  
5 it straight.

6 A. Okay. Board of trust is the hospital board.  
7 That's the seven people.

8 Q. Right.

9 A. What you're talking about with the plan is a  
10 committee. It's a committee made up of hospital people  
11 and board members.

12 Q. Okay.

13 A. That's -- those -- that's it.

14 Q. Made up of -- say that one more time, made up  
15 of?

16 A. There's some hospital employees on there.

17 Q. Right.

18 A. And then there's board members, hospital  
19 board members.

20 Q. Okay. I've seen it referred to as the plan  
21 trust. I've seen it referred to as the plan trust  
22 committee. We'll call it whatever you want to call it.

23 A. I call it retirement committee.

24 Q. Okay. Well, there was a separate entity  
25 called a retirement committee, wasn't -- that Mr.

1 Carter was the chair of?

2 A. Yes, the employees served on.

3 Q. Right. Okay. That's -- I want to set that  
4 one aside; okay?

5 A. Okay.

6 Q. So we have the Singing River Hospital System  
7 board of trustees that we know have seven -- had seven  
8 members.

9 A. Uh-huh (indicating yes).

10 Q. Okay. Then we have another board of  
11 trustees that's specifically dealing with the trust and  
12 the investments in the trust and things of that sort  
13 meeting with the actuaries. That's the second group of  
14 people I want to talk about.

15 A. That's correct.

16 Q. Okay. And I'm going to call that, if it's  
17 okay, just to distinguish it, the retirement trustees  
18 or the plan trustees; is that fair?

19 A. Yeah, I know -- just so I know which one  
20 you're talking about, that's fair.

21 Q. Absolutely. I want to keep it clear.

22 MR. DORNAN: Now, is that the same entity  
23 that he's calling the retirement committee? Are  
24 y'all together on that?

25 BY MR. MAYO:

1 Q. Well, there is a separate committee that was  
2 called a retirement committee that was made up of just  
3 hospital employees primarily; right? We can talk about  
4 that. That was a whole different group.

5 A. Oh, that's totally different.

6 Q. Okay. All right.

7 MR. DORNAN: Thank you.

8 BY MR. MAYO:

9 Q. And there was the -- the plan trustees, I  
10 think, as we were talking about, was a group of people  
11 that was either appointed -- some number of them were  
12 appointed by the chair of the hospital board of  
13 trustees and the rest of them were appointed by Chris  
14 Anderson?

15 A. That's correct.

16 Q. And you served on that board?

17 A. I did.

18 Q. In fact, I think you served as chair of that  
19 board for some period of --

20 A. For a time, yes.

21 Q. And that group of people met on a -- I won't  
22 say a quarterly basis, but typically several times a  
23 year?

24 A. It was scheduled every quarter.

25 Q. Oh, it was every quarter?

1 A. Uh-huh (indicating yes).

2 Q. Okay. And minutes were kept of those  
3 meetings?

4 A. That's correct.

5 Q. And who prepared those minutes?

6 A. Secretary from the HR, human resources  
7 department.

8 Q. All right. And at least for some of those  
9 minutes, you signed those minutes; right?

10 A. I did.

11 Q. And before you signed them, you would review  
12 them and make sure they were -- to the best of your  
13 recollection, they were accurate?

14 A. I did.

15 Q. I have looked through the minutes of some of  
16 these -- of the different minutes that relate to the  
17 retirement trustee meetings or the plan trustee  
18 meetings. And I'm just -- for example, if I look at a  
19 meeting in 2010, members that were present were --

20 MR. REEVES: Cal, not to interrupt your line  
21 of questioning, can you reference the Bates  
22 stamp number?

23 BY MR. MAYO:

24 Q. Oh, sure. This is SRHS 9675. And at this  
25 particular meeting that met in September of 2010, Mr.

1 Anderson was present, you were present, Stephanie  
2 Taylor was present. She was the compliance officer.  
3 Her name's --

4 A. Correct.

5 Q. -- Stephanie Barnes Taylor. Morris  
6 Strickland was present. Tommy Leonard was present.  
7 They were two members of the board of trustees.  
8 Michael Tolleson, another member of the board of  
9 trustees of the hospital system I might add, he was  
10 absent but listed as one of the members, and then Jane  
11 Callender Johnson.

12 A. Yeah. We had one member who was just in the  
13 community --

14 Q. Okay.

15 A. -- on the board, and that was her.

16 Q. Okay. All right. And did she serve -- I  
17 think I saw somewhere she resigned at some point in  
18 2012.

19 A. I remember her resigning, yes.

20 Q. Okay. I want to talk now a little bit about  
21 the way that the plan worked in particular. Okay. At  
22 the beginning of a year, was there a budget made for  
23 what the expected amount of the contribution by the  
24 hospital would be?

25 A. Yes, there was.



1           Q.    Okay.  And who was involved in the  
2   discussions about what that budget amount would be?

3           A.    Well, course I was involved in that and human  
4   resources department and, of course, Chris.

5           Q.    Okay.  Was there ever a year when you were  
6   the CFO where there was not an amount budgeted?

7           A.    Not to my knowledge.

8           Q.    Even in those years when the hospital quit  
9   putting the money in, quit putting the cash in and was  
10   just accruing the liability, there was still a budget  
11   every year for some amount that would go in?

12          A.    Yes.

13          Q.    Did the amount that was budgeted starting in  
14   2009, '10, '11, when the cash quit going in, did the  
15   amount of the budgeted -- the budgeted contribution,  
16   did that go up or did it stay --

17          A.    My memory is it stayed constant.

18          Q.    How much was that?

19          A.    Three million dollars.

20          Q.    You spoke earlier in the question by Mr.  
21   Barton, we know that the employees had an automatic  
22   three percent of theirs taken out.  There was some  
23   discussion about a three percent match.  It wasn't  
24   really a three percent match, though, was it?

25          A.    No.  It shouldn't be referred to as a three

1       percent match.

2           Q.     It was actually whatever the amount of the  
3       cost that was not covered by the contribution and not  
4       covered by the earnings, that was the amount the  
5       hospital was supposed to put in; right?

6           A.     It's a little bit more technical calculation,  
7       but that's -- that's correct.

8           Q.     Okay. Generally speaking?

9           A.     Yes, generally speaking.

10          Q.     And I believe we determined earlier that at  
11       least by 2011 and perhaps even before 2011, perhaps  
12       even in 2010, I think the word that you used was the  
13       plan as it then existed was unsustainable.

14          A.     Long term it was unsustainable.

15          Q.     Unsustainable. And that was -- that's what  
16       led to the changes that were made effective in October  
17       of 2011?

18          A.     I'm not sure that's the only thing that led  
19       to that, but that was one of the reasons.

20          Q.     Okay. But you knew at that point in -- as  
21       you said before, when those changes were made, you knew  
22       long term the plan was unsustainable?

23          A.     Correct.

24          Q.     And there was no money put in -- even when  
25       this change was made, there was still no additional

1 cash contributions made by the hospital into the  
2 retirement plan even after the change was made;  
3 correct?

4 A. That's correct.

5 Q. All right. So your view about the long-term  
6 sustainability of the plan didn't really change, did  
7 it?

8 A. You mean after the soft freeze or --

9 Q. Yes.

10 A. No, I think -- I think it did change. I  
11 think the word -- I think the word to describe how I  
12 felt about it was hopeful, that with the soft freeze,  
13 the changes and based on the works that our actuary  
14 done, it would be sustainable.

15 Q. Okay. Well, during that time period we know  
16 that the ratio of the money that had been contributed  
17 to what the long-term requirements on the plan were  
18 went from somewhere, I think, as high as ninety-seven  
19 percent down to below seventy percent; is that right?

20 A. You talking about the percentage funded? Can  
21 you clarify your question?

22 Q. Sure. I can show you some documents here in  
23 a minute.

24 A. Okay.

25 Q. But as I understand, one of the ratios that's

1 prepared on an annual basis is how much money is in the  
2 account as compared to what the long-term cost of it is  
3 going to be to operate.

4 A. Okay. Yes, I agree with that, it did go  
5 down.

6 Q. And at one point I think it was as high as  
7 about ninety-seven percent.

8 A. I don't recall the exact number.

9 Q. All right. But it was a very high, very  
10 steady and secure number.

11 A. It was.

12 Q. And over a period of time, the combination of  
13 what happened in the marketplace, the fact that no  
14 dollars were going into the pot, it got to a point  
15 where it was less stable and it was -- the ratio had  
16 dropped to, I think, somewhere in the neighborhood of  
17 seventy percent or perhaps even more?

18 A. That's correct.

19 Q. Okay. And so you knew at that point that the  
20 long-term viability of the plan was not as strong as it  
21 had been a few years before?

22 A. It was not as strong, I agree.

23 Q. All right. And generally speaking, the cost  
24 of the plan, and by cost, I mean what the demands on  
25 the plan were to meet its obligations to the retirees,

1 to meet its actuarial obligations to those people who  
2 were still working and, I guess, also, people who were  
3 no longer putting money into the plan but had not yet  
4 reached retirement age, over time, those costs  
5 generally went up; right?

6 A. That's correct.

7 Q. So there was a lot of stress on the plan  
8 from -- from the time you got there in 2004 until the  
9 time you left in 2014 --

10 A. Yes.

11 Q. -- the stressers on the plan got worse?

12 A. Yes.

13 Q. And that was exacerbated by the fact that  
14 there was no money going in?

15 A. There was no money from the Health System  
16 going in.

17 Q. Fair enough. The employees were putting  
18 their three percent in.

19 A. And investments were contributed.

20 Q. There were some earnings, some years better  
21 than others --

22 A. Yes.

23 Q. -- there were earnings?

24 A. That's correct.

25 Q. The -- the minutes of the -- let's start

1 first with the board of trustees of the -- the Singing  
2 River System trust trustees, okay, that board.

3 We talked about those minutes being prepared  
4 by Mr. Anderson's secretary. Who kept those minutes?  
5 Who had possession of them?

6 A. To my knowledge, they stayed in her  
7 possession.

8 Q. Okay. Were those minutes available to  
9 employees of the hospital?

10 A. I don't know the answer to that.

11 Q. Let's move now to the plan trustees, the  
12 minutes that you kept, at least some of them. I know  
13 some of them you did not sign, but some of them --

14 A. Yeah.

15 Q. -- you did when you were the chair. Who kept  
16 those minutes?

17 A. My assistant kept those -- kept those  
18 minutes, and also a copy was kept in human resources.

19 Q. Okay. Were those minutes available to  
20 employees of the hospital?

21 A. They would have been if anybody had asked for  
22 them.

23 Q. Okay. Was there information that went out  
24 from you or anyone else that you were aware of telling  
25 employees they had the ability to come review the

1 minutes?

2 A. Not to my knowledge.

3 Q. During the time that you were at the  
4 hospital, did any employees ever come review them?

5 A. No. Employees came to ask questions, but  
6 they never came to -- they never came to me to review  
7 the minutes. They had other places to go.

8 Q. What do you mean they had other places to  
9 go?

10 A. Well, they could have gone to human  
11 resources.

12 Q. Do you know if anyone went to human  
13 resources?

14 A. I don't know the answer to that.

15 Q. Mr. Barton asked you some questions earlier  
16 about some changes that were made to the rules or  
17 regulations that affected the reporting of information  
18 from governmental entities. I think there's a name  
19 that's given to those.

20 A. GASBs, government accepted accounting  
21 principles.

22 Q. Right. GASB; is that right?

23 A. (Nodding head affirmatively.)

24 Q. Okay. So when we talk about GASB, we --

25 A. Yes.

1           Q.    -- that's what we're talking about.  And  
2   those are the rules, I think, you described earlier  
3   that governed the manner in which the information about  
4   the accounting operations of the hospital have to be  
5   reported?

6           A.    Yeah, in areas where they differ from  
7   generally accepted accounting principles.

8           Q.    And there was a change that was coming into  
9   place at some point in the 2011, '12, '13 time frame  
10  that had to do with the manner which the pension plan  
11  liability would have to be reported; is that right?

12          A.    Well, there was a draft during -- I don't  
13  know if it was ever released or not, but I know what  
14  you're referring to.

15          Q.    Okay.  Explain that to us.

16          A.    I can't.  I've never read it.  I just -- you  
17  know, we were told by our actuaries it was in print,  
18  but it never got any further than that, as far as I  
19  know.

20          Q.    Did you ever see any of the reports  
21  indicating the effect it would have on the retirement  
22  plan reporting for the hospital?

23          A.    Yeah, I saw a calculation that was done by  
24  our actuaries, and it showed a huge increase in  
25  expense.



1           Q.    It was basically an increase from about  
2           seventy something million to about two hundred and  
3           seventy something?

4           A.    Well, I didn't see a number that large, but  
5           it was a large number.

6           Q.    Okay. Mr. Crews, I want to show you a series  
7           of some minutes here and see if this -- these minutes  
8           are consistent with what you recall. And these are  
9           minutes you signed, so I assume they are, but I just  
10          want to make sure before I go forward and ask you some  
11          other questions.

12                   And I'm handing you what is SRHS, and that  
13          means this document was produced by Singing River  
14          Hospital, the defendant -- one of the seven defendants  
15          here. This has number 9674 on it. It's marked  
16          confidential.

17                   MR. MAYO: Did we ever get an answer to --

18                   MS. DUVALL: We never did receive an answer  
19          from the judge today. We can go off record maybe  
20          real quick --

21                   MR. MAYO: Sure.

22                   MS. DUVALL: -- and we'll talk as a group  
23          about how to handle confidential exhibits as we go  
24          further?

25                   MR. MAYO: Sure.

1 MR. BARTON: Okay.

2 THE VIDEOGRAPHER: We're going off the  
3 record. The time on the screen is 12:49 p.m.

4 - - -

5 (Whereupon, there was an off-the-record discussion.)

6 THE VIDEOGRAPHER: We're back on the record.  
7 The time on the screen is 12:52 p.m.

8 MS. DUVALL: Carly Duvall, counsel for the  
9 SRHS defendants. While we were off the record, we  
10 discussed the treatment of exhibits that may be  
11 utilized in today's deposition given the fact that  
12 the protective order has not yet been signed by  
13 the judge. The agreement by parties present is  
14 that exhibits that are marked confidential may be  
15 used in today's deposition. They may be quoted.  
16 They may be viewed by the witness.

17 At the end of today's deposition, the court  
18 reporter will take those exhibits and keep them  
19 sealed pursuant to the protective order. And we  
20 expect that that protective order will be entered  
21 soon, and then it will govern treatment of that  
22 confidential information and any other  
23 confidential information in the litigation.

24 MR. MAYO: Okay.

25 MR. DORNAN: Agreed.

1 BY MR. MAYO:

2 Q. Mr. Crews, this is a document I referenced a  
3 few minutes ago. It's document 9674, and it will be  
4 marked as Exhibit 1 to your -- we don't have any  
5 other exhibits, do we? This will be Exhibit Number 1  
6 to your deposition. Take a chance to look at it.

7 A. Okay.

8 Q. All right.

9 MR. DORNAN: Hold onto it, Mike.

10 A. Okay.

11 BY MR. MAYO:

12 Q. Mr. Crews, I handed you Exhibit Number 1, and  
13 those are minutes from -- what's the date on the  
14 minutes?

15 A. December 14th, 2010.

16 Q. And that -- those are minutes, I believe,  
17 that you signed?

18 A. Uh-huh (indicating yes).

19 Q. And they reflect a meeting where there was a  
20 discussion about then the status of the plan as it --  
21 and other things, but the plan was amongst those items  
22 discussed in those minutes, the retirement plan?

23 A. Correct.

24 Q. And this is a meeting of the plan trustees or  
25 retirement plan trustees; right?

1           A.    Correct.

2           Q.    And there's a part that I've highlighted in  
3 there that if you don't mind, I'll just read into the  
4 record. This is a presentation that was made by Mr.  
5 Anderson; is that right?

6           A.    Uh-huh (indicating yes).

7           Q.    And the last couple of sentences: However,  
8 over the past three to four years, the economy and  
9 increase in number of retirees have had an effect on  
10 the plan. If changes are not made, the cost to the  
11 plan will increase dramatically. Did I read that  
12 correct?

13          A.    Yes, that's correct.

14          Q.    And that's consistent with your recollection;  
15 right?

16          A.    It is.

17          Q.    And we talked about that earlier, how it  
18 was -- these -- amongst other stressers, these  
19 stressers that led to some changes that were ultimately  
20 made --

21          A.    Correct.

22          Q.    -- in the plan? And there was another  
23 meeting that took place over in July of 2011. These  
24 minutes are SRHS 9669 through 71. And I'll hand you  
25 these and let you take a look at them. This will be

1 marked as Exhibit Number 2 to your deposition. And I  
2 believe these are minutes of July?

3 A. July 14th, 2011.

4 MR. DORNAN: Take all the time you need to  
5 look it over.

6 A. Okay.

7 BY MR. MAYO:

8 Q. And this was a meeting that took place, I  
9 believe, Mr. -- is it Carberry, was he at that meeting?

10 A. Yes, Carberry.

11 Q. And who is Mr. Carberry?

12 A. He -- he was the actuary and he worked for  
13 Transamerica. Yes, Transamerica.

14 Q. Okay. And tell us what an actuary is.

15 A. Gosh, I'm not sure I can tell you what an  
16 actuary is. What they do is they're in the prediction  
17 business. You know, you use actuaries for insurance  
18 calculations. Insurance companies use them, but, also,  
19 other people use them to do predictions on future cost,  
20 for pensions specifically on future cost, and to do  
21 feasibility work. That's the best I can describe an  
22 actuary.

23 Q. All right. And it was the work done by the  
24 actuary that would -- upon which the hospital -- the  
25 hospital system would rely in determining what it owed

1 as part of the employer contribution into the  
2 retirement plan; right?

3 A. Yes.

4 Q. We talked earlier that that -- I'm sorry, let  
5 me go back to this. I meant to ask you some questions.  
6 I apologize.

7 MR. DORNAN: Did we make that an exhibit,  
8 Cal?

9 MR. MAYO: Yeah, Exhibit Number 2.

10 MR. DORNAN: Thank you.

11 BY MR. MAYO:

12 Q. Mr. Carberry attended this meeting and made  
13 some recommendations about changes that could be made.  
14 You discussed some of that with Mr. Barton about the  
15 various options --

16 A. Correct.

17 Q. -- that the hospital had, and ultimately some  
18 changes were made. That was what you refer to as the  
19 soft freeze?

20 A. Correct.

21 Q. And we talked a few minutes ago about the  
22 fact that even after the soft freeze, the hospital  
23 still was not putting any money in.

24 And I want to move forward now to some  
25 minutes from a meeting in April of 2013. This is SRHS

1 9646 through 48, and let you take a look at these  
2 minutes. I don't believe you signed these, but I do  
3 believe you attended the meeting.

4 MS. DUVALL: Cal, can I have the date on  
5 those again?

6 THE WITNESS: This is August -- April 4th,  
7 '13, 2013. Okay.

8 BY MR. MAYO:

9 Q. This -- these minutes reflect in the second  
10 paragraph another presentation by Mr. Carberry.

11 A. Right.

12 Q. Is that right?

13 A. Uh-huh (indicating yes).

14 Q. And Mr. Carberry is going over kind of the  
15 current status of what's in the retirement plan at that  
16 point?

17 A. Right.

18 Q. And some of the recent events in the plan.  
19 He -- among other things, he notes that as of October  
20 1, 2012, the funding contribution was 11.4 million; is  
21 that right?

22 A. I mean, that's right according to that. I  
23 don't remember.

24 Q. Okay. Is that -- is that consistent with  
25 your recollection?

1           A.     Yes.

2           Q.     All right.  And that number had grown each  
3 year, that liability just kept accruing and kept  
4 accruing?

5           A.     It had.

6           Q.     All right.  And to get back to the point made  
7 earlier, you knew, Mr. Crews, that the fact that that  
8 liability was continuing to grow without any money  
9 going into the plan was not good for the plan?

10          A.     I knew that.

11          Q.     Okay.  And it would -- in the long-term if no  
12 money was put into the plan, the plan was not viable?

13          A.     Is that a question?

14          Q.     Yes.  You knew that?

15          A.     If no money -- yes.

16          Q.     It could not pay out the obligations that it  
17 had?

18          A.     Long term it could not pay out; correct.

19          Q.     It was unstable?

20          A.     It was -- it was in trouble.  The plan was in  
21 trouble.

22          Q.     Okay.  And you knew that in April of 2013 at  
23 the time of this meeting?

24          A.     Yes.

25          Q.     And you knew it before then, didn't you?



1           A.     Yes.

2           Q.     Now, Mr. Crews, let's move now and talk  
3 about that other committee that existed, and I've seen  
4 it referred to and I think maybe you referred to it as  
5 what we call the retirement committee; right?

6           A.     You're talking about the employee only  
7 committee? I don't know what I referred to it. When I  
8 say retirement committee, I mean the other -- the  
9 bigger one.

10          Q.     Well, let's come up with something we can  
11 call this other group of people. The employee  
12 retirement committee, would that work?

13          A.     That works for me.

14          Q.     Okay. And just, for example, you started in  
15 2004. Let me get over to, I think, the first -- some  
16 of the first minutes where I think your name shows up.  
17 I'll hand you -- we'll mark this as the next numbered  
18 exhibit. I believe that makes it Number 4, and this  
19 one is -- this one is not numbered. So this is  
20 December 20 of 2007, let you take a look at that for  
21 just a second.

22          A.     I see the document. I don't remember the  
23 meeting.

24          Q.     Okay. That's fair enough.

25          A.     Okay.

1           Q.    I really just wanted to show it to you just  
2           so we can kind of establish who this group of people --  
3           who the group was.   Okay.

4                   Mr. Nebo Carter was the director of human  
5           resources?

6           A.    Correct.

7           Q.    All right.   And the other members of the  
8           committee, at least at this time as reflected on these  
9           minutes -- and just for the record for everybody else's  
10          benefit, this is a four-page document, and we'll be  
11          glad to shoot a copy of it and give to everybody.

12                   David Gress was an RN in the emergency  
13          department?

14          A.    Yes.

15          Q.    Marie Holmes was director of document and  
16          process auditing; is that right?

17          A.    Yes.

18          Q.    Deborah Joiner was a nurse manager?

19          A.    Yes.

20          Q.    Clifton Jones was director of plant  
21          engineering.   He was retired at that time?

22          A.    Yes.

23          Q.    And then Mike Majure was listed as being one  
24          of the members.   He was not present for this meeting.

25          A.    Yes.

1 Q. You -- you attended as did Elaine H-I-E-R-S.

2 A. Hiers.

3 Q. And she was the payroll and retirement  
4 specialist; right?

5 A. Correct.

6 Q. Okay. Let me show you just -- I don't want  
7 to be too confusing about this. You can look through  
8 the rest of these minutes and see -- it's not going to  
9 be a test, but see if looking through it, it does  
10 refresh any memory you might have about being at that  
11 meeting.

12 MR. HUNTER: What's that date?

13 MS. EMBRY: December 20th, 2007.

14 A. I still don't remember the meeting, but I --  
15 you know, I -- I see what's on there and I --

16 BY MR. MAYO:

17 Q. Fair enough.

18 A. -- I agree with it.

19 Q. It's been a number of years ago, I  
20 appreciate that.

21 A. Okay.

22 Q. But you do recall on a somewhat regular basis  
23 you would attend these meetings of what we've called  
24 the employee retirement committee?

25 A. I'm not sure it was somewhat regular basis.

1 I went when I was asked to go, asked to attend.

2 Q. All right. Well, I'm not going to go through  
3 all the minutes. They reflect what they reflect.

4 A. Okay.

5 Q. If the minutes reflect you being there, would  
6 you have any reason to dispute the minutes?

7 A. No, not at all.

8 Q. All right. The next set of minutes I have is  
9 minutes of a meeting June 22 of 2009. It references  
10 back to the minutes of the December 20, 2007, meeting  
11 that we just looked at.

12 Let me hand you these, let you take a look at  
13 them. Do you have any recollection of attending this  
14 meeting?

15 A. No, I don't, I'm sorry.

16 Q. Okay. This is a two-page document, just for  
17 the record, and we'll make a copy. You made a  
18 presentation at the meeting as reflected in the  
19 minutes. And at the end of the meeting, and I'll quote  
20 this. You're welcome to look at it.

21 A. Sure.

22 Q. The plan is well funded. Mr. Crews stated he  
23 has a lot of trust in our investment managers and feels  
24 good about the stability of the plan. It is safe and  
25 sound. Is that what you -- the minutes reflect you

1       said?

2           A.     Well, I was talking about the investment  
3       plan. The minutes don't reflect that accurately.

4           Q.     I'm sorry?

5           A.     I was talking about the investment plan, not  
6       the pension plan. When I say the -- I talk about we  
7       have a lot of faith in the investment managers and the  
8       investment plan is safe.

9           Q.     This is a presentation. The first sentence  
10      says, presented an update on the retirement plan.

11          A.     I understand. I understand that. It was --  
12      that's what I reviewed at the meeting.

13          Q.     Right.

14          A.     But those statements pertain to the  
15      investment plan because that's what they were all  
16      asking about.

17          Q.     Okay. Just to read from the minutes, the  
18      plan is well funded, is that talking about the plan?

19          A.     2009.

20          Q.     Yes.

21          A.     Yeah, I still think it was well-funded in  
22      2009.

23          Q.     Okay. Fair enough.

24                 MR. REEVES: What is that Bates stamp page,  
25      Cal?

1 MR. MAYO: It's not. They're not numbered.

2 MR. REEVES: It's not.

3 BY MR. MAYO:

4 Q. The next minutes I have are from June -- I'm  
5 sorry, May 24, 2010, not quite a year later, again,  
6 minutes of the employee retirement committee.

7 MR. DORNAN: And while he's looking at those,  
8 are we going to make the previous one an exhibit?

9 MR. MAYO: Yes.

10 MS. EMBRY: It would be -- Exhibit 5 would be  
11 the June 22nd, 2009, minutes.

12 MR. DORNAN: Thank you.

13 MR. MAYO: My apologies. So June 22nd, 2009,  
14 is Exhibit Number 5.

15 BY MR. MAYO:

16 Q. Okay. You've been looking at what's been  
17 marked as Exhibit Number 6, which is the minutes of the  
18 May 24, 2010, meeting of the employee retirement  
19 committee. And you made a presentation, update on the  
20 retirement plan; right? Is that correct?

21 A. Yes.

22 Q. Okay. And you stated that you felt good  
23 about the stability of the plan. It is safe and sound.  
24 Is that fair?

25 A. Yeah, but I -- my answer to that question is

1 the minutes are taken out of con -- context between the  
2 plan and the investment plan. You know, no distinction  
3 is ever made in the minutes about that.

4 Q. Okay.

5 A. I -- go ahead.

6 Q. No, I don't want to cut you off.

7 A. Okay. I -- we did not make a contribution in  
8 '10, but returns were good. We still had a high  
9 percentage of funding, and I still felt good about...

10 Q. About the plan?

11 A. I still felt good about the plan.

12 Q. Okay. And this was in May of 2010?

13 A. Yes.

14 Q. The next minutes we have are minutes from a  
15 meeting of March 1 of 2012, and it refers back to the  
16 May 24, 2010, and adopts those minutes. So if there  
17 had been a meeting in between, it doesn't reference it.  
18 This looks like it's the next set of minutes. It's a  
19 two-page document, March 1, 2012. We'll mark this as  
20 Exhibit Number 7.

21 A. All right. This is the comment I just  
22 mentioned to you just a while ago. I'm talking about  
23 the investment plan. I know the minutes don't say  
24 that, don't specify that, but that's what I was talking  
25 about.

1 MR. DORNAN: Can I see it?

2 THE WITNESS: Yeah. It's the second page.

3 BY MR. MAYO:

4 Q. All right. Mr. Crews, this is Exhibit  
5 Number 7, the March 1, 2012, minutes. And we know by  
6 this time you had concerns about the plan; right?

7 A. Yes, I did.

8 Q. Okay. And so you give an update on the  
9 retirement plan. I'll just read it. Quote: Mr. Crews  
10 presented an update on the retirement plan. As of  
11 9/30/2010, the plan investment performance return was  
12 up seventeen percent with a policy benchmark of 15.8  
13 percent. Overall, Mr. Crews stated that he has a lot  
14 of trust in our investment managers and feels good  
15 about the stability of the plan. It is safe and sound.  
16 Did I read that correctly?

17 A. That's correct.

18 Q. The next set of minutes I have is from a  
19 meeting that took place on December 18, 2012. It  
20 refers back to the March 1, 2012, meeting we were just  
21 looking at. This will be Exhibit Number 8. It's a  
22 two-page document. I'm sorry, there's a third page  
23 with a signature on it.

24 MS. DUVAL: And, Don, if I could see that  
25 one when you have a chance, if I could see that



1           one when you get a chance.

2       BY MR. MAYO:

3           Q.    Mr. Crews, Exhibit Number 8 we were talking  
4       about are minutes from a meeting of the employee  
5       retirement committee December 18 of 2012. And it says,  
6       and I'll quote again: Mr. Crews presented an update on  
7       the retirement plan. As of 9/30/2011, the plan  
8       investment performance return was up. Overall, Mr.  
9       Crews stated he has a lot of trust in our investment  
10      managers and feels good about the stability of the  
11      plan. It is safe and sound. Did I read that  
12      correctly?

13           A.    That's correct.

14           Q.    All right. I don't have any minutes of any  
15      other meeting of the employee retirement committee  
16      meetings that you might have attended. Do you  
17      recall -- well, first, do you recall any of these  
18      meetings that we've been going over?

19           A.    Well, I know I went to some of those  
20      meetings. I don't recall the dates. I remember going  
21      to maybe three to four of those meetings.

22           Q.    Okay. And the purpose of those meetings and  
23      your presence was to give a report on the status of the  
24      retirement plan; right? Is that correct?

25           A.    Correct.

1           Q.    And these were employees, I guess maybe in  
2           some instances -- were some of these retirees or were  
3           they all employees?

4           A.    I remember one retiree.

5           Q.    Okay.  These are people who had a pretty  
6           serious interest in knowing what was going on with the  
7           retirement plan; right?  Is that correct?

8           A.    Yeah, they were interested in the retirement  
9           plan.  They were interested in investments.  That was  
10          their only questions, were investments.

11          Q.    Right.  Well, they were interested in knowing  
12          if the plan was going to be there to pay their  
13          retirement when they retired.

14          A.    Well, that's correct.  That's true.

15          Q.    Okay.  And at least the minutes reflect that  
16          you were telling them over and over and over again that  
17          the retirement plan is safe and sound; is that fair?

18          A.    That's what that says.  That's not what I was  
19          referring to when I said safe and sound.

20                MR. MAYO:  Okay.  Let's take a short break.

21                THE VIDEOGRAPHER:  We're going off the  
22          record.  The time on the screen is 1:16 p.m.

23                               - - -

24                       (A short break was taken.)

25                THE VIDEOGRAPHER:  We're going back on the

1 record. The time on the screen is 1:28 p.m.

2 BY MR. MAYO:

3 Q. Mr. Crews, did you ever have any discussion  
4 with anyone during the period of time that you were  
5 serving on the retirement -- serving as a member of the  
6 board of trustees of the retirement fund, the board you  
7 were on, along with a sampling of the hospital  
8 retirees, did you ever have any discussion at any of  
9 the meetings of that group or outside the meetings of  
10 that group about whether a conflict of interest existed  
11 because there was no cash being put into the retirement  
12 plan?

13 A. No.

14 Q. Nobody ever brought that topic up at all?

15 A. No.

16 Q. Did any member of the retirement plan board  
17 of trustees ever make a -- ever mention or make a  
18 comment or suggest that the trust, the retirement  
19 trust, needed to take some action to recover the money  
20 that was owed to it by the hospital?

21 A. No.

22 Q. That topic never came up?

23 A. No.

24 Q. Was there ever any discussion that perhaps it  
25 would be in the best interest of the trust if its

1 trustees were persons other than persons who were  
2 members of the hospital administration or the hospital  
3 board of trustees?

4 A. Not in my presence.

5 Q. Nobody had ever suggested that or talked  
6 about it that you can recall?

7 A. Not in my presence.

8 Q. Let's shift gears just a little bit, Mr.  
9 Crews. On a -- at least an annual basis, there was  
10 information that was provided to employees of the  
11 hospital about their retirement account; correct?

12 A. I'm not sure I understand the question.  
13 Individually?

14 Q. Well, it might not be a question. Let me  
15 rephrase it.

16 A. Okay.

17 Q. How's that. Do you recall that during this  
18 time frame in two thousand -- when you were employed by  
19 the hospital, the time period we've been talking about,  
20 do you recall receiving on perhaps an annual basis,  
21 perhaps more often, I don't know, information about  
22 your retirement account?

23 A. Oh, yes. Yes.

24 Q. Okay. And from whom did you receive that  
25 information?

1           A.    Human resources.

2           Q.    Okay. Did you also receive information from  
3 the actuary?

4           A.    I received a report every year.

5           Q.    From the actuary?

6           A.    Yes.

7           Q.    Okay. Let me hand you -- we'll go ahead  
8 and we can actually mark a document as a real exhibit,  
9 Number 9. This is, well, what appears to be a report  
10 for a time period from July 1 of 2013 to September  
11 20 -- sorry, September 30, 2013. So it would be for  
12 the last quarter of the year; is that right?

13          A.    That would be the last quarter of the fiscal  
14 year, yes.

15          Q.    And I don't know if this has been  
16 established, but the hospital operated on a fiscal year  
17 that ran from October 1 to September 30?

18          A.    That's correct.

19          Q.    And did the plan operate on the same kind of  
20 oper -- on the same fiscal year?

21          A.    I don't know the answer to that.

22          Q.    Okay.

23          A.    The audit was the same date, so I'm going to  
24 say yes.

25               MR. MAYO: Okay. Let me just -- go ahead and

1 mark that, if you want, Number 9.

2 - - -

3 (Exhibit Number 9 was marked.)

4 MR. REEVES: Those are Bates stamped, Cal?

5 MR. MAYO: No. I have one extra copy.

6 MR. DORNAN: Let's take a look at it.

7 BY MR. MAYO:

8 Q. Mr. Crews, let me be real clear, I'm not  
9 suggesting this is a document that you received; okay?

10 A. Okay.

11 Q. I'm not -- I'm not going to -- my question is  
12 going to be, do you recall getting information like  
13 this in a format like this from Transamerica on behalf  
14 of Singing River?

15 MR. DORNAN: Give him just --

16 A. I do not --

17 MR. DORNAN: Give him just a second to take a  
18 look at it.

19 MR. MAYO: Okay. Sure.

20 MR. DORNAN: It's a multipage document.

21 A. I do not remember seeing -- ever seeing this  
22 document.

23 BY MR. MAYO:

24 Q. Do you recall seeing a document like it  
25 from -- sent out by Transamerica?

1           A.     Well, not this format, no.

2           Q.     Okay. All right. Fair enough. Let's mark  
3 this as Number 10.

4                                 - - -

5                                 (Exhibit Number 10 was marked.)

6 BY MR. MAYO:

7           Q.     Handing you what's been marked as deposition  
8 Exhibit Number 10, this appears to be a collection of  
9 some -- what's entitled Your Singing River Health  
10 System Total Compensation and Benefits Statement. I  
11 believe it's for years 2009, '10, and '11.

12                         THE WITNESS: Oh, he's put them together.

13                         MR. DORNAN: Yeah.

14                         THE WITNESS: Okay.

15 BY MR. MAYO:

16           Q.     Mr. Crews, do you recall seeing this document  
17 or something like it?

18           A.     Yes, I have seen this before.

19           Q.     Okay. And what is this?

20           A.     Well, it's not my product, but I think it's  
21 just a -- I think it's just an information packet that  
22 was available to go to employees to show what the  
23 Health System had spent over the last year as far as  
24 employee benefits are concerned.

25           Q.     Okay. All right. And I did not bring my

1 readers, so I may not be really --

2 A. Okay.

3 Q. -- good at reading this, but I do want to try  
4 to work my way through a paragraph or so here. There  
5 is a sentence -- I'm sorry, there's a paragraph on the  
6 second column of the first page, and I'm just going to  
7 read the paragraph. Okay. It's the first full  
8 paragraph. It is also important to note that  
9 significant investments continue to be made in our  
10 retirement plan to ensure a well-funded and stable plan  
11 is maintained through challenging economic times. We  
12 will continue to use the survey process to listen to  
13 each employee and use the information to improve the  
14 work environment for all. Did I read that correctly?

15 A. Yes.

16 Q. And then at the bottom there's a pie chart  
17 and some writing over on the right side that says:  
18 Singing River Health System invested approximately 42.1  
19 million during 2009 on benefits for our employees and  
20 their families. And then the next sentence is a  
21 question, How was the money invested, and it's got down  
22 there retirement 5.1 million dollars. Do you see that?

23 A. Uh-huh (indicating yes).

24 Q. There was not five --

25 A. Yes. I'm sorry.



1           Q.    There was not 5.1 million dollars put into  
2   the retirement plan in 2009, was there?

3           A.    No.   This is total retirement.   Pension plan  
4   is not the only -- not the only amount.   Plus, we have  
5   a post retirement medical plan, and this is expense.  
6   These -- this is not cash.

7           Q.    Okay.   So this is not actually money  
8   invested, it's money expended?

9           A.    In some cases, yeah.   For the retirement, as  
10   you mentioned before, even if we don't make a  
11   contribution, we still have to record the expense.

12          Q.    Okay.

13          A.    So that's what this number -- and, look, I  
14   don't have the numbers in front of me.   I'm going from  
15   memory.   But this would be the pension expense plus  
16   post retirement medical expense.

17          Q.    Okay.   So this is -- it's not really  
18   investments, it's expenses?

19          A.    Well, I think all expenses or employee  
20   benefits are investments.   I think they're investments  
21   in our employees.

22          Q.    Well, the employee doesn't earn any -- make  
23   any money on an IOU, though, does it?

24          A.    I don't understand the question.

25               MR. DORNAN:   I'm going to object to the form

1 of the question.

2 A. Oh, I'm sorry.

3 BY MR. MAYO:

4 Q. Okay. If you don't put real dollars in, if  
5 instead you just give an employee an IOU some point  
6 down the road on your contribution, that money is not  
7 making any dollars for the retirement plan, is it?

8 A. No, but it's still an investment by the  
9 Health System.

10 Q. Okay.

11 A. And I think that's -- that's how I read this.

12 Q. Okay. Well, let's go to the next year.

13 A. Okay. I'm sorry. Are you on '10 now?

14 Q. Uh-huh (indicating yes).

15 A. Okay.

16 Q. And you would agree in 2010, there was no  
17 money put into the retirement plan?

18 A. I agree.

19 Q. There appears to be -- and I'm not going to  
20 read it because I think it -- I think it's just a  
21 duplicate of the paragraph from the previous year. By  
22 the way, this is signed by Mr. Anderson; right?

23 A. That's correct.

24 Q. All right. And it reads exactly the same  
25 way, does it not, the second paragraph -- I'm sorry,

1 the first full paragraph on the second column?

2 A. Yes.

3 Q. Okay. So I'm not going to repeat it because  
4 it says the same thing. And then we have a pie  
5 chart --

6 A. Right.

7 Q. -- over on the third page that says the same  
8 thing, How was the money investment -- invested. It  
9 says 4.1 million in retirement. And we know what that  
10 really -- that's how much money was spent on the  
11 operating statement by the hospital; correct?

12 A. It's an expense number; that's correct.

13 Q. On the income statement, I'm sorry.

14 A. Yes, income statement.

15 Q. All right. And then in 2011, the next page  
16 of this document, and this is Exhibit Number 10 --

17 A. I don't have '11. Oh, there it is. Okay.

18 Q. Same thing like the other years, it's sent  
19 out by Mr. Anderson, and it says -- it doesn't have the  
20 same paragraph in it about the money that was invested.  
21 But if we look over on the pie chart, it's still got  
22 the How was the money invested, and it says 7.6 million  
23 dollars in retirement. And your explanation about that  
24 would be the same as it was for the previous years?

25 A. Correct.

1 MR. MAYO: Okay. Give me just one second.

2 MR. DORNAN: You doing all right?

3 THE WITNESS: Yeah, I think I'm okay so far.  
4 We'll see.

5 MR. DORNAN: Don't be offended if I keep  
6 asking.

7 THE WITNESS: No, that's okay. That's all  
8 right. Usually it's one minute to the next. It's  
9 not a gradual thing.

10 MR. DORNAN: I understand.

11 MR. MAYO: I will yield the microphone to  
12 either Mr. Reeves or Mr. Barton, whoever wants to  
13 take over. Thank you for your time, Mr. Crews.

14 THE WITNESS: Thank you.

15 - - -

16 EXAMINATION

17 BY MR. REEVES:

18 Q. Before we go forward, Mr. Crews, my name is  
19 Jim Reeves. I represent Ms. Lay in this consolidated  
20 chancery court action.

21 A. Okay.

22 Q. And I'm going to ask you some questions  
23 today. I'm going to try not to repeat what these other  
24 guys have said, but usually that's inevitable. Some of  
25 that happens; okay?

1           MR. REEVES: I want to make a statement for  
2 the record, though, there were a number of  
3 documents that Mr. Mayo questioned the witness  
4 about which were clearly covered by outstanding  
5 discovery orders by the Court, that were clearly  
6 covered by expedited requests for production of  
7 documents that have been propounded. They're  
8 supposed to have been answered without objection.  
9 Those were not produced.

10           Myself, other counsel at the table were not  
11 aware of the existence of those documents until  
12 the deposition today. And so we don't intend to  
13 reconvene any depositions unless necessary, but it  
14 has placed us in a prejudiced position by not  
15 having those documents in advance because they  
16 appear to be critical documents, particularly for  
17 this witness.

18           MS. DUVALL: Carly Duvall, counsel for the  
19 Singing River defendants will add to the record.  
20 I currently have staff at my office checking to  
21 confirm or verifying whether or not those  
22 documents were produced with the expedited  
23 productions made on May 26th and June 2nd.

24           It was my belief and understanding before  
25 receiving a message from Mr. Mayo that those had

1           been produced at the expedited production. And  
2           any -- if they were not, it was not intentional,  
3           it was completely inadvertent. I will have that  
4           information shortly, I believe, and can update the  
5           record at that time.

6           Certainly that information will be produced  
7           as soon as possible by my office through a  
8           supplemental production. And we will reserve our  
9           right to address any prejudice as mentioned by Mr.  
10          Reeves before the Court to the extent that issue  
11          needs to be addressed at a later date.

12       BY MR. REEVES:

13           Q.    Sir, do you believe it's the obligation of  
14           the hospital to be honest with its employees?

15           A.    Absolutely.

16           Q.    And you understand as a CFO during the time  
17           that you were there how important the retirement plan  
18           is to the employees; right?

19           A.    Yes.

20           Q.    The hospital understands and you understood  
21           as CFO that people rely upon this and tend to rely  
22           upon this to live out the rest of their lives --

23           A.    I understand that.

24           Q.    -- once they quit work; correct? And they  
25           deserve, do they not, sir, honest answers about the

1 status of their retirement plan?

2 A. Agreed.

3 Q. They should be told promptly about the  
4 status of their retirement plan and any significant  
5 changes in that plan; do you agree?

6 A. I agree.

7 Q. Let me ask you, sir, I'm going to go back  
8 through some things that were -- and follow up on some  
9 earlier questions, and then I'll get to really what are  
10 my core questions. But you indicated that you were not  
11 quite vested in the retirement plan?

12 A. That's true.

13 Q. And you got your money back with interest.  
14 What interest were you paid?

15 A. I don't know the interest rate, I'm sorry.

16 Q. Was it reflected on your payback?

17 A. You mean as an amount or rate?

18 Q. Yeah. Right, a rate.

19 A. I don't know.

20 Q. Could you get that information?

21 A. I probably could.

22 Q. All right. I'm assuming they gave you a  
23 statement or something.

24 A. Yeah, I got a statement, but I don't know, I  
25 didn't look at the interest on it.

1 Q. You have no idea?

2 A. No, I don't. I mean, I can -- it's easier to  
3 tell you how much I paid in, but I don't have that  
4 handy either.

5 Q. How much was -- do you know what that is?

6 A. No. I just -- I don't have that information  
7 with me.

8 Q. Were you at the hospital at the time, did you  
9 work with Dwight Rimes?

10 A. Yes.

11 Q. What were the circumstances surrounding his  
12 departure?

13 A. I have -- I was not privy to that. I don't  
14 know.

15 Q. You'll have to bear with me. I've got --  
16 I'm trying new technology and that rarely works for me.

17 During the time that you were at the Singing  
18 River System, you talked about the need at some point  
19 there was some -- you thought one of the contributing  
20 factors to the demise of the pension plan was that  
21 perhaps it wasn't -- it didn't act quickly enough to  
22 cut some expenses, or something like that. Do you  
23 recall testifying to that?

24 A. I think that -- that was one of the reasons  
25 for the demise of the financial position of the Health



1 System.

2 Q. Okay.

3 A. Which contributed, yes.

4 Q. Right. And so in conjunction with that,  
5 during the time that you were there, isn't it true that  
6 Singing River System hired at different times different  
7 consultants, consulting firms with regard to  
8 efficiencies to make recommendations as to how to make  
9 the hospital more efficient?

10 A. Yes.

11 Q. Isn't that true? What years were those  
12 performed?

13 A. I know 2011 and '12.

14 Q. Okay.

15 A. There was one before that, but, I'm sorry, I  
16 can't remember the year. 2006.

17 Q. 2006?

18 A. Yeah, 2006.

19 Q. '11 and '12?

20 A. Well, it covered '11 and '12, yeah, the  
21 years.

22 Q. Let's start with 2006. What firm was hired  
23 to -- would you call it an efficiency analysis?

24 A. Well, I would -- it was really a revenue  
25 cycle review, but, I mean, that's efficiency. And I'm

1       going to have to tell you like I said before, I'll  
2       remember it before I leave today, the name of the  
3       company. I mean, I just am having trouble going back  
4       remembering that.

5           Q.     Understood. If you do remember it, please  
6       stop me --

7           A.     Okay.

8           Q.     -- in the middle of a question and say, hey,  
9       I remember, and I appreciate it.

10          A.     '11 and '12, we did the same thing except we  
11       went deeper this time. We -- we covered the whole  
12       collection process and billing process. And, once  
13       again, I'm going to think of who that is. It's the  
14       same company, but they change -- the people went from  
15       one to the other.

16          Q.     It was the same company for both?

17          A.     It was the same people. It wasn't the same  
18       company. Same people did it.

19          Q.     Do you know where they were based out of?  
20       Was it Jackson, Mobile?

21          A.     No, they were based out of Atlanta.

22          Q.     Atlanta?

23          A.     Atlanta, yeah.

24          Q.     And I know you don't have it here in front of  
25       you, but can you give me, you know, in as much detail

1 as you can what their recommendations were? Let's  
2 start with the most recent, '11 and '12, as to what the  
3 hospital needed to do to become more efficient and cost  
4 effective.

5 A. Well, you know, I guess in a nutshell, we  
6 needed to collect more money and do it better. And  
7 they changed a whole lot of processes mostly through  
8 education. We thoroughly educated our registration  
9 staff. We thoroughly educated our billers and our  
10 collectors to make sure they understood their job and  
11 teach them how to do things. That was one thing.

12 The second thing is I mentioned before we had  
13 a collection agency in-house, and that was financial  
14 services. Their recommendation was to outsource that,  
15 which we did, so that's not part of the hospital  
16 anymore.

17 The third recommendation is that we could do  
18 a better job of signing people up for all the federal  
19 programs that were out there through Obamacare, and so  
20 we did that through education. And I think we did a  
21 fairly good job of that. I mean, there were hun --  
22 there were hundreds of recommendations. Those are the  
23 three major pieces.

24 Q. Can you recall any others at this time?

25 A. I can't offhand, but if they were mentioned,

1 I'd probably remember them.

2 Q. Wasn't there a recommendation that the  
3 hospital had too many administrators, too many chiefs,  
4 to say it in a word, some needed to be eliminated or  
5 consolidated?

6 A. No, this program didn't go into staffing at  
7 all.

8 Q. Did -- during the time you were there, was  
9 there ever any outside consulting efficiency, staffing  
10 consultations that were employed by the hospital to  
11 determine staffing needs, administrative needs, to  
12 address that in any way?

13 A. Yes, staffing.

14 Q. Okay. Tell me about that.

15 A. We brought a company in, it was probably the  
16 same company, same people, and they did a staffing  
17 analysis. You know, we're two -- two hospitals, have a  
18 lot of the same services at both hospitals. That's  
19 very inefficient, so they recommended staffing levels  
20 that we should try to institute.

21 We instituted some of those, but not all of  
22 those, their recommendations. It did have an effect on  
23 staff. It drove staff downward, but not by any huge  
24 numbers at all. We got tremendous pushbacks from  
25 department directors on some of the recommendations,

1 and so that's why we didn't get them all done.

2 Q. I'm sorry, maybe I'll ask you, the staffing  
3 analysis that you just referenced, that took place in  
4 what year?

5 A. I'm sorry, I can't remember. It was between  
6 '06 and '10, but I just can't remember the year.

7 Q. Fair enough.

8 A. I didn't mention that at first. I had  
9 forgotten about that one.

10 Q. And I appreciate that clarification. But  
11 when I ask that, I mean to ask it in the broadest sense  
12 of the word, whether it's staffing, you know,  
13 procurement costs, third-party contracts, any outside  
14 analysis or consulting that the hospital employed to  
15 help the hospital analyze what it's doing and determine  
16 whether it could be done more efficiently. Are there  
17 any others during the time that you were there?

18 A. None that I can remember. We did a lot of  
19 that in-house, of course. But that's all the outside  
20 consultants I can recall. I'm not saying that's it.  
21 It's all I recall.

22 Q. Who would you go to at the hospital if you  
23 wanted to find that out? Who would be the person that  
24 would know that?

25 A. Chris may remember that. Kevin may remember

1       that. You know, Kevin is more in tune to the  
2       operations than anybody else, so I'm -- I would say  
3       Kevin Holland. And I could give you another name, but  
4       he's gone.

5           Q.     Gone meaning no longer with us or he's --

6           A.     Yeah, he's -- yeah, he's -- well, no, he's  
7       not like me gone, gone. He's -- he's moved to the  
8       mountains.

9           Q.     Who would that be?

10          A.     Davis Walton.

11          Q.     Davis Walton. And where is he currently?

12          A.     I think he's in Colorado somewhere.

13          Q.     Okay. You talked earlier about, I think, if  
14       my notes are correct, in 2010 or so, when the hospital  
15       was considering whether it had an obligation to fund  
16       the pension plan, that you consulted with a Louis  
17       Watson, attorney out of Jackson?

18          A.     That's my -- that's my memory, yes.

19          Q.     And is it your testimony that the hospital  
20       relied on his advice, the advice of that counsel, in  
21       making the decision not to fund the plan that year?

22          A.     I think everybody involved in that, which was  
23       mostly Chris and I, agreed with that, agreed with that  
24       statement. We tried to get a confirm -- we asked him  
25       for confirmation of it.

1 Q. Did he provide you a written opinion?

2 A. No, he did not.

3 Q. All verbal?

4 A. Yes, all verbal.

5 Q. Any reason it was verbal and not written?

6 A. No. Just didn't -- didn't ask him to submit  
7 it in writing.

8 Q. Let me ask you something about the various  
9 third-party vendors that have been mentioned.

10 A. Okay.

11 Q. Fletcher Construction comes to mind. Is --  
12 are any -- are any of the -- anyone at management level  
13 of Fletcher Construction related to anybody who is an  
14 executive in the hospital?

15 A. I don't know.

16 Q. Does Kevin Holland have a mother or  
17 mother-in-law who is an executive at Fletcher  
18 Construction?

19 A. I think she's a secretary at Fletcher. I  
20 don't think she's an executive.

21 Q. What's her name?

22 A. I don't know. I don't know. I was going to  
23 say Mrs. Holland, but, I'm sorry, I don't know her  
24 name.

25 Q. Fair enough. We'll talk a little bit about

1 the Epic computer system.

2 A. Okay.

3 Q. I've heard various numbers. I think you said  
4 twenty-eight. I've heard, I think, as high as  
5 thirty-eight million. Can you give me any more -- with  
6 any more precision what the total cost of that was?

7 A. Yeah, I remember a little bit more, and I  
8 apologize. The contract was thirty-one million. And,  
9 of course, we had in-house labor associated with that,  
10 which was probably five to six million.

11 Q. All right. And if we wanted to get a  
12 breakdown of the total cost of Epic and the overruns  
13 and so forth, who would be the current person -- would  
14 you be the person that would know most about that?

15 A. Well, I've been gone for so long, I don't  
16 know -- the IT director -- we have a vice president of  
17 information technology. I don't know who that is.  
18 It's not the person I work with. But the IT department  
19 would have all that information.

20 Q. Well, as the CFO, did you have discussions  
21 or -- well, surely when you saw this huge bill  
22 continuing to get bigger and bigger, did you ask  
23 questions about what's going on, why is it costing so  
24 much?

25 A. Yeah. I don't think the overruns were based



1 on the contract with Epic. The overruns were internal  
2 labor costs. We just underestimated the effort it  
3 would take to bring it up as quick as we wanted to  
4 bring it up.

5 Q. And you may have answered this earlier, and  
6 if so, I apologize. What firm did you use to implement  
7 the Epic computer system?

8 A. Epic. Epic, they did the implementation.

9 Q. And they're based out of where?

10 A. Madison, Wisconsin.

11 Q. And, again, I may have misunderstood what  
12 you said. You said there was different labor costs,  
13 you had some in-house labor?

14 A. Well, the internal labor costs, we  
15 underestimated what it would take for our employees  
16 during the implementation process.

17 Q. Okay. I've seen -- I sent subpoenas to the  
18 county with regard to certain documents, and there's a  
19 reference to a land purchase, and it looks to be a lot  
20 of things listed in a privilege log about the county  
21 looking into a land purchase of twelve acres on Highway  
22 67. I think you talked about that earlier.

23 A. That's correct, yes.

24 Q. All right. Who did the hospital purchase  
25 that from?

1           A.    I don't know.  I was not involved in the  
2 purchase.

3           Q.    Who was involved in the purchase?

4           A.    Greg Shoemaker.

5           Q.    What were the intended plans for the  
6 property?

7           A.    Well, when we bought it, we thought it was a  
8 good investment.  We thought the growth -- it was a  
9 growth area.  And at different times we talked about  
10 plans to put a physician practice and ancillary  
11 service, freestanding ancillary services on the  
12 property.

13          Q.    As CFO, was it not your responsibilities and  
14 duties to be involved in that purchase or analyze the  
15 purchase?  I think you said earlier you were -- thought  
16 the price was a good price; right?

17          A.    Yeah.  I was not involved in it.

18          Q.    But what made you think it was a good price?

19          A.    Just the comparables we had, the land they  
20 brought in beside it.

21          Q.    How much did the hospital pay for that?

22          A.    I don't know exactly.  It was four million,  
23 right at four million, 4.1 possibly.

24          Q.    And when was that purchase?

25          A.    I don't remember the year.  Maybe -- I'm not

1 going to guess. I don't remember the year.

2 Q. Please don't guess, but you can give me an  
3 estimate.

4 A. I'm -- I'm saying 2009, '08 or '09.

5 Q. Has the hospital since done anything with  
6 that property?

7 A. Well, not to my knowledge.

8 Q. Okay. The time you left there, they had not  
9 done --

10 A. No.

11 Q. Still aren't?

12 A. It was on the market, but we hadn't done  
13 anything with it at the time I left. I need a small  
14 water.

15 Q. If you need to take a little break, you can.

16 A. No, I'm just going to get some water. My  
17 mouth's dry.

18 Q. Okay.

19 MR. DORNAN: I'm going to get both of us one.

20 BY MR. REEVES:

21 Q. I want to ask you some questions about the  
22 hospital and a couple -- couple of points that there's  
23 some involvement with the county and the board of  
24 supervisors.

25 Is it true that at some point in time the

1 county - maybe even preexisted your tenure there, I'm  
2 not sure - paid the hospital system a certain amount of  
3 monies for indigent care?

4 A. During my tenure there, I can't speak before,  
5 we not -- we did not receive a penny from the county.  
6 And I know that documents I have seen says it's been  
7 twenty -- it's been twenty-two years since the county  
8 funded anything at the Health System.

9 Q. Why did the county stop funding the Health  
10 System?

11 A. I have no -- I don't know the answer to  
12 that.

13 Q. Nobody has ever told you?

14 A. No. I assume they felt -- well, I'm not  
15 going to assume. I don't know the answer to that.

16 Q. But have you -- nobody has discussed that  
17 with you over the years?

18 A. No, nobody discussed it. We were very proud  
19 that we didn't have to take any money from the county.

20 Q. The county -- well, let me ask you this:  
21 My understanding is the hospital system is a 503(c)?

22 A. You mean 501(c)(3)?

23 Q. That's what I meant. But isn't it true that  
24 the county assesses taxes against if not the two main  
25 hospital buildings, the other assets of the hospital

1 system?

2 A. No, we don't pay taxes to the county, to my  
3 knowledge.

4 Q. No property taxes?

5 A. I know that they should be assessed, but I  
6 think we got a waiver from that, and I don't remember  
7 the circumstances around that.

8 Q. Who would know best whether the county pays  
9 any -- charges any taxes to the hospital?

10 A. Well, whoever the attorney, in-house  
11 attorney now is should know.

12 Q. All right. Mr. Mayo asked you a number of  
13 questions about these statements that we received.

14 A. Right.

15 Q. And it's our understanding, based on  
16 pleadings that have been filed and other things, that  
17 these statements were sent out to plan members  
18 annually, every year, to all plan members; is that  
19 correct?

20 A. I think that's correct. I'm not sure if they  
21 went over out every year, but I think they did.

22 Q. Okay. And you were a plan member; correct?

23 A. Yes.

24 Q. Okay. So you received these as well?

25 A. I did. I did.

1           Q.    All right.  Who ultimately was responsible  
2   for putting these -- when I say these, the -- the  
3   annual statements, who was responsible for putting  
4   those together?

5           A.    Well, we had a communication department.  
6   They put that together, and I guess -- and I think  
7   Chris reviewed it and signed it.  So it was put  
8   together by communication.

9           Q.    Okay.  Communication department?

10          A.    Department.

11          Q.    Who headed that up during your tenure there?

12          A.    Richard Lucas.

13          Q.    Is he still there?  I think I've seen his  
14   name.

15          A.    I don't -- I've lost track of who is there  
16   and who is not.  I don't know.

17          Q.    He was there when you left?

18          A.    He was there when I left.

19          Q.    All right.  We talked about capital  
20   improvement costs and other such costs.  Let me ask you  
21   about the purchase -- we also talked about the purchase  
22   of some land.  Any other major land purchases while you  
23   were at the hospital?

24          A.    I'm not aware of any that were consummated.

25          Q.    All right.  List for me in as comprehensive

1 way as you can any and all the medical clinics that  
2 were purchased by the hospital.

3 MR. HUNTER: Jim, you're going to have to  
4 speak up a little bit.

5 MR. REEVES: Okay.

6 MR. HUNTER: Your head is turned and I can't  
7 hear your question.

8 BY MR. REEVES:

9 Q. I'll do it. Tell me in as much detail as you  
10 can about all the purchases of clinics.

11 A. Okay. That was not my department, but I do  
12 know about most of them, and I'll try to do that the  
13 best I can.

14 Q. I appreciate it.

15 A. Okay. For the most part, we hired doctors  
16 and set up clinics. I mean, there was some clinics we  
17 bought intact, but most -- from the most -- most  
18 standpoint, we just hired physicians and we opened our  
19 own clinics, put them in different locations and set  
20 them up. There were a few clinics we bought, and I  
21 know I'm not going to know the names of them.

22 There's one in Pascagoula. There was a  
23 three-man primary care clinic. There's a neurologist  
24 in Pascagoula, Millette, we bought his practice. And  
25 that's all my memory can bring back. Like I say,

1 mostly we hired physicians and put them in clinics that  
2 we set up ourselves.

3 Q. When you say hired, just so I know  
4 mechanically how that worked, I mean, just so I know  
5 mechanically how that works, you would hire a  
6 physician, pay him like an employee --

7 A. Yes.

8 Q. -- negotiate a salary?

9 A. They were employed, employed position.

10 Q. Negotiate a salary. And then did you say  
11 set up clinic?

12 A. Yeah. We put him -- we put him in the  
13 clinic.

14 Q. So put him in the clinic, does that mean you  
15 buy a building for him?

16 A. Well, we have a building and we set him up in  
17 practice in that building.

18 Q. So you pay for the start-up cost of the --

19 A. Yes.

20 Q. -- of the practice, basically?

21 A. Yes.

22 Q. Pay for equipment?

23 A. Yes.

24 Q. Pay for staffing?

25 A. Yes.



1 Q. Pay for the building?

2 A. Yes.

3 Q. Pay the utilities, that kind of thing?

4 A. Yes.

5 Q. Okay. And you said you're not in charge of  
6 that. Who was in charge while you were there of the  
7 clinic purchase --

8 A. Greg Shoemaker.

9 Q. -- and acquisitions? Greg Shoemaker?

10 A. Uh-huh (indicating yes). Early on when I was  
11 there, Kevin Holland did that with Greg Shoemaker.

12 Q. Tell me the process that would be gone  
13 through at the hospital in determining, one, whether to  
14 make a purchase -- hire a doctor or purchase a clinic,  
15 how would that -- how would that work?

16 A. You mean hiring a physician --

17 Q. Yeah.

18 A. -- or purchase a clinic?

19 Q. Well, hiring a physician and setting them up  
20 the way you just described.

21 A. Well, we're all -- the Health System is  
22 continually recruiting physicians. And, I mean, we  
23 just -- you know, we find physicians that are a good  
24 fit. We vet them. We hire them, negotiate salary and  
25 set them up. I mean, that -- that's really all there

1 is to it.

2 Q. Well, when you say "we," who is involved  
3 in --

4 A. When I say "we," I meant the Health System.

5 Q. Okay.

6 A. I'm speaking as the Health System.

7 Q. I understand. I'm asking who  
8 specifically --

9 A. Greg Shoemaker did the majority of that.

10 Q. Okay. And then you as a CFO and others have  
11 to weigh in as to whether you wanted to do it?

12 A. Yeah. Yeah, we weighed in.

13 Q. Okay.

14 A. It didn't always change the decision, but we  
15 weighed in.

16 Q. Who would basically set the price, for lack  
17 of a better word, for both a particular setup of a  
18 clinic and employment of a physician?

19 A. Well, as far as physician salaries, we  
20 had -- we had guidelines that we use. We used -- it's  
21 an organization, and please don't ask me what it stands  
22 for. It's MGMA, and they publish physician salaries,  
23 and we usually consult that, set the compensation  
24 level, estimate the cost. We pretty much know what the  
25 cost is going to be from, you know, from doing it in

1 the past. But sometimes it's, you know, fifty  
2 thousand, sometimes it's two hundred. It just depends.  
3 I mean, that's normally the process we go through.

4 When we set up a clinic, we vet the location.  
5 We make sure there's a need. We see how many of our  
6 patients come from that location and determine if it's  
7 feasible to do that, to bring it in.

8 Q. Let me ask you something, and this is  
9 somewhat a shift of topic, but you're an accountant by  
10 trade?

11 A. Yes.

12 Q. In your estimation, did KPMG do anything  
13 wrong in the reporting and auditing to the hospital,  
14 and if so, what?

15 A. I don't think they did anything wrong, but I  
16 don't have anything to compare it to. So, no, I don't  
17 think they did anything wrong.

18 Q. Well, the reason I ask, you know, there's  
19 been a -- there was a lawsuit filed by the hospital  
20 alleging that was the case, and I assumed you would be  
21 a person that would know.

22 A. I hadn't heard -- I had heard about that. I  
23 hadn't heard anything else. I mean, I don't think -- I  
24 don't think they did anything wrong, but maybe other  
25 things may come up that I'm not aware of.

1           Q.    To what extent during your tenure there was  
2 the financial condition of the hospital made known to  
3 the county board of supervisors?

4           A.    I don't know who communicated with the county  
5 supervisors. I know Chris had a better relationship  
6 than most of us with the county commissioners. I just  
7 mean a close relationship. And I know he was there all  
8 the time. We annually sent out financial statements to  
9 the county. We're required to do that. I can't  
10 respond to whether they looked at them or went through  
11 them or not.

12                   Whenever -- every time we issued bonds, when  
13 we did issue bonds, they had to do it. They would  
14 always inquire into the financial condition of the  
15 hospital. It's my impression only that they knew the  
16 financial condition of the hospital. I never -- I  
17 never got questioned by them. I didn't have any  
18 involvement with them.

19           Q.    All right. Did you play a role in putting  
20 together the financial audits or reports that went to  
21 the county?

22           A.    Yes.

23           Q.    Okay. So other than helping put that report  
24 together, you didn't have any other communications with  
25 them?

1           A.    No.  No.

2           Q.    Let me ask you along those lines, you talked  
3 earlier about at least at one point making a five  
4 million dollar loan, as I understood it, so that you  
5 could meet one of the cash covenants --

6           A.    Right.

7           Q.    -- required by the bondholders.

8           A.    Uh-huh (indicating yes).

9           Q.    What year did that take place?

10          A.    I think it was 2012.

11          Q.    What bank did you make the loan at?

12          A.    M&M Bank.

13          Q.    What officer of the bank did you deal with?  
14 Do you have a contact over there?

15          A.    Got white hair.  Don't know why I  
16 can't remember.  I'll think of it before I leave.  I'm  
17 sorry.

18          Q.    Okay.  If do you, just interrupt me and say  
19 I remember it; okay?

20          A.    Okay.

21          Q.    Fair enough.  Now, so the loan was made  
22 shortly before the bondholder audit was going to take  
23 place; is that what happened?

24          A.    It was made shortly before 9/30, September  
25 30th, which is our year end.

1 Q. Okay.

2 A. I think we made the loan on the 29th.

3 Q. All right. And so that --

4 A. 28th.

5 Q. And so that resulted in five million dollars  
6 being put on the plus side --

7 A. Balance sheet.

8 Q. Right, of the balance sheet.

9 A. Right.

10 Q. So that when the bondholders looked at it, it  
11 satisfied the covenant?

12 A. Satisfied the covenant.

13 Q. Did you tell the bondholder that you had  
14 made a loan to make the books look that way?

15 A. Well, we had to record the liability. They  
16 saw it. I don't know if we had a specific discussion  
17 about it.

18 Q. Just recorded as a liability --

19 A. Yeah.

20 Q. -- on the documentation y'all supplied to  
21 them?

22 A. Yeah.

23 Q. But you didn't -- at least you didn't  
24 discuss in any more detail with them what you had done  
25 to make that cash covenant requirement?

1           A.     Well, let me clarify.  You say bondholders.  
2     Really, it's the bond insurers --

3           Q.     Okay.

4           A.     -- who we communicate with.  No, I don't  
5     remember any more conversation about it with them.

6           Q.     They didn't raise any questions about it that  
7     you remember?

8           A.     No.

9           Q.     What would have been the result, tell us as a  
10    practical matter, had the cash covenant not been met at  
11    that time?

12          A.     Okay.  What bond insurers typically do --  
13    well, what's required is you don't meet the -- you  
14    don't meet the covenant and so you're in technical  
15    default of the bond.  And so you have to have a waiver  
16    from them to get the audit report issued and to move --  
17    move forward.

18                 What they normally do is they send  
19    consultants in to come up with recommendations.  These  
20    are rather strong recommendations on what you can do to  
21    improve your cash position.  Normally those run along  
22    the lines of reducing employees.  They make decisions  
23    for the hospital which you don't want.  They could --  
24    they could do that.  They could make recommendations  
25    and, in effect, take the everyday operation of the

1 hospital out of your hands.

2 Q. I think you had said earlier in your  
3 testimony today that on a handful of occasions, the  
4 hospital had requested and the bonding company had  
5 allowed an adjustment in the reserves necessary to  
6 satisfy the cash covenant --

7 A. That's correct.

8 Q. -- is that correct?

9 A. That's correct.

10 Q. Tell me the circumstances surrounding that  
11 request, those requests.

12 A. Well, okay. And I can't remember if it's '10  
13 or '11, but we weren't going to meet the cash  
14 covenants, so Chris and I went to New York to meet with  
15 the bond insurance company. And it was pretty evident  
16 that the years following that we were not going to be  
17 able to meet a stringent cash requirement, which was  
18 sixty-five days.

19 So part of their settlement with us to give  
20 us a waiver is they said, okay, over the next three  
21 years we want to gradually get the Health System back  
22 up to sixty-five days. So they went down to fifty to  
23 fifty -- to fifty-five to sixty and sixty-five. It was  
24 just part of the agreement with them. They allowed us  
25 to have some time to do that.



1           Q.    Did the hospital at any time approach the  
2 bond -- the bonding company about reducing the cash  
3 covenant requirements to help satisfy the pension plan  
4 obligations?

5           A.    I don't understand the question.

6           Q.    Other words, could you reduce the  
7 requirements that should be -- you would hold aside a  
8 certain number of days of money to free up some cash to  
9 put it in the pension plan?

10          A.    No, we did not.

11          Q.    Why not?

12          A.    I guess the thought never came up. I mean,  
13 I think we negotiated all they were going to give us in  
14 reductions of days, days cash on hand.

15          Q.    Let me ask you a little bit more about some  
16 third-party vendors. Hardy & Associates, who is that?

17          A.    Architects.

18          Q.    What did they do for the hospital?

19          A.    Well, of course, they did architectural  
20 drawings on a lot of our construction projects. That's  
21 all, to my knowledge.

22          Q.    Did you deal with them in person?

23          A.    No. No.

24          Q.    Do you know who the principals in Hardy &  
25 Associates?

1 A. I do not.

2 Q. What about Taylor Designs, what is Taylor  
3 Designs?

4 A. Never heard of Taylor Designs.

5 Q. Walmart Clinic GBMC?

6 A. We opened a physician clinic in Walmart, put  
7 a nurse practitioner in there. I don't know if it's  
8 still there or not, but we actually put a clinic in  
9 Walmart in Pascagoula.

10 Q. All right. Who negotiated that deal?

11 A. Greg Shoemaker.

12 Q. And what was the principal company -- I guess  
13 maybe Taylor Designs was the company he negotiated the  
14 deal with?

15 A. I can't answer that. I don't know.

16 Q. Have you told me everything you know about  
17 Taylor Designs?

18 A. I've never heard of Taylor Designs.

19 Q. I'm sorry, I'm shifting gears. Walmart  
20 Clinic, who did Mr. -- he negotiated the deal --

21 A. With Walmart.

22 Q. Okay.

23 A. With Walmart executives.

24 Q. All right. Have you told me everything you  
25 know about that -- that deal?

1           A.    I'll be glad to answer any more questions. I  
2 mean, that's all there is to it. We just put a clinic  
3 in Walmart and operated it.

4           Q.    When was that?

5           A.    I'm going to say '11, but I'm not positive.

6           Q.    Was it an ongoing concern when you left?

7           A.    When I left, it was, yes. But I know that  
8 Walmart was cancelling the contract, but I don't know  
9 if they ever did or not.

10          Q.    This is just time line things I want to get  
11 clear. I understand from your testimony the last  
12 contribution made to the plan was in 2009?

13          A.    Correct.

14          Q.    It was a partial contribution, was it not?

15          A.    It was a two million dollar contribution. I  
16 don't remember if it was partial or full.

17          Q.    You don't know if that was what the  
18 actuarials recommended?

19          A.    No, I do not.

20          Q.    Okay.

21          A.    I'm assuming that's where we got the number  
22 from, but I don't know that.

23          Q.    But the documents would reflect whether  
24 that --

25          A.    Yeah. Right.

1 Q. -- complied?

2 A. Right.

3 Q. Okay. Just so we have a comprehensive list  
4 in terms of actually making the decision in either 2009  
5 to partially fund or 2010 not to fund, who were the  
6 people that made that decision?

7 A. Well, eventually the final decision is with  
8 the board of direct -- board of trustees. Chris and I  
9 would have been involved in looking to see if the funds  
10 were available and if we could recommend that we make a  
11 contribution to the pension plan. And Nebo Carter  
12 would have been involved in that, also.

13 Q. Were the discussions about whether to fund or  
14 not fund done in executive session or were they -- are  
15 there minutes of those meetings?

16 MR. DORNAN: In which meeting or what -- what  
17 committee, I guess, Jim?

18 BY MR. REEVES:

19 Q. I guess whatever committee got together and  
20 decided ultimately not to -- not to fund.

21 A. Well, I think Chris and I would have made the  
22 decision whether we had the funds or not. And we would  
23 have conveyed that to the -- to the retirement  
24 committee, and then it would have gone to the board.

25 Q. Okay. So now you're helping. So the

1 retirement committee, then it went to the board.

2 A. Yeah. Everything is final -- final  
3 decisions are made by the board of trust.

4 Q. Did you make recommendations directly to the  
5 board of trustees?

6 A. I don't recall how that was conveyed. I  
7 mean, the board and Chris and I, we knew what the cash  
8 balance was at the time we would have made the  
9 contribution. So I don't remember how that was  
10 conveyed.

11 Q. Okay. Were -- was any part of the  
12 decision-making process done so that there are minutes  
13 that exist that detail the decision-making process or  
14 was all this done in executive session?

15 A. I'm not aware. I'm not aware of any minutes  
16 that reflect that.

17 Q. Any of this?

18 A. Yeah, any of that.

19 Q. You realize this was an important decision;  
20 right?

21 A. Absolutely. I was -- I'm very concerned  
22 about the employees and the pension plan, and I was.

23 Q. Well, let me ask you, why didn't you as  
24 CFO -- looking back, you should have insisted there be  
25 minutes and a record kept of these important decisions,

1 shouldn't you?

2 MR. DORNAN: Object to the form of the  
3 question. You can answer it if you can.

4 A. Looking back, I would have -- I should have  
5 insisted on minutes. I didn't at the time.

6 BY MR. REEVES:

7 Q. Right. Right. But we do know that the  
8 decision to not fund the pension plan in 2010 was  
9 never -- was not conveyed at that time to the  
10 employees, was it?

11 A. I don't know that it wasn't or not. I mean,  
12 I -- I'm not in charge of the communication plan. And  
13 I'm not trying to push the responsibility, but I just  
14 don't know. I don't know if -- how it was conveyed to  
15 the employees or if it was conveyed. But I do know  
16 that we have documents, and we have financial  
17 statements audited and we have pension plan audits that  
18 clearly state there were no contributions made.

19 Q. You seem like a fair guy, and I want to be  
20 fair with you. You're the CFO.

21 A. Uh-huh (indicating yes).

22 Q. You're making this important decision. We  
23 talked about the fact that the hospital owes an  
24 obligation --

25 A. Right.

1           Q.    -- to be honest to the employees. But you  
2 not one time did you say, hey, we're making this  
3 decision, this needs to be conveyed to the employees  
4 today so they can -- they can take action if they need  
5 to, you didn't tell anybody that, did you?

6           A.    No, I didn't say that because I didn't think  
7 it was my job to do that.

8           Q.    Well, whose job was it, sir?

9           A.    Well, I think it was the CEO's job to do  
10 that. He handled all communication with employees. I  
11 did not handle communication with employees.

12          Q.    And, candidly, he should have told them that  
13 at that time, shouldn't he? Just being fair.

14               MR. WILLIAMS: Object to form.

15 BY MR. REEVES:

16          Q.    Isn't that true?

17          A.    If we're assuming they weren't told, yes.  
18 I don't know that they weren't told.

19          Q.    You've never -- you've never seen -- you  
20 see the newsletters that went out every year saying  
21 what we've done for you.

22          A.    Right.

23          Q.    But there's nothing in any of those that say,  
24 hey, by the way, we didn't contribute any money to your  
25 plan this year, there's none of them that say that?

1           A.     I agree with that. But we also had  
2     quarterly meetings with employees that lasted a couple  
3     hours where Chris would conduct. And I can't remember  
4     if he told them there or not that we didn't make a  
5     contribution. I just can't remember.

6           Q.     So, again, I want to be fair with you. He  
7     didn't tell them, did he?

8           A.     I don't know that he did --

9           MR. WILLIAMS: Object to form.

10          A.     I'm sorry, I didn't know if I was supposed to  
11     answer that. I don't remember if he did or he did  
12     not.

13     BY MR. REEVES:

14          Q.     You agree whether he did or didn't, he should  
15     have?

16          A.     Yes.

17          Q.     Okay. And you understand the importance of  
18     that to people so they can make timely decisions about  
19     whether they want to continue to work there or whether  
20     they need to take different steps with their  
21     retirement; right?

22          A.     I understand.

23          Q.     And people -- the people that work for you,  
24     it's right that they should be able to rely upon things  
25     that you tell them about their retirement; right? It's



1 fair for them to rely on that, isn't it?

2 A. Yeah, I understand that. But for me  
3 personally, there's only so much I can do. And I  
4 didn't have a form to communicate with employees about  
5 that. That's -- that's my answer on that. And I  
6 still -- I don't know if he told them or not. I know  
7 you're sitting there telling me he didn't, but I don't  
8 know if he did or he didn't.

9 Q. And I don't want to repeat it, but the same  
10 thing for the other years it wasn't funded; right? You  
11 can't point to me in any of these newsletters or  
12 compensation statements anywhere where it said, hey, we  
13 didn't fund again, guys, we hadn't been able to meet  
14 our obligation to fund, or whether you want to call it  
15 an obligation or not. I know you don't agree with  
16 that. But you're not aware of any written document  
17 that was sent out to the employees or pension plan  
18 members that said, hey, we're not funding this year,  
19 are you?

20 A. I'm not aware of any document.

21 Q. And just like it should have been told in  
22 '10, you agree somebody should have told them each one  
23 of those years?

24 A. I agree the employees had a right to know.

25 Q. And a right to know timely; right?

1           A.     Timely.

2           Q.     If -- we hadn't taken testimony yet, but all  
3 of us have done investigations, and this thing has been  
4 all over the media, of course. If members of the board  
5 say Mr. Crews didn't tell us this thing was in bad  
6 shape, he told us kind of what was in the retirement  
7 plan, that it was in good shape, what would your  
8 response to that be?

9           MR. DORNAN: Before you answer, when you say  
10 the board, you mean the board of trustees?

11          MR. REEVES: Board of trustees.

12          MR. WILLIAMS: I'm going to object to the  
13 form.

14          MR. DORNAN: I also object to the form of the  
15 question, but you can answer it if you can.

16          A.     Okay. Would you repeat to be sure --

17 BY MR. REEVES:

18          Q.     Sure, because they hadn't been deposed yet.  
19 You're the first to be deposed. But we've gotten in  
20 the case and some of them said, hey, you know, Chris  
21 Anderson, Mr. Crews told us everything was great.

22          A.     Yeah.

23          MR. DORNAN: Object to the form of the  
24 question.

25 BY MR. REEVES:

1 Q. Would that be true?

2 MR. WILLIAMS: Same objection.

3 MR. CAMPBELL: Same objection.

4 A. I don't know what the question is anymore.

5 I'm sorry, Repeat --

6 BY MR. REEVES:

7 Q. Well, if they testify here next week or  
8 whenever we depose them that, no, Mr. Crews never told  
9 us this thing was in bad shape, he told us it was in  
10 great shape, we didn't know it wasn't funded, if they'd  
11 say that, what's your response?

12 A. I never told them --

13 MR. DORNAN: Talking about the board of  
14 trustees of the hospital?

15 MR. REEVES: And the retirement, and the  
16 retirement.

17 MR. WILLIAMS: Object to form.

18 A. I never told them that.

19 MR. HUNTER: I'm going to object to form.

20 A. I never told them that.

21 BY MR. REEVES:

22 Q. Okay. Your testimony would be that's not  
23 true, you fully disclosed it is your position?

24 A. Yeah. It was disclosed in the audit report,  
25 which was reviewed at the board level. It was

1 disclosed in the -- the, I'm sorry, retirement -- the  
2 pension plan audit, which was discussed and reviewed at  
3 the audit -- I mean, at the -- I'm sorry, the audit was  
4 discussed at the board meeting.

5 Q. Okay. And this is what's driving what we  
6 were talking about with the minutes and so forth  
7 earlier is -- and Mr. Mayo just read you some of the  
8 minutes from some of the retirement meetings. And you  
9 say the audits were there. But -- but is it your  
10 testimony that you didn't tell any of the retirement  
11 plan committee members or the board that, hey, despite  
12 what the audit says, this is okay --

13 A. No.

14 Q. -- it's still in good shape?

15 A. No, I never told them that.

16 MR. REEVES: Let's take a break.

17 MS. DUVALL: Before we go off the record, if  
18 I can make one statement on the record. This is  
19 Carly Duvall speaking for the Singing River  
20 defendants. We started this line of questioning  
21 from Mr. Reeves discussing Exhibits 4 through 8,  
22 which had been used by Mr. Mayo. Those were  
23 minutes from what we were referring to as the  
24 employee retirement committee.

25 Mr. Reeves had suggested and Mr. Mayo

1 suggested that those had not been produced. We  
2 have -- Singing River can confirm that those had  
3 been produced at documents SRHS 9576 through 9592.  
4 For further information, as I mentioned before,  
5 those were produced from Singing River to its  
6 auditors. And then pursuant to a request for  
7 production requesting that same information, it  
8 was provided in that form and produced in that  
9 course of business.

10 MR. REEVES: And they do have -- I'm sorry,  
11 they do have Bates stamp numbers on them?

12 MS. DUVALL: That's right. And to read  
13 again, it is Bates stamped 9576 and 9592. I  
14 apologize for any confusion that may have  
15 suggested that those had not been produced yet,  
16 but they have, and they were produced in that  
17 first round of production.

18 MR. BARTON: And were they part of the  
19 confidential documents?

20 MS. DUVALL: They are. And a continuation  
21 statement on the record regarding that. Just a  
22 few minutes ago, Judge Hilburn signed the  
23 protective order dated today so that we can  
24 supplement our production with confidential  
25 materials knowing that they'll now be governed by

1           that protective order and knowing that any  
2           exhibits marked confidential in today's deposition  
3           will be governed by that order.

4           MR. REEVES:   Okay.   Thank you.

5           THE VIDEOGRAPHER:   We're going off the  
6           record.   The time on the screen is 2:27 p.m.

7                               - - -

8                               (A short break was taken.)

9           THE VIDEOGRAPHER:   We're back on the record.  
10          The time on the screen is 2:39 p.m.

11         BY MR. REEVES:

12                 Q.    Sir, I want to talk to you a little bit  
13                 about the budget process at Singing River during your  
14                 tenure there.   Just walk me through in a narrative  
15                 fashion how you would -- how and when you, when I say  
16                 "you," I mean the hospital, would compile its annual  
17                 budget.

18                 A.    Okay.   Fiscal year end is 9/30.   We usually  
19                 start on the budget process about the end of March,  
20                 sometime in that time frame, and we set parameters.   In  
21                 other words, we give people inflation rates.   We give  
22                 out -- we put an instruction manual together and send  
23                 out.   We send it out to all department heads, so all  
24                 department heads, everybody that has an operating  
25                 department prepare their own budget and they send it

1 in.

2 We compile the budgets. We do have meetings  
3 with everybody who submitted a budget to go over them  
4 to make sure we understand them. And then the budget  
5 goes up through the approval process and ends up with a  
6 presentation to the board, board of trust.

7 Q. How would the projections for the pension  
8 plan contributions be sort of woven into that process?

9 A. We would use the prior year -- we would use  
10 the prior year actuary report, increase it by an  
11 inflation factor and put the expense in.

12 Q. Who would determine the inflation factor and  
13 so forth?

14 A. Well, we get them off publications. There's  
15 publications. There's rate controls. There's all kind  
16 of hospital sites that give estimates on inflation  
17 ratios.

18 Q. So that's done in-house?

19 A. Oh, yeah, it's done in-house.

20 Q. All right. Let me ask you something. My  
21 understanding, Mr. Anderson worked at KPMG before  
22 coming to the hospital; correct?

23 A. That's my understanding.

24 Q. Did he ever serve in the role as a -- his  
25 role with KPMG, was it auditing hospitals?

1           A.    Yes.  Yes.

2           Q.    Okay.  So before he came on board at the  
3   hospital, he was actually on the other side of the  
4   table, so to speak, for KPMG auditing hospitals from  
5   that side?

6           A.    Yes, that's correct.

7           Q.    All right.  Did he come directly from KPMG  
8   to the hospital?

9           A.    I'm not -- I don't know the answer to that.  
10   I think he did, but I'm not sure.  I wasn't there when  
11   he joined.  He joined long before I did.

12          Q.    Did you participate in the audits with KPMG?

13          A.    Of course.

14          Q.    So tell me about that.  Did you basically  
15   open the door and let them look at the books, or did  
16   you sit down and go through -- how did that work?

17          A.    Well, kind of how the audit process works is  
18   maybe months before they come in, they send us a  
19   request for information.  It's not a formal document,  
20   but they tell us everything that they need and  
21   everything they need to look at and we try to have that  
22   ready for them when they come in.  They come on site,  
23   maybe two or three, sometimes more.  They come on site  
24   and do the audit work.

25                They compile the report, the financial



1 statements, talk to us about any adjustments they need  
2 to make, in other words, they see something they don't  
3 think is right. We sit down and talk about those. We  
4 have weekly conferences with them to go over where  
5 we're at in the audit process. I didn't always sit in  
6 on those, but the controller at the Health System did.  
7 And so we stay with them the whole way up to the final  
8 product. They present it to us, and then they come  
9 present the audited financials to the board, board of  
10 trust.

11 Q. Would Mr. Anderson stay in with them when the  
12 audit was being conducted?

13 A. Pardon?

14 Q. Would Mr. Anderson be in there with them --

15 A. Not often, no.

16 Q. Not often?

17 A. Not -- hardly any, no.

18 Q. Okay. Let me ask you about -- and I'd rather  
19 not have to go back through the documents so we can  
20 kind of maybe wrap it up here, but Mr. Mayo asked you,  
21 I think it was Bates stamp document 18275. There's  
22 some minutes of a meeting where there was a retirement  
23 plan and trust audit. I think it was 2010 or '11. And  
24 it references that there's one going on and it  
25 references you. That audit, did you get actually a

1 written report or auditing report?

2 A. Yes, we get an audit report.

3 Q. Okay. But was one done in particular with  
4 the -- with the -- what did you call it, a freeze in  
5 2011? Was that a particular more extensive audit that  
6 took place?

7 A. No, not more -- any more extensive. I mean,  
8 audits are extensive to begin with, but no more so in  
9 '11.

10 Q. I think I'm probably asking a poor question.  
11 My understanding is when you did the change in 2011 --

12 A. Right.

13 Q. -- there was an extensive overview of the  
14 plan.

15 A. Yes.

16 Q. Liabilities going forward and a weighing of  
17 options as to how to proceed.

18 A. Correct.

19 Q. Something like that. Is that called an audit  
20 or something else?

21 A. No, that's not an audit. I mean, they just  
22 came down and made a presentation, you know, here's  
23 what we see the options are.

24 Q. And who is "they"?

25 A. I'm sorry, Transamerica.

1           Q.    Okay.  Who at Transamerica came down and made  
2   the pitch?

3           A.    Well, we've seen a name Frank Carberry is the  
4   actuary, but his boss came with him, and I can't  
5   remember his name.  Sorry.

6           Q.    Is the -- the solution chosen, in other  
7   words, the plan was basically closed to people who  
8   weren't already members and so forth, was that one of  
9   the options recommended by Transamerica?

10          A.    Yes.

11          Q.    And do you remember the other options?

12          A.    Well, I'm not sure there were other options.  
13   I mean, what they kind of did is laid out the -- you  
14   know, they told us that they thought the soft freeze  
15   was the way to go, and then they laid out some other  
16   things that we could do.  For example, we could  
17   increase the employees contribution to the plan.  We  
18   could limit the vesting provisions, just some other  
19   things like that.

20          Q.    Okay.

21          A.    I mean, I was asked before about Plan B, and  
22   I'm not aware of a Plan B.  The soft freeze was the  
23   option.

24          Q.    Let me ask you this:  In looking at the  
25   records, it indicated the board of trustees voted, I

1 think, in 2006 to restrict about fifty-nine million  
2 dollars in hospital's funds exclusively for facilities  
3 modernization.

4 A. Yes.

5 Q. Does that sound right?

6 A. That sounds right.

7 Q. What -- what was that money restricted for?

8 A. Okay. The Health System asked them to put a  
9 board restriction on that because we were getting a lot  
10 of money from the government on Katrina, a lot of  
11 Katrina funds. And at the time, we were worried about  
12 the county wanting some of that money. So we asked the  
13 board to designate it for capital equipment  
14 improvement.

15 Q. And that protects it from the county how?

16 A. I don't know if it does or does not. You  
17 know, we think if they see something that's designated  
18 by the board, they're not going to try to take it. I'm  
19 sure we went through an analysis of that. I just don't  
20 remember the details back then.

21 Q. All right. Let me ask you -- I'm going to  
22 shift topics here. You're an accountant by trade.  
23 What does the term going concern mean to you?

24 A. It means there's a question if the Health  
25 System can survive. It's usually an audit term, and

1       there's a question, you know. It's about the worst  
2       opinion you can get on an audit statement. There is a  
3       concern if the Health System can continue to operate.

4           Q.     It did -- it required you, did it not, or  
5       management to report to auditors the existence of  
6       any -- whether the hospital could basically meet its  
7       obligations in the next twelve months; is that a  
8       layman's sort of way of saying it?

9           MR. DORNAN: Is there a document you want him  
10       to look at, Jim, or are you asking him just a  
11       general question?

12       BY MR. REEVES:

13           Q.     General question.

14           A.     Repeat the question.

15           Q.     I'm trying to see, was it a requirement under  
16       GASB for management to report to auditors the existence  
17       of any going concern, i.e., whether the hospital would  
18       have to pay its -- was able to meet its obligations in  
19       the next twelve months?

20           A.     I don't know. I've never been -- I've never  
21       been through an audit where we got a going concern  
22       comment.

23           Q.     Okay. And the pension plan was never  
24       referenced as a going concern --

25           A.     No.

1 Q. -- at any point in time?

2 A. No. It -- the audit wouldn't specify one  
3 thing over the other that caused it. I mean, the  
4 pension plan is -- the liability is what -- there's  
5 expense and liability on the books. That's the only  
6 items of the pension plan that are recorded on our  
7 books, the liability and the expense.

8 Q. Did you believe at any time while you were  
9 there that the underfunded liability of the pension  
10 plan was a going concern?

11 A. No.

12 Q. So you didn't report it?

13 A. I don't understand the question. I wasn't  
14 required to report. I'm not -- I'm not sure what  
15 you're getting at when you say I didn't report it.

16 Q. Did you report it to the auditors, that you  
17 felt like it was a going concern, they couldn't meet  
18 their obligations in the next twelve months to fund the  
19 pension plan?

20 MR. WILLIAMS: I object to form.

21 A. The auditors did an audit of the pension  
22 plan. They never raised a red flag during the audit  
23 report.

24 BY MR. REEVES:

25 Q. That's true with KPMG?

1           A.    Yes.

2           Q.    Was it true with Horne as well?

3           A.    I don't -- I didn't see the results, but,  
4           yes, they did both, yes.

5           Q.    Let me ask you something, looking back  
6           through the records, too, you would agree with me it  
7           appeared that the failure to fund the retirement plan  
8           beginning in -- underfund in '09 or fund in '10  
9           resulted in a mushrooming effect on the net pension  
10          plan liability; that's a fair statement, isn't it?

11          A.    Well, I think it had something to do with  
12          it, yeah.

13          Q.    Not putting the money in would do that;  
14          right?

15          A.    Oh, yeah, absolutely.

16          Q.    Okay. Now, I also looked at records that  
17          indicated to me, it appeared to at least in 2012, there  
18          were about sixty-five million dollars in capital  
19          improvements at the hospital, capital improvements.  
20          Does that sound about right?

21          A.    In '12?

22          Q.    Yes, sir.

23          A.    I think that's probably true because in '12  
24          we would have capitalized the Epic system.

25          Q.    Okay. And so in 2012 was the year that the

1 pension plan went unfunded; correct?

2 A. Went unfunded?

3 Q. Right, the hospital didn't make its  
4 contribution.

5 A. In '12, no, it didn't make a contribution in  
6 '12.

7 Q. Right. So, really, Mr. Crews, when you're  
8 saying that there's no money for the pension plan,  
9 that's not quite true. What you're saying is, it's not  
10 a priority of the hospital; isn't that true?

11 A. I disagree.

12 MR. DORNAN: Object to the form of the  
13 question.

14 MR. WILLIAMS: Object to the form.

15 A. Sorry.

16 MR. DORNAN: Go ahead.

17 A. I disagree with that.

18 BY MR. REEVES:

19 Q. Well, I understand you may very well do  
20 that. But as a practical matter, there was sixty-five  
21 million dollars to spend on capital improvements  
22 apparently; right --

23 A. Well --

24 Q. -- or roughly that figure?

25 A. -- sixty-five million were capitalized that



1 year. Doesn't mean we spent it all in that year. You  
2 can't capitalize something until you put it in use.

3 Q. But you understand how somebody who has a  
4 pension is going to rely on that pension and is retired  
5 on a fixed income says, you know, look, it's one thing  
6 to say we don't have any money, it's another thing to  
7 say that after we've capitalized sixty-five million and  
8 paid everybody else, there's nothing left, it appears  
9 to them that they're just at the bottom of the list in  
10 terms of priority, and that was true, wasn't it?

11 MR. DORNAN: Object to the question.

12 MR. WILLIAMS: Same objection.

13 BY MR. REEVES:

14 Q. Isn't that true?

15 A. I disagree they were at the bottom of the  
16 list. Every year, evidenced by the fact we put it in a  
17 capital budget, we wanted to fund that pension plan.  
18 We were all in that pension plan. We cared about it  
19 greatly. We cared about our employees and that's why  
20 we did the soft freeze. I mean, I don't think they  
21 were at the bottom of the list.

22 As far as other expenditures we have to make,  
23 most of those are legal obligations. We have to pay  
24 our employees their wages. We have to pay the  
25 benefits. We have to pay supplies. We have to pay for

1       drugs. All those are legal -- they're legal reasons we  
2       have to pay those bills. So if we're -- if we're below  
3       the target for days, there's just no money there to  
4       fund the pension.

5           Q.     Well, I understand that. You're not telling  
6       me that every obligation that was satisfied in 2012 was  
7       a legal obligation. There were choices that the  
8       hospital made. You've talked about them earlier, about  
9       purchasing equipment and so forth; right?

10          A.     Yeah, there's always --

11          Q.     Right.

12          A.     -- choices you have to make.

13          Q.     Right. So those were priorities over the  
14       pension plan that year; right?

15          A.     Well, I think they were things that the  
16       Health System had to do to stay competitive and stay in  
17       business.

18          Q.     Well, I understand. And that was the  
19       priority of the hospital at that time?

20          A.     Right.

21          Q.     Right. Not the pension plan?

22          A.     I think the pension plan was always a  
23       priority. We just didn't have the funds to fund it.

24          Q.     Just -- just not a priority enough to fund;  
25       correct?

1           A.    Those are your words, not mine.

2           Q.    Well, I mean --

3           A.    I think it's -- I think, once again, if  
4 there's no money there, you can't fund it. You can't  
5 do these things without cash to do it.

6           Q.    Well, let's just -- let's --

7           MR. DORNAN: Let him finish.

8           MR. REEVES: I don't mean to interrupt you.  
9 Go ahead.

10          MR. DORNAN: You can finish your answer.

11          A.    No, that was all I'm saying. I mean, the  
12 point is there was no money to fund the pension plan.  
13 BY MR. REEVES:

14          Q.    Well, I understand you say that, Mr. Crews,  
15 and -- but you've heard the old saying put your money  
16 where your mouth's at; right?

17          A.    Uh-huh (indicating yes).

18          Q.    But where the hospital put the money was in  
19 capital improvements and other things, not the pension  
20 plan. That's just a fact, isn't it?

21          A.    That's a fact, but I think it was a necessary  
22 fact.

23          Q.    Right. But I doubt the people who rely on  
24 that pension would agree with you, would they?

25          A.    Well, I'm sure they wouldn't.

1           Q.    I mean, it's a -- you can understand how  
2   these guys, it's a hard pill to swallow to say we spent  
3   sixty-five million dollars or so on capital  
4   improvements, but we can't put in the pension plan a  
5   few million dollars for you. You understand how -- how  
6   they feel about that, don't you?

7           MR. WILLIAMS: Object to form.

8           A.    I do understand how they feel, I do.

9   BY MR. REEVES:

10          Q.    I want to shift gears here again. We talked  
11   earlier about the years the hospital failed to fund the  
12   pension plan, and you had testified that you thought  
13   that started in '10?

14          A.    Yes.

15          Q.    But isn't it true that there were a number of  
16   years in the early 2000s where the hospital didn't fund  
17   it as well; isn't that true?

18          A.    I can't respond to anything before 2004  
19   because I wasn't there.

20          Q.    Isn't it true that Singing River contributed  
21   nothing to the pension plan in the year 2003?

22          A.    I don't know.

23          Q.    Isn't it true that the hospital contributed  
24   nothing to the plan in 2004?

25          A.    I don't recall not contributing in 2004, but

1 I wasn't there the whole year.

2 Q. Isn't it true that the hospital didn't fund  
3 the pension plan at all the year 2005?

4 A. I don't remember that. I don't recall.

5 Q. And isn't it true that in 2006, the hospital,  
6 I guess, attempted to make up those lack of  
7 contributions by contributing two hundred and fifty-six  
8 percent of the actuarial estimate? Is that true?

9 A. I don't recall the percentage.

10 Q. Well, let's make sure we got a clear time  
11 line. I want to attach as the next exhibit to your  
12 deposition documents that have been previously Bates  
13 stamped as SRHS 16070 through 16097, and specifically  
14 have you take a look at page 16086.

15 MR. DORNAN: Let's take a look.

16 MS. DUVALL: What page are we looking at?

17 MR. REEVES: We're looking specifically at  
18 Bates 16058.

19 MR. DORNAN: Looks like 16086 is what it  
20 looks like.

21 MS. DUVALL: Thank you.

22 MR. REEVES: Maybe I got something different,  
23 but I'll look back and compare. We got different  
24 Bates stamps. I think it says the same thing.

25 MR. DORNAN: So take a minute to look at it.

1 MR. REEVES: Sure.

2 MR. DORNAN: And then let him know when  
3 you're ready.

4 MR. REEVES: I've actually got the same thing  
5 in two different documents.

6 BY MR. REEVES:

7 Q. Tell me once you've had a chance to review  
8 that, sir.

9 A. Yeah, I'm -- I've seen this page. I hadn't  
10 seen this one before, but I've seen one of these pages.

11 Q. Well, we got -- this is -- what I'm reading  
12 from looks to be the same thing. It's an April 30th,  
13 2013, Transamerica report to you.

14 A. Okay. All right.

15 Q. And then it's got a section D attached to it,  
16 and my Bates stamp page is 16058. There's some  
17 discrepancy there. We can go past that. This appears  
18 to be -- and I can ask questions from this one if it's  
19 more helpful.

20 But what I've tried to show you appears to be  
21 a summary of unfunded accrued liability contributions  
22 and employer contributions.

23 A. Okay.

24 Q. Is that what that is?

25 A. Yes.

1           Q.    Okay. And it reflects at the first line,  
2 does it not, that in 2003, there were no employer  
3 contributions to the pension plan?

4           A.    That's what it says here, yes.

5           Q.    Okay. You wouldn't dispute that if that's  
6 in the plan -- in this document, would you?

7           A.    I don't dispute that we contributed zero. I  
8 don't know what the actuarial study required. It may  
9 not have required a contribution in that year.

10          Q.    Well, the column next to -- at least in the  
11 one that I'm looking at says annual required  
12 contribution to the left and then employer actual  
13 contribution to the right.

14          A.    Right. But the annual required contribution  
15 could have been made up by that earnings return.

16          Q.    Okay. So do you know that sitting here  
17 today?

18          A.    No, I don't. No, I don't. I'm just giving  
19 you a possible explanation.

20          Q.    Okay.

21          A.    I can't comment on '03 and '04 because I  
22 wasn't here the whole year '04, so I don't know. But  
23 you're right, they say the employer contributed zero.  
24 I agree with what the report says.

25          Q.    Okay. And so then all of a sudden in 2006,

1 and I'm guessing this is after some Katrina money here,  
2 I don't know.

3 A. No, you're correct.

4 Q. Is that right?

5 A. Uh-huh (indicating yes).

6 Q. Because it looks like they contributed two  
7 hundred and fifty-six percent. Does that indicate to  
8 you this is kind of an attempt to make up --

9 A. Yeah, it is.

10 Q. -- the failed contributions earlier?

11 A. It is.

12 Q. Okay. And so then we got contributions  
13 again. And it looks like again 2010 no contribution.  
14 We've established that; right?

15 A. Right.

16 Q. 2011 no contribution. 2012 no contribution.  
17 2013 no contri -- well, to be determined.

18 A. Okay. Right.

19 Q. And we know now there was no contribution in  
20 '13 as well; correct?

21 A. I'm not aware of one, no.

22 - - -

23 (Exhibit Number 11 was marked.)

24 MR. HUNTER: What's the exhibit number?

25 THE COURT REPORTER: Eleven.



1 BY MR. REEVES:

2 Q. I'd like you to keep that out by you, too,  
3 if you don't mind, for reference so we can go back to  
4 the page with the summary.

5 A. Okay.

6 Q. All right. I'm going to show you what I'm  
7 going to mark as the next exhibit.

8 - - -

9 (Exhibit Number 12 was marked.)

10 BY MR. REEVES:

11 Q. I'm going to show you this exhibit, sir.  
12 It's Bates stamped, for the record, SRHS 19139, 19140.

13 MR. CAMPBELL: Is that two pages?

14 MR. REEVES: It is. 19139 and 9140.

15 BY MR. REEVES:

16 Q. Tell me once you've had a chance to review  
17 that document, sir.

18 A. Yeah, I'm familiar with this document.

19 Q. These are the annual statements that we  
20 talked about earlier; right, and this is the one for  
21 2004?

22 A. Right.

23 Q. Sent out to all the plan members; correct?

24 A. Correct.

25 Q. All right. You received this as well because

1       you were a plan member?

2           A.     That's correct.

3           Q.     All right. Now, looking through this, it  
4       states on the first page, and let me make sure I read  
5       it right over to the right above the pie chart, Singing  
6       River Hos -- River Hospital invested approximately  
7       121.5 million dollars in '04 in our employees and  
8       their families. I read that correctly, didn't I?

9           A.     I'm sorry, I can't hardly see that.

10          Q.     Right here is where I'm looking.

11          A.     One hundred twenty-one million we invested  
12       in wage and benefits. Yeah, I see that. I see what  
13       you're reading from.

14          Q.     Okay. And then below that where it's got the  
15       pie chart and it's got other, it's got 6.8 million  
16       dollars; correct?

17          A.     Yes.

18          Q.     All right. And then below that under the  
19       explanation in very small type, it's got retirement  
20       benefits, life, AD&D insurance, etcetera; correct?

21          A.     Right.

22          Q.     All right. And this was a statement that,  
23       again, you received and was sent out to all pension  
24       plan holders; correct?

25          A.     Yes.

1           Q.    And if we flip to the next page, if you  
2 would, sir, it's got in the bottom right-hand corner in  
3 the left column a column that says you paid annually,  
4 meaning you, whichever employee it was sent to; right?

5           A.    Right.

6           Q.    And it's got an itemization of various  
7 things that the employee paid for; right?

8           A.    Right.

9           Q.    Then down by retirement plan, it's got the  
10 amount that was contributed by that particular  
11 employee; right?

12          A.    Yes.

13          Q.    Then the next column over says, make sure I  
14 read this right, SRHS paid annually, didn't it?

15          A.    Right.

16          Q.    And if you go down to the retirement plan,  
17 it's got, again, a list of what SRHS paid. It's got  
18 the specific to the nickel amount that it represents  
19 that SRHS paid for this employee, didn't it?

20          A.    Yes.

21          Q.    Okay. But we know as a matter of fact by  
22 looking at the previous exhibit, that in that  
23 particular year, SRH made no contributions to the  
24 retirement plan; correct?

25          A.    That's correct.

1           Q.    All right.  Let me get you to look at what  
2 I'm going to mark as the next exhibit to your  
3 deposition.

4                               - - -

5                       (Exhibit Number 13 was marked.)

6 BY MR. REEVES:

7           Q.    All right.  Now, I thought I heard you say  
8 earlier in your deposition that this statement  
9 didn't -- didn't mean that -- it was not supposed to  
10 mean that benefits had been actually paid in a  
11 retirement account as to what costs that have been  
12 incurred, something like that; is that what you said?

13          A.    I said the chart -- well, that was a  
14 different -- I think that was a different statement.  
15 It still says How was the money invested.  These are  
16 expense -- these are expenses here.  I mean, these --  
17 this is not all cash payments.  For example, can I just  
18 go through a few and just explain it to you?

19          Q.    You may.

20          A.    All right.  Medical benefits is actually  
21 what we paid in medical benefits, comes right off the  
22 books.  It's an expense number.  When you get down  
23 to -- I guess retirement is another here.  There's two  
24 things that make up the retirement.  There's the  
25 pension plan and there's post retirement medical

1       benefits.

2               Now, that would not be applicable to this  
3       person because they're a current employee, but that's  
4       what makes up these numbers up here. All right. Those  
5       are expense numbers. Even though we didn't fund the  
6       plan, we still had to record an expense. It's still an  
7       employee benefit and it's posted under the retirement,  
8       under the caption retirement. Is that clear as mud?

9               Q.     It is clear as mud. Well, let me ask you  
10       something. Let's cut to the chase, you know, maybe we  
11       can get through with this.

12               You know sitting here looking at this  
13       statement that an employee that receives this package  
14       looks at this and rightly assumes that money has been  
15       placed in his account, his retirement fund, that year  
16       by Singing River; isn't that true?

17               MR. WILLIAMS: Object to the form.

18       BY MR. REEVES:

19               Q.     Isn't that true?

20               A.     I think a norm -- I think a normal employee  
21       who doesn't understand accounting would look at this  
22       and make that assumption, yes.

23               Q.     Sure. Right. And I think -- and you're  
24       right. I agree. But more so than that, let's look at  
25       this -- the first paragraph, it actually states that,

1 doesn't it? Let's look at the first paragraph on the  
2 first page, and make sure I read it correctly.

3 It states -- this is to the employee from  
4 Singing River Hospital signed by Chris Anderson. This  
5 personalized statement details your salary and  
6 hospital-sponsored benefits that have either been  
7 provided to you at no cost or those that you have  
8 elected and share in the cost. I read that correctly,  
9 didn't I?

10 A. Yeah, you read it --

11 Q. Now, clearly, any employee reading that says  
12 these are benefits that have been paid to me; right?

13 A. I would say yes.

14 Q. All right. Yet you received a copy of these;  
15 right?

16 A. I received my copy.

17 Q. Right. And you read this. And so realizing  
18 it's misleading, you immediately sent out word to the  
19 communications department, look, this isn't true, we  
20 hadn't paid this, this has got to be corrected  
21 immediately because people rely on this. You did that,  
22 didn't you?

23 MR. DORNAN: Object to the form.

24 BY MR. REEVES:

25 Q. Did you do that?

1           A.    Couple things.  First of all --

2           Q.    Just answer my question.

3           A.    I didn't get a chance to see this before it  
4    went out, first of all.

5           Q.    Well, I'm asking after you received it.

6           A.    No, I did not.  I did not do that.

7           Q.    Okay.  And looking back, you should have  
8    done that, shouldn't you?

9           A.    I should have.  I didn't read it.  I didn't  
10   pay attention to the one I got.

11          Q.    All right.  Let's go to the next one.  And I  
12   don't know that this -- let's make this the next  
13   exhibit.

14               MS. DUVALL:  And can I have the Bates stamp  
15   for Exhibit 13?

16               MR. REEVES:  If I can find it.  19141, 19142  
17   through 19144.

18               MR. DORNAN:  Is that the same thing you have  
19   here?

20               THE WITNESS:  Yeah.  It's just different  
21   years.

22               MR. REEVES:  Let's just make this -- it's the  
23   2010, same thing.  I'm going to go ahead and  
24   attach both these.  Mark this one as the next one.

25                               - - -

1 (Exhibit Nos. 14 and 15 were marked.)

2 MS. DUVALL: And then just for the record  
3 before we start questioning, can we just say what  
4 those Bates stamps are, those two exhibits?

5 MR. REEVES: Exhibit 15 is 19149 through  
6 19152. 19145 through 19148 is Exhibit 14.

7 MS. DUVALL: And then is that going to be two  
8 thousand -- Exhibit 14 will be 2011 and Exhibit 15  
9 '12?

10 MR. REEVES: I think it's '10 and '11.

11 MS. DUVALL: '10 and '11. Thank you.

12 BY MR. REEVES:

13 Q. So we don't need to go through these at the  
14 same level of detail. But suffice it to say, these are  
15 the same type of statements that you would have  
16 received being a member of the plan; right?

17 A. Yes, I would have.

18 Q. And that everybody in the plan would have  
19 received for those years?

20 A. Correct.

21 Q. And we know from looking back at the  
22 previous Exhibit D, that in both these years, 2010 and  
23 2011, in fact no employer contributions were made to  
24 the pension plan?

25 A. Agreed.



1           Q.    Okay.  And I don't want to repeat the  
2 testimony, sir.  But the same would apply to these  
3 statements, people are reasonable and relied upon these  
4 looking at them?

5           A.    Yeah, I think you're right.

6           MR. REEVES:  All right.  Can you give me  
7 just a minute, Don?  I may be about finished.  Can  
8 we take just about three quick minutes?

9           THE VIDEOGRAPHER:  We're going off the  
10 record.  The time on the screen is 3:08 p.m.

11           - - -

12           (A short break was taken.)

13           THE VIDEOGRAPHER:  We're back on the record.  
14 The time on the screen is 3:10 p.m.

15           MR. REEVES:  I tender the witness.  Thank  
16 you, Mr. Crews.

17           - - -

18                               EXAMINATION

19           BY MR. HUNTER:

20           Q.    My name is John Hunter.  I represent Michael  
21 Tolleson here.  I have a few questions for you, Mr.  
22 Crews.

23           A.    Okay.

24           Q.    Do you know Michael Tolleson?

25           A.    I do.

                              COAST-WIDE REPORTERS

1 Q. How long have you known him?

2 A. Ever since I started in 2004.

3 Q. And was he a member of the board of trustees  
4 Singing River Hospital when you began employment there?

5 A. I'm not sure if he was in 2004, but I think  
6 he was.

7 Q. Okay. Was he also on the -- one of the  
8 trustees of the retirement plan at that time, if you  
9 recall?

10 A. He was.

11 Q. Okay. Has he served in both of those  
12 capacities throughout the time that you've been  
13 employed at Singing River until you left in 2014?

14 A. Yes.

15 Q. And what is your opinion of the job he's  
16 done?

17 A. I mean, I think he's done a good job. He --  
18 he's one of the people on the board who questions  
19 things, both boards. He asks a lot of questions. He  
20 raises his concerns, and he makes sure he has answers  
21 to those. I think he's done a good job.

22 Q. And by trade, he's a CPA also; correct?

23 A. He is.

24 Q. And did he ask questions, if you recall,  
25 regarding the increased amount that was shown on each

1       audit as far as accounts receivable was concerned?

2           A.    He asked questions concerning the reserves,  
3       yes.

4           Q.    And who did he ask those questions of?

5           A.    He asked those questions to KPMG, the partner  
6       of KPMG. He asked those each year, the last two or  
7       three years.

8           Q.    And he had a concern because these accounts  
9       receivables kept increasing --

10          A.    Right.

11          Q.    -- but the cash flow didn't increase  
12       accordingly; is that correct?

13          A.    That's correct.

14          Q.    And what did KPMG respond to those questions?

15          A.    They told him they applied standard audit --  
16       auditing procedures to accounts receivable and they  
17       thought it was fairly stated.

18          Q.    Okay. So they in their audit gave more  
19       favorable consideration to the assets of the hospital  
20       by considering these receivables than Horne  
21       subsequently did when it reported a shortfall; would  
22       you agree with that statement?

23          A.    Well, I didn't see the Horne report, but from  
24       my understanding, that's correct.

25          Q.    All right. And did they use different

1       accounting procedures, or do you know?

2           A.     I don't know.

3           Q.     As a layperson and without an accounting  
4       degree, how would I interpret the difference here?  
5       What factors would apply, if you know?

6           A.     Well, I've been trying to answer that  
7       question myself not being a layperson to that.  You  
8       know, we -- they just differed on the collection --  
9       collectability of self-pay accounts.

10          Q.     Okay.  And you stated earlier in your  
11       testimony to Mr. Barton that the longer an account got  
12       old, the less likely it was --

13          A.     Correct.

14          Q.     -- to be collectible.  Is that --

15          A.     That's correct.

16          Q.     -- accepted in the industry as a fact of  
17       life?

18          A.     It is.

19          Q.     Okay.  And this created a skewed financial  
20       report, then, would it not, by reporting these  
21       collectibles at that high level?

22          A.     If you believe the -- if you believe the  
23       Horne report and not the KPMG report, yes.

24          Q.     And is it a common custom and practice in the  
25       industry that as debts become older and older and

1       older, that you write off a certain percentage of them  
2       to give an accurate financial picture?

3             A.     That's correct.

4             Q.     So if that wasn't done in accordance with  
5       accepted accounting principles, then in your opinion,  
6       based on your experience and training as a CPA and as a  
7       chief financial officer, that would not reflect an  
8       accurate report, would it?

9             A.     Correct.

10            Q.     Okay. And Mr. Tolleson, he questioned those  
11       things?

12            A.     He did.

13            Q.     Because he understood those principles, too,  
14       did he not?

15            A.     Yes, he did.

16            Q.     Did he ever discuss those with you?

17            A.     Not with me personally. He -- we had  
18       discussions during the board meetings with the auditors  
19       about that.

20            Q.     And you were present when he asked those  
21       questions?

22            A.     Yes, I was.

23            Q.     And they said there's nothing to worry  
24       about, everything's all right?

25            A.     That's what they said.

1           Q.    And they also, the -- Transamerica would  
2    give the board -- and I'm speaking of the hospital  
3    board right now because they're the ultimate  
4    decision-makers here after the committee plan trustees,  
5    the ultimate decision-makers are the trustees of the  
6    hospital?

7           A.    That's correct.

8           Q.    And those trustees respected -- expected to  
9    rely upon the expertise of these auditors, did they  
10   not?

11          A.    That's correct.

12          Q.    And the plan provided that the hospital would  
13   give increased funding as necessary to keep the plan  
14   solid?

15          A.    That was my understanding.

16          Q.    Didn't set a special amount or matching what  
17   the employees put in. None of those things applied in  
18   the plan, did it?

19          A.    That's my understanding.

20          Q.    You agree this was not an ERISA plan?

21          A.    Oh, it definitely was not an ERISA plan.

22          Q.    There's been some allegations, and you may  
23   not be aware in this lawsuit, but it was a government  
24   plan; correct?

25          A.    No, it wasn't a government -- well, it was a

1       Singing River Health System plan. We were not part of  
2       the state plan.

3           Q. But it's a governmental entity and they  
4       weren't required to be an ERISA plan, that's my point.

5           A. Right. Yeah. I'm not sure why it's not --  
6       why it doesn't qualify ERISA. I know it's not ERISA  
7       plan.

8           Q. Okay. Now, you spoke of Wayne Smith and his  
9       in-house collection agency we'll call it. Did the  
10      Singing River Hospital during the period of your  
11      employment there use any outside collection agencies?

12          A. Yes, we used a number of outside collection  
13      agencies.

14          Q. Do you recall any of those?

15          A. I do not.

16          Q. Do you recall an agency that was created for  
17      the purpose of investigating outstanding accounts to  
18      see if they could be covered by insurance, Medicare or  
19      Medicaid?

20          A. Not specifically, no.

21          Q. Involving Mr. Williams?

22          A. Mr. Williams.

23          Q. And a gentleman by the name of Reynolds,  
24      perhaps?

25          A. Yes, I do remember that.

1           Q.     What was the name of that organization? And  
2 I can't think of it, I apologize. I'm not trying to  
3 play --

4           A.     That might be another one where I can tell  
5 you before I leave. I don't remember.

6           Q.     And it's my understanding that the hospital  
7 has filed a lawsuit against that agency now because of  
8 a dispute on fees. Have you read that?

9           A.     I'm not aware of that. That was after I  
10 left.

11          Q.     All right. Now, do you recall when the  
12 hospital started buying clinics, setting up clinics,  
13 and also subsidizing doctors who might be coming in?  
14 And by subsidizing, I mean they would guarantee a  
15 certain level of funding.

16          A.     Right. I am.

17          Q.     Did that occur during your tenure?

18          A.     I think it started before I got there, but it  
19 occurred while I was there, yes.

20          Q.     Okay. And do you recall why the hospital  
21 engaged in those three type of activities?

22          A.     Well, yeah. I think it was purely  
23 competitive reasons. We felt like we needed physician  
24 services in those areas. They were underserved. And  
25 we felt like it would spread the brand of Singing River



1 Health System.

2 Q. Did the hospital use any outside consultants  
3 that advised them of that?

4 A. It's possible before I got there. Once --  
5 during my tenure we did not.

6 Q. Okay.

7 A. Or maybe I don't remember if we did.

8 Q. All right. Fair enough. I believe there  
9 was a number of clinics established, and I may not have  
10 all of them, but one of them was established in Grand  
11 Bay we talked about.

12 A. Uh-huh (indicating yes).

13 Q. One was established in North Bay?

14 A. North Bay.

15 Q. Which is north of Gulf Hills in the  
16 northwestern part of the county.

17 A. Right.

18 Q. It's still in operation, I believe.

19 A. It was when I left, yeah.

20 Q. Okay. And then one was set up in Hurley.

21 A. Hurley Clinic, yes.

22 Q. And then you talked about the one set up at  
23 the Walmart --

24 A. Right.

25 Q. -- and had a nurse practitioner there.

1           A.     Wal-Mart.

2           Q.     And there was one set up in Gautier.

3           A.     Yes.

4           Q.     Okay. Now, were any of those set up from  
5 practices that were purchased by the hospital? I  
6 believe the one in Gautier, to save time, may have been  
7 Dr. McBroom's practice. Was that one that was --

8           A.     No, we never purchased his practice. After  
9 he retired, we put two physicians in that location.

10          Q.     Okay. So you used his facility?

11          A.     Well, we -- it was our building, yes.

12          Q.     Okay. He rented that building --

13          A.     Yes.

14          Q.     -- when he was in practice?

15          A.     Right.

16          Q.     Okay. And that's since closed in Gautier, I  
17 believe.

18          A.     Yes, it is.

19          Q.     And then the one in Grand Bay, did y'all  
20 build that facility or buy an existing practice?

21          A.     We leased an existing facility.

22          Q.     Okay. What about the one in Hurley, that  
23 was built, I believe, was it not?

24          A.     I'm sorry, I can't remember.

25          Q.     Okay. But y'all staffed it, in any event?

1           A.    Yes.

2           Q.    Okay.  And y'all also not only bought out  
3 practices and set up clinics as you determined, but you  
4 also guaranteed minimal -- and I'm going to have to be  
5 careful how I phrase this.  Let's say a resident was in  
6 the field of neurology, or whatever.  It doesn't  
7 matter.  I'm just using this by way of example.  And  
8 he's getting out of his residency practice and there is  
9 a need recognized that one of the existing facilities  
10 that traditionally would send patients to the hospital,  
11 the Singing River Hospital, might need some additional  
12 physician staffing.

13          A.    Uh-huh (indicating yes).

14          Q.    You all began a program, did you not, during  
15 the time that you -- and it may have started before you  
16 were there, but it was ongoing when you were there, I  
17 believe, wherein you all would guarantee moving  
18 expenses to this resident to come in to a certain  
19 practice, the hospital would?

20          A.    Yes.

21          Q.    They would guarantee a minimal amount for  
22 overhead and salaries?

23          A.    Correct.

24          Q.    And if he did not generate that during a  
25 certain period of time, say, eighteen months, then the

1 hospital would make up the deficit to that facility  
2 that hired him; correct?

3 A. Actually it didn't have to be after eighteen  
4 months. We guaranteed a salary to that physician. Any  
5 month he didn't make -- he didn't generate sufficient  
6 fees to --

7 Q. Pay the overhead and his salary.

8 A. Yeah, we would cover that. We would  
9 subsidize that.

10 Q. And y'all would also help pay off his student  
11 loans; correct?

12 A. Correct.

13 Q. And how long did that practice continue,  
14 throughout the time you were there?

15 A. Yeah, throughout the time there. I mean,  
16 that's a common practice.

17 Q. Okay. And do you know if that was based on  
18 any outside consultant's recommendations?

19 A. I do not know.

20 Q. Okay. Did any of the auditors give you a  
21 letter, recommendation letter, following the audit,  
22 things that should or should not be done as far as the  
23 finances?

24 A. They give us a management letter.

25 Q. Management letter, yes. I couldn't think of

1 the term on it. All right. In any of those management  
2 letters, were they critical of the practice the  
3 hospital had during your tenure?

4 MR. DORNAN: Talking about any practice, John?

5 MR. HUNTER: Yeah. Did they criticize the  
6 hospital's financial records during his tenure  
7 there in those management letters, that's my  
8 question.

9 MR. DORNAN: Thank you.

10 A. We always had some management letter  
11 comments. Most -- they were mostly helpful and said  
12 here's a way maybe you can do this better. We always  
13 followed those and took them to the board, made sure  
14 they understand -- understood those.

15 BY MR. HUNTER:

16 Q. And did they take action most cases in order  
17 to address those issues?

18 A. All cases.

19 Q. All cases. And did the board accept your and  
20 Mr. Anderson's recommendations on significant financial  
21 matters in most all cases?

22 A. In most all cases.

23 Q. Do you know of anything that Michael Tolleson  
24 did that went outside the scope of his position either  
25 as a trustee of the plan or a trustee of the hospital?

1           A.    I'm not aware of anything, no.

2           Q.    Did you hear anybody else criticize him as  
3 going outside the scope of either of those?

4           A.    I did not.

5           Q.    And did the trustees, to the best of your  
6 knowledge, and I'm talking about hospital trustees now,  
7 follow the recommendation of the actuarials, to the  
8 best of your knowledge, in the decisions they made as  
9 to whether to put additional funding into the plan?

10          A.    Well, we weren't able to -- as far as the  
11 funding was concerned, we weren't able to follow those.

12          Q.    Okay.

13          A.    From the actuarial report you mean?

14          Q.    Yes, sir.

15          A.    We weren't able to fund the pension plan,  
16 no.

17          Q.    But was there occasions when the actuarial  
18 said, well, it's not necessary to put any more money in  
19 right now?

20          A.    No, I never heard that.

21          Q.    Were there any other clinics I didn't name  
22 that you recall?

23          A.    I'm sure there were other clinics. I just  
24 can't recall them. We had one in Ocean Springs. I  
25 just can't remember the name of it. We had one

1 initially in George County that eventually the hospital  
2 there took over. I'm sure there were others. I just  
3 can't remember them.

4 Q. Okay.

5 A. If I heard the names, I'd probably recall.

6 Q. And you said the chairman of the board would  
7 have appointed the trustees that served as plan  
8 trustees?

9 A. Yes.

10 Q. And that would have been Michael Heidelberg?

11 A. Yes.

12 Q. All right. You talked about a couple of  
13 trips that you and Chris Anderson made up to New York  
14 to talk to the bond insurers.

15 A. Yes.

16 Q. Did they make any demands upon y'all as to  
17 what they expected out of you? And maybe "demands" is  
18 a bad word. Did they say, we expect you to do this,  
19 this, and this, or suggestions --

20 A. Yeah, they --

21 Q. -- or however you want to characterize it?

22 A. They expected us to meet our bond covenants.  
23 And they hammered that home pretty clear and kind of  
24 described what they may do if we didn't.

25 Q. And that was take over operations?

1           A.    Well, yeah. I don't mean to make that that  
2           dramatic. I mean, they don't always take over, but  
3           they send people in and you lose the ability to make  
4           all decisions.

5           Q.    They look over your shoulders?

6           A.    That's right.

7           Q.    They're critical of your decisions?

8           A.    They're critical, and they make their own  
9           suggestions, but they're very strong suggestions.

10          Q.    Did they make any suggestions to you and Mr.  
11          Anderson on either of these occasions?

12          A.    Just what I just -- I mean, just what I just  
13          mentioned. These trips up there were to inform them  
14          where we were.

15          Q.    Understood.

16          A.    I mean, it was before we needed a waiver or  
17          anything like that.

18          Q.    Kind of like you go to your banker and say,  
19          look, we got some financial problems coming up, don't  
20          want to surprise you; right?

21          A.    Yeah. Yeah. We kind of let them know where  
22          we were at this point and where we thought we would end  
23          the year. And they were -- they were pretty tough on  
24          us questioning those things, rightly so.

25          Q.    And they said over the next three years y'all



1 got to get your cash flow back up to the level we  
2 expect; is that --

3 A. Yes.

4 Q. -- kind of what they told you?

5 A. Yes.

6 Q. Would that be a good summary of what you all  
7 were told?

8 A. Yes. Yeah. And, you know, they asked us how  
9 we planned to do that. We put together plans and went  
10 over those plans with them, and plans don't always  
11 work.

12 Q. Did you all come back and report to the  
13 trustees what these people had told you they expected?

14 A. Yes. Chris always made a report to the  
15 trustees about our trip.

16 Q. And did the trustees in support of those  
17 recommendations and your and Chris' recommendation  
18 follow those as they might relate to significant  
19 financial issues?

20 A. Yes. Yes.

21 Q. You mentioned Mr. Louis Watson. He was a --  
22 I call him an attorney who specializes in retirement  
23 plans?

24 A. Yeah, that's my understanding of his  
25 specialty, yes.

1           Q.    And had he helped draft the Singing River  
2 Hospital plan, if you know?

3           A.    I don't know, but I think he did.

4           Q.    Okay. And he was the one that Singing River  
5 would go to, to consult regarding legal issues  
6 involving with the plan?

7           A.    Correct.

8           Q.    And you all having reviewed the plan, as many  
9 of us here have since that time, went to Mr. Watson and  
10 said, what's your opinion about the requirement for the  
11 hospital to absolutely fund this and we don't have the  
12 money; is that a --

13           MR. WILLIAMS: Let me object to the extent  
14 you're asking attorney-client privilege of Mr.  
15 Watson.

16           MR. HUNTER: I asked what they asked. I  
17 didn't say what he told them.

18           MS. DUVALL: It's an attorney-client  
19 privilege communication to the extent that Mr.  
20 Crews was employed by Singing River at the time  
21 and made the communication from the entity as an  
22 officer seeking attorney --

23           MR. HUNTER: I can rephrase the question.

24           MS. DUVALL: Sure.

25           BY MR. HUNTER:

1 Q. Did you seek legal advice from Mr. Watson as  
2 to whether it was necessary to fund the plan or not?

3 A. I did.

4 Q. And did you rely on that information and act  
5 accordingly?

6 A. I did.

7 Q. Did the trustees, also, to the best of your  
8 knowledge?

9 A. Yes.

10 Q. Who was the controller during the period of  
11 time that you were working there?

12 A. The controller?

13 Q. Yes, sir.

14 A. Kathy Hartung. And before --

15 Q. Where is she now?

16 A. I don't know if she's still there or not.

17 Q. Was that her husband works at Chevron?

18 A. I don't know. No, I don't think -- I don't  
19 think that's the same Hartung.

20 Q. Okay.

21 A. Before that, it was Bill Errman, E-R-R-M-A-N.  
22 He was there for --

23 Q. When did she come in as far as the time  
24 you --

25 A. He was there from 2004 through 2006 and then

1 she took over.

2 MR. HUNTER: Okay. I don't believe I have  
3 any further questions. Thank you, sir.

4 THE WITNESS: I'm sorry, I have to go to the  
5 little boys' room.

6 MR. HUNTER: Sure.

7 THE VIDEOGRAPHER: We're going off the  
8 record. The time on the screen is 3:29 p.m.

9 - - -

10 (A short break was taken.)

11 THE VIDEOGRAPHER: We're back on the record.  
12 The time on the screen is 3:34 p.m.

13 - - -

14 EXAMINATION

15 BY MR. CAMPBELL:

16 Q. Mr. Crews, my name is Roy Campbell. I  
17 represent Chris Anderson. I have just a few questions.  
18 For the years that no employer contributions were made,  
19 as I understand your testimony, the audited financial  
20 statements disclosed that?

21 A. Yes.

22 Q. And every year those audited financial  
23 statements were delivered to the board of supervisors?

24 A. Yes.

25 Q. And is it your understanding that upon

1 receipt of those statements, upon receipt and  
2 acceptance of those statements, that those financial  
3 statements became public records?

4 A. Yes, that's my understanding.

5 Q. Did you understand that the hospital expected  
6 that it would be able to make up those contributions?

7 A. I really thought we could.

8 Q. And insofar as you could tell, did that seem  
9 to be the attitude of others in the administration and  
10 on the board?

11 A. Yeah. I think we all were very confident  
12 that we could make up those. You know, we had some  
13 great plans that we were going to put into effect, and  
14 I felt comfortable we could.

15 Q. And the investments that the hospital made  
16 that you have described, the equipment purchases, the  
17 clinic purchases, the recruitments of doctors, those  
18 sorts of things, were all of those done to enable the  
19 hospital to become stronger financially?

20 A. Yes.

21 Q. To maintain its competitive edge with other  
22 hospitals?

23 A. Yes.

24 Q. You conferred with Chris Anderson regularly  
25 about the hospital's finances?

1           A.     I did.

2           Q.     Whatever Mr. Anderson did or didn't do, are  
3     you comfortable that he acted at all times in good  
4     faith?

5           A.     I am.

6           MR. MAYO:   Object to the form.

7           MR. CAMPBELL:   That's all the questions I've  
8     got.   Thank you.

9           MR. DORNAN:   Anybody else?   Going once.

10          THE WITNESS:   He's got a bigger stack this  
11     time than he had before.

12          MR. DORNAN:   That's all right.

13          MR. BARTON:   I'm back to clean up.   Same  
14     stack.

15          THE WITNESS:   Same stack.   Okay.

16                                 - - -

17                                 FURTHER EXAMINATION

18     BY MR. BARTON:

19           Q.     Tell me about the purchase or acquisition of  
20     the Healthplex.

21           MR. DORNAN:   Would you repeat the --

22           MR. BARTON:   The Healthplex.

23           MR. DORNAN:   Thank you.

24           A.     Okay.   We didn't purchase the Healthplex.

25     BY MR. BARTON:

1           Q.    Tell me how all that worked.

2           A.    I am.  We'll get there.  I just want to make  
3   it clear that we did not own that building.  We decided  
4   we had a need to have -- number one, we needed some  
5   outpatient testing sites off site.  We needed  
6   radiology.  A lot of people who had freestanding sites  
7   or places outside the hospital where they didn't have  
8   to go through the maze were going to those people or  
9   were requesting those.  So one of the reasons we built  
10  the Healthplex was to provide a space for radiology.

11                During the planning of it, and I'm just  
12  repeating what -- what I know.  I wasn't involved that  
13  much in the planning, but we decided to build a  
14  Healthplex for our employees as an employee benefit,  
15  somewhere where they could go close to the hospital,  
16  exercise.  We set up different health programs.  A lot  
17  of those programs reduced their premium on their  
18  medical payments that they made to the hospital.  We  
19  signed a long-term lease with Johnson Development, who  
20  built it, and we leased the Healthplex.

21           Q.    Who actually owns the land?

22           A.    We own the land.  We retained ownership of  
23  the land.

24           Q.    Johnson built the facility?

25           A.    Correct..

1 Q. When you say long-term lease, how many years?

2 A. Ninety-nine years.

3 Q. Okay. And then so, for example, Terry  
4 Millette, who works for Singing River Health Systems,  
5 his office is there, so he doesn't actually pay any  
6 rent --

7 A. Correct.

8 Q. -- for being in that building?

9 A. Correct. Well, proper accounting, we charge  
10 him rent, his practice, but, no, he does not pay rent.

11 Q. Hilton Garden Inn, is there any financial  
12 guarantees or tie-ins between Singing River Hospital  
13 System and the Hilton Garden Inn?

14 A. I know of no connection whatsoever.

15 Q. When the FBI interviewed you, did they go  
16 over with you any documents?

17 A. No.

18 Q. So these pension mailouts --

19 A. I'll say no, that I -- I don't remember any  
20 documents.

21 Q. How long did their interview last?

22 A. Two hours.

23 Q. Did -- did you acknowledge to the FBI that  
24 anyone had done anything that would be criminal in  
25 nature?



1           A.    I told them that I was not aware of anything  
2           done that was criminal in nature.

3           Q.    Did the FBI have access to these documents or  
4           did they show you these documents?  When I say that,  
5           hang on just a second.  Exhibit 10, which was the  
6           2009 --

7           A.    Right.  I'm going to have to change my  
8           answer.  They did have a copy of this, but I don't know  
9           which year it was.  I can't remember the year.  But  
10          they did show this because they wanted to understand  
11          these numbers here.

12          Q.    And I want to understand those numbers, too,  
13          so help me a little bit.  The medical, let's just look  
14          at this one.  You got medical 14.8 million dollars.  
15          That is -- is that the medical cost of the self-insured  
16          Singing River Hospital System for its employees?

17          A.    Yes.

18          Q.    Paid time off, whatever leaves, family  
19          leaves?

20          A.    Yes, that's what that is.

21          Q.    Okay.  Retirement, which is 5.1 million  
22          dollars, and you were a little vague in your answer on  
23          that, so I need to understand that.  What does that  
24          compose of?

25          A.    Okay.  It's composed of two numbers.  One is

1 the pension plan, the expense we have to record on our  
2 books of the pension plan. Regardless of contribution,  
3 there's an expense. It includes that. It also -- what  
4 year. Okay. It also includes post retirement medical.  
5 In other words, we had a benefit for our retirees that  
6 was similar to what the employees had. It cost a  
7 little bit more, but they were entitled to pay their  
8 portion of the premium and get medical treatment just  
9 like our employees. That's also -- that was also  
10 included in our retirement number.

11 Q. Do you have any idea how many retirees there  
12 were in 2009?

13 A. No, I just can't remember. I got a number  
14 in my head, but I'm scared I'm transposing it. I'm  
15 thinking five hundred -- in the five hundred range. I  
16 could be wrong. It could be three hundred and I've  
17 transposed the numbers, but I think it's five hundred.

18 Q. But as you continue to go through this  
19 exhibit, and when I say this exhibit, 2010, go to the  
20 last page, and here your retirement is 7.6 million  
21 dollars.

22 A. Uh-huh (indicating yes).

23 Q. How will we ever know or who would have the  
24 information of how much of that is attributable to post  
25 retiree medical payments?

1           A.     Hospital records would have -- will have that  
2     split. I mean, detail hospital records, general  
3     ledgers and things like that.

4           Q.     Okay. But this is 2011, and we know it, it's  
5     already been established that in 2011, no contributions  
6     were made by the hospital system towards the retirement  
7     plan?

8           A.     Correct.

9           Q.     So you're not telling us that 7.6 million  
10    dollars is all attributable to the retirees' post  
11    retirement medical?

12          A.     2011, no, not all of it. I mean, a portion  
13    of it. I don't know the split. But the reason that  
14    number gets bigger is the actuarial calculation of the  
15    pension expense has increased significantly over the  
16    years. Maybe I didn't understand your question.

17          Q.     No, no, no, no, you answered right.

18          A.     Okay.

19          Q.     But nowhere on any of these sheets, these  
20    mailouts to the employees of either their individual  
21    statements or the hospital, is there any kind of  
22    disclaimer about those figures, is there?

23                 MR. WILLIAMS: Object to the form.

24          A.     I don't understand what you mean by  
25    disclaimer. Those numbers come right off the hospital

1 books.

2 BY MR. BARTON:

3 Q. Okay. But I know that 7.6 million dollars,  
4 for example, that you're carrying as an expense, that's  
5 broken down as to what is actually owed to the  
6 retirement plan and then what's actually paid to the  
7 retirees' medical?

8 A. Yes.

9 Q. Okay. How would -- how would the layperson,  
10 how would the retiree in the scheme of things ever know  
11 that that's what that figure represented?

12 A. I don't think they would unless they asked.

13 Q. So where did the numbers come from that made  
14 these documents up?

15 A. Accounting -- these numbers came from the  
16 accounting records. Well, this is a different --  
17 different sheet. These numbers came from accounting  
18 records. This is not my product, though, so I can't  
19 confirm or deny the numbers.

20 Q. Well, it's a product of the communications  
21 department, I guess; correct?

22 A. It's a -- it's a -- yes.

23 Q. And -- and I understand that for a time --

24 MR. DORNAN: Hold on one second. I think you  
25 were about to finish an answer.

1           A.    No.  We've been floating two documents, one  
2           that's a one pager that went to the employees and this  
3           one, and this is a product of communication.  Okay.

4           BY MR. BARTON:

5           Q.    And we're talking about Exhibit 10, which is  
6           the general one, how much -- the forty-two million  
7           dollars that the hospital contributed in a year;  
8           correct?

9           A.    How much the hospital paid, expensed; right.

10          Q.    The other one that's the individual one we  
11          believe came from Transamerica?

12          A.    No, that -- well, I don't know where it came  
13          from.  I think -- I think it came from our human  
14          resources department.

15          Q.    Well, could be.  I thought I saw Transamerica  
16          on some of it.

17          A.    Okay.  You might -- you might be right.

18          MR. DORNAN:  Why don't you show it to him if  
19          you --

20          BY MR. BARTON:

21          Q.    Well, that's Exhibit 11.  Never mind, that  
22          may be different.  15 may be --

23          A.    Yeah, this is different.  It's a one pager,  
24          and it may come out two pages when he copied it.  Go  
25          under that sheet right there.  No, go under that.

1 MR. DORNAN: One more.

2 A. One more. It's this one. Exhibit 12 is the  
3 other one.

4 BY MR. BARTON:

5 Q. That's the one -- isn't that -- doesn't that  
6 have a Transamerica connection on it?

7 A. Okay. Let me see if I can read it.

8 Q. Let me take a look just a second. I may be  
9 wrong.

10 A. It may be too small. I just can't read it.

11 Q. It's not important. We'll move on.

12 A. Okay. I don't think it is because it has  
13 other information they wouldn't have.

14 Q. All right. If you guys in the scheme of  
15 things did not have the money to fund the pension plan,  
16 why was it necessary to even call lawyers to ask them  
17 if the pension plan had to be funded?

18 A. Because I wanted to know in 2010 when we  
19 determined we couldn't make a payment, I wanted to  
20 determine the legal implications of that.

21 Q. And was it phrased in terms of, well, if you  
22 miss a year, that's okay? That would seem to be okay  
23 in the scheme of things?

24 A. Well, what --

25 MR. DORNAN: Hold on, hold on, hold on before

1           you answer.

2           MS. DUVALL: Carly Duvall for the SRHS  
3           defendants objecting to the extent the question  
4           calls for attorney-client privilege communication.

5           MR. DORNAN: And I -- I feel like it does  
6           call for attorney-client privilege communication  
7           indirectly. And because of the hospital's  
8           objection, based on the attorney-client privilege,  
9           I'm going to instruct the witness not to answer  
10          that one. I would be happy to entertain a  
11          rephrased question.

12       BY MR. BARTON:

13          Q.     Exhibit 15, which is one of the individual  
14          benefit statements; okay?

15          A.     Okay.

16          Q.     If you look at the very last page down at the  
17          bottom almost where the footnotes are, doesn't that say  
18          disclaimer?

19          A.     It does.

20          Q.     Is there anywhere in that disclaimer  
21          statement where it says you can't really rely on the  
22          figure as presented on the pie chart as to how much  
23          money we put in the retirement plan because that  
24          doesn't accurately reflect what's going on?

25          MR. DORNAN: Or words to that effect.

1 BY MR. BARTON:

2 Q. Or words to that effect?

3 A. Words to that effect. I mean, it doesn't say  
4 that exactly.

5 Q. What does it say where an average employee  
6 or retiree would be able to look at that and go, hey, I  
7 don't think the hospital did contribute fifteen --

8 A. It doesn't say that.

9 Q. Okay. All right. So when these -- when  
10 these individual pension or benefit statements and the  
11 general employee statements were disseminated to the  
12 employees, who was responsible for overseeing them and  
13 editing them and approving the numbers?

14 A. Well, the human resources department would  
15 have put these together. I'm guessing. This is not my  
16 product. Based on the numbers there, the human  
17 resources department would put this together. Chris  
18 Anderson would have written the Forward here, and he  
19 would have proofed every word on there before he signed  
20 them.

21 Q. Chris Anderson is a CPA?

22 A. Yes.

23 Q. Okay.

24 A. I don't consider this a document a CPA should  
25 prepare, needs to prepare.



1           Q.    I know. But you have to agree with me that  
2 as you look at these documents and you look at the pie  
3 chart that deals with how much was paid towards  
4 retirement, it's at the very least disingenuous?

5           MR. DORNAN: Object to the form of the  
6 question.

7           MR. WILLIAMS: Object to form.

8           MR. DORNAN: You can answer if you can.

9           A.    I think it's confusing. I don't think it's  
10 disingenuous. I don't think there's any desire to make  
11 it disingenuous.

12 BY MR. BARTON:

13          Q.    When and who and why was the decision made  
14 to stop mailing these contribution statements out and  
15 go to electronic?

16          A.    I don't know the answer to that. I don't  
17 know if that ever happened.

18          Q.    Were you present or a party to an agreement  
19 contract by the Singing River Hospital System to enter  
20 into an agreement with Mississippi Laundry Services  
21 and/or Crown Laundry to do the laundry of the hospital?

22          A.    No.

23          Q.    Do you know anything about that?

24          A.    Well, I just know it was a contract we had,  
25 but I was not involved in it.

1           Q.    Do you know why the decision was made to  
2 start outsourcing the laundry?

3           A.    I wasn't there. I can pretty much give you  
4 an answer that it was a cost issue, just too costly to  
5 run it ourselves.

6           Q.    So if -- I'm assuming -- do you recall the  
7 approximate amount that it would cost each year to do  
8 the laundry, to outsource it?

9           A.    No, I do not.

10          Q.    Is that something that would have been in  
11 the normal scheme of things bid out?

12          A.    Yeah. When they sign the contract to go with  
13 the laundry, it would have been bid out.

14          Q.    Do you know of any pecuniary interest that  
15 Michael Tolleson had with Singing River Hospital  
16 System?

17          A.    I'm embarrassed. Will you define pecuniary  
18 for me?

19          Q.    Financial.

20          A.    No, I'm not aware of any -- any financial  
21 dealings he had with the hospital.

22          Q.    Anything that Michael Tolleson did that would  
23 have bordered on an ethical violation for which he  
24 would be reported to the State Ethics Commission?

25          A.    I know of nothing.

1           Q.    Are you aware of any pecuniary or financial  
2 interest that Morris Strickland had with the hospital?

3           A.    No, I'm not.

4           Q.    For example, do you know whether or not he  
5 had an interest in Acadian Ambulance Services?

6           A.    I'm not aware of that if he did.

7           Q.    Are you aware directly or indirectly whether  
8 Roy Williams had a financial interest in the laundry  
9 services, either Crown Laundry or Mississippi Laundry  
10 Service.

11          A.    No. This is the first I've heard of that.

12          Q.    Do you know whether Roy Williams had a direct  
13 financial interest in any of the outsourced debt  
14 collection processes by the hospital?

15          A.    I don't know for sure if he had a financial  
16 relationship or not.

17          Q.    All right. Help -- help me understand  
18 something. I believe you said that when you first went  
19 to work in 2004, your salary package was approximately  
20 a hundred and fifty thousand dollars?

21          A.    I said a hundred and ninety-five thousand.

22          Q.    195. And when you left in 2014, ten years  
23 later, it was 305?

24          A.    304.

25          Q.    304.

1           A.     And some change.

2           Q.     And also what you told me is that these were  
3 average across the board incremental raises on an  
4 annual basis that all of the employees received?

5           A.     Unless there were market adjustments that  
6 need to be made for the executives, and the board used  
7 an outside company to do that. If there were no market  
8 adjustments, we received what the employee -- every  
9 employee received.

10          Q.     So did you -- do you know if your salary  
11 package received a market adjustment?

12          A.     I know it did one year. I can't remember  
13 the year. '06 or '07.

14          Q.     So which of the employee salaries were  
15 subject to these market adjustments?

16          A.     Just the executive team.

17          Q.     So the average nurse, blue collar, laundry,  
18 housekeeper, they would not have been subject to that?

19          A.     They would not be subject to that through  
20 board action. Sometimes we did have to make market  
21 adjustments when we canvassed the community to see what  
22 nurse -- say an RN at another place was making. So  
23 sometimes we did make market adjustments to those.

24          Q.     Okay. And who, then, would be the executive  
25 team that you're talking about?

1           A.    It would be the CEO, CFO. We got a bunch of  
2           C's. COO. And I wasn't involved in that. I don't  
3           know how far -- how far it went.

4           Q.    You don't know whether it extended to the  
5           vice presidents or directors?

6           A.    I don't think it extended to the vice  
7           presidents or directors.

8           Q.    Chief of staff of the hospital?

9           A.    That's not a paid position.

10          Q.    Was -- can you recall if there was ever a  
11          year in which the actuaries said, oh, the plan is doing  
12          so well, the hospital does not have to make a  
13          contribution this year?

14          A.    No, I'm not aware of that.

15          Q.    So when the -- when the actuaries would tell  
16          you that you had to make a contribution, did you in  
17          turn respond that, well, I don't have any money and we  
18          didn't contribute last year, so we're not going to  
19          contribute this year, or just --

20          A.    No, we didn't respond to the actuaries, an  
21          actuary report. I mean, there was no response  
22          necessary to it. It was for our use, the actuarial  
23          report. We didn't respond to them.

24          Q.    Would the firm of like Small -- I don't  
25          remember the full name.

1           A.     It's FiduciaryVest now.

2           Q.     Yeah, Small and Buckalew. Was that the type  
3 of information you were giving to them so that they --  
4 you know, they're managing the money managers, but do  
5 they know, in fact, that there's not as much money  
6 coming into the plan?

7           A.     No. They strictly just dealt with the  
8 investments that we had and managing the money  
9 managers.

10          Q.     Bates number 17294, which is the compliance  
11 questionnaire, is that something that you were in  
12 charge of?

13          A.     No.

14          Q.     Who would have been in charge of that?

15          A.     Well, it was directed to be done by the  
16 board, board of trust.

17          Q.     Okay. Maybe I don't understand, then. In  
18 the scheme of things, how did this document, the  
19 compliance questionnaire, come into being?

20          A.     Oh, I'm sorry, I can't -- I don't know the  
21 answer to that.

22          Q.     I thought this was something that was  
23 required by like KPMG as part of --

24          A.     Well, yes, it probably was, but I don't -- I  
25 don't know the year it came into being. It was already

1 in place when I came. You know, you're right, it is  
2 K -- it is a requirement from KPMG.

3 Q. Bates 17836.

4 MR. DORNAN: Are you going to mark that,  
5 Harvey? Are you going to mark the Bates --

6 MR. BARTON: No, I don't need to mark it.

7 MR. DORNAN: Okay. I'll let you off the hook  
8 on that one.

9 A. Okay.

10 BY MR. BARTON:

11 Q. Annual pension cost, net pension liability,  
12 walk me through that page, please, so that I'll  
13 under --

14 A. I can't. I'm not an actuary. I cannot  
15 explain those numbers to you. I know what net pension  
16 expense is because that's what we use to record the  
17 expense on the books. But I'm not an actuary. I can't  
18 explain this to you. Sorry.

19 Q. At the bottom of the page where it says the  
20 actual percentage of cost that was contributed, where  
21 do the actuaries get the figures to come up with  
22 this -- these numbers?

23 A. Well, the figures on the first column, annual  
24 pension cost, is calculated through an actuarial  
25 calculation. The second number is based on the

1 contribution that we did make in 2009. The third  
2 column is just math, the effect it has on the  
3 liability. But I cannot explain the actuary  
4 calculations. Sorry.

5 Q. So who would have produced this document?

6 A. KPMG.

7 MR. DORNAN: Who would have created it you  
8 mean?

9 BY MR. BARTON:

10 Q. Created it.

11 A. KPMG. That's the footnotes to the financial  
12 statement, and they take it from the actuarial report.

13 Q. Do you recall anytime in which Greg Shoemake  
14 was sounding the alarm to various administrators and  
15 the board of supervisors about the underfunded pension  
16 plan?

17 A. Greg Shoemaker?

18 Q. Yes, Shoemaker.

19 A. I was out on medical leave after my surgery,  
20 after both surgeries. And he served as the interim  
21 CFO, and he may have done that then. He never said  
22 anything to me about it.

23 Q. Do you recall anything at all or hearing  
24 anything about Greg Shoemaker sounding some type of an  
25 alarm?



1           A.    I heard that he sent a letter to the county  
2 commissioners.

3           Q.    Do you know when that occurred?

4           A.    No, I don't.

5           Q.    Was it when he was serving as interim?

6           A.    No. I do know that because the FBI let -- I  
7 don't know if they were supposed to tell me that, but  
8 apparently they had seen the letter and it had been  
9 recent that he had written it. But that's what came  
10 out of that meeting, but I don't know for a fact. I  
11 never saw it.

12          Q.    He served as interim when you were out on  
13 medical leave?

14          A.    Yes.

15          Q.    Do you know the circumstances under which he  
16 ceased to be employed by Singing River Hospital  
17 System?

18          A.    I know some of it, and it's really strange.  
19 When I came back off medical leave the second time, he  
20 was kind of without a job. You know, he certainly  
21 wasn't going to be interim CFO when I was back. And we  
22 had a position for him in finance and he refused to  
23 take it because he didn't want to work with the person  
24 he would have to be working with.

25                And I was -- I don't want to go into too much

1 detail here. I was sitting in a chair getting  
2 chemotherapy one Tuesday and Chris called me and told  
3 me that Greg Shoemaker asked him to fire him. That's  
4 the last I heard. I didn't hear another thing, but he  
5 was gone. I never saw him after that. So I think it  
6 was just dissatisfaction is why he left. I guess  
7 that's dirty laundry. I shouldn't have mentioned it.

8 MR. DORNAN: He asked the question.

9 MR. BARTON: I'm through.

10 MR. DORNAN: Thank y'all.

11 (Witness excused)

12 (Said deposition concluded at 4:06 p.m.)

13 (Exhibit Nos. 1 through 8 were marked.)

14 - - -

## C E R T I F I C A T E

STATE OF MISSISSIPPI

COUNTY OF JACKSON

I, Lynn Strickler, CCR, Freelance Court Reporter and Notary Public, duly commissioned for the County of Jackson, State of Mississippi, do hereby certify:

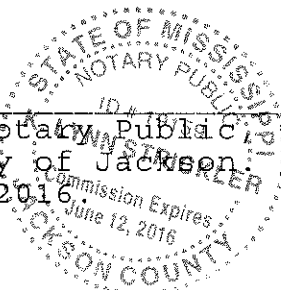
That on the 23rd day of June, 2015, there appeared before me MIKE CREWS, who was sworn and examined to tell the truth, and that the preceding two hundred fifty-four (254) typewritten pages contain a full, true and correct copy of my stenotype notes and/or electronic tape recording of the testimony of MIKE CREWS.

That the witness has chosen to RESERVE the reading and signing of the deposition.

That I am not related to or in anywise associated with any of the parties to this cause of action, or their counsel, and that I am not financially interested in the same.

IN WITNESS WHEREOF, I have hereunto set my hand, this 2nd day of July, 2015.

*Lynn Strickler*  
Lynn Strickler, CCR 1299, Notary Public,  
State of Mississippi, County of Jackson.  
My commission expires 6-12-2016.



COAST-WIDE REPORTERS

## E R R A T A   S H E E T

STATE OF MISSISSIPPI

COUNTY OF Harrison

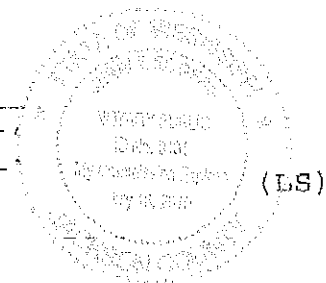
I, MIKE CREWS, the undersigned Deponent,  
 having read the foregoing deposition, pages numbered 4  
 through 254, find the same to be a true and correct  
 transcription of the proceedings taken at the time and  
 place indicated therein, except as follows, (if any):

PAGE	LINE	WHERE IT READS:	SHOULD READ:
<u>8</u>	<u>18</u>	<u>2013</u>	<u>2014</u>
<u>101</u>	<u>4</u>	<u>APRM</u>	<u>ASRUM</u>
<u>188</u>	<u>23</u>	<u>thacc sometimes</u>	<u>thacc weeks...</u>

Sworn to and subscribed  
 by me, this 29th day of  
July, A.D., 2015.

Notary Public, State of Mississippi,  
 County of HARRISON

My commission expires: \_\_\_\_\_



COAST-WIDE REPORTERS