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THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM LEXINGTON COUNTY
Court of Common Pleas

William P. Keesley. Circuit Court Judge

Case No. 06-CP-32-0371

J. Kevin Baugh, M.D., and Barry J.
Feldman, M.D., ... Respondents.

V.

Columbia Heart Clinic, P.A., ... Appellant.

RECORD ON APPEAL
Volume III

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1 **THE COURT:** As in how much is a good bit?

2 **MR. THOMPSON:** I would guess at least an hour
3 and a half.

4 **THE COURT:** Well, I can take an hour of it.

5 **MR. THOMPSON:** That'll be fine with us, Your
6 Honor.

7 **THE COURT:** Is that okay? Here's the deal,
8 I've got another status conference if the lawyers
9 bother to call me. This is not a showup status
10 conference like the one yesterday, but it's a
11 telephone status conference at two o'clock. So if
12 we break now, I'm going to have to break and do that
13 at 2:00, so it would suit me better to keep going if
14 it suits you all okay.

15 **MR. THOMPSON:** Your Honor, would you mind if we
16 took a five minute break right now?

17 **THE COURT:** Not at all. We're at ease.

18 (Brief Recess.)

19 **MR. THOMPSON:** Our next witness, Your Honor, is
20 Mr. Don Burkett.

21 **THE COURT:** Come around, please, to the clerk.

22 DONALD H. BURKETT,

23 having been duly sworn, testified as follows:

24 **THE CLERK:** State your name for the record.

25 **THE WITNESS:** My name is Donny H. Burkett.

1 Donald Burkett, but I go by Donny.

2 MR. THOMPSON: And, Your Honor, Mr. Babcock and
3 I had a discussion. Mr. Burkett is a certified
4 public accountant who will testify as to the meaning
5 and interpretation of a bunch of numbers. They also
6 have a certified public accountants that's going to
7 testify. We have agreed that they are experts in
8 the field of accounting.

9 THE COURT: All right. Mr. Burkett is
10 recognized as an expert in the field of accounting.
11 You may continue.

12 DIRECT EXAMINATION

13 BY MR. THOMPSON:

14 Q And although we recognize you as a matter of
15 stipulation as an expert in the field of accounting,
16 briefly could you tell us how long you've been
17 practicing and what your professional qualifications
18 are?

19 A Well, in 1974, I graduated from USC and went to
20 work for a firm by the name of Cherry, Bekaert and
21 Holland. In 1976, I got my CPA certificate. And in
22 September of 1976, I started what was then Burkett
23 CPAs, which is now Burkett, Burkett and Burkett
24 CPAs. So I've been practicing as a CPA since 1976.

25 From a professional standpoint, I've been

1 President of South Carolina Association of CPAs.
2 And I'm currently chairman of the board of
3 accountants of the State of South Carolina.

4 Q Do you have clients who are medical practices?

5 A Yes, sir. We deal with a number of medical
6 practices.

7 Q And have you testified as to the application
8 interpretation of financial statements and that sort
9 of thing before?

10 A Yes.

11 MR. THOMPSON: Your Honor, I'd like to have
12 Mr. Burkett's report marked as the next plaintiff's
13 exhibit.

14 THE COURT: Any objection?

15 MR. BABCOCK: Your Honor --

16 MR. THOMPSON: Just mark it.

17 THE COURT: You mean for I.D.?

18 MR. THOMPSON: Yes, Your Honor, at this point.
19 I mean, I'm going to move for it to be admitted.

20 THE COURT: You can mark anything for I.D., but
21 I'm not going to look at it until it's an exhibit.

22 MR. THOMPSON: I understand.

23 MR. BABCOCK: All right. We can wait until you
24 move, I've just got -- we'll wait until you --

25 THE COURT: Mark it for identification please,

1 ma'am.

2 (Plaintiff's Exhibit Number 4, spread
3 sheets, were marked for identification purposes.)

4 BY MR. THOMPSON:

5 Q I'm going to show you what has been marked as
6 Plaintiff's Exhibit 4 and ask you to identify this
7 collection of documents?

8 A This is a compilation of some spread sheets
9 that we prepared, also some compilations of some
10 things that have bates stamps on it that we got,
11 documents that were given to us by you, your firm,
12 as well as just some accounting sheets that we
13 prepared for this case.

14 MR. THOMPSON: And for the record, Your Honor,
15 anything with a bates stamp on it, I don't think
16 Mr. Babcock would disagree, is a document that's
17 been produced by Columbia Heart Clinic in the course
18 of this litigation. I would ask that this
19 Plaintiff's Exhibit be admitted into evidence.

20 MR. BABCOCK: Your Honor, I don't object to the
21 exhibit per se. If it were a jury trial, I would
22 have an objection because this report goes to
23 matters beyond the matters for the Court to look at,
24 which, of course, is the covenant and the wage
25 claim.

1 A part of one of the other issues in the case
2 is whether Dr. Baugh is entitled to -- is entitled
3 to a different figure for his shares of stock than
4 Dr. Feldman because of whether or not he signed
5 another agreement. That is all for the other part
6 of this case which will ultimately be before the
7 jury. When Mr. Burkett prepared his report, he
8 prepared it encompassing all of his testimony. We
9 deposed him in regard to all of his testimony. So
10 this goes into some issues concerning Dr. Baugh's
11 shares of stock which are beyond the scope of the
12 testimony today.

13 I wanted to just get that on the record because
14 only Your Honor is going to be looking at it and can
15 excise what isn't appropriate from what is
16 appropriate. I don't have a problem with that, but
17 there is a part of it that really does not go to
18 what we're looking at today.

19 **MR. THOMPSON:** And that is true, Your Honor. I
20 just produced the same report we produced during
21 discovery just so it could be the same report, but
22 there will be some numbers in there that I won't
23 even discuss that don't relate to the claims we're
24 going to be talking about today.

25 **THE COURT:** Madame Court Reporter, mark the

1 exhibit in evidence, please.

2 (Plaintiff's Exhibit Number 4, spread
3 sheets, admitted into evidence.)

4 BY MR. THOMPSON:

5 Q Mr. Burkett, let me draw your attention to the
6 document that's at tab four of your report.

7 A Yes, sir.

8 Q Which is entitled, J. Kevin Baugh statement of
9 amounts due April 21, 2006.

10 A Yes, sir.

11 Q What is this particular document?

12 A This is a schedule that was prepared by
13 Columbia Heart that shows the amount that Dr. Baugh
14 was due -- that they say he was due back to the
15 practice. It starts with a net loss from his
16 compensation of 24,888 and runs through some other
17 numbers to determine the amount that is owed back to
18 Columbia Heart.

19 Q And based on your review of this document and
20 some other documents, is it a correct calculation of
21 what Dr. Baugh -- and I'm sorry, let me back up --
22 there's also a second page in that one that relates
23 to Dr. Feldman, correct?

24 A Yes. It's a similar document for Dr. Feldman,
25 which starts again with his true up for the amount

1 due from his compensation from January 1, 2006 to
2 April 21st, 2006. It show -- starts with amount due
3 of \$55,273 dollars and ends with an amount due to
4 Columbia Heart of \$82,868.

5 **MR. BABCOCK:** And if it please the Court, we
6 may be able to simplify matters somewhat. The
7 Columbia Heart position, and we would stipulate to
8 this, is that the amounts being sought at this point
9 in time are the true up figure, which is on line one
10 for both of those reports, and not the remaining
11 figures.

12 **MR. THOMPSON:** If you could give me a moment to
13 absorb that, Your Honor.

14 **THE COURT:** Okay.

15 (Pause.)

16 BY MR. THOMPSON:

17 **Q** Okay. Mr. Burkett, did you understand
18 Mr. Babcock's statement that basically at this
19 point --

20 **MR. THOMPSON:** And correct me, Mr. Babcock, if
21 I am misstating what you agreed to that for
22 compensation purposes, we're only looking at the top
23 number as their negative position?

24 **MR. BABCOCK:** Yes. We're clear on these two
25 sheets of paper just the top number. Obviously,

1 we're still seeking the roughly \$590,000 and the
2 other figure, but as to these two pieces of paper,
3 just the top line.

4 BY MR. THOMPSON:

5 Q So changing up the ball game on you a little
6 bit, Mr. Burkett --

7 A I'm sorry, let me answer that -- I do
8 understand now that -- what he's talking about. Let
9 me repeat this, what they're asking for is the true
10 up of the compensation, which has Dr. Baugh of
11 \$24,888 and Dr. Feldman \$55,273, which is not what I
12 understood earlier before that statement was made.

13 MR. THOMPSON: So, Keith, just so I understand,
14 we don't need to get into the charge backs or the
15 negative stockholders equity or any of those below
16 items?

17 MR. BABCOCK: That's correct.

18 And just for Your Honor's benefit, these two
19 documents were produced right about the time of the
20 -- shortly after the departure of Doctors Baugh and
21 Feldman from the practice. The big item here is a
22 negative shareholder equity, but in fairness,
23 Columbia Heart has determined that's not appropriate
24 to assert. And these other items are certainly much
25 smaller. And so for ease of reference, it's the

1 true up figure itself.

2 BY MR. THOMPSON:

3 Q Mr. Burkett, just using then the negative true
4 up numbers that have been provided on the statements
5 behind tab four, do you think, for compensation
6 purposes, is that an accurate or correct calculation
7 of what Dr. Baugh and Dr. Feldman owe Columbia Heart
8 Clinic upon their departure?

9 A That is a correct computation up to the point
10 that it did not include any receipts for services
11 rendered prior to that day, the date of their
12 departure.

13 Q And the receipts, how does that factor in?

14 A Well, what I looked at was we had a report that
15 was run by Columbia Heart that showed the receipts
16 for the physicians for services rendered prior to
17 the date of their departure and it shows what was
18 collected on that money. And I believe it goes
19 through like November of 2000 and -- November of the
20 next year.

21 Q Okay. And do you have those numbers
22 represented on the first page there, which is --
23 well, flip to the first page and identify this part
24 of your report as to what that is and where it came
25 from.

1 **A** At the bottom part of the first page of
2 Plaintiff's Exhibit 4, there are -- I have some
3 numbers that start with add back. I've just heard
4 that the negative stockholder's equity is not an
5 issue, the \$26,352, but the personal receipts would
6 be something that would be for services rendered
7 prior to they left. And, again, I determined that
8 by looking at a report that shows what was collected
9 for the physicians from the day they left for
10 approximately another -- until November of the next
11 year, I believe. And it shows personal receipts for
12 Dr. Baugh of \$70,194, which is my assumption that's
13 payments they received from patients and insurance
14 receipts of \$100,876 for a total of \$172,070 for Dr.
15 Baugh.

16 **Q** And how about for Dr. Feldman?

17 **A** And Dr. Feldman, the personal receipt number
18 was \$55,670 and the insurance receipts were \$115,790
19 for a total of \$171,460.

20 **Q** And Dr. Feldman also had some directorship
21 fees; is that correct?

22 **A** (Witness reviewing document.)

23 **Q** Looking up higher.

24 **A** I'm sorry. Yes, sir. He had a directors fee
25 that was due him of \$450 -- \$4,500.

1 Q And can you explain to the Court why you would
2 add in -- why you would use the receipt's number as
3 an add in to what Dr. Baugh and Dr. Feldman would be
4 due upon departure?

5 A At the time I first did this report, I had
6 no -- I didn't have -- I've never seen an accounts
7 receivable number as of the date that they left as
8 of April the -- as of the date they left, April
9 21st, I believe, as of that date.

10 Q Let me stop you there. And just so we're
11 clear, why is the accounts receivable number on the
12 date they left an important number to have?

13 A Well, I believe you could use a percentage, you
14 could use their collection percentage, you could
15 interpolate that number by taking the amount of
16 money that was due the practice times their net
17 collection percentage and calculate, at least an
18 approximate number to the -- an approximate amount
19 of the amount of money that they would generate from
20 their receivables when they left the practice.

21 Q And their claim, if you will, to the accounts
22 receivable or a portion thereof on the day they
23 left, do you know where that comes from?

24 A The physicians?

25 Q Yes, Dr. Baugh and Dr. Feldman?

1 A For services they rendered prior to leaving.

2 Q Okay. And in your experience -- have you been
3 involved in situations where doctors have departed
4 practices?

5 A Yes, sir.

6 Q And how typically is accounts receivables
7 handled?

8 A A lot of times it's handled the same way that
9 it's handled here where you will take -- if you can
10 track the receipts on the medical management system,
11 that gives you a very clear indication of exactly
12 what the receivables were worth as of the date that
13 the physician left because that shows what was
14 actually collected. And that's the reason --
15 because I didn't have the data as of April the 21st,
16 that's the reason I used that method in trying to
17 come up with a number.

18 Q And let me tell you what, let's -- let me
19 direct your attention to one of the employment
20 agreements, this one being marked as Plaintiff's
21 Exhibit 1.

22 A Yes, sir.

23 Q Let me direct your attention to section 4.5(h).

24 A Yes, sir.

25 Q And is this the provision you were talking

1 about where you felt it was a typical way of
2 handling the --

3 A This would be another way of doing it besides
4 just doing receipts, yes, sir, where you would take
5 the current year -- it says, The current year's
6 actual collection percentage, and it says, Means the
7 amount determined as of the close of business on the
8 last day of the fiscal year of the Medical Group
9 divided by the total payments of the Medical Group
10 by charges of the Medical Group. In essence, you're
11 taking the total charges and dividing it into the
12 amount of money you collected to come up with a
13 collection percentage.

14 In medical practices unlike accounting firms,
15 for example, when we bill a client, we expect to get
16 a hundred percent of what we bill. In medical
17 practices, they have a lot of contractual
18 adjustments and everything, most of them bill off of
19 a fee schedule, but that fee schedule is not
20 indicative of what they're going to collect based on
21 their contracts that they sign.

22 Q And using that percentage, and referring you
23 back up to section (f), which governs a physician
24 leaving without cause, what do you do with that
25 percentage, multiply it times what to get their

1 accounts receivable to be paid?

2 A I'm sorry, you went up to (f)?

3 Q Right. You testified about the percentage that
4 is used and --

5 A It says, The physician pro rata share of the
6 current actual collection percentage of the accounts
7 receivable of Medical Group is computed...

8 THE COURT: Slow down.

9 THE WITNESS: I'm sorry. It says, The
10 physician's pro rata share of the current year's
11 actual collection percentage of accounts receivable
12 should be computed by taking -- shall pay 1/24th of
13 the benefit each month commencing for the next 24
14 months. So they get one -- they get that over a
15 monthly period.

16 BY MR. THOMPSON:

17 Q Okay. And which -- we're using the A/R as of
18 what date is what I'm trying to get at?

19 A April the 30th would be the one that I saw.

20 Q Okay. But it refers to the date of
21 termination.

22 A Yes, sir.

23 Q And you understand that to be April 21, 2006?

24 A Yes, sir. And I did not have any of the data
25 on April 21st.

1 Q So going back to your cover sheet of your
2 report, and correct me if I'm misstating your
3 testimony, but that is why you're using the personal
4 receipts number?

5 A Yes, sir.

6 Q And you did not concern yourself with whether
7 or not they lost their right to an A/R by
8 application of this agreement?

9 A No, sir.

10 Q And why is the personal receipts and the
11 insurance receipts, can you explain how that is the
12 next best number that you would use as opposed to
13 the April 21 number, which is not available?

14 A The reason I used that number was because it
15 does show the amount of money that was actually
16 collected and deposited by Columbia Heart for their
17 services rendered.

18 Q And you mentioned an April 30 number. Did you
19 also look at that?

20 A That was an April 30th number. When we got the
21 damage calculation, I saw an April 30th number that
22 Mr. Ouzts had prepared.

23 Q Do you recall if you used the April 30 number,
24 if that was going to be higher or lower than the
25 amount that you put on your report?

1 **A** By using the April 30th number times the
2 collection percentage, it would have been a higher
3 number than what I put on my report.

4 **Q** So you're actually using a lower number than
5 what would have resulted from using the April 30th
6 number?

7 **A** Yes, sir.

8 **MR. THOMPSON:** If I may have a moment, Your
9 Honor.

10 **THE COURT:** Yes, sir.

11 (Pause.)

12 **MR. THOMPSON:** Your Honor, I don't want to
13 waste any time up. Mr. Burkett has a number of
14 things left to testify about concerning their
15 certified public accountant's report. As long as
16 they're sure they are going to call him, I would
17 like to stop at this point so we don't -- so I'm not
18 inefficient with the examination on Mr. Ouzts'
19 report.

20 **MR. BABCOCK:** I'm definitely going to call
21 Mr. Ouzts.

22 **MR. THOMPSON:** Okay. So at this time, that's
23 all of the questions I have for Mr. Burkett.

24 **THE COURT:** Do you want to question the witness
25 at this point?

1 MR. BABCOCK: Yes, Your Honor.

2 THE COURT: You can recall him if you need to.

3 CROSS-EXAMINATION

4 BY MR. BABCOCK:

5 Q Mr. Burkett, let me make sure I understand a
6 few things here. First off, if I understand
7 correctly, if I understand correctly, the true up
8 figure under your report, Exhibit 4, is for Dr.
9 Baugh as of April 21, 2006, was \$24,888?

10 A Yes, sir.

11 Q And that's the Columbia Heart number, correct?

12 A That's the beginning number, yes, sir.

13 Q That's right. And you're agreeing with that?

14 A Yes, sir.

15 Q And, also, for Dr. Feldman, his situation was a
16 negative 55,273 number as of April 21, 2006,
17 correct?

18 A Yes, sir.

19 Q And that's the date of departure for these two
20 physicians from Columbia Heart?

21 A Yes, sir.

22 Q So insofar as that goes, they were both in a
23 negative position as of that day?

24 A Yes, sir.

25 Q Now, the next thing you're looking at is

1 accounts receivable, correct?

2 A Yes, sir.

3 Q You understood that accounts receivable was
4 something separate and apart from the true up
5 situation, didn't you, under their employment
6 agreements?

7 A I'm not sure that I read that employment
8 agreement completely to get that. I don't know how
9 to answer that question.

10 Q Did you read the employment agreement?

11 A Yes, I read the employment agreement. But is
12 there a section in the employment agreement you want
13 me to refer to?

14 Q Sure. Let's start with 3.1.

15 THE COURT: Say what exhibit so the record's
16 clear.

17 MR. BABCOCK: We're using Plaintiff's Exhibit
18 1, which is Dr. Feldman's July 2004 employment
19 agreement with Columbia Heart.

20 BY MR. BABCOCK:

21 Q You got that section?

22 A Yes, sir, 3.1, yes, sir.

23 Q 3.1, we're going to try to bring that up on the
24 screen so it's easier for everybody to see. And it
25 starts on the bottom of page four talks about fees,

1 collections and billings.

2 Medical Group shall establish and modify from
3 time to time all professional fees for services
4 rendered by physician or any other physician, and
5 then it continues on the next page, Physician
6 employee of Medical Group, and physician agrees to
7 cooperate on all billing matters and assist in
8 collection efforts as necessary. Medical Group
9 shall own and control all collections and billings
10 arising pursuant to the rendering of medical
11 services by physician or any other employee. All
12 fees and compensation received or realized by
13 Medical Group as a result of the rendering of
14 services by physician and other employees shall
15 belong, be paid and be delivered to Medical Group.

16 You saw that?

17 A Yes, sir.

18 Q And would you agree with me that that is a
19 rather typical situation also for a medical group to
20 be the one that owns the accounts receivable?

21 A Yes, sir.

22 Q So then the physician and -- physicians rights
23 to any accounts receivable would be set forth in the
24 agreement itself; is that typical?

25 A Yes, sir, that may be a typical way of doing

1 it.

2 Q Now, I want to understand, you went to, and I
3 wasn't clear on this so correct me if I'm wrong, did
4 you go to 4.5(g)? Is that the section you were
5 using?

6 A I referred to the collection percentage in 4.5
7 (g) -- I'm sorry.

8 Q Did you mean (h)?

9 A (h), yeah.

10 Q Okay. So what you were talking about if we go
11 to (h) sub two and there they define current year's
12 actual collection percentage and they give the
13 definition for what it means?

14 A Yes, sir.

15 Q So that's what you were referencing?

16 A Yes, sir.

17 Q And you took that definition and then went up
18 to section (f). And I know you haven't been in
19 court the whole time we've been dealing with these
20 sections with regularity, Mr. Burkett, but this
21 termination section deals with different events. It
22 has death, it has requirement and then it has a
23 section, this section where physician leaves for
24 cause, without cause, whatever, and the basis for
25 what they get. And subsection one has to deal with

1 accrued but unpaid salary, and we've already figured
2 out that the death reference there is a typo, but
3 section two is where we deal with accounts
4 receivable, correct?

5 A Yes, sir.

6 Q And that says that a physician's pro rata share
7 of the current year's actual collection percentage
8 of the accounts receivable of Medical Group,
9 computed on the date of termination of this
10 agreement. Medical Group shall pay 1/24th of this
11 benefit each month for 12 months commencing with the
12 month following the termination of this agreement
13 and shall pay the remaining 12/24ths of this benefit
14 in the 13th month following the termination of this
15 agreement.

16 Now, it says computed on the day of termination
17 of this agreement, correct?

18 A Yes, sir.

19 Q All right. But as I understand it, what you
20 did was not actually look at a computation of the
21 day of the termination of this agreement, which
22 would have been April 21, 2006, but instead looked
23 at what actual receipts were received by the
24 practice; is that right?

25 A Yes, sir.

1 Q And you looked at it for a period of time that
2 I believe -- I believe the period of time you looked
3 at it from was April 21, 2006 through November 27,
4 2007?

5 A I believe that's the correct date, yes, sir.

6 Q And that was all the data you had. And I think
7 you told me that, in your deposition, if you'd had
8 more and it continued further, you would have taken
9 that into account, too?

10 A I may have, yes, sir.

11 Q So what you're doing is for however long
12 there's money coming in, you're computing the
13 accounts receivable at that point in time?

14 A Yes, sir.

15 Q All right. Now -- and in doing so, you're
16 trying to link it to the actual receipts for Dr.
17 Baugh and Dr. Feldman; is that right?

18 A Yes, sir.

19 Q All right. So what you haven't done is do
20 calculations in accordance with this agreement?

21 A Yes, sir.

22 Q You've done your own set of calculations?

23 A I did not have the April 21st numbers.

24 Q So in answer to my question, you didn't follow
25 this agreement?

1 **A** No, sir.

2 **MR. THOMPSON:** Your Honor, I'm going to object
3 here. In discovery, we not once, but several times
4 asked for the A/R on April 21, 2006, the day they
5 departed. And the answer was, We didn't preserve
6 those records. So they're stuck with us coming up
7 with an alternative way to calculate this number and
8 so I'm objecting to him putting words in
9 Mr. Burkett's mouth that this isn't the right way to
10 do it. We're doing it this way because they
11 couldn't produce the A/R number on 4/21/06.

12 **THE COURT:** I understand, but he's on
13 cross-examination, he can ask him how he came to
14 these numbers.

15 **BY MR. BABCOCK:**

16 **Q** So back where we were, you did not follow this
17 formula, correct?

18 **A** I did not follow that formula because I didn't
19 have the April 21st number.

20 **Q** But what you did was simply try to establish
21 what Dr. Baugh's actual accounts receivable were and
22 put that number down on your exhibit, correct?

23 **A** Yes, sir.

24 **Q** And that's the 172 070 number?

25 **A** Yes, sir.

1 Q And for Dr. Feldman, same process?

2 A Yes, sir.

3 Q And that's the 171 460 number; is that right?

4 A Yes, sir.

5 MR. BABCOCK: With the Court's indulgence.

6 THE COURT: Yes, sir.

7 (Pause.)

8 MR. BABCOCK: No further questions, Your Honor.

9 THE COURT: Redirect?

10 REDIRECT EXAMINATION

11 BY MR. THOMPSON:

12 Q Mr. Burkett, you also recall getting an
13 accounts receivable number for December 31, 2005?

14 A Yes, sir.

15 Q Okay. And do you recall if you used that
16 number from Columbia Heart Clinic, if that would
17 have resulted in a bigger number or a lower number
18 than what's on --

19 A I don't recall. I looked at the April 30th
20 number and it was a higher number than what I had
21 here.

22 MR. THOMPSON: No other questions, Your Honor.

23 THE COURT: April 30 of what year?

24 THE WITNESS: Of 2006, I'm sorry.

25 THE COURT: Recross?

1 **MR. BABCOCK:** Nothing further, Your Honor.

2 **THE COURT:** Thank you, sir. You may step down.
3 They may need to recall you, so you'll probably need
4 to talk to them before you leave all right.

5 **THE WITNESS:** Yes, sir. Thank you, Your Honor.

6 **THE COURT:** Is this a time to break?

7 **MR. THOMPSON:** Well, Your Honor, those are the
8 plaintiffs' witnesses.

9 **THE COURT:** Am I going to need to hear motions
10 or not?

11 **MR. BABCOCK:** I don't think so, Your Honor.
12 We're both, in essence, the moving party under
13 different causes of action, so I don't see how,
14 until you've heard all of the testimony, anybody can
15 really move on the issues.

16 **MR. THOMPSON:** We agree with that.

17 **THE COURT:** Okay. Then can we stand in recess
18 until 2:15?

19 **MR. BABCOCK:** Thank you, Your Honor.

20 **MR. THOMPSON:** Yes, Your Honor.

21 **THE COURT:** I'll try to finish up that status
22 conference as quickly as I can.

23 (Whereupon, there was a luncheon recess.)

24 **THE COURT:** All right. Defense call their
25 first witness.

1 **MR. BABCOCK:** Please the Court, the defense
2 will call David Summer.

3 **THE COURT:** Come around to the clerk please,
4 sir.

5 DAVID SUMMER,
6 having been duly sworn, testified as follows:

7 **THE CLERK:** Have a seat and state your name for
8 the record.

9 **THE WITNESS:** My name is David Summer.

10 DIRECT EXAMINATION

11 BY MR. BABCOCK:

12 **Q** Mr. Summer, how old are you, sir?

13 **A** I'm 49 years old.

14 **Q** Where do you live?

15 **A** I live at Seven Rutledge Boulevard in
16 Charleston, South Carolina.

17 **Q** And what do you do for a living?

18 **A** I'm an attorney.

19 **Q** And just give us a recap of your educational
20 background, sir.

21 **A** I finished Newberry High School in 1977,
22 finished the Citadel with a degree in English in
23 1981, attended the University of Alabama where I had
24 a graduate teaching assistance in English and taught
25 freshman lit and composition for two years, finished

1 law school at the University of South Carolina in
2 1986 and then entered private practice.

3 Q Are you admitted to practice in South Carolina?

4 A I am.

5 Q And what firm do you practice with?

6 A I practice with the firm of Parker, Poe, Adams
7 and Bernstein.

8 Q And where do they have offices, sir?

9 A They have offices in Charleston, Columbia,
10 Spartanburg, a small office in Myrtle Beach,
11 Charlotte and Raleigh.

12 Q And what is the primary focus of your practice?

13 A I practice almost exclusively in the area of
14 health care law.

15 Q What sorts of things do you do in health care
16 law?

17 A It's industry specific as opposed to being law
18 specific. For instance, I was in the Court of
19 Appeals yesterday arguing a case for a tax refund
20 for a hospital. So it really is just about anything
21 that a health care provider needs. It deals with
22 operations, it deals with regulatory compliance and
23 also with litigation.

24 Q What types of clients do you represent in that
25 field?

1 **A** We represent virtually any type of health care
2 provider. We represent a large number of hospitals
3 in health care systems. We represent physician
4 practices, primarily large physician practices. We
5 represent nursing homes, home health agencies,
6 nursing homes. We represent other allied health
7 professions, such as physical therapists. So we
8 have a pretty broad array of clients in the
9 industry.

10 **Q** Could you give us a representative list of some
11 of your clients?

12 **A** Well, clients in South Carolina that we
13 represent, we represent Hospital Corporation of
14 America, that's Grand Strand Regional in Myrtle
15 Beach, Trident Regional Medical Center in
16 Charleston, Colleton and the Summerville facility,
17 there are four hospitals. Community Health Systems,
18 we represent the five hospitals that they own, which
19 are Marlboro Park, Chesterfield General, Springs
20 Memorial, Mary Black in Spartanburg and Carolinas in
21 Florence, as well as decorum hospitals that they
22 manage, about another half a dozen primarily rural
23 hospitals. We also represent governmentals. We
24 represent Lexington Medical Center is certainly one
25 of our largest clients and they're what we refer to

1 as a fully integrated health care delivery system.

2 Q What does that mean?

3 A Well, it basically means that they provide for
4 almost all of the needs of the citizens of Lexington
5 County. They have a wide array physician network.
6 They employee over 150 physicians and another 40
7 extenders. They have multiple campuses, which are
8 community medical centers, about five of them. They
9 also operate ambulatory surgery centers. They
10 operate almost 400 bed hospital and they also
11 operate the largest nursing home in the State of
12 South Carolina, which is almost 400 beds which
13 includes a specialty center, the Carroll Campbell
14 Alzheimer's Center.

15 So when we say that they're fully integrated,
16 it means from primary care all the way through
17 nursing home care. They take care of the centers
18 for any of Lexington County.

19 Q Do you also represent various private physician
20 groups?

21 A We do.

22 Q In that regard, have you ever represented
23 Columbia Heart Clinic?

24 A I have.

25 Q And just before we move into that, have you

1 received any awards or accolades in your career in
2 general, sir?

3 A I'm A/V rated Martindale-Hubbell, Woodward and
4 White's the Best Lawyers in America in Health Care,
5 Super Lawyers in Health Care.

6 Q Now, going back to Columbia Heart Clinic, for
7 what period of time did you represent Columbia
8 Heart?

9 A I think we began, and I'm just using my best
10 recollection, I believe we began representing them
11 in 1997 and we did so when two groups merged. There
12 was a group at Providence and a group at Richland
13 that were merging. And we represented the merged
14 entity and then continued to do so for a number of
15 years.

16 Q With regard to that merged entity at Columbia
17 Heart, did you prepare any contracts at that point
18 in time?

19 A Our firm did, yes.

20 Q We've had introduced into evidence earlier
21 Defendant's Exhibit 2, which is a 1997 employment
22 agreement between Dr. Barry Feldman and Columbia
23 Heart, and Defendant's Exhibit Number 7, which is a
24 1999 agreement between Dr. Kevin Baugh and Columbia
25 Heart. Do you recognize those documents?

1 A I do.

2 Q And are those contracts that your firm would
3 have been involved in preparing?

4 A Our firm would have drafted these contracts in
5 conjunction with management of the group.

6 Q What do you mean by that?

7 A I mean that contracting is a collaborative
8 process and when you decide what you're going to put
9 in documents for a medical group, you're going to
10 collaborate with whatever mechanism there is to
11 represent the entity, for instance, if there's a
12 President, if there's a board. In this particular
13 group, and because of the merge cultures, there was
14 a large collaborative process. Virtually every
15 stakeholder, and when I say that, every owner
16 participated in some form or fashion with the
17 original document. And at the time the second
18 document was done, which would have been Exhibit
19 Number 1 -- excuse me -- Exhibit Number 7, yes,
20 exhibit -- I have two, I've got a '97 and a '99
21 agreement.

22 Q That's right because of the entry of Dr. Baugh
23 and Feldman?

24 A I've got it. These agreements were probably
25 done with the vast majority of the shareholders

1 input, because early on you had two cultures that
2 were -- so we would have had a large group to
3 collaborate with on how to put these together.

4 Q And did you continue to represent Columbia
5 Heart through a 2004 employment agreement?

6 A We did.

7 Q Let me hand you two documents that's been
8 entered earlier, Plaintiff's Exhibit 1, which is a
9 July 2004 employment contract between Dr. Feldman
10 and Columbia Heart, and Plaintiff's Exhibit 2, which
11 is a July 2004 employment agreement between Dr.
12 Baugh, Kevin Baugh, and Columbia Heart. Do you
13 recognize those documents?

14 A I do.

15 Q And did your firm have involvement in the
16 preparation of those contracts?

17 A We would have drafted these as well.

18 Q Now, let's focus on the 2004 agreements and
19 tell me some background into them, how it came to be
20 that those documents got drafted?

21 A Prior to negotiating these documents with the
22 client --

23 Q The 2004 document?

24 A That is correct. And I'm referring here to
25 Plaintiff's 2 and Plaintiff's 1. Prior to that, we

1 had been involved in some extensive negotiations
2 with Palmetto Health Alliance over a role that this
3 group would play in the administration management
4 and operation of the new heart hospital that
5 Palmetto was building.

6 Q That's Palmetto Richland?

7 A That is correct.

8 Q That I still call Richland Memorial?

9 A What you call Richland Memorial, we call
10 Palmetto Richland and downtown we call Palmetto
11 Baptist. Part of that was obviously a very good
12 dialogue and I think a mutually beneficial
13 relationship was developed whereby Columbia Heart
14 was going to have a lot of input into the
15 development of the heart hospital into its operation
16 and management and part of that included an
17 opportunity for the construction of a medical office
18 building that would be, you know, primarily focused
19 on practitioners who are working in the heart
20 hospital, but it put Columbia Heart in the position
21 and its shareholders in a position to have the
22 majority ownership interest and, hopefully, the
23 majority of the profits that would come from such a
24 venture.

25 The advent of that opportunity began a dialogue

1 between my firm and management in which we expressed
2 our concern that if you're going to build what could
3 be a 14 million dollar building and you're looking
4 at, on a per shareholder basis, a liability of a
5 million dollars, you need to make sure that as you
6 bind your group to have to pay rent in that building
7 for a long term of years and that you may also have
8 personal exposure as an investor in that building,
9 this is a real good time for all for one and one for
10 all.

11 Q All right. So when you say management,
12 management of Columbia Heart?

13 A That is correct. And at the time, I think all
14 shareholders were technically members of their
15 management committee or board and so depending on --

16 Q Do you know how many shareholders there were at
17 that time?

18 A I would tell you that I think there was about
19 15, plus or minus one or two, and that number could
20 change simply because a new one would come in or
21 someone might retire or someone might relocate, but
22 about that many. So our focus there was is that
23 with that increased liability, you need to make sure
24 that you can protect yourself. You need to make
25 sure that you protect your revenue stream and your

1 cash flow so that you can support this additional
2 overhead, because it was a large investment for them
3 from a capital perspective and they needed to make
4 sure that they had the cash flow to service that
5 into the future.

6 Based on that and based on discussions with
7 management, it was determined that the existing
8 noncompete that they had in their current agreements
9 should be strengthened.

10 Q That was the earlier agreement, the '99 and '97
11 we looked at a second ago?

12 A That is correct. The early agreements are
13 Defendant's 7 and 2. And so we basically took that
14 contract and made amendments to that contract and --
15 shareholder employment contract with the specific
16 idea of insuring that we had, you know, appropriate
17 safeguards to protect the integrity of the group and
18 the cash flow to the group.

19 Q Now, before we get to any specifics, has your
20 group been involved with drafting covenants not to
21 compete for other organizations?

22 A All the time.

23 Q And how long has that been going on?

24 A I will tell you that in the 1990's, especially
25 with the advent of Fi-Core (ph) buying up physician

1 practices, that noncompetes have become more and
2 more and more prevalent. For instance, Lexington
3 Medical Center has 150 plus physicians under
4 contract and except for, you know, locum tenens and
5 PRNs, all of them are going to have noncompete
6 language in them very similar to what's here.

7 Q Okay. Let me stop you there. You used the
8 phrase locum tenens.

9 A Locum tenens are temporary clinical employees
10 that you'll usually get from some type of service
11 where they'll come in to a location on a temporary
12 basis and provide health care. And no locum tenens
13 is going to give you -- those contracts are not
14 going to have noncompetes because those are
15 journeymen. They're only going to be here for a
16 short while.

17 PRN are people that are basically as needed
18 basis. For instance, especially at -- Lexington
19 Medical Center is a good example. If I've got a
20 community medical center and I need to have a family
21 practitioner there in, let's say, the urgent care
22 center, I may have somebody PRN for weekends or when
23 people are taking vacation. They're a local
24 physician and they're just going to moonlight with
25 me, they're not going to sign a noncompete. And it

1 wouldn't be legitimate for the hospital to ask for
2 it and we wouldn't get the employee if we did.

3 Q I didn't mean to interrupt you. I just wanted
4 to make sure we understood --

5 A Well, I was giving you an example that in
6 Lexington County alone, there's probably well over a
7 hundred physician contracts for just that
8 institution that have noncompete language and very
9 similar to what's in these contracts.

10 Q In the drafting the contracts, explain to us
11 how contracts were presented to the group and
12 whether y'all had any meetings or anything of that
13 nature?

14 A I would have conferred -- at that point in
15 time, Dr. Humphrey was the President of the group
16 and would have been my primary contact. Dr.
17 Alexander, as the immediate past President of the
18 group, would also have been talking to me about this
19 and I remember working with the two of them
20 specifically. Also, I do believe I worked with Dr.
21 Jones some on the agreement and primarily Lynn
22 Privett.

23 The way it worked is that the practice manager,
24 Lynn Privett, would send drafts back and forth to me
25 for editing. So what we would do is take a first

1 cut of the document, send it to them. Often times
2 she would confer with the physicians and come back.
3 But I probably had a couple meetings with Dr.
4 Humphrey and maybe Dr. Alexander and then there
5 would have been a whole group meeting that we would
6 have had. And when I say group, I'm only referring
7 to shareholders not the nonshareholder employment
8 agreements, which are similar, but that's not what
9 we're here for today.

10 And it's standard, when I meet with physicians
11 who are shareholders, it's standard for us to have a
12 meeting to deliver the document, to go through what
13 I have as my formalities and then give them a review
14 period and we would have done that.

15 Q Now, in terms of the meeting itself, tell us
16 generally what occurs in that type of meeting.

17 A My recollection is that we would have met in
18 June of '04. And what I tell physicians when we do
19 these meetings, number one, is I am the group's
20 lawyer, I am not your individual lawyer. I'm happy
21 to answer questions here tonight on what the intent
22 is from the employer's perspective. And you're free
23 to get your own legal advice from your own personal
24 attorney and I encourage you to do so.

25 Often times I'll get phone calls from other

1 practitioners after the fact saying, you know, I'm
2 looking at these termination provisions or I'm
3 looking at some of these benefit schedules, is there
4 any wiggle room to negotiate in there. And with
5 some practices, there are. It really just depends
6 on the culture of the practice. We try to make sure
7 that we -- when we're doing especially shareholder
8 employment agreements, that they are identical as to
9 all operative terms. We try to do that. There are
10 some exceptions made maybe for senior status or
11 things of that nature. So I would have explained
12 that to them at that point in time.

13 I would have -- and I distinctly remember going
14 through the noncompete in this particular situation,
15 why we were doing the noncompete, why it was
16 important to the group and how we had drafted it and
17 why we had drafted it the way that we had.

18 Q We're going to look at specific sections of the
19 document in a minute. During that meeting, was
20 there any discussion about consideration?

21 A Yeah. We did -- I'm sure we would have talked
22 about the executory consideration for the
23 noncompete, yes.

24 Q Let me hand you a letter, see if you can
25 identify it, sir?

1 **A** Yes. This would have been a letter that I
2 would have sent to Lynn Privett and it's dated July
3 15, 2004 and that is my signature on this copy.

4 **MR. BABCOCK:** We'd offer this as the next
5 Defendant's Exhibit.

6 **MR. THOMPSON:** No objection.

7 **THE COURT:** Mark it in evidence please, ma'am.

8 (Defendant's Exhibit 10, letter dated
9 7/15/04, admitted into evidence.)

10 BY MR. BABCOCK:

11 **Q** Now, if you would please, Mr. Summer, tell us
12 generally what you were discussing in this letter.

13 **A** When we go to do noncompetes, there are
14 specific formal requirements in the case law in
15 South Carolina. It's a common law --

16 **MR. THOMPSON:** Your Honor, I'm going to object
17 to any testimony that he's going to try to insert
18 about the case law in South Carolina. That is your
19 province. He's not entitled to give us any guidance
20 on what the case law says or means.

21 **THE COURT:** Do you want to be heard?

22 **MR. BABCOCK:** Yes, Your Honor. He is not --
23 Your Honor is the person to apply the law, there's
24 no question about that. However, what he's taking
25 into account when he drafts the document is very

1 relevant and very appropriate to the terms of why
2 he's drafting and what he's doing. He's not here
3 talking about, you know, what the law is to be
4 applied, it's what the law is that he was
5 considering when he was drafting the document.

6 **THE COURT:** Do you want to be heard further?

7 **MR. THOMPSON:** Yes, Your Honor. I think that's
8 just another way of doing the same thing, that is to
9 tell you what the case law means and he can't do
10 that.

11 **THE COURT:** Objection's overruled. You may
12 continue, sir.

13 **THE WITNESS:** Thank you, Your Honor.

14 We're very careful to conservatively follow
15 those formal requirements of the case law in South
16 Carolina, one of which is when you have individuals
17 who are already employed, you should have some type
18 of independent consideration. Here, there certainly
19 was independent consideration in that you're going
20 to get to participate in a medical office building
21 and make extra money over and above what you're
22 currently making, but we felt it was important to
23 have a recitation of independent consideration in
24 the document itself.

25 We discussed with the client the option of

1 either paying some funds up front or executory
2 consideration on the back side. It's more practical
3 to use executory consideration in cases like this.
4 And this is a really good example: Had these
5 physicians taken money on the front end, that would
6 be an additional loss to the practice. Here, there
7 is a promise to pay in the future. It's executory
8 consideration just like when you sign a promissory
9 note. You don't give the bank anything, they give
10 you the money, you promise to pay in the future.

11 Here, what we're doing is setting up
12 independent consideration for the covenant, which is
13 not insignificant, it's an additional \$60,000 and
14 that consideration would be paid, again recognizing
15 cash flow issues, over a monthly period of time, 12
16 months, over a year following termination.

17 BY MR. BABCOCK:

18 Q And that's the clause that you included in this
19 letter, 45(1)?

20 A That is correct.

21 Q We've been through -- you can imagine,
22 Mr. Summer, we've been through the document a number
23 of times so far, so we won't go through it word by
24 word at this point in time.

25 A My guess is you've found every typo I had in

1 this document at this point in time.

2 Q All right. Let's go back and talk about the
3 covenant itself in the 2004 agreement. And I'd like
4 to direct your attention to Plaintiff's 1 or
5 Plaintiffs 2, 2004 agreements. And is a covenant
6 set forth in Article 5?

7 A I'm referring to Plaintiff's Number 1. And,
8 yes, the covenant is in Article 5 which begins on
9 page nine of the document.

10 Q And this is the covenant that you were telling
11 us about a minute ago that you were inserting into
12 this document?

13 A That is correct. There was a covenant not to
14 compete in the prior document, but this one is
15 certainly stronger.

16 Q Let's look, first, at this one and let's look
17 at section 5.1(a).

18 A Would you like me to read it into the record?

19 Q Why don't you read it and explain?

20 A The parties stipulate that Medical Group, and
21 that's a defined term, is engaged in the practice of
22 medicine in the field of cardiology, that's defined
23 as the business, in the territory, territory is
24 defined below in section 5.2.

25 Q Let's go down to the next section which is (b).

1 **A** B as in bravo?

2 **Q** Yes, 5.1(b).

3 **A** Physician, in the event of termination or
4 expiration of this agreement for any reason, during
5 the 12 month period immediately following the date
6 of termination or expiration of this agreement,
7 shall not compete, defined in section 5.2 below,
8 with Medical Group.

9 **Q** What's going on with this section?

10 **A** You're basically -- in a noncompete, there are
11 going to be several things. You're going to have
12 time, scope and geography. And what this is setting
13 is the temporal or time limit of the noncompete.

14 **Q** How is a 12 month period of time --

15 **A** That is my preference. When I look at case law
16 in South Carolina, I could find noncompetes forced
17 up to five years.

18 **MR. THOMPSON:** Your Honor, I'm just going to
19 renew my objection at this point. I believe he's
20 given expert testimony as to the meaning of the law.

21 **THE COURT:** Objection's overruled. You may
22 continue.

23 **THE WITNESS:** I can find cases up to five
24 years. In my opinion, a noncompete -- you should be
25 able to achieve what you need to do with a

1 noncompete within a one year period of time. If
2 someone leaves your employ -- and, in fact, when you
3 look at this agreement, it contemplates recovering
4 or at least being on the road to recovery from the
5 loss of that employee during that 12 month period of
6 time, so it's logically consistent that you should
7 limit it to that 12 months. We also believe it's a
8 much easier way to get it enforced and courts
9 routinely do that.

10 BY MR. BABCOCK:

11 Q Let's go down to 5.2(1). And you just
12 mentioned compete. Why don't you read this section
13 for us.

14 A Compete means directly or indirectly, on his
15 own behalf or on behalf of any other person, other
16 than at the direction of Medical Group and on behalf
17 of Medical Group: (A) organizing or owning any
18 interest in a business which engages in the
19 Business, capital B, in the Territory, capital T, or
20 (B) engaging in the Business, capital B, in the
21 Territory, capital T, or (C) assisting any person as
22 a director, officer, employee, agent, consultant,
23 lender, lesser or otherwise, to engage in the
24 capital B, Business, in the, capital T, Territory.

25 Q So let's take this section one area at a time,

1 you got A, B and C, and explain to us why you
2 included A in this contract?

3 **A** What you're attempting to do here is to cover
4 those types of business activities in this section.
5 And I'm going to want to talk about the section
6 overall and then the specific subs so that you have
7 a concrete definition of compete and that you've
8 narrowly defined it.

9 First of all, we used the definitions of
10 business and territory which significantly narrowly
11 define the activity of the former employee, but,
12 first, under A, they can't organize it or own an
13 interest in the business in the territory. Whether
14 they participate in it or not, they can't own or
15 organize a medical practice that -- in the field of
16 cardiology in that 20 mile territory.

17 Do you want me to go on to B?

18 **Q** Yes, go on to B.

19 **A** B, they can't engage in the practice of
20 medicine in the field of cardiology within the 20
21 miles of that locale. And, C, they can't do it
22 indirectly. They can't assist someone else. They
23 can't put someone else into the practice of medicine
24 and open up a practice and give them the benefit of
25 their advice and counsel in the territory to

1 practice cardiology in the area.

2 Q Why did you have A, B and C instead of just
3 saying practice of medicine in the field of
4 cardiology?

5 A What you're trying to do is you're trying to be
6 very definitive about the activities that are
7 prohibited. And what we're trying to do is make it
8 real clear that they can't go out there and actively
9 compete to the injury of Columbia Heart. And we
10 felt like those three definitions, and these are
11 standard in our contracts, adequately covered that
12 and were sufficiently narrow in scope.

13 Q Let's drop down to the definition of territory
14 in 5.2(3). Read that for us.

15 A All right. Territory means the area within a
16 20 mile radius of any Medical Group office, that's
17 Columbia Heart, at which physician routinely
18 provided services during the year prior to the date
19 of termination or expiration of this agreement.

20 Q Now, in the previous contracts noncompete, that
21 had referenced Richland and Lexington County; is
22 that right?

23 A That is correct.

24 Q Why the change here?

25 A A couple of reasons. First of all, this

1 practice had multiple offices. As it was explained
2 to us, the practitioners primarily serviced the same
3 location. They might cover somebody else if they're
4 on vacation somewhere, but if you do it on a 20 mile
5 radius, that is actually a smaller geographical
6 location than if you did it on a county by county
7 basis. So we felt the equitable thing to do in this
8 situation was simply to focus on the locale that the
9 shareholder had been practicing in for the year
10 prior. So if they routinely were in the Providence
11 office, it would apply to the Providence office. If
12 they were routinely at Baptist or routinely at
13 Richland or routinely at Lexington Medical Center,
14 that would be the epicenter of the 20 mile radius.

15 Q Let's shift over to 5.4 in general. This is
16 the remedy section of the contract.

17 A All right.

18 Q And let's first address section A. You don't
19 need to read this, but tell us generally what's
20 going on here?

21 A Well, we're basically setting up a liquidated
22 damages provision. These cases are difficult a lot
23 of times to determine what the damages actually are.
24 In the Hunt case, for example, they had to do an
25 audit. They had to literally conduct an audit on

1 the accountant's accounts to determine how much that
2 accountant owed back to J.W. Hunt under that
3 agreement, and that's a costly and difficult
4 endeavor.

5 We kind of look at using the W-2 from the prior
6 year as being the logical proxy for what the damages
7 could fairly be. And, again, this is conservative.
8 If we look at a physician, they're going to generate
9 -- that physician is going to generate, first, gross
10 revenue.

11 **MR. THOMPSON:** Your Honor, I'm going to object.
12 He has no idea what the physicians in this case
13 generate. It may or may not have any sort of
14 relationship to this W-2 wage number. He's not
15 qualified to say what the physicians generate each
16 year, what kind of profit.

17 **THE COURT:** Do you want to be heard?

18 **MR. BABCOCK:** Your Honor, he has represented
19 the practice. I think he has, and we can explore
20 this further, he's got familiarity in what he was
21 talking, generally was he -- I mean -- well, he's
22 got general knowledge of the practice -- specific
23 knowledge of the practice and general knowledge of
24 the industry in general.

25 **THE COURT:** Anything else?

1 **MR. THOMPSON:** He doesn't advise them on
2 financial matters. He doesn't review their
3 financial reports. He helped to put an agreement in
4 place. He can't talk about what the physicians
5 generate in terms of revenue and how that compares
6 to this number.

7 **THE COURT:** All right. I think your objection
8 goes to weight not admissibility. And he's
9 explaining to me why the contract was drafted as it
10 was drafted. And I think it's admissible. I note
11 your objection. Thank you.

12 You may continue.

13 BY MR. BABCOCK:

14 **Q** Mr. Summer, you were explaining to us why you
15 use the W-2?

16 **A** Physicians generate revenue for a practice
17 through the delivery of services. And we talk in
18 health care, first, of gross revenue and that would
19 be the blanket charge that you would charge for a
20 particular service that you provided to a patient.

21 However, in today's environment, there are a
22 number of deductions to gross revenue. So what the
23 practice actually receives is net revenue.

24 In this particular practice, the net revenue
25 was considerably higher than what the individual's

1 income would be on most case by case basis. So we
2 didn't pick gross revenue, which would have been
3 perhaps unrealistic. We know we're going to lose
4 all the net revenue that that individual would have
5 generated, which is a sum six figures greater than
6 what they would have gotten as their salary. We
7 picked the salary because it is a conservative,
8 logical proxy to offset the damages that occur.

9 There's a case in North Carolina, the Calhoun
10 case that talks about why that kind of a proxy is a
11 good proxy, about how difficult it is to ascertain
12 the damages in advance, about all of the different
13 costs that group is going to incur, lost revenue,
14 the cost to cover. If you had to go get locum
15 tenens, it would be a lot more than what was on the
16 W-2 for the prior year. If you go to a service and
17 get a cardiologist brought into the community to
18 recover, it'll be at a premium and it'll be at a
19 profit margin to that service, so it would be
20 greater than the salary, the benefits and everything
21 else attributable to that physician.

22 So in our minds, and we do use these routinely,
23 we use the W-2 numbers routinely, in our minds, that
24 is a conservative, logical proxy to provide cash
25 flow to the group during a period of recovery.

1 Q Let me ask you a couple of other questions
2 about this section. The beginning talks about in
3 the event the physician, at his or her option,
4 desires to practice in violation of the provisions.
5 Why did you draft it that way?

6 A Because in a sense, this is not an absolute
7 prohibition, it's not an absolute covenant not to
8 compete. The physician has the flexibility at his
9 option to write the check and continue to write this
10 medicine in the community. So if he wishes to do
11 it, he can, but in a sense, he has to honor his
12 obligations to his prior employer for revenue
13 stream.

14 Q And let's look at the second paragraph, the
15 first sentence there. Why don't you read just that
16 first sentence?

17 A These damages?

18 Q Yes.

19 A These damages are in partial restitution for
20 the loss or damage which Medical Group will suffer
21 as a result of such breach and in partial recovery
22 of its investment in the practice of physician,
23 which together constitute full payment of such
24 losses or damages.

25 Q Why was that language included?

1 **A** Because it's accurate. I just went through why
2 this is not going to make them whole. It won't make
3 them whole. You have to look at -- they have a
4 considerable investment. In this case, both of
5 these physicians in this community grew up in this
6 practice and there's a considerable investment in
7 them and their careers. But there's also, in terms
8 of costs to cover, a considerable investment to
9 recover that, there's also considerable costs in
10 word of the consequential damages that flow from
11 that exodus. I still have the overhead, I've still
12 got payments that have to be made, I've still got to
13 make that big lease payment downtown, all of those
14 things are additional injuries that this amount of
15 money will certainly go a long way to helping
16 towards bridging that gap, but are not going to
17 cover it in toto.

18 And one of the things that we do in these
19 contracts is we want the individual physician to
20 acknowledge what's going on. You will find in a
21 number of places what I call explanatory provisions
22 in this contract. It explains the logic of what
23 we've done so that the physician and/or his counsel
24 can understand it.

25 **Q** Let me ask you a question. In the case of

1 Columbia Heart, did you receive any inquiries from
2 any lawyers?

3 A I did not on this one. I do on some, but I did
4 not on this one that I can -- let me qualify that --
5 that I can recall some five years later.

6 Q Let's shift down to 5.4(b). And just looking
7 at the first sentence here, if you would read that.

8 A The parties agree that a breach by a physician
9 of any of the provisions of section 5.3 of this
10 agreement would cause irreparable damage to Medical
11 Group.

12 Q And why was that language included?

13 A Well, primarily for injunctive relief. We want
14 the physician to acknowledge that it is irreparable
15 in the sense of the practice has the option to seek
16 injunctive relief.

17 Q Of course, that injunctive issue is what's
18 talked about with the rest of that paragraph; is
19 that correct?

20 A That's correct.

21 Q Let's switch over to section 5.5.

22 A Okay.

23 Q This section is entitled Acknowledgement of
24 Reasonableness. First tell me generally what's
25 going on here.

1 **A** Again, this is a document that I would say is a
2 dialogue between the parties. This acknowledgment
3 is important because these provisions have been
4 carefully and narrowly drafted for the practice.
5 And we want all of the parties and the physician
6 especially to acknowledge their reasonableness. And
7 I include this provision probably in multiple places
8 in this document, but certainly here in this section
9 because it calls the reader's attention to this
10 entire section and says, we've read it, we
11 understand it, and it is reasonable.

12 **Q** Now, tell us about the second sentence which
13 begins, If any provision. What's going on there?

14 **A** South Carolina has no blue pencil rule and what
15 we do is, you know, parties can contract to waive
16 all kinds of rights, constitutional rights, jury
17 trial, demand presentment. You can waive anything
18 you want to waive that you have a legal right to.
19 So what we've done here is we've allowed the parties
20 -- parties are allowing a court to make a blue
21 pencil change if necessary.

22 I like to use this provision because cases come
23 down routinely. I was with -- and I enforced a
24 noncompete injunctively last January in front of G.
25 Ross Anderson and, you know, that case could have,

1 it didn't, it followed the case law and followed the
2 premises, but, for instance, had he made some kind
3 of pronouncement or if the Supreme Court were to
4 take up the case and make a tweak or a change, the
5 problem you have in a contract like this is you lose
6 the whole covenant. So by putting the blue pencil
7 rule in, we allow Your Honor to make a change if
8 necessary to comport with any recent precedent
9 without having to run out and re-execute all of
10 these agreements and, by the way, do new
11 consideration all over again.

12 Q And the consideration, we talked about earlier,
13 but let's just look at it in the contract, that
14 section 4.5(1).

15 A Yes, sir.

16 Q And that was what we discussed earlier, I
17 believe, with the letter to Ms. Privett?

18 A That's correct.

19 Q But how did you determine the 5,000 per month
20 for 12 months?

21 A Well, it's interesting, you know, there is
22 no -- there's no guidance in South Carolina on what
23 that has to be, on what the consideration has to be
24 just that it needs to be independent. Here, I think
25 there's a good argument to be made that because they

1 were already under a noncompete and that that
2 noncompete was a requirement of their initial
3 employment, that independent consideration was not
4 necessary.

5 Nevertheless, belts and suspenders, we came up
6 with what we looked at as being an additional
7 substantial amount of money that I think anyone
8 would want to have if you're leaving a job and
9 you're getting an additional \$60,000 worth of
10 severance. We felt like that was considerable and
11 that that should be sufficient consideration
12 especially coupled with the business opportunity of
13 the new MOB.

14 Q Let's shift to the rest of Article 4 -- before
15 we go to that, let's go to section 3.1. We want to
16 talk about accounts receivable for a minute.

17 A Okay. 3.1, again, I am in Plaintiff's Exhibit
18 Number 1. It begins on the bottom of page four of
19 the document.

20 Q And let's just read this section.

21 A 3.1, Fees, Collections and Billings. Medical
22 Group shall establish and modify from time to time
23 all professional fees for services rendered by
24 physician or any other physician employee of Medical
25 Group, and physician agrees to cooperate on all

1 billing matters and assist in collection efforts as
2 necessary. Medical Group shall own and control all
3 collections and billings arising pursuant to the
4 rendering of medical services by physician or any
5 other employee. All fees and compensation received
6 or realized by Medical Group as a result of the
7 rendering of services by physician and other
8 employees shall belong, be paid and be delivered to
9 Medical Group.

10 Q All right. So, generally, what's going on
11 here?

12 A In exchange for the salary and benefits that
13 this physician receives, all of his work product is
14 owned by the group. They own the billings. They
15 own the accounts receivable and they own the cash
16 that's collected.

17 Q And is this a provision that you put in other
18 contracts?

19 A In virtually every -- unless it's a clinical
20 services agreement, independent contract
21 relationship, sometimes it's different, but by and
22 large for employment contracts, this is universal
23 and we use it in almost every one we do.

24 Q Let's shift over to Article 4.

25 A Okay.

1 Q And that section is called Term and
2 Termination. And before you were here, we looked at
3 it previously. There's portions of this section
4 dealing with death and retirement and then a section
5 dealing with departure for with or without cause.
6 So let's go down to that, which is 4.5(f).

7 A Again, I'm referring to Plaintiff's Exhibit
8 Number 1, page eight.

9 Q I won't have you read it, but the first part of
10 (f) talks about the termination agreement by
11 physician for cause or Medical Group without cause
12 and then it has two subparagraphs; is that right?

13 A That is correct.

14 Q Number (i) says, All salary earned or accrued
15 but unpaid as of the date of physician's death.
16 We've already seen -- previously talked about death,
17 so this would be a typo here?

18 A It would be. And hold on just a minute, let me
19 double check.

20 Yes, it would be a typo.

21 Q Okay. And then the second part talks about a
22 formula with pro rata share of the current year's
23 actual collections. Tell us what's going on here
24 and why you put this together this way.

25 A I believe this is similar to what was in the

1 prior agreement. It is, if you will, what a
2 departing physician shareholder only would be
3 entitled to and it really goes, in effect, to his
4 ownership interest, that's how pro rata shares is
5 determined in the definition sections in (h), but it
6 would be a pro rata share of those collections. Had
7 he honored his obligations under the contract, he
8 would be entitled to that.

9 Q So he would be entitled to the accounts
10 receivable and the salary earned or accrued but
11 unpaid?

12 A Again, we refer to as a pro rata share of
13 collections, you could loosely say A/R, I think
14 there's a legal distinction there, and then, also,
15 all salary earned and not paid. Again, that's at
16 time of termination not at time of death.

17 Q Now, let's look down at 4.5(i). Tell me
18 generally what's going on here.

19 A Basically, this is the same noncompete language
20 as Article 5. And if a physician is going to go out
21 and compete against a practice in that 12 month
22 period, there is a forfeiture of the pro rata share.

23 Q How about accrued but unpaid salary?

24 A And that as well. It says any sums.

25 Q Now, let's drop down to section 4.6. And this

1 is also saying acknowledgment of reasonableness.

2 Explain to me what's going on here.

3 A Again, it's a red flag to the reader. We're
4 sitting here saying physician acknowledges that the
5 forfeiture described in section 4.5(i), that we've
6 just read, is intended as partial restitution for
7 the damages which Medical Group will suffer as a
8 result of competition by physician with Medical
9 Group. Physician further acknowledges that such
10 forfeiture, together with the remedy set forth in
11 Article 5 below, is fair and reasonably required for
12 the protection of the group.

13 Q With regard to the 2004 contracts, did you
14 receive any objections from anybody about entering
15 into these contracts?

16 A I do not recall getting a single phone call or
17 letter.

18 MR. BABCOCK: With the Court's indulgence.

19 THE COURT: Yes, sir.

20 MR. BABCOCK: If you'll answer any questions
21 counsel may have.

22 THE COURT: Cross-examination -- do you want to
23 take a break before that?

24 MR. MALONE: Let's do that.

25 THE COURT: We're going to take a ten minute

1 break. You understand you can't discuss your
2 testimony during the break.

3 **THE WITNESS:** I understand, Your Honor.

4 **THE COURT:** Thank you. We're at ease for ten
5 minutes.

6 (Pause.)

7 **THE COURT:** Cross.

8 CROSS-EXAMINATION.

9 BY MR. THOMPSON:

10 **Q** Mr. Summer, my name is Charles Thompson. We've
11 met before, correct?

12 **A** We have.

13 **Q** Good to see you again.

14 **A** Good to see you again, too.

15 **Q** Would it be correct that your, and I think you
16 said this, but I'm not sure, your primary practice
17 area is health care law?

18 **A** That is correct.

19 **Q** You're not -- you don't hold yourself out as an
20 employment lawyer or certified employment law
21 specialist?

22 **A** Not at all. Although, I do do employment
23 contracts on a regular basis.

24 **Q** And I think I understood your testimony
25 correctly that in South Carolina, these types of

1 agreements must be reasonable?

2 A That's true.

3 Q You don't dispute that?

4 A I do not dispute that.

5 Q And I guess you would certainly say that this
6 particular agreement is, in your view, is
7 reasonable?

8 A It is.

9 Q Are you still representing Columbia Heart
10 Clinic at this time?

11 A I do very little work for them now. We still
12 do benefits work for them, but because Lexington
13 Medical Center is our main client, I think they're
14 more comfortable using other counsel for their
15 health care work now.

16 Q Were you at one point representing Columbia
17 Heart Clinic in this very lawsuit?

18 A I did. I brought it.

19 Q And why are you no longer representing them in
20 this lawsuit?

21 A Well, I think a couple things. Very early on
22 it was indicated that I was going to probably have
23 to be a witness and that's a tough one to pull off.
24 I've been in a case one time before where an
25 attorney in a firm, or in the firm that I was with

1 at the time, actually took the witness stand. It
2 was in a very ministerial fashion, suit on a note
3 and security interest in a restaurant. I didn't
4 want to be in that position and so I met with the
5 client and made the decision that we ought to hand
6 it off.

7 Q And as you've acknowledged, your firm drafted
8 or assisted Columbia Heart Clinic in drafting this
9 agreement, correct?

10 A We did.

11 Q So you wouldn't deny that you sort of have a
12 vested interest in seeing that this Court upholds
13 the agreement?

14 A And, Counselor, it's my handy work.

15 Q So you don't deny that?

16 A I do not.

17 Q And, in fact, it potentially could create a
18 problem for you if it is not upheld?

19 A No, I doubt that because we followed the
20 formalities of the law at the time. I mean, if this
21 Court were to create new law, and that can happen, I
22 don't think that would necessarily be consequential
23 to me or my firm.

24 Q Do you have any specific recollection of
25 talking to Dr. Baugh or Dr. Feldman about the 2004

1 agreements?

2 A I do not have specific recollections of talking
3 to them at that shareholders meeting. I know they
4 were there, but I don't have specific recollection.

5 It was the practice for me to come in at the
6 beginning of the meeting. They are a very judicious
7 and prudent client and when people charge by the
8 hour, you speak first. So I would come in and
9 routinely attend its shareholder meetings.

10 At this point in time, I would tell you that I
11 probably attended the majority of their shareholder
12 meetings because of all the stuff that we had
13 negotiated for them with the Palmetto alliance.
14 Because of that, it was routine for me to be at the
15 top of the agenda, speak, if there were any direct
16 questions to me, I would field them and then I would
17 leave. So I don't recall in my presentation, either
18 physicians asking questions, they may have, but
19 today, five years later, I do not recall that when I
20 was in the room.

21 Q Can you testify that Dr. Baugh and Dr. Feldman
22 were present at any more than one meeting in which
23 you discussed the 2004 agreements?

24 A I would tell you that I would imagine they
25 were, but I cannot swear it to a certainty.

1 Q Did your firm also draft the agreement for the
2 entity that owned the building that you mentioned?

3 A No.

4 Q And those -- but you do understand those are
5 two separate legal entities?

6 A They are.

7 Q And I'm not sure I understood your testimony.
8 There's nothing in the 2004 agreement that lists or
9 mentions the new building as -- the opportunity to
10 participate in that as consideration for signing
11 this '04 agreement?

12 A Other than the fact that this was basically a
13 prerequisite to participate, but, no, it is not
14 mentioned.

15 Q And it's not consideration for signing this
16 agreement, is it?

17 A Well, the agreement says for this and other
18 valuable consideration. And so if you look at the
19 very front of the document, it should say -- let me
20 see if I can find the 2004 -- Now, therefore, in
21 consideration of the promises herein contained and
22 other good and valuable consideration, the receipt
23 and legal sufficiency of which are hereby
24 acknowledged.

25 Q That's pretty standard language, right?

1 A Pretty standard language.

2 Q You can't testify that it was within the
3 contemplation of all the shareholders that the
4 opportunity to participate in the new building was a
5 consideration for this particular agreement, can
6 you?

7 A I can tell you that that new building was the
8 reason we did it. And I can tell you that based
9 upon my knowledge of the leadership of that group,
10 this was essential for them to do.

11 Q I understand if they thought it was essential
12 to protect that investment, but did anybody ever say
13 to you or did you say to anybody in the meetings
14 discussing this agreement that, hey, part of the
15 consideration you're going to get is the opportunity
16 to participate in the new building?

17 A Counselor, I probably would not have phrased it
18 that way. I would have said, because we're going to
19 be doing --

20 Q Well, hang on. I'm not interested in what
21 you --

22 MR. BABCOCK: If the witness could --

23 MR. THOMPSON: He's not responsive, Your Honor.

24 MR. BABCOCK: If the witness could finish his
25 answer.

1 **THE COURT:** You want me to stop him from saying
2 he's not responsive?

3 **MR. THOMPSON:** It's not responsive if he's
4 saying I probably would be speculating as to what he
5 might have said. I asked him what he actually said.
6 If he can't recall, he needs to say he can't recall.

7 **THE COURT:** Mr. Babcock?

8 **MR. BABCOCK:** Your Honor, he was explaining his
9 answer. I think it was responsive to the question
10 that was asked.

11 **THE COURT:** The question was, I understand if
12 they thought it was essential to protect that
13 investment, but did anybody ever say to you or did
14 you say to anybody in the meetings discussing this
15 agreement that part of the consideration you're
16 going to get is the opportunity to participate in
17 the new building?

18 And Mr. Summer said, Counselor, I probably
19 would not have phrased it that way. I would have
20 said because -- and that's when the interruption
21 occurred.

22 I think he's responding to your question. Go
23 ahead.

24 **THE WITNESS:** I would not have phrased it in
25 the terms of, This is additional consideration. I

1 would have said, you will be allowed to participate
2 in this new building and that is why we are doing
3 the new noncompete.

4 It was clear to everyone in this group that
5 this was essential. And I had been having that
6 dialogue with the group at numerous meetings,
7 whether or not they were present, at numerous
8 meetings prior to the June meeting where the
9 contract was presented.

10 BY MR. THOMPSON:

11 Q Okay. Are you saying it was the essential
12 motivation for this 2004 agreement or are you saying
13 it was an essential consideration for the 2004
14 agreement?

15 A I think it's both.

16 Q Okay. If it was an essential consideration for
17 the '04 agreement, why not put it in here?

18 A Didn't think it was necessary. It was being
19 handled by another law firm. They had Joel Gottlieb
20 and Toddy Smith, are very good real estate lawyers
21 that Edens and Avant brought to the table, were
22 handling that piece of venture and we were not. We
23 were handling all the, kind of, operational and
24 management agreements with Palmetto Richland and so
25 we didn't. But no one in that room didn't know why

1 we were there that day and that was because our law
2 firm brought this to the attention of the group
3 early on that they needed this protection from a
4 business and legal standpoint.

5 Q I mean, in fact, there's really not even
6 anything in the preamble that says the purpose of
7 this or motivation for this meeting -- excuse me --
8 agreement is the new building?

9 A It is not.

10 Q And your firm drafted this agreement?

11 A We did.

12 Q You don't dispute that some form of
13 consideration is required?

14 A I do not.

15 Q Let me direct your attention to 5.4 section
16 (a).

17 A 5.4 section (a)?

18 Q Page 11.

19 A Looking at Plaintiff's Exhibit 1. All right.

20 Q And I'm going to ask you a question
21 specifically about the language that says, Physician
22 shall pay Medical Group liquidated damages in
23 advance of practicing in violation of that section,
24 referring to 5.1, in an amount equal to a hundred
25 percent of the physician's income, which is defined

1 elsewhere. So that says, does it not, that if you
2 violate section 5.1, at least according to the
3 agreement, you're supposed to pay that hundred
4 percent of the physician's income amount?

5 A If the physician violates it, the physician
6 shall pay.

7 Q Right.

8 A To the Medical Group.

9 Q If the physician violates section 5.1?

10 A Correct.

11 Q I'm sorry. I didn't hear your answer.

12 A Correct.

13 Q So even if he pays that amount, necessarily
14 he's in violation of section 5.1?

15 A That is correct.

16 Q Now, let me refer you to section 4.5(1) page
17 nine. And the very last sentence says, In the event
18 the physician violates Article 5, no amount shall be
19 payable pursuant to this section 4.5(1) and any
20 amounts previously paid to physician pursuant to
21 this section shall be refunded to the Medical Group.

22 A Correct.

23 Q Isn't the effect of that, even if you pay the
24 physician income amount, if you're violating -- if
25 you could practice in violation of that noncompete,

1 you don't get the 60,000?

2 **A** Probably not, but give me a moment, Counselor.

3 (Pause.)

4 That is correct. If he chooses to violate, he
5 waives his right to that consideration.

6 **Q** Even though he's paid -- even if he does pay
7 the physician income amount in the section on page
8 ten?

9 **A** He's also going to lose his A/R. He's paying
10 to play, that's what he's doing.

11 **Q** I understand. My question was, just to
12 confirm, even though he's paid the physician income
13 amount that we discussed earlier?

14 **A** That's correct.

15 **Q** So if Dr. Baugh and Dr. Feldman paid that
16 amount and practiced in Lexington, which was their,
17 no question, their primary office, even if they pay
18 the amount, the physician income amount, they don't
19 get that \$60,000, correct?

20 **A** What they're doing is they're waiving their
21 right to that \$60,000 to pursue -- obviously --
22 they've made an economic breach and they're pursuing
23 what they, in their minds, I guess is a business
24 decision for a better opportunity, but they're
25 waiving their right, their contractual right, to

1 that consideration by breaching the agreement.

2 Q I appreciate the explanation, but the answer to
3 my question is, yes, they would not receive the
4 60,000, correct?

5 A They would not receive the 60,000 under those
6 circumstances.

7 Q Have you had any conversations with Dr. Baugh
8 or Dr. Feldman about this case since it started?

9 A I have probably had two conversations that I
10 can recall with Dr. Feldman. I don't recall talking
11 to Dr. Baugh, but I do recall talking to Dr.
12 Feldman.

13 Q Did you tell Dr. Feldman this case should be
14 settled, or words to that effect?

15 A I told him I thought it was in his financial
16 best interest for him to settle it, yes. I prefaced
17 that with, I am not your lawyer, but if you're
18 asking me as a friend, I would settle it.

19 Q You don't know if Columbia Heart Clinic was
20 actually financial harmed by the departure of Dr.
21 Baugh and Dr. Feldman, do you?

22 A I am generally familiar with their budgets and
23 their finances. I know that there's no doubt in my
24 mind that the relationship between these physicians
25 and Lexington Medical Center is a huge lost

1 opportunity to Columbia Heart.

2 Q Do you know if they made more money in 2005 and
3 2006 than they did in 2004?

4 A They may have, but it doesn't mean they
5 wouldn't have made more.

6 Q Do you know?

7 A I do not know.

8 Q Taking a look at section 5.1, which is on page
9 nine, are the phrases, Practice of medicine or
10 practice of medicine in the field of cardiology, are
11 they defined anywhere in the agreement?

12 A They're not terms of art. Practice of medicine
13 in the State of South Carolina is defined by
14 statute. You must have a license.

15 The field of cardiology is a very well-defined
16 field within the practice of medicine. There's an
17 American college and you can be board certified and
18 hospitals grant privileges in it.

19 So I would tell you that the practice of
20 medicine has a definition by statute. And the field
21 of cardiology is standard in the industry.

22 Q Okay. Let me refer you over there to the
23 complete definition 5.2, which is the next page, page
24 ten. And the first restriction -- I'm referring to
25 the A, B, C.

1 **A** All right.

2 **Q** The first restriction is organizing or owning
3 any interest in a business which engages in the
4 business in the territory. The second being
5 engaging in the business in the territory. And, C,
6 assisting any person, and it has a number of
7 examples, to engage in a business in the territory.

8 So, clearly, the agreement would purport to
9 keep a departing physician from investing in a
10 cardiology practice, correct?

11 **A** That is correct.

12 **Q** And certainly, B, clearly would purport to
13 restrict them from opening a practice and actually
14 practicing as these physicians have done within
15 those 20 mile circles, correct?

16 **A** That was the intent.

17 **Q** Now, C, would prohibit them, would it not, from
18 being a, I call it a peripheral figure, it could be
19 a consultant, it could be loaning money, being a
20 landlord, and it uses the word, Or otherwise. So,
21 basically, it purports to restrict a physician from
22 assisting in any manner a cardiology practice within
23 the geographical areas, correct?

24 **A** It would prohibit him from assisting any
25 individual from engaging in the practice of medicine

1 in the field of cardiology. And the reason you put
2 that in there is so that that they can't do
3 indirectly what they can't do directly.

4 Q And I don't know if you meant this, but it uses
5 the word person, doesn't it?

6 A It does.

7 Q And person means not just an individual, but
8 also a legal entity?

9 A Or a hospital.

10 Q Right. Now, say Dr. Baugh or Dr. Feldman
11 wanted to teach at a teaching hospital over at USC,
12 this compete would purport to prohibit that, would
13 it not?

14 A I don't think so. I think what you have to
15 ask, the logical inquiry would be, do I have to have
16 a medical degree to teach? And in my experience
17 with medical schools, you don't actually have to be
18 licensed to practice medicine in the state to teach
19 in a medical school, but you do have to have the
20 degrees. So I don't know that it would prohibit
21 them from teaching.

22 Q All right. How about in a teaching hospital
23 where they're supervising interns, residents, that
24 sort of thing, they would have to have
25 certifications, would they not?

1 **A** If the State Board of Medical Examiners were to
2 view it as a practice of medicine, then I think your
3 answer is correct.

4 **Q** Well, do you know if that's the practice of
5 medicine or not?

6 **A** I can't imagine you being able to touch a
7 patient in the State of South Carolina and not have
8 a license.

9 **Q** And, yet, that activity would not be in
10 competition with Columbia Heart Clinic, would it?

11 **A** I would think it would be in direct
12 competition.

13 **Q** Well, let's use the example of the V.A.
14 hospital. If one of them were a doctor over there
15 at the V.A. Hospital on Garners Ferry, would that be
16 in competition with Columbia Heart Clinic?

17 **A** I've had numerous clients be under contract
18 with the V.A. Hospital. Those are lucrative
19 contracts. Anesthesiology Consultants of Columbia
20 used to represent them, that was a prize contract to
21 have. So, yeah, it would be in direct competition
22 if Columbia Heart would have had that opportunity to
23 bid for it, so I do believe that would be in
24 violation of the covenant.

25 **Q** Do you know if Columbia Heart has any interest

1 in doing that work?

2 A Don't know, but it's a business opportunity.

3 Q They don't do that work now, do they?

4 A Don't know. Can't answer that question.

5 Q Okay. You can't answer that question. So you
6 don't know if a doctor in the V.A. Hospital will
7 actually be in competition with Columbia Heart
8 Clinic or not, do you?

9 A That work is done under contract under my
10 experience. If you can get the contract, it's good
11 work if you can get it.

12 Q And my question was do you know if a doctor
13 over at the V.A. Hospital is in competition with
14 Columbia Heart Clinic now or any time in the past?

15 A Depends on what the patient presents. If the
16 patient could have presented in a private practice,
17 then I'd say, yeah, then they would be in
18 competition.

19 Q Do you know if the types of patients or the
20 patients that the V.A. Hospital are seeing are any
21 different -- are they going to be the patients that
22 come into Columbia Heart Clinic and could be seen
23 there; do you know?

24 A Let me put it this way. If you're on call in a
25 cath lab, EMS is not going to ask, Do you want to go

1 to the V.A.? They're going to go to the closest
2 cath lab they can if you have an AMI and they're
3 going to stent you. And so, yeah, you're in
4 competition for those same patients.

5 Q How about if you are just a consultant to
6 advising a cardiology practice on how they may set
7 up their business or how they may use equipment or
8 drugs or whatever, is that going to be in
9 competition with the Columbia Heart Clinic?

10 A Probably not. The way C reads is, Assisting
11 any person to engage in the business. The person
12 would have to be seeking to engage in the practice
13 of medicine and you're assisting that individual in
14 practicing medicine. You're getting -- that
15 individual would be getting the benefit of your
16 knowledge, your experience, your knowledge of
17 referral sources in the work place and the market.
18 So unless you're assisting the person to engage in
19 the practice of medicine in the field of cardiology,
20 anything else you could do. You could also work in
21 almost any other field of medicine in the community.

22 Q Assisting is not defined anywhere, is it?

23 A Other than what Webster's dictionary would say,
24 no.

25 Q It's not defined in this agreement, is it?

1 A It is not.

2 Q All right. So, potentially, anything you might
3 do for a cardiology practice is going to be -- could
4 be assisting them in the business?

5 A Could be. If you're in any way affiliating
6 with a cardiology practice in the marketplace, that
7 is probably prohibitive conduct under the language
8 of C.

9 Q I mean, if we want to read that broadly, which
10 we could, if somebody was going to go in and help
11 them clean their building, they're assisting a
12 person or entity to engage in the business, aren't
13 they?

14 A No, I wouldn't read it that way. What you're
15 saying is is that you're going to assist, let's take
16 the person as being another M.D., if you're
17 assisting that M.D. in practicing medicine, you're
18 violating it if you're assisting that person in
19 buying or creating a cardiology practice in
20 medicine. But you have to put -- B with a capital B
21 is defined as the practice of medicine in the field
22 of cardiology. If you get outside of the realm of
23 the practice of medicine, it's not prohibitive
24 conduct.

25 Q If I'm a cardiologist practicing medicine in

1 the field of cardiology, I need lots of things to
2 assist me to do that, don't I? I mean, I need
3 accounting support, I need management support, I
4 need the janitor who cleans the bathrooms, all of
5 those things assist me, don't they?

6 A I don't really think so.

7 Q Okay. But it doesn't restrict it in any way,
8 does it? It says assist?

9 A I cannot conceive of a court looking at that
10 language and saying that you couldn't clean a
11 building if you wanted to.

12 Q Are you aware that there is -- there are court
13 decisions out there in South Carolina that say
14 you're not supposed -- that it's unreasonable to
15 restrict basically beyond what the employee is doing
16 for you?

17 A I don't know that I would phrase it that way.
18 I do know that they are narrowly construed.

19 Q Are you familiar with the Faces Boutique case?

20 A I am familiar with the Faces Boutique case.

21 Q Isn't that pretty close to a thumbnail on what
22 that case says?

23 A No. I would tell you that, if I'm remembering
24 Faces correctly, is that they failed to narrowly
25 define what was going on. I think the specific

1 example the court used in Faces was that this
2 individual who was, I don't know what you would call
3 a spa technician, but she was a spa technician and
4 the conduct had been so broadly described is that if
5 she wanted to work in Belks at the cosmetic counter,
6 she couldn't have done it. So that was too broadly
7 defined under that case. And they said, no, it
8 wasn't sufficiently similar to the practice of
9 giving facials.

10 Q And, yet, this agreement would purport to take
11 a doctor and say, you can't even loan money or be a
12 landlord to a cardiologist practice, doesn't it?

13 A That's exactly what it says. You can't do
14 indirectly and use your experience and your
15 expertise to the detriment of your employer.

16 Q That language is not in there, is it? That's
17 your interpretation?

18 A That was the intent.

19 Q Now, I might have misunderstood you about the
20 \$60,000. If Columbia Heart Clinic -- well, let me
21 back up, lay a little bit better foundation. The
22 shareholders signed the '04 agreements, correct?

23 A They did.

24 Q The shareholder employees?

25 A That is correct.

1 Q And you wouldn't disagree with me if I said
2 there were 12 of those?

3 A I would have no basis sitting here today to
4 dispute that number.

5 Q And now you may not be able to answer this
6 question, but if they all paid -- if the practice
7 paid \$60,000 to each of them and went ahead and did
8 that up front on the agreement, wouldn't it
9 essentially be a wash among all of the shareholders?
10 In other words, they're getting 60,000, but then
11 they're also losing a piece of the pie to the extent
12 of the amount that has to be paid to everybody else?

13 A Counselor, if we'd done that, you would be
14 standing here today telling me that we were pulling
15 it out of one bucket and putting it in another and
16 there was no independent valid consideration.

17 Q That was not my question. You want to answer
18 my question?

19 A The question would be that it needs to be
20 independent of their ownership and that's what we
21 were doing here by setting this up.

22 Q Let's take a look at your July 15th, '04
23 letter. Do you still have that?

24 A I do, Defendant's Exhibit 10.

25 Q And I'm looking at a sentence, the last

1 sentence of the second paragraph, where it says, you
2 have indicated that such an approach might be more
3 practical for the group. And I infer from that, you
4 tell me if I'm right or not, that this executory
5 consideration was not the first thing you
6 recommended or proposed as consideration?

7 A I know that we recommended several things
8 simultaneously. I have, and probably would have at
9 the time, been very comfortable with the executory
10 consideration because of the very facts of how we're
11 sitting here today. You're adding insult to injury
12 by paying someone who's going to leave you. And it
13 makes much more sense to promise to pay them if they
14 live up to their obligations.

15 Q Isn't it more legally defensible, though, or
16 more comfortable position to have paid them up
17 front?

18 A If that were the case, there would be no such
19 thing as a promissory note. It's basic hornbook
20 law.

21 Q But a promissory note is going to be paid,
22 right?

23 A I got a lot of --

24 Q Unless the business fails?

25 A Unless the business fails or unless the

1 borrower defaults.

2 Q And you mentioned that you have used this
3 agreement or very similar agreements with other
4 clients?

5 A We have used very similar noncompete language
6 in, I would say it's probably hundreds of contracts
7 at this point in time, because for the hospitals, we
8 develop a template that they use over and over and
9 over and over again. So I would tell you that our
10 template for our hospital clients is -- there are
11 hundreds of them out there.

12 Q And is anybody else using this particular form
13 of executory consideration?

14 A I know that our firm has used it in other
15 situations. I can't recall one off the top of my
16 head.

17 Q And you've done a lot of these?

18 A I have done a lot of physician employment
19 contracts, yes.

20 Q But you personally don't recall where you used
21 this particular executory consideration in agreement
22 that you provided?

23 A One is I don't know that I could tell you, but
24 number two is I cannot name one off the top of my
25 head at this point in time.

1 Q Do you know of any South Carolina cases that
2 have examined this type of executory consideration?

3 A No. In fact, the South Carolina cases say very
4 little about consideration other than it should be
5 independent of the employment compensation.

6 Q Why 60,000? Is there any magic to that number?

7 A I think when you're looking at it, you want it
8 to be certainly legally sufficient. Five dollars is
9 not going to cut it even though under the case law,
10 five dollars might. It's independent. It's
11 additional consideration. But when we're looking at
12 it, it's more than ten percent of what their W-2
13 compensation was previously. So, you know, in terms
14 of being legally sufficient, I don't know of many
15 people who wouldn't like to have an additional
16 \$60,000 when they leave employment.

17 Q Now, the prior year W-2 wages that are the, I
18 call it, penalty, if you object to that word, you
19 can come up with a different one, that is supposed
20 to be paid according to the agreement, do you know
21 if that has any relation to whatever actual damages
22 they may have had from Dr. Baugh and Dr. Feldman's
23 departure?

24 A No, that's not the inquiry when you do a
25 contract because you're doing it in advance. So

1 looking at what their damages may or may not have
2 been, one of the biggest is lost opportunity. I
3 don't really care if they made more money in one
4 year than the other, it's the lost opportunity of
5 that Lexington business that would have been, I
6 would imagine, would have been a real margin, a lost
7 margin to that practice.

8 Q Did you look at the net income that physicians
9 generated in coming up with that number?

10 A No. I think the best way --

11 Q I'm sorry. You answered really softly. I want
12 to make sure it got on the record.

13 A I said, no. I said what was guiding us in
14 this, the best description I've seen of this in a
15 case is the Calhoun case out of North Carolina that
16 was a 2006 case. They did a very good job of
17 talking about why using that W-2 income as
18 liquidated damages makes good sense.

19 Q Now, in that case, they actually got that
20 money, didn't they -- I'm sorry -- they received
21 actual consideration?

22 A You know, I'd have to look at the case to see.
23 And it also involved the sale of business, as well
24 as employment, but I'd have to see it to know the
25 exact facts. I just remember the language talking

1 about that these are difficult damages to ascertain
2 in advance and by looking at that W-2, it's a
3 logical proxy, is a term I like to use, it's a
4 logical proxy for damages. And it went through
5 probably seven or eight elements of what you're
6 trying to, as a drafter, come up with to protect
7 yourself and your client from -- of losses on the
8 back end of a breach like this.

9 Q You mentioned the J.W. Hunt case. Wasn't the
10 measure in that case something like a portion of the
11 revenues from clients that were taken by the
12 departing partner?

13 A Yeah. I think in accounting, that makes a lot
14 of sense, but what we're hoping is when we stent
15 somebody, we won't have to do it over and over and
16 over again. So if we looked and said, you're taking
17 5,000 patient charts with you, you know, you're not
18 going to get a lot of repeat business out of that.
19 It doesn't work in the medical field.

20 And more importantly about Hunt and the point I
21 was trying to make is how costly it was to figure
22 out what the darn damages were on the back end.
23 They had to audit every one of those individual
24 accounts to determine how much money had been lost
25 and how much money he owed back.

1 So the liquidated damages does two things:

2 One, to the client, it avoids the expense of having
3 to litigate and ascertain damages. To the court, it
4 avoids the whole issue of having to go through the
5 damages phase of a hearing. Pay the liquidated
6 damages plus attorney's fees and we're done. So
7 it's both an assist -- it's an assist to the client
8 but also to the trier of fact.

9 Q It wouldn't be too hard, would it, and a simple
10 discovery request would do it, to ask what patients
11 that these doctors took with them?

12 A See, that's not the value of what is lost. The
13 value of what's lost is for years and years these
14 individual physicians worked within a very good
15 established practice, two practices that then later
16 merged. They had the benefit of that cachet in the
17 marketplace and had the benefit of referrals to
18 senior physicians that then eventually became
19 referrals directly to them. It's the referral
20 sources from those primary care physicians and now
21 they've gone to Lexington which employs 150 primary
22 care physicians.

23 Q Now, you don't know what, if any, referral
24 sources they lost as a result of Dr. Baugh and Dr.
25 Feldman leaving, do you?

1 A I cannot sit here and tell you on a doctor by
2 doctor basis, but I can assure you it's been a dent
3 in the practice.

4 Q Are you aware that after these gentlemen
5 resigned, that the -- Don Alexander sent a letter to
6 the editor opposing the Lexington County Medical
7 Center of certificate of need for the heart surgery
8 center?

9 A Let's say that Dr. Alexander and I don't agree
10 on that, but, yes, I remember him doing --

11 Q Wouldn't you imagine that that might hurt their
12 referral business in Lexington County?

13 A I'm sure it didn't help, but the practical
14 matter is is that once these individuals left, I
15 don't think it would have been likely that Columbia
16 Heart would have gotten the share of referrals they
17 would have gotten from that physician network had
18 these individuals not set up a separate practice.

19 Q Are you aware that they did not place any
20 physicians over there to replace Dr. Baugh and Dr.
21 Feldman, they closed their office?

22 A I'm aware they made a business decision to
23 close.

24 Q Now, are you -- did that really have to do with
25 Dr. Baugh and Feldman leaving or was it more related

1 to they had this big new building they had to fill?

2 **A** I think you would have to ask them what their
3 business decision was. It would be speculation for
4 me to say otherwise.

5 **MR. THOMPSON:** If I may have a moment, Your
6 Honor.

7 **THE COURT:** Yes, sir.

8 (Pause.)

9 BY MR. THOMPSON:

10 **Q** Now, Mr. Summer, you were asked to read the,
11 there were at least two of them, reasonableness
12 acknowledgment provisions in the '04 agreement.

13 **A** Yes, sir.

14 **Q** Acknowledgement of Reasonableness. One of them
15 is section 4.6. You wouldn't contend, would you,
16 that the presence of this acknowledgment would
17 require a court to enforce this noncompete
18 regardless of what it said, would you?

19 **A** (No response.)

20 **Q** If I need to rephrase that, I can do that.

21 **A** No. I want to think about my answer a little
22 bit. I will tell you that from a public policy
23 standpoint, I can't think of, in the business world,
24 a more important public policy objective than
25 enforcing contracts between parties.

1 And, here, we have two sophisticated parties
2 and an acknowledgment by both parties that the
3 document is reasonable. It's very similar to the
4 notion of I can waive a jury trial if I want to
5 waive a jury trial. Once that individual has made a
6 protestation or an acknowledgment that this is a
7 reasonable document, in my mind, the court should go
8 to great lengths to enforce that document, because
9 to the extent that it might be too far this way or
10 too far that way, the party has waived his right to
11 complain. He said and made an acknowledgment, like
12 a rep or warranty, it's reasonable. We're grownups.
13 Under SCN versus Burwell, we're sophisticated
14 parties. We've shaken our hands. My word is my
15 bond. This is reasonable and I'm going to do it.

16 So I don't, you know, could there be public
17 policy situations where I would say that the court
18 would have to ignore it, sure, but under the facts
19 of this case, no.

20 Q Well, public policy and reasonableness in
21 restrictions are two separate things, are they not?

22 A My point simply is this, Counselor, is that
23 once you acknowledge this is reasonable and that
24 you've read it and that you agree to those terms,
25 that under the law of contracts, in my opinion, a

1 court should go to great lengths to enforce that
2 agreement as a matter of public policy. And
3 something very, very compelling would have to be --
4 to exist to do some other type of injustice or wrong
5 to the public not to enforce the agreement.

6 Q All right. So are you trying to say that the
7 insertion of this clause might otherwise say the
8 noncompete which would be invalid under the
9 noncompetition case law in South Carolina?

10 A Number one, as a preface, I don't know how we
11 could have made this more narrow and more focused
12 under the noncompete law of South Carolina. But,
13 hypothetically, if there were a provision under the
14 facts of this case, I believe this reasonableness
15 language puts the parties in a position where it is
16 of greater interest to the public to enforce the
17 contract than to worry about a minor technicality in
18 the language of the noncompete.

19 Q I think my question is if it is otherwise
20 invalid under South Carolina law because it's
21 unreasonable, does -- is it your position that an
22 acknowledgment of reasonableness saves this
23 agreement?

24 A Under these circumstances, yes.

25 Q Let's say the restriction were ten years and

1 prohibited them from practicing medicine at all,
2 would an acknowledgment of reasonableness save that
3 type of restriction?

4 A You know, probably, and let me tell you why, is
5 that there's 72 cath labs in the State of South
6 Carolina in 35 different facilities including
7 physicians' offices, and all this agreement does is
8 says that within this 20 mile radius, thou shalt
9 not. And, oh, by the way, if you want to pay to
10 play, we've given you that opportunity. So, yeah, I
11 would tell you that that reasonableness language
12 would go a long way in my mind to saying that, yeah,
13 it's ten years, but they're big boys and they made a
14 decision and they shook hands and they said they'd
15 do it.

16 Q Do you deny that reasonableness is very
17 clearly, under South Carolina law, a determination
18 to be made by the court?

19 A Absolutely. It's determination to be made by
20 the trier of fact.

21 Q You mentioned a case before Judge Anderson.
22 Was that the Publix case?

23 A It was not. This was a DJ action where we
24 sought to enforce a noncompete agreement against a
25 hospital administrator. The injunction was granted.

1 He was enjoined from entering the hospital or any
2 other hospital within a 30 mile radius of Laurens
3 County Hospital for a period of one year and we did
4 it on the front end.

5 Q What was the consideration given to him for
6 entering into that agreement?

7 A His job.

8 Q So that was at the beginning of his employment?

9 A It was at the beginning of the employment, but
10 there was no independent consideration other than
11 that.

12 Q And you understand that -- or would agree,
13 would you not, that the 2004 agreements, that Dr.
14 Baugh and Dr. Feldman were already employed with
15 Columbia Heart Clinic at the time they signed these
16 agreements?

17 A But they also had a noncompete. It's
18 interesting --

19 Q Well, let me make sure I get an answer to my
20 question and then you explain any way you want.

21 A All right.

22 Q Were they employees at the time they signed --
23 already at the time they signed this agreement?

24 A They were, but they were already subject to a
25 noncompete and they had initially signed those

1 contracts with noncompetes in them. So I would
2 guess my point simply is is that I think it's
3 questionable as to whether or not independent
4 consideration was necessary, but we made sure we had
5 it.

6 Q Now, Mr. Summers, I think you even said in your
7 testimony that this noncompete is substantially
8 stronger than the one that was in the old agreement.
9 That was the whole point of doing it, wasn't it?

10 A The point of doing it was to ensure a cash flow
11 to the business, that's the point of --

12 Q Can you answer my question yes or no? Then you
13 can explain your answer any way you want.

14 MR. BABCOCK: If he can finish his answer, Your
15 Honor.

16 THE COURT: Sir?

17 MR. THOMPSON: I think I'm entitled yes or no
18 and he can explain. I don't have any problem with
19 that.

20 THE COURT: What's your objection?

21 MR. BABCOCK: I have no objection if he does
22 that. I just want him to get his explanation in,
23 Your Honor.

24 THE WITNESS: Would you please repeat the
25 question, Counselor?

1 **MR. THOMPSON:** I'm going to rephrase it because
2 I can't possibly remember what I said.

3 **THE COURT:** Do you want me to read it back?

4 **MR. THOMPSON:** If you would, Your Honor, I'd
5 appreciate it, that would be great.

6 **THE COURT:** It was generally about the...

7 **MR. THOMPSON:** I can rephrase it.

8 **COURT REPORTER:** Do you want me to read it?

9 **THE COURT:** Yeah, you read it, Stacy.

10 **COURT REPORTER:** Now, Mr. Summers, I think you
11 even said in your testimony this noncompete is
12 substantially stronger than the one that was in the
13 old agreement. That's the whole point of doing it,
14 wasn't it?

15 **THE COURT:** And then he answered, The point of
16 doing it was to ensure cash flow to the business.
17 And then you say, Can you answer my question yes or
18 no and you can explain your answer any way you want.

19 **THE WITNESS:** I'll answer it, Your Honor, no.
20 My prior testimony, to the extent that I said it was
21 substantially stronger, my intent, if I said that,
22 was that there is a substantially greater damages
23 provision in this agreement than in the past and it
24 was primarily to ensure cash flow because of the
25 injury that would occur to the business.

1 BY MR. THOMPSON:

2 Q Well, let's take a look at, I don't know if you
3 still have it, Defendant's 7, or maybe you have a
4 different number. 7 is Kevin Baugh's 1999
5 agreement.

6 A Okay. I've got it.

7 Q Let's find the definition of compete.

8 A This is defendant's 7; is that correct,
9 Counselor?

10 Q Yes.

11 A All right.

12 Q As soon as I find it, I'll help you out. If
13 you find it, let me know. (Pause) Page nine.

14 A Okay.

15 Q That's 4.5(i). And there we say, The active
16 practice of medicine in the field of cardiology
17 within Richland or Lexington Counties.

18 A Correct.

19 Q Now, that's different, is it not, from the 20
20 mile circles and the you can't organize, own or
21 assist in any of those examples that are given?

22 A There are several differences. The first
23 difference would be that rather than being a blanket
24 two county prohibition, it's limited to where he
25 routinely practiced, so -- and 20 miles, which I

1 would submit to you is probably a little bit smaller
2 area. The second is I think we've done a much
3 better job of describing what the active practice of
4 medicine in the field of cardiology entails by using
5 A, B and C, so it's certainly more definitive in its
6 definition.

7 Q Now, certainly, you would have to agree with
8 me, wouldn't you, that the assist, which is the C in
9 the 2004 agreement, does make the restriction
10 broader in the '04 agreement?

11 A Well, again, it's assisting someone in
12 practicing cardiology. And so what we're doing is
13 making sure that they don't take that knowledge and
14 do through someone else, a friend, a spouse or
15 otherwise, what they can't do themselves.

16 Q Okay. But the '99 agreement only prohibits
17 them from practicing medicine in the field of
18 cardiology, right?

19 A If they continue or commence the active
20 practice of medicine in the field of cardiology,
21 that's what it says.

22 Q So the '04 agreement expands that to assist --
23 you can't assist anybody else to do it?

24 A I think we have a question of fact as to
25 whether or not that assistance constituted the act

1 of practice of medicine, it's not a defined term.

2 The purpose of using the definitions is to avoid
3 that situation where we'd have a question of fact.

4 Q And these things are construed against the
5 drafter, correct?

6 A I am sure that that would be the case here.

7 Q And, of course, there's no, I'll call it a
8 penalty, there's no prior wages of penalty amount in
9 the 1999 agreement of Dr. Baugh?

10 A I will not call it a penalty because liquidated
11 damages are not a penalty.

12 Q Okay. You call it liquidated damages --

13 A There is not a W-2 option where he can pay to
14 play.

15 Q There is a difference in South Carolina, is
16 there not, between a noncompete entered into
17 pursuant to a buy, sale of a business and one
18 entered into in the employment context or do you
19 know?

20 A I will tell you that the circumstances of those
21 are different. For instance, I would not hesitate
22 in a buy, sale business situation of insisting on a
23 five year noncompete and I would expect a court to
24 uphold that. The reason being is is that part of
25 the benefit of the bargain for the purchase of the

1 business is the ability to go out there in the
2 marketplace and do that. So I would tell you that
3 while a lot of the factors are similar, I think you
4 can justify longer periods of times with the sale of
5 a business and that you can also probably justify
6 greater geography within reason with the sale of a
7 business.

8 Q You mentioned the five year noncompete that was
9 upheld, or correct me if I'm remembering incorrectly
10 your testimony, I believe you mentioned the five
11 year noncompete that was held. Were you talking
12 about one in a buy, sale context or employment
13 context?

14 A I'd have to go back and look. I have seen them
15 in multiple years in employment context, but I'd
16 have to go back and look at the case law to
17 definitively tell you which case that was.

18 Q Are you aware of a five year noncompete that
19 was upheld in an employment context?

20 A Without going back and looking at the case law,
21 I cannot off the top of my head tell you if that was
22 a sale or employment.

23 Q Do you know who from your firm actually drafted
24 the 2004 agreements?

25 A I can tell you how we do them. I cannot give

1 you specific names of everybody that worked on them,
2 but I can tell you what my practice is.

3 Q Is it sort of an accumulation over the years of
4 tinkering and modification?

5 A We have case -- I mean, obviously, we develop
6 templates for clients. And we have language that
7 we're very invested in. I can point to sections and
8 I can name you lawyers by name who would have done
9 this section or that section over the years. It is
10 a rolling document, if you will, in terms of what we
11 do. And so I would tell you I can think of two or
12 three people who would have participated on this
13 engagement with me.

14 Q Who are they?

15 A Fay Flowers, who's in my office here. Rogers
16 Warner, who is in my Charlotte office. I would have
17 been responsible for all client interaction. I
18 would have been responsible for review and approval
19 of the product. I would have been responsible for
20 all editing. Whether or not I did the first cut at
21 this, you know, I can't say with any degree of
22 certainty. In all likelihood, I would have had an
23 associate do it for me.

24 Q How about just focusing on the particular
25 executor and compensation provision that's in this

1 agreement? Did you draft that or do you know who --

2 A I may have because it's in my letter to Lynn
3 Privett, so I may very well have drafted that
4 section.

5 Q Let me draw your attention to section 6.4 on
6 page 12.

7 A Can you give me --

8 Q 2004 agreement. Plaintiff's 1 should be an
9 example of that.

10 A I just want to make sure we have it clear for
11 the record. Exhibit 1, what page?

12 Q Page 12 section 6.4.

13 A Yes, sir.

14 Q All right. And the effect of that provision,
15 is it not, is to basically say, this is the
16 agreement, this is the only agreement and you don't
17 refer to anything else outside the agreement?

18 A It is a merger clause.

19 Q Does that mean yes or no? I know what you mean
20 but --

21 A And I think the Court knows what I mean, but
22 the answer to your question is, yes, this is the
23 definitive document.

24 Q Somebody on the Court of Appeals may not.

25 A Do you want to strike that from the record,

1 Counselor?

2 Q No. I'll take my lumps if I have to.

3 And I do want to clear something up. Were you
4 trying to say in any point in your testimony that
5 perhaps no consideration was required because of the
6 prior agreement and there was already a noncompete
7 in there?

8 A I think that's an interesting question.

9 Q Were you trying to say that in your testimony
10 or do you know?

11 A I think a court could certainly find that, yes.

12 Q Are you aware of any decision where a court has
13 done that?

14 A No.

15 MR. THOMPSON: No other questions.

16 THE COURT: Redirect?

17 MR. BABCOCK: I have no redirect, Your Honor.

18 THE COURT: Thank you, sir. You may step down.

19 MR. BABCOCK: And Mr. Summer might be excused,
20 Your Honor?

21 THE COURT: Any objection?

22 MR. THOMPSON: No objection.

23 THE COURT: You're free to go. Thank you, sir.

24 All right. How many more witnesses do you
25 have?

1 **MR. BABCOCK:** We have two more witnesses, one
2 who will be fairly lengthy and one will be shorter.
3 That's Dr. Jones and the accountant, Mr. Ouzts.

4 **THE COURT:** All right. Let's take just a few
5 minutes before we start with your next one.

6 **MR. BABCOCK:** Thank you, Your Honor.

7 (Brief Recess.)

8 **THE COURT:** Call your next witness,
9 Mr. Babcock.

10 **MR. BABCOCK:** The defense calls Dr. Ben Jones.

11 **THE COURT:** You're still under oath.

12 BENJAMIN R. JONES,
13 having been duly sworn, testified as follows:

14 DIRECT EXAMINATION

15 BY MR. BABCOCK:

16 **Q** Dr. Jones, how old are you, sir?

17 **A** I'm 55.

18 **Q** And where do you live?

19 **A** I live at 305 Oak Brook Drive in Columbia.

20 **Q** And you're a medical doctor?

21 **A** Yes, sir.

22 **Q** And what's your specialty?

23 **A** I'm a interventional cardiologist.

24 **Q** And you practice with Columbia Heart Clinic?

25 **A** Yes, sir.

1 Q Do you have a current position with Columbia
2 Heart Clinic?

3 A Yes, I'm President of the group..

4 Q And how long have you been President of the
5 Columbia Heart Clinic?

6 A Since January 1st, 2006..

7 Q If you would, sir, please give us your
8 education and training.

9 A Yes. I went to medical school at Wake Forest
10 University. I did internship and residency at
11 Baltimore City Hospital, cardiology at Johns Hopkins
12 Hospital in Baltimore. Moved down here at the end
13 of 1986, began my association with what was then
14 Columbia Cardiovascular Clinic in January of 1987.

15 Q And do you have any board certifications?

16 A Yes, sir. I'm board in internal medicine,
17 cardiology and interventional cardiology.

18 Q And where do you have hospital privileges?

19 A I'm on active staff at Palmetto Richland, at
20 Providence Hospital and at Lexington Medical Center.
21 And I have an association with the V.A. Hospital,
22 although I don't actually admit patients there.

23 Q Now, Dr. Jones, there's been some discussion
24 about various practices having merged. Could you
25 please give us the history of Columbia Heart?

1 **A** Yes. Going back to the very beginning, there
2 was a group in Columbia called -- it was a general
3 multispecialty group that split up in 1978 and two
4 groups were spun from that, one of which became
5 Columbia Cardiovascular Clinic, that was founded by
6 two of my current partners, Dr. Schulze, who
7 testified earlier, and Dr. C.W. Hendricks. Another
8 group was started by Dr. Tommy Heron and Dr. Stan
9 Juk, that later became Columbia Cardiology
10 Associates.

11 Years went by, the groups grew. We merged as
12 an entity in 1997 to form a very large group. At
13 that time, the name Columbia Heart Clinic was
14 applied to what then became a merged entity. We
15 continued that way for several years. The groups
16 demerged is probably the best word to use and, at
17 that time, we kept the name Columbia Heart Clinic
18 and they adopted a new name.

19 **Q** And when did that demerger occur?

20 **A** That was around 2002.

21 **Q** Now, Dr. Jones, in the fall of 19 -- I'm sorry
22 -- Fall of 2005, how many doctors were there at
23 Columbia Heart Clinic?

24 **A** There would have been probably 14 doctors.

25 **Q** And how many of them would have been

1 shareholders in the P.A.?

2 A We had 12 shareholders at that time.

3 Q Now, let's move forward to the Spring of 2006,
4 we're here, of course, involving the departure of
5 three doctors. After they departed, Doctors
6 Jennifer Feldman, Barry Feldman and Kevin Baugh,
7 after they departed, how many doctors were at
8 Columbia Heart Clinic?

9 A Well, we had hired a couple of junior physician
10 partners -- physician associates during this period
11 of time, so my recollection is we had 14 total
12 physicians after they left.

13 Q And how many shareholders?

14 A We would have had ten shareholders at that
15 time.

16 Q And just to jump forward to today, how many
17 shareholders do you have today?

18 A We have 15 shareholders and one employed
19 physician.

20 Q So a total of 16 doctors?

21 A Yes, sir.

22 Q Now, we've had some discussion about cardiology
23 in general, but why don't you -- are these all
24 cardiologists?

25 A They're all cardiologists. There are different

1 subspecialties within cardiology.

2 Q Why don't you explain to us the different
3 subspecialties that you have at Columbia Heart?

4 A Yes. Well, we have two electrophysiologists.
5 These are individuals who practice the evaluation
6 and management of heart rhythm disturbances and
7 place defibrillators similar to what Dr. Jenny
8 Feldman testified as to what she does yesterday. We
9 have interventional cardiologists. These
10 individuals primarily practice general cardiology,
11 but also do stents and angioplasty. And we have one
12 cardiologist who's an imaging specialist. He
13 doesn't do cath or electrophysiology, but he's an
14 expert in some of the imaging modalities we have
15 available. This will pretty much be the spread that
16 we have.

17 Q For the interventional cardiologist, how much
18 time is actually spent doing angioplasty or stent?

19 A Yes, it's a small percentage. The percentage
20 of patients who have coronary artery disease is
21 probably less than 50 percent of all of the patients
22 we see. Within the patients who have this problem,
23 in any given year, 90 percent are going to be
24 managed medically, that is, they're going to be
25 treated with medication. Seven percent

1 statistically are going to be treated with
2 angioplasty or stenting and a couple percent with
3 bypass surgery. So in the entire universe of
4 patients that we see, a minority have coronary
5 artery disease. And of that, less than ten percent
6 will have a procedure such as a stent or angioplasty
7 each year.

8 Q Now, Doctor, you made reference to the V.A.
9 Hospital. Does Columbia Heart Clinic have any work
10 they do at the V.A. Hospital?

11 A We have two types of affiliation with the V.A.
12 We do not practice at the V.A., but we have a
13 relationship with the local V.A. Hospital where when
14 patients become seriously ill and need immediate
15 care, they're transferred to Richland. And in the
16 last six months or so, that's been an average of
17 probably a patient a day, so it's become a fairly
18 significant part of our volume.

19 We have another relationship, which is -- with
20 not just the local V.A., but with the V.A. system
21 where patients who are in South Carolina who have
22 been referred to a cardiologist by their V.A.
23 primary care provider but have not been able to see
24 that person within a specified period of time, and I
25 don't recall that period of time, but it's been

1 mandated by Congress, the V.A. has to find them a
2 cardiologist. And we get probably several patients
3 a day, at least one, maybe several a day, who are
4 called -- who we are asked to see. And they're not
5 just from Columbia, they could be from any part of
6 the state where the V.A. system has timed out on
7 their referral and instead of being referred to a
8 V.A. facility, they have to see somebody and they
9 see us.

10 Q Now, you've made a reference to transferring
11 patients. There's been some discussion about
12 admitting patients at Lexington and then
13 transferring them somewhere else. Can you explain
14 to us -- you were at Lexington and in their office
15 at one point in time, correct?

16 A Correct. The situation is this, if a patient
17 needs a stent or a balloon angioplasty and it's an
18 elective procedure, that can only be done currently
19 in the Midlands at Providence or at Richland. So if
20 a patient is admitted to Lexington and they have a
21 diagnostic heart catheterization, that's a die
22 procedure where a catheter is inserted in the groin
23 and die injected into the arteries of the heart, if
24 that procedure identifies a blockage that requires
25 stenting or angioplasty, that patient must be

1 transferred to either Richland or Providence, which,
2 of course, another procedure will be required for
3 that. Now, an alternative would be to transfer the
4 patient before the diagnostic cardiac
5 catheterization.

6 Q Why would you do that?

7 A Well, the advantage of that is if the patient
8 needs a stent or an angioplasty, they have one
9 procedure. They have a diagnostic cardiac
10 catheterization, which is followed immediately, same
11 stick in the groin, same procedure with that
12 angioplasty or stent. So it reduces the complexity
13 of the procedure of the total amount of care they
14 must receive.

15 Q Let's talk a little bit about the Columbia
16 Heart Clinic offices. In 2005, how many offices did
17 Columbia Heart Clinic have?

18 A We had three offices, one at Providence
19 Hospital, one at Lexington Medical Center that we've
20 already heard about, and our main office at Palmetto
21 Richland, but that's a different office than we
22 inherited or we built, I should say, in January
23 2006. We moved from one location on the Richland
24 campus to another location.

25 Q And we're going to talk about that in just a

1 minute. Now, did you have any clinics in 2005?

2 A We had outlying clinics in a variety of places,
3 which would include Fairfield, Newberry and Clinton.

4 And over time, we've had other clinics that have
5 come and gone. These are locations where we do not
6 have any fixed cost, we don't rent space, we don't
7 have staff. Now, we may or may not, depending on
8 the situation, bring staff with us. The hospital at
9 one of these hospitals may or may not loan us staff,
10 it just depends on each day that we go there what
11 the needs are.

12 Q Do you consider those clinics to be offices?

13 A No.

14 Q Now, in -- today for Columbia Heart, how many
15 offices do you have?

16 A We have one office.

17 Q And how many clinics?

18 A We have three clinics currently, Fairfield,
19 Clinton and Newberry.

20 Q And are those clinics still operated the way
21 they were back in 2005?

22 A In a similar way, yes.

23 Q And I think it's self-evident from the previous
24 testimony, but your one office today for Columbia
25 Heart, where is it located?

1 A It's on the campus of Palmetto Health. It's in
2 a different location than the previous one. The
3 address is 8 Medical Park, which puts it right next
4 to the back of the hospital near the emergency room
5 adjacent to the newly built heart hospital.

6 Q And just from a location standpoint, the office
7 that you had at Lexington, how far is it from where
8 the Lexington Heart Clinic office is?

9 A Approximately 300 yards.

10 Q Now, let me hand you Exhibit 7, which is a 1999
11 employment agreement with Columbia Heart and Dr.
12 Kevin Baugh, and Defendant's Exhibit 2, which is a
13 1997 employment agreement between Dr. Barry Feldman
14 and Columbia Heart Clinic. I want to direct your
15 attention to a point in time before 2004. And did
16 Columbia Heart have standard shareholder employment
17 agreements before 2004?

18 A Yes, sir.

19 Q And are the two exhibits I've just handed to
20 you examples of the standard contract before 2004?

21 A Yes, sir.

22 Q And that would have been -- that standard
23 contract would have been the one utilized up to the
24 time you entered the July 2004 agreements?

25 A Yes, sir.

1 Q Now, we talked a little bit about the Lexington
2 office. You do not have a Lexington office at this
3 present?

4 A No, sir.

5 Q Did you presently use Lexington as your office?

6 A At the current time?

7 Q No, previously.

8 A Yes, sir.

9 Q Tell us about that.

10 A Well, we, we meaning Columbia Heart Clinic and
11 its predecessor, Columbia Cardiovascular Clinic,
12 have had four offices at Lexington, so we've had a
13 presence, a physical geographical presence for --
14 well, almost since I came to Columbia, but each
15 presence became more involved than the last. Our
16 third office was actually owned by us near but not
17 attached to the hospital.

18 Q And when was that?

19 A We probably purchased that property in the mid
20 90's and we moved from that into the facility that
21 we were discussing yesterday with Tod Augsberger.
22 That's an office -- our final office at Lexington
23 Medical Center was in a building owned by the
24 hospital. At the time we moved into that, we sold
25 our previous building that was not attached to the

1 hospital. And we -- at the time, we ended our
2 physical relationship with Lexington, that's where
3 our office was in a medical office building.

4 Q Okay. When you made that move to the -- from
5 the house to the space that you leased from
6 Lexington Medical Center, when did that occur?

7 A Around 2004.

8 Q And who was practicing at the Lexington office
9 at that point in time?

10 A Well, initially, Dr. Feldman and Dr. Baugh went
11 out full-time and I followed after they did.
12 Although, I had been practicing out of our different
13 offices, I moved my full-time office some time
14 within six months or so after that.

15 Q Just orienting us, Doctors Baugh and Feldman
16 went out there before. About when did they go out?

17 A I would guess right around the beginning of
18 2004.

19 Q And then you went out when?

20 A Maybe six months later.

21 Q Now, how big was the staff you had at that
22 office?

23 A We had approximately 20 nonphysician staff.

24 Q Now, we've had a good bit of discussion about
25 the new building on the Palmetto Richland campus,

1 but why don't you tell us how that concept came to
2 be and how the discussions occurred that resulted in
3 that building?

4 A Well, over a period of several years, we had
5 recognized a need and a desire to upgrade our office
6 space. Our office space in the previous Richland
7 location was clearly too small for the needs that we
8 had. And as we began to consider new space, we
9 actually negotiated with both Providence and
10 Richland about location and any assistance they
11 might give. And this ended up in us obtaining a
12 ground lease at the Richland campus adjacent to what
13 was subsequently going to become the heart hospital.

14 Now, the heart hospital was -- the construction
15 of that was begun probably 2004, late 2004, early
16 2005. By the beginning -- actually, 2004 probably.
17 By the beginning of 2005, we had begun construction
18 on our office building at the Richland campus.

19 Q Let me interrupt you for just a minute. Dr.
20 Jones, was there a separate entity formed to be
21 involved in the ownership of that building?

22 A There was a separate entity comprised of the
23 same shareholders as the P.A., yes.

24 Q Was there an operating agreement for that
25 entity?

1 **A** There was.

2 **Q** Hand you document, see if you can identify
3 that?

4 **A** Yes. This document is labeled Operating
5 Agreement, CHC MOB Manager, LLC.

6 **MR. BABCOCK:** Your Honor, we'd offer this as
7 the next defendant's exhibit.

8 **THE COURT:** Any objection?

9 **MR. THOMPSON:** No objection.

10 **THE COURT:** Thank you. Mark it in the record,
11 please.

12 (Defendant's Exhibit Number 11, CHC MOB
13 Manager Agreement, admitted into evidence.)

14 BY MR. BABCOCK:

15 **Q** I'll hand you Defendant's Exhibit 11, Dr.
16 Jones, and direct your attention to page 28.

17 **A** Yes, sir.

18 **Q** And does that have the signatures of all the
19 individuals who were owners of CHC MOB Manager, LLC?

20 **A** Yes, sir.

21 **Q** I guess, CHC, what does that stand for?

22 **A** Columbia Heart Clinic.

23 **Q** And MOB?

24 **A** Medical Office Building.

25 **Q** And the people on page 28, they were all

1 shareholders at Columbia Heart at the time this
2 document was signed?

3 **A** They were all shareholders, yes, sir.

4 **Q** Now, had you -- before this building was
5 constructed, had Columbia Heart ever undertaken any
6 kind of building project like this before?

7 **A** Nothing like this before. Previously our
8 office space had consisted of either leased space,
9 or even our previous office, we had an ownership
10 stake in the building, but we did not build the
11 building, just when we -- our previous location,
12 which was 1 Medical Park, we, the entity, owned our
13 square footage so to speak, but it was not a
14 building that we built, we just leased from another
15 entity from Cogdill.

16 **Q** Approximately, what was the construction costs
17 of the building?

18 **A** The new building, the physical plant, that is
19 the bricks and mortar so to speak, cost us a little
20 under 17 million dollars. We had upfitting costs
21 considerably more than that.

22 **Q** Let me stop you there. The upfitting, was that
23 done by the MOB or was that done by Columbia Heart?

24 **A** There was an allowance, but additional funds
25 were spent by Columbia Heart Clinic as well, yes,

1 sir.

2 Q So do you remember how much additional money
3 was spent on the MOB side?

4 A I don't remember exactly. I do know on the
5 Columbia Heart Clinic side, we accumulated another,
6 at least, three million dollars of debt related to
7 that.

8 Q And for the individuals in the Medical Office
9 Building, LLC, were there guarantees required on
10 that?

11 A There were, yes, sir.

12 Q Now, in terms of the interaction between the
13 MOB and Columbia Heart for the actual space, is
14 there a lease for that space?

15 A Yes, sir. The building has approximately a
16 hundred thousand square feet. And Columbia Heart
17 Clinic leases about half the space, about 50,000
18 square feet. And so Columbia Heart Clinic, the
19 P.A., has entered into a long-term lease with CHC
20 MOB Manager, LLC for that space.

21 Q And how much was that rent a year when you
22 started?

23 A The rent was approximately \$110,000 per month
24 when we started. There are pass-throughs that
25 currently have increased that rent to about \$115,000

1 per month.

2 Q And are there times when that rent will
3 escalate in the future?

4 A Yes. It's a relatively complex structure, but
5 it has to do with taxes and utility costs and other
6 unanticipated expenses that may arise in the future,
7 yes, sir.

8 Q Now, we've heard some from some other witnesses
9 concerning the new employment agreement that was
10 entered into in the Summer of 2004. I'd like you to
11 tell us about your recollection of how that process
12 started and the discussions concerning the new
13 employment contract?

14 A Yes, sir. Well, it became clear to us before
15 we -- to all of the doctors, before we even began
16 building, well before that, that there would be the
17 requirement for a continued cash flow to pay off any
18 building in the future. And so we all agreed that
19 there needed to be a close tie between all of us
20 going forward since we were all going to be
21 accepting personal guarantees on whatever note we
22 took out.

23 So the result of that -- of these discussions
24 was solidified on the document that we've been
25 hearing about, the employment agreement, but that

1 didn't spring out of a single meeting. The genesis
2 of that began at least a year before when it became
3 clear that we'd have to have a document that would
4 put in writing what we all felt in our hearts, which
5 is that we had to be together, that together we
6 could do this and if we fell apart, we would all be
7 in financial distress.

8 Now, I would also remind you that we'd had a
9 situation where members of the group left where we
10 didn't have this agreement. And it's true we kept
11 our accounts receivable, but that was not seen as
12 sufficient remedy for people leaving once we had --
13 once the P.A. had the obligation to make lease
14 payments of the size that I mentioned going years
15 into the future. The Columbia Heart Clinic, P.A.
16 had to have -- all of the members had to have
17 assurance that we were covering each others back so
18 to speak and the only way to do that was to bind
19 ourselves closer together, everybody acknowledged
20 that need.

21 Now, it might not be that everybody attended
22 every meeting that the document was created, but,
23 you know, as we've heard before, we're not lawyers.
24 We all accepted the need. We understood there would
25 be a legal document. We understood we needed to

1 sign it and I don't recall grumbling about the
2 document back then, I really don't. I think we all
3 understood the need. We were -- it was all for one
4 and one for all and that's where that document
5 flowed from.

6 Q Now, the group that left, was that the demerger
7 when --

8 A Yes. In 2002, it was Dr. Heron and Juk and a
9 number of other physicians, not all, but most of
10 those who had joined us from the Columbia Cardiology
11 Associates merger with Columbia Cardiovascular
12 Clinic back in 1997.

13 Q And did the doctors at Columbia Heart have an
14 opportunity to have an independent attorney of their
15 own choice take a look at the document?

16 A Certainly. There was ample time to discuss
17 with each other, as well as with attorneys. I mean,
18 this didn't come up in a vacuum. We all shared
19 office space and had meetings. Lots of hallway
20 conversation occurred as well where people, you
21 know, if one person was upset about something, they
22 could discuss it with three or four other people
23 around the water cooler so to speak. So there was
24 plenty of opportunity both internally and also time
25 to obtain counsel if that was felt needed,

1 necessary.

2 Q And just to complete the circle here, I'm going
3 to hand you Plaintiff's Exhibit 1, which is the July
4 2004 employment agreement between Columbia Heart and
5 Dr. Barry Feldman, and Plaintiff's Exhibit 2, which
6 is the July 2004 employment agreement between
7 Columbia Heart and Dr. Kevin Baugh. You're familiar
8 with those documents, aren't you, sir?

9 A Yes, sir.

10 Q And are those not only Dr. Baugh and Dr.
11 Feldman's contracts, but examples of the contracts
12 that everybody, all the shareholders of Columbia
13 Heart, signed in July of 2004?

14 A They're all identical, yes, sir.

15 Q Dr. Jones, we've heard some discussion
16 previously of true ups being used in the practice.
17 Can you explain to us how the true up process works?

18 A Yes. This whole philosophy came out of a
19 problem that we had more than ten years ago in the
20 group, which was that we used to pay ourselves when
21 we -- after we paid our bills, which means some
22 months there were no paychecks and some months we
23 had big paychecks and that was at a time when we
24 were more socialists than we were capitalists, but
25 it created a scenario where you couldn't count on

1 cash flow as an individual. So we decided to begin
2 by paying ourselves a draw and we would adjust the
3 draw periodically. We did this even before we even
4 went into a productivity arrangement with each
5 other. So then we began this process where each
6 month we'd have a draw and then we would adjust the
7 draw based on how much cash we had as time passed.

8 And then in negotiating with, in the mid 90's,
9 with Columbia Cardiovascular Associates before we
10 merged, they had a productivity system, we did not.
11 And so we began entering into negotiations when we
12 merged with them about a joint payment system that
13 would accommodate their productivity system and our
14 socialist system and we ended up with a mild, I
15 mean, truly, a very mild productivity based system.

16 Now, that has evolved over time as we've seen
17 the effects on the group. And what we saw over time
18 is the more productivity we introduced, the more
19 people worked and so the harder they worked, the
20 more patients were seen. And so we tried to come up
21 with a system that would incentivize those behaviors
22 we wanted more of and disincentivize those behaviors
23 we wanted less of. And even to this day, we're
24 still making fine adjustments. But the time that
25 Doctors Baugh and Feldman left, we had the system

1 that was outlined on a slide yesterday where there
2 were different buckets -- pots for lack of a better
3 word.

4 Q Let's pull that up so you can explain that to
5 us.

6 A Okay. What we see here are different weights
7 that are assigned to different activities that a
8 physician could do. So if we wanted to really
9 incentivize an activity, we'd place it in the
10 hundred percent incentive pot. And I'll make a side
11 comment about that, we now have 120 percent
12 incentive pot for those things we really want people
13 to do where we actually pay the doctor more than its
14 worth because we really want more of that behavior.
15 On the other hand -- and that, for example, might be
16 new consults in the office, just for an example.
17 Then there are other --

18 Q Let me just interrupt you for a second, but is
19 this the system that would be used at the time of
20 the 2004 document was entered into?

21 A Yes, sir. This was the system we had in place
22 at that time. It's not the system we have in place
23 now, but this is what we had then. I mean, we have
24 a similar system, but not the same weightings.

25 Now, there were other things a doctor could do

1 where there was an element of overhead that had to
2 be accounted for. For example, if a patient had an
3 echo, an echocardiogram in the office, there was a
4 cost to the practice, a technologist, a machine,
5 space, we felt that more of that -- of the payment
6 for that should go to the group as a whole because
7 we all together own the equipment, we all together
8 hired the technologist and so forth. So the
9 weighting for that might be 80/20 or 35/65, it
10 depends on the specific item.

11 So, for example, if something were in the 80/20
12 pot, just to take an example, then if a doctor got
13 80 percent credit, then if the behavior paid a
14 hundred dollars, then the doctor would get \$80 and
15 the group would split \$20. On the other hand, if it
16 was a 35/65 pot so to speak, the doctor would get
17 \$35 from that hundred dollars and the other 65 would
18 be spread evenly amongst all of the partners. In
19 this way, we were able to encourage different
20 behaviors in the group in a very positive way.

21 It seems complicated on the slide. I can
22 guarantee you everybody who actually was paid under
23 the system, had no problems understanding it.

24 **MR. BABCOCK:** Your Honor, may we approach?

25 **THE COURT:** Sure.

1 (Whereupon, a bench conference was held off
2 the record.)

3 BY MR. BABCOCK:

4 Q Now, let's go back to the building construction
5 itself. That occurred over what period of time?

6 A The building was built in slightly less than
7 one year, that would be 2005. Ground breaking was
8 some time December of 2004. By December of 2005,
9 we're moving into the building.

10 Q And was there a picture taken of the
11 groundbreaking ceremony?

12 A There certainly was.

13 Q And this is a photograph of the groundbreaking
14 ceremony?

15 A Yes, sir.

16 MR. BABCOCK: We'd offer this as the next
17 defendant's exhibit, Your Honor.

18 THE COURT: Show it to counsel.

19 MR. BABCOCK: They've got a copy.

20 MR. THOMPSON: No objection.

21 THE COURT: Mark it in evidence please, ma'am.

22 (Defendant's Exhibit Number 12, photograph,
23 admitted into evidence.)

24 BY MR. BABCOCK:

25 Q Dr. Jones, Exhibit 12 is a little hard to see

1 on the screen. Can you identify who the people are
2 on that exhibit?

3 A Yes, sir, I can identify most of them. I
4 certainly see myself in the middle. I see Dr. Baugh
5 and Dr. Feldman. I see hospital administrators; to
6 my right, the three right-hand figures would include
7 John Singerling, Jim Lathum and Chuck Beeman. Next
8 to Chuck Beeman, going from right to left, so number
9 four is Dr. Hollins and then there's Dr. Feldman,
10 then I think that's myself. I can't see everybody
11 here. I see Dr. Baugh is right underneath the
12 medical on the Palmetto Heart Medical sign and then
13 next to him is Dr. Schulze and several other members
14 of the group as well.

15 Q Now, we talked a little bit about the lease
16 that you had for the space when you actually moved
17 into the building. When did you actually move in
18 the building?

19 A We moved in in December of 2005.

20 Q So the building was constructed in about a
21 year's time period?

22 A Yes. The building was timed to be finished at
23 the same time the heart hospital was finished
24 because our access to the rest of the medical center
25 is through the heart hospital, that had to be usable

1 before we could occupy our building.

2 Q And you told me a little about the lease for
3 the new space.. How did that compare to the lease
4 that Columbia Heart had for its previous space at
5 the Richland campus?

6 A The dollar amount of the lease was twice,
7 approximately, twice as much as our previous
8 Richland lease.

9 Q Take me, just generally, what's occurring in
10 the practice from the time period roughly when this
11 photo was taken in late 2004 up until, let's say,
12 October 2005?

13 A Well, during this period of time, there is
14 great anticipation in the group about this new
15 facility. There is not any discord that I am aware
16 of. At the time, we had three offices and so we had
17 three facets to the practice, but everybody was on
18 message with this building. Nobody felt like it was
19 bad or wrong. We were enthusiastic. We saw this as
20 a way to increase market share because of its
21 visibility. You know, we felt like we had a good
22 market share at Lexington and Providence. We had a
23 good market share at Richland, too, but this, we
24 felt, would allow us to broadcast our presence
25 wider, bring in more referrals and we were just

1 really excited.

2 Q Now, we looked a minute ago at the shareholder
3 employment agreements that were entered in July of
4 2004. After those agreements were entered, bring us
5 up into the October, November 2005 time period.
6 Were there any objections that you heard concerning
7 the noncompetes?

8 A No objections, no. I mean, I -- and it wasn't
9 even an issue. It's not like we were discussing it
10 and we said, well, it's okay. It just immediately
11 faded. Once we finished all of the documents, we
12 had documents related to this building we had to
13 sign as well, once all of this was done, everybody
14 was happy. It faded into, you know, the background.

15 Q Now, we've heard some testimony previously
16 about a meeting that occurred on November 30th,
17 2005, involving Dr. Jenny Feldman's request to
18 become a shareholder. Can you please walk us
19 through what happened before that meeting? Tell us
20 that first and then we'll talk about the meeting
21 itself.

22 A Okay. Well, I was -- Dr. Jenny Feldman was
23 working at Providence. I was working at Lexington,
24 so I wasn't really involved in her day-to-day care,
25 but I was aware from personal conversations and also

1 with Dr. Barry Feldman and also what others were
2 saying that she had decided to ask to become a
3 partner, or at least to be on that track, so I was
4 aware that was going on, but I wasn't involved until
5 the meeting that you referenced. I wasn't involved
6 in any more detail than just being aware that it was
7 going on.

8 Q And let's clarify, at that point in time, you
9 were not the President of Columbia Heart; is that
10 right?

11 A No, sir, I was not.

12 Q Who was the President at that point?

13 A Dr. Stephen Humphrey.

14 Q So let's go to the meeting itself and that was
15 on November 30th, 2005?

16 A Yes, sir.

17 Q Just walk us through that meeting from start to
18 finish as best you recall.

19 A Well, we met on the evening after work. And as
20 I recall, most of the doctors who were in the group
21 were present there. There were comments, general
22 comments, made in the presence of everybody. I
23 mean, Jenny made her case and others who felt they
24 had general public comments to make made them. Then
25 both Dr. Feldmans left as did our nonshareholder

1 physicians. I can't remember specifically who was
2 there, but we had several nonshareholder physicians.
3 This meeting was just for shareholders.

4 When she left, discussion ranged around two
5 issues. This issue of productivity was out there,
6 although that was not the focus of this meeting, but
7 people were aware that that was an issue, probably
8 one that could have been addressed and would have
9 been addressed, but it wasn't the focus of this
10 meeting. The focus of this meeting turned out to be
11 her complication rate. And I had no personal
12 knowledge of this since I'm working at a different
13 hospital from her in any case, but comments were
14 made that have already been addressed here that
15 there were issues.

16 And I'd like to point out that in general when
17 there's a question about physician competence, it's
18 appropriate to look into it whether it turns out to
19 be verified or not. And that's true in a hospital,
20 if there are complications, there are committees
21 that review these. I've been on these committees.
22 And if no problem is found, then that's fine, that's
23 good.

24 But to say that -- to have a concern and not
25 voice it, is a problem and so this was the first

1 opportunity that all of us had to sit down and talk
2 about these issues about Jenny. It wasn't a big
3 thing on the radar screen before, but we weren't
4 talking about it as a group either. It just
5 wouldn't have come up in passing conversation. So
6 it came up and this was an issue that some of the
7 doctors raised. And it seemed presumptuous to
8 immediately turn around and say we'd offer her a
9 contract, and so a contract wasn't forthcoming from
10 that meeting. But it's around this time I'm
11 preparing to take over the President role in the
12 group. We did look into this --

13 Q Before you get into that, let's finish up the
14 meeting itself. Do you recall in general who had
15 comments that were made at that meeting?

16 A I do. I don't remember specific comments, but
17 I remember individuals who did express issues. Dr.
18 Baugh did, Dr. Dan Bouknight did, Dr. Rhinehart and
19 also Dr. Humphrey. Now, the latter of the three
20 physicians I mentioned were the ones who were
21 actually working with her so they would know more
22 than the other doctors would about that.

23 Q Do you recall any specifics about the
24 conversations themselves?

25 A I think there was this issue of a couple of

1 complications where she didn't deal with the
2 management of the complications, I don't know
3 specifics on that, but that issue was brought to the
4 fore that there were complications at Providence
5 that cardiac surgeons had to handle when she wasn't
6 around, but I don't know the specific nature of
7 those.

8 Q Let's now shift to a period of time after the
9 meeting itself. Was any kind of study done
10 concerning the complications?

11 A It was. I assembled the individuals in our
12 office that I thought could get the data that we
13 needed. This had to be retrospective and so we had
14 to identify not just her patients, but all of the
15 individuals who did similar procedures. There are
16 patients who had had these procedures had to be
17 identified. It turned out to be trickier than it
18 might sound because we're going backwards in time,
19 but we were able to do this.

20 It took about a month to accumulate the data,
21 and this would include data on Dr. Collins and Dr.
22 Schulze and Dr. Alexander. I think those were
23 primarily the individuals at the time who were
24 putting in defibrillators, that was the issue that
25 was raised. And we did this. We looked into it and

1 to the degree that we could, in a retrospective way,
2 satisfy ourselves that we could go forward with an
3 offer.

4 Q At the November 30th meeting, you're not the
5 President. When did you become the President?

6 A January 1st.

7 Q Was an offer of shareholder status ultimately
8 made to Dr. Jenny Feldman?

9 A An offer was made. At the time the offer was
10 made, and I spoke with her myself, I know Dr.
11 Humphrey had conversations that I can't really speak
12 to because I wasn't present, but when I became
13 President, I did meet with Jenny and an offer was
14 made. It was a different offer, that's true, than
15 offers we'd made before, but it was different in two
16 respects.

17 Q Tell us, first, what the offer was and then
18 we'll talk --

19 A Well, we didn't get down to the specific
20 dollars and cents, so I approached her with the idea
21 of becoming a partner before we had a written
22 contractual amount of money, but it was going to
23 involve a productivity component and ongoing QA.

24 Q I'm sorry?

25 A Quality assurance. The reason that these two

1 issues were addressed in the potential offer was
2 because they'd been raised by shareholders and it
3 seemed appropriate that they be in her contract.

4 Now, it's true we hadn't had a contract just
5 like this before, but we hadn't had these issues
6 raised before either. Jenny had been in, what you
7 might consider, a privileged class of employee where
8 she was neither partner nor really an employee, she
9 was a doctor, but on perpetual nonshareholder
10 status. We'd already carved a niche for her that
11 we'd never done before and so we're already on
12 uncharted territory with her.

13 She'd never had the opportunity to show us what
14 her productivity would look like if she were thrown
15 into the mix with everybody else and that means
16 taking call and working more hours and so on. And
17 so we wanted to be sure ourselves that as the
18 shareholders, if thrown into the mix, she could
19 generate enough revenue to be a shareholder.

20 You know, in the past, all of our physician
21 employees had been on a partnership track so that
22 they've been thrown into the mix and had an
23 opportunity to show us what they could do when
24 they're on-call or what have you. This was a
25 different situation. We just wanted to see, not

1 just for our benefit but for hers, see that she
2 could do it because she'd have to take on a share of
3 overhead. If she couldn't generate receipts, she'd
4 be under water on that.

5 The other element of this, the quality
6 assurance element, seemed appropriate not just for
7 her, but we were also going to try to measure her
8 performance along with all of the other doctors
9 doing the same procedure. She was not going to be
10 singled out. This was not an issue that had been
11 raised before. Since it had been raised, we felt
12 that we should continue to follow it, but in
13 conjunction with following others as well.

14 Q Did you think that that was a fair approach to
15 take with regard to the offer?

16 A I think it was a fair approach. This is a
17 different situation than we'd had and we approached
18 it differently.

19 Q Now, the new office opened when?

20 A It opened in January -- the very beginning of
21 January of 2006.

22 Q And when did you actually physically move in?

23 A We moved in during the holiday period. The
24 Christmas, New Years time period, we are relatively
25 inactive and so during that vacation period, we

1 moved all of our files and equipment and what have
2 you from the other Richland location, as well as
3 installing new furniture and whatever we were going
4 to put in the building. It was up and running on
5 the first working day of January.

6 Q We have some pictures I'd like to show you, see
7 if you can identify them and let's take them one by
8 one. Are you familiar with that photograph?

9 A This is the front of our office building, 8
10 Medical Park.

11 MR. BABCOCK: Your Honor, we'd offer this as
12 the next exhibit.

13 THE COURT: Any objection?

14 MR. THOMPSON: No objection.

15 THE COURT: Mark it in evidence.

16 (Defendant's Exhibit Number 13, photograph,
17 admitted into evidence.)

18 BY MR. BABCOCK:

19 Q Let me hand you Defendant's Exhibit 13 and,
20 again, what is this?

21 A This is the front of 8 Medical Park, that's our
22 office building.

23 Q And where is this in relation to the hospital
24 itself?

25 A Directly to the right of this building is the

1 heart hospital. The two buildings form two sides of
2 a square and they share a common atrium, so if you
3 were to walk towards this building and turn right,
4 you'd walk right into the heart hospital.

5 Q The heart hospital. And where is that in
6 comparison with the main part of the hospital?

7 A Okay. Then if you were to pass through the
8 heart hospital, you would then enter into the foyer,
9 I guess you'd call it, of the main hospital. The
10 hospital is to the right behind the heart hospital.

11 Q Hand you this picture. Do you recognize this
12 picture?

13 A Yes. This is the front door of our office
14 building, 8 Medical Park.

15 MR. BABCOCK: We'd offer this as next exhibit,
16 Your Honor.

17 THE COURT: Any objection?

18 MR. THOMPSON: No objection.

19 (Defendant's Exhibit Number 14, photograph,
20 admitted into evidence.)

21 BY MR. BABCOCK:

22 Q I just have a couple more pictures here. The
23 next exhibit, do you recognize that picture?

24 A This next picture is the check-in desk in our
25 office on the -- in our office, yes.

1 **MR. BABCOCK:** Offer this as next exhibit, Your
2 Honor.

3 **THE COURT:** Any objection?

4 **MR. THOMPSON:** No objection.

5 **THE COURT:** Mark it as 15.

6 (Defendant's Exhibit Number 15, photograph,
7 admitted into evidence.)

8 BY MR. BABCOCK:

9 **Q** And let me hand you another picture. Do you
10 recognize this?

11 **A** This is waiting room, one of the waiting rooms
12 in our office, yes, sir.

13 **MR. BABCOCK:** Offer this as the next exhibit,
14 Your Honor.

15 **MR. THOMPSON:** No objection.

16 **THE COURT:** Mark it in evidence.

17 (Defendant's Exhibit Number 16, photograph,
18 admitted into evidence.)

19 BY MR. BABCOCK:

20 **Q** And let me show you another photograph. Do you
21 recognize that?

22 **A** Yes, sir. This is another picture of our
23 waiting room in the main office, in our new office.

24 **MR. BABCOCK:** Offer that as the next exhibit,
25 Your Honor.

1 **MR. THOMPSON:** No objection.

2 **THE COURT:** Number 17.

3 (Defendant's Exhibit Number 17, photograph,
4 admitted into evidence.)

5 BY MR. BABCOCK:

6 **Q** And let me hand you a final picture. Do you
7 recognize that?

8 **A** This is one of the nursing areas and the check
9 out areas in our office.

10 **MR. BABCOCK:** We'd offer that as the next
11 defendant's exhibit, Your Honor.

12 **THE COURT:** Without objection?

13 **MR. THOMPSON:** No objection.

14 **THE COURT:** Number 18.

15 (Defendant's Exhibit Number 18, photograph,
16 admitted into evidence.)

17 BY MR. BABCOCK:

18 **Q** Now, let's move forward to the departure of
19 Doctors Baugh and Feldman. Tell me when you first
20 had conversations with either of them concerning
21 the -- their departure from the Columbia Heart
22 Clinic practice?

23 **A** Well, shortly after the meeting at the end of
24 November, I had heard from both of them that they
25 were considering, that they were thinking about it.

1 I didn't get -- I didn't know for sure until January
2 that they were leaving, but they were already
3 discussing it within a week of that meeting.

4 Q And let's take Dr. Feldman first. Did Dr.
5 Feldman tell you why he was looking at leaving?

6 A My recollection is that he felt that Jenny had
7 been not treated in a respectful way by the board
8 and Jenny felt she had to leave and he wanted to
9 support her.

10 Q And how about Dr. Baugh, did he tell you why he
11 was leaving?

12 A Well, he told me that he wanted to work in a
13 smaller group, wanted to start his own -- in his own
14 practice.

15 Q Now, those conversations, when did they occur?

16 A Well, these were conversations that occurred
17 over several weeks. We were working in the same
18 office and so there were lots of brief discussions
19 just over a period of weeks. I don't recall exactly
20 specific dates.

21 Q Was there any conversation about you going with
22 them?

23 A There were, yes, sir.

24 Q Tell me about that.

25 A Well, it was suggested that I join them, that

1 we had a good situation at Lexington, that we could
2 keep working just the way we were and be very
3 successful there and so they asked me to go and I
4 chose not to.

5 Q What did you tell them --

6 A I'd point out that at this time I was either
7 becoming or had just become the President of the
8 group and was certainly not going to leave. I mean,
9 it just wasn't going to happen, so.

10 Q And were letters of resignation ultimately
11 submitted by Doctors Feldman and Jones -- I'm sorry
12 -- Feldman and Baugh?

13 A Yes, sir.

14 Q Let me hand you Exhibit 4. Is that Dr.
15 Feldman's letter of resignation?

16 A Yes, this is Dr. Feldman's letter.

17 Q And Defendant's Exhibit 8 is Dr. Baugh's?

18 A Yes, sir.

19 Q And those letters are dated January 22nd?

20 A Yes, sir.

21 Q Just to orient us. And did Jennifer Feldman
22 give her notice in a period of time later than that?

23 A Yes. She was talking about leaving, but she
24 didn't actually resign, my recollection is, was the
25 very beginning of March.

1 Q And when did she actually leave?

2 A Towards the end of March.

3 Q Now, we've heard testimony about this, but when
4 Dr. Baugh and Feldman left, where did they go?

5 A They founded Lexington Heart Clinic.

6 Q And Dr. Jenny Feldman was the third party in
7 that?

8 A Yes, sir.

9 Q Now, at this point in time when Doctors Baugh
10 and Feldman left Columbia Heart, approximately how
11 many cardiologists were there in the Lexington area?

12 A Well, there were -- there are and certainly
13 were then at least 50 cardiologists on staff at
14 Lexington Medical Center.

15 Q And if Doctors Baugh and Feldman left the area,
16 went to California, what would have happened to the
17 patients that were there?

18 A Well, the patients that they had been seeing
19 would have been absorbed by other cardiologists in
20 the area.

21 Q What about Columbia Heart?

22 A And, hopefully, by Columbia Heart, but if not
23 Columbia Heart, there's plenty of cardiologists
24 available.

25 Q Let's talk about Columbia Heart's Lexington

1 office. You testified earlier that it's no longer
2 operating. Tell me after Dr. Baugh and Dr. Feldman
3 departed in April of 2006, what happened with that
4 office?

5 A Well, virtually the entire staff left -- was
6 hired and left. And I believe that many of them
7 were recruited to join Lexington Heart. I say that
8 because I did observe Dr. Baugh meeting with many of
9 the employees in his office over the weeks preceding
10 their leaving Columbia Heart Clinic.

11 But after they left and after all the staff
12 left, we tried to maintain the office functioning
13 for some months. Now that involved having to rotate
14 all kinds of employees from the other two offices,
15 everything from medical assistants to secretaries to
16 echo nuclear techs, all of the different job
17 descriptions that are necessary and appropriate to
18 running an office. The office was gutted, so we
19 rotated people from other offices. I continued to
20 practice there as my primary location until the
21 office closed. And other doctors rotated as they
22 could in their schedules to help as well.

23 Q And was a list prepared of the terminations
24 that occurred at Columbia Heart with relation to the
25 new Lexington Heart building?

1 **A** Yes, sir.

2 **Q** Is that a copy of that list?

3 **A** Yes, sir.

4 **MR. BABCOCK:** We'd offer this as the next
5 exhibit, Your Honor..

6 **MR. THOMPSON:** If I could have a moment to
7 consider this one, Your Honor?

8 **THE COURT:** Yes, sir.

9 (Pause.)

10 **MR. THOMPSON:** Your Honor, the only problem I
11 may have with this exhibit, I know a number of these
12 were hired by Lexington Heart, I don't know that all
13 of them were hired by Lexington Heart. And it says
14 up at the top, Terminations related to Lexington
15 Heart, maybe if we took that off, I, at least,
16 wouldn't object to its admissibility.

17 **THE COURT:** Well, the two of you --

18 **MR. THOMPSON:** Or if we could mark it and then
19 he could explain it, maybe I wouldn't have an
20 objection after he explains what this is.

21 **MR. BABCOCK:** All right. Well, let's mark it
22 and let him explain, let's try that.

23 **THE COURT:** Do you want to mark it for
24 identification?

25 **MR. BABCOCK:** Yes, sir.

1 (Defendant's Exhibit Number 19, list, was
2 marked for identification purposes.)

3 BY MR. BABCOCK:

4 Q Let me hand you what we've marked for
5 identification purposes as Defendant's Exhibit 19
6 and explain to me what is shown on that document.

7 A Yes. There are a series of names, dates of
8 termination and the role of the individual. So at
9 the top of the list, there are three physicians,
10 Doctors Baugh, Feldman and Feldman, their dates of
11 termination and, of course, their roles as
12 physician.

13 The next two names are nurse practitioners
14 employed by Columbia Heart Clinic, one is Grace
15 Kludo, she worked with Dr. Baugh, the other, Phyllis
16 Williamson, worked with Dr. Feldman. She left on
17 the same date that the physicians left.

18 The next long series of names are people in
19 various positions from business office staff to
20 secretaries, nurses, nuclear techs, echo techs and
21 so forth. And I can go over each name if you
22 prefer.

23 Q Is this related to Lexington Heart's --

24 A Well, of the names on this list, all of them
25 worked in our Lexington location with the exception

1 of Debbie Watts and Dena Rauch, they worked in our
2 Richland location, and Andrea Hoover and Johnnette
3 Smith also worked in our Richland location, but as
4 far as I know these were then hired by Lexington
5 Heart.

6 MR. BABCOCK: Your Honor, we'd offer the
7 exhibit.

8 MR. THOMPSON: Your Honor, I don't think he
9 established that, one, all of these individuals were
10 hired by Lexington Heart. And even if they had
11 been, and there's some question among us as to
12 whether they all were, we don't know why they left
13 without polling them separately as to why they left.
14 I'm not going to dispute that they left and the
15 termination dates, but I do object to the
16 explanation at the top that these are terminations
17 related to Lexington Heart without foundation
18 establishing that.

19 MR. BABCOCK: Your Honor, to expedite matters,
20 it sounds like the biggest problem with this exhibit
21 is the name at the top. I'm happy to white out the
22 name at the top.

23 MR. THOMPSON: If that's done, I have no
24 objection.

25 (Pause.)

1 **MR. BABCOCK:** So we've now blacked out the
2 exhibit.

3 **THE COURT:** Number 19's in evidence without
4 objection.

5 (Defendant's Exhibit Number 19, list,
6 admitted into evidence.)

7 **BY MR. BABCOCK:**

8 **Q** After the various employees left the Columbia
9 Heart office in Lexington, how many employees did
10 you have left there?

11 **A** Well, I don't remember exactly, there weren't
12 many. My secretary stayed with me and my nurse
13 practitioner stayed with me and there might have
14 been one or two more, that would be about it, not
15 enough to operate the office, though.

16 **Q** And tell me again how did you rotate the staff
17 through?

18 **A** Well, in the same way that we would if somebody
19 was sick or on vacation. We have -- I mean, the
20 managers in the various departments tighten up and
21 temporarily can send members of the different
22 departments, like imaging or echo or medical
23 assistants and so forth, over to the office. It was
24 a -- put a burden on all of our locations in order
25 to support this location without the staff being

1 there.

2 Q How about the physicians, how did that work?

3 A Well, many physicians rotated over. We had
4 plenty of room for physicians to work there. I
5 remained working there, but different physicians on
6 different days rotated over to help operate the
7 office.

8 Q And was there any discussion about anybody
9 moving out there permanently?

10 A Well, there was discussion. There had been
11 discussion even in the past, but nobody -- every
12 doctor had already built up their practice at the
13 location that they were at. Moving location is a
14 very big stressor on a doctor's practice because
15 many patients may decide to see somebody else, so,
16 at this time, nobody volunteered to move out. If we
17 had pressed the issue, perhaps that would have
18 happened.

19 But at the very same time this was happening,
20 Lexington Heart was -- had taken the patients they
21 had that had belonged to Columbia Heart with them,
22 many of them they'd been calling and so forth. And,
23 you know, eventually, we made the business decision
24 that rather than continue to maintain a fully
25 staffed office, we were going to close that office

1 and we did that in the Fall.

2 Q And when did that office actually close?

3 A I believe it was the end of September.

4 Q And what happened with the office space out
5 there?

6 A Well, the equipment that we could use, we moved
7 to other locations, the other two offices.
8 Although, we shortly thereafter, within a couple of
9 months, closed the Providence office, too, but the
10 location remained vacant. As Tod Augsberger
11 testified yesterday, I did have conversations with
12 him and eventually the hospital took over the space,
13 not immediately, but over time.

14 Q Just so we have it from your testimony, did the
15 hospital take part of the space at one time and part
16 at another?

17 A Yes, sir. We had a physical location where
18 there was a hallway, a narrow hallway, that bisected
19 our office space. When the office was fully
20 operational, it operated like an office, it just
21 happened to have a hallway in the middle of it, but
22 from the leasing standpoint, there were two
23 separately leased locations adjacent to each other.
24 And the hospital took over one several months after
25 we left and the other we continued to lease for

1 quite some time.

2 Q And you continued to pay rent on that?

3 A Yes, sir.

4 Q And when did that relation end?

5 A It was probably a year after we left at least.

6 Q Now, was there any offer made by Doctors Baugh
7 and Feldman concerning taking over that leased
8 space?

9 A Yes. They approached me with the idea that
10 they would take over our lease payments if we would
11 not try to enforce the restrictive nature of the
12 contract as they saw it. I would point out that
13 we'd spent quite a bit of money on upfits to the
14 office and there would not have been consideration
15 for that. It wasn't an offer that was realistic.

16 Q So what did you do with the offer?

17 A Discarded it.

18 Q Tell us, Dr. Jones, what was the impact of
19 Doctors Baugh and Feldman, Barry Feldman, what was
20 the impact of their departure on Columbia Heart?

21 A It was a terrific impact. You know, we try to
22 put dollars and cents figures on things, but there's
23 a morale aspect here as well. It was a rift in the
24 group. And, you know, it's like a crack in the
25 windshield, you don't know where it's going to stop

1 once it starts.

2 So for a while, it was a very difficult
3 situation for the entire group. We didn't know what
4 was going to happen to all of the other partners.
5 Other doctors, you know, might have felt, well,
6 maybe we should make a go of it at Providence or
7 maybe we should go out on our own. So there's this
8 whole sense of esprit de corps that was fractured.
9 And that esprit de corps is only now being fully
10 repaired. I mean, really, you know, when people
11 have worked together for many years, that is
12 something that's hard to put a price on, but
13 everybody knows when it's not there. So there was
14 that.

15 Then there was the loss of referral base in
16 Lexington. You know, the hospital may not have
17 specifically told their doctors where to send
18 patients, but everybody knows who's favored and
19 who's not and we were not favored and we lost a lot
20 of referrals. And it's not that we provided bad
21 care or that we weren't available, it's just we were
22 not the choice of the hospital anymore.

23 **MR. THOMPSON:** Your Honor, I'm going to object
24 to that, that's very speculative. There's no basis
25 for him to be able to conclude that the hospital was

1 somehow steering referrals or doctors who refer to
2 Lexington Heart to the expense of Columbia Heart.

3 **THE COURT:** Do you wish to be heard?

4 **MR. BABCOCK:** Well, Your Honor, I want to ask
5 if the witness has a basis for making the comments
6 that he just did.

7 **THE COURT:** If you want to lay a foundation,
8 you can try.

9 **MR. BABCOCK:** Yes, sir.

10 BY MR. BABCOCK:

11 **Q** What basis do you have for that statement?

12 **A** Well, I will say, for example, when I was
13 actively engaged in the practice there, I was aware
14 that the hospital would distribute to the primary
15 care providers a list of who was performing heart
16 catheterizations in elective outpatient heart caths
17 in the cath lab. And so the implication was these
18 are the doctors that are supporting the hospital,
19 you should refer your patients to those.

20 Now, that might be speculation as to why they
21 would distribute such a list, but one would wonder
22 why else primary care providers would need to know
23 that information. That would be the primary basis
24 of that. Also, though, the fact that people who
25 referred to us all the time suddenly stop referring

1 to us at the time of this breach. Now, why would
2 that have occurred, I don't know, but that was my
3 speculation.

4 **MR. THOMPSON:** I would renew my objection, Your
5 Honor. I mean, the fact that the hospital put out a
6 list who was doing cath procedures and they noticed
7 a decline in their referrals from Lexington doctors
8 after Kevin and Barry left, that is still a widely
9 speculative jump from that to the hospital was
10 steering referring physicians to Lexington Heart.

11 **THE COURT:** Well, I don't know how wildly
12 speculative it is. How are elective -- well, I
13 can't -- I'm sorry -- I'm venturing down the road of
14 becoming a lawyer instead of a judge. I'll shut up.
15 The objection is overruled.

16 BY MR. BABCOCK:

17 **Q** Now, Doctor, in addition to those, were there
18 any other negative impacts on Columbia Heart?

19 **A** Well, the loss of referrals and also the loss
20 of staff. When staff is hired in an office, even if
21 they're already a nuclear tech or an echo tech, they
22 have to learn how the system operates. Medical
23 assistants have to be trained on what doctors need
24 and secretaries how to do all the things they do.
25 So we had trained a large body of personnel who left

1 our office and the next week were working at
2 Lexington Heart. So there's the -- when an employee
3 leaves, there's a cost to the organization to
4 retrain, to rehire and retrain. Managers have to
5 advertise for positions. We have to hire staff.
6 It's -- I don't know what the number -- the dollar
7 amount would be, but there's clearly a cost to that.

8 Q You mentioned the rent a minute ago. In
9 addition to rent, any other hard dollar costs like
10 that?

11 A Well, we have all the equipment in the office
12 that now is sitting not being utilized, yet still
13 has cost to us. We have equipment loans that have
14 to be paid, but the equipment is not generating the
15 revenue to cover the cost of the equipment loans, so
16 the rest of the practice has to support those
17 payments.

18 Q And what was the debt situation for Columbia
19 Heart Clinic at the time that Doctors Baugh and
20 Feldman departed?

21 A Well, we had a huge debt. We had just moved in
22 December, just a few months before they left, into a
23 new building that required purchase of furniture,
24 purchase of upfitting. We had a debt, not the
25 Medical Office Building, but the P.A., approaching.

1 five million dollars at that time, a very big debt,
2 and so we were in a high debt situation.

3 Q And two less shareholders to be responsible for
4 it?

5 A Yes.

6 Q And I believe Marty Ouzts is an accountant who
7 was retained by Columbia Heart to take a look at
8 these figures?

9 A Yes, sir.

10 MR. BABCOCK: Your Honor, this would be a
11 breaking point if you want.

12 THE COURT: You've got to finish with Dr. Jones
13 and then you have one more witness that you
14 anticipate?

15 MR. BABCOCK: Yes, Your Honor.

16 THE COURT: And at this point, I'm not going to
17 hold you to it, do you expect reply?

18 MR. THOMPSON: Yes, Your Honor.

19 THE COURT: Okay. Well, I know about the one
20 witness that you mentioned.

21 MR. THOMPSON: That would be the CPA and
22 probably some short rebuttal from Dr. Baugh and/or
23 Dr. Feldman.

24 THE COURT: That's fine. You do what you need
25 to do.

1 All right. Dr. Jones, this is going to be a
2 more lengthy break, but you can't discuss your
3 testimony with anybody during this recess, all
4 right?

5 THE WITNESS: Yes, sir.

6 THE COURT: Court's in recess until 9:30 in the
7 morning. Thank you.

8 (Whereupon, the proceedings were concluded
9 for May 13, 2009.)

10 (The following proceedings were held on May
11 14, 2009.)

12 THE COURT: Call your next witness.

13 MR. BABCOCK: We'll continue on with Dr. Jones'
14 testimony.

15 THE COURT: Dr. Jones, you're still under oath.

16 BY MR. BABCOCK:

17 Q Dr. Jones, I want to talk -- start off this
18 morning with regard to the way in which shareholders
19 at Columbia Heart receive compensation. How often
20 are y'all paid?

21 A We receive a draw twice a month.

22 Q And when was the last check given to Doctors
23 Baugh and Feldman?

24 A April 15th of 2006.

25 Q Now, they left on -- they left Columbia Heart

1 on April 21st; is that correct?

2 A Yes, sir.

3 Q Why did they not get a check for the days
4 between the 15th and the 21st?

5 A Well, they weren't employed on the date of the
6 next paycheck, plus they were already in a negative
7 situation, vis-a-vis their true-ups.

8 Q Let's look at section 4.5(f)(1) of your
9 employment agreement. Do you have that handy,
10 Doctor?

11 A I have no documents.

12 Q Let me hand you Dr. Feldman's 2004 employment
13 contract, which is marked as Exhibit 1. And section
14 (f) sub (1) talks about all salary earned or accrued
15 but unpaid as of the date of physician's death; is
16 that correct?

17 A Yes, sir.

18 Q And then if we go over to subsection (1),
19 4.5(1).

20 A Yes, sir.

21 Q 4.5(i), excuse me. And when the doctors left,
22 Dr. Baugh and Feldman left, did they then start the
23 Lexington Heart Clinic?

24 A Yes, sir.

25 Q And was that within a 25 mile radius?

1 A Yes, sir.

2 Q So they've not received any payment for unpaid
3 or accrued salary since that time; is that right?

4 A Correct.

5 Q Now, let's shift over to an issue concerning
6 whether any directorship moneys were due to Dr.
7 Feldman. First off, explain to us in 2006 -- 2005
8 and 2006, what directorship payments were and how
9 they were paid?

10 A The hospital, primarily Richland, although not
11 exclusively, paid -- made payments to Columbia Heart
12 Clinic for various services that were performed by
13 Columbia Heart Clinic physicians and this ranged
14 from being professional director of various services
15 such as the cardiac cath lab or cardiac rehab or so
16 forth and also providing teaching to residents that
17 were employed by Richland.

18 Q And did -- let's talk about Dr. Baugh first.
19 Did Dr. Baugh receive any of those sorts of
20 directorship payments?

21 A Yes, sir.

22 Q And did he receive all he was supposed to
23 receive?

24 A As far as I know.

25 Q How about Dr. Barry Feldman?

1 A He was also entitled to certain payments. I
2 believe that he was not paid for a period of time,
3 although that predated the issue of his leaving. I
4 think it was an oversight in other words.

5 Q Who raised that issue?

6 A I don't recall. It was probably through some
7 sort of budgetary review process from our finance
8 office.

9 Q And do you recall how much money Dr. Feldman
10 was entitled to receive?

11 A Approximately \$4500.

12 Q And why wasn't he paid that money?

13 A Well, at the time the mistake was uncovered, he
14 was in a significantly more negative position than
15 that regarding the true up.

16 Q Now, let's look at the year period of time
17 before April 21st, 2006. Which office did Doctors
18 Baugh and Feldman routinely practice at during that
19 year?

20 A They routinely practiced from our Lexington
21 office.

22 Q Did they practice anywhere else?

23 A Well, they would have done procedures at
24 Richland, stent, angioplasty and cath procedures
25 there, that's not in the office, but still they

1 would have been working at that location. They
2 would have been taking call at Providence on a
3 sporadic basis.

4 Q But that would be at the hospitals?

5 A Yes, sir.

6 Q They didn't have offices at the hospital, did
7 they?

8 A No. Columbia Heart Clinic did, but they would
9 not have worked out of that office.

10 Q Now, during that year before departure, from
11 April 21st, 2005 to April 21st, 2006, did Doctors
12 Baugh and Feldman also work at any clinics?

13 A I believe they both worked briefly, or that is
14 on just a few occasions at our Fairfield location,
15 which is an outpatient clinic, it is not an office
16 that we have.

17 Q Do you recall how much for Dr. Baugh and
18 Feldman?

19 A I believe Dr. Baugh worked three times and Dr.
20 Feldman twice at that clinic.

21 Q Do you consider the clinic an office?

22 A No, sir.

23 Q Why not?

24 A Well, we don't have fixed overhead. We don't
25 rent space. We don't hire staff. We may utilize

1 facilities that are already present in the hospital,
2 but we don't pay a fee for that. For example, we
3 might see patients in the hospital that are
4 inpatients, we might see outpatients in some
5 location within the hospital or see emergency room
6 patients, but we don't have anything that would meet
7 the classic definition of an office. We don't have
8 a phone number or a secretary or a physical
9 location.

10 Q Doctor, I would like to direct your attention
11 to the issue concerning the 20 mile radius in the
12 contract. Let's look at section 5.2 triple I?

13 A Yes, sir.

14 Q Now, this section of the contract, and we've
15 looked at it multiple times with various witnesses,
16 defines territory as being an area within a 20 mile
17 radius of any medical group office at which the
18 physician routinely provided services during the
19 year prior to the date of termination or expiration
20 of this agreement. I want to ask you about that 20
21 mile radius. Why was that 20 mile radius chosen?

22 A It seemed a reasonable compromise between
23 protecting our interest, that is Columbia Heart
24 Clinic, but also giving them an opportunity to work
25 at many other facilities even in the Midlands as

1 we've talked previously like Sumter or Orangeburg,
2 Camden.

3 Q Why did you use 20 miles?

4 A That did not seem overly broad. It seemed
5 appropriate to accomplish what we wanted, which was
6 to not have them in direct competition with us with
7 the same patient base that we had -- that they had
8 had when employed by Columbia Heart Clinic.

9 Q Shifting over to the building, the -- we talked
10 about the CHC MOB, that's the name of the actual
11 owners of the building; is that correct?

12 A Yes, there --

13 Q Owners of your interest in the building?

14 A Yes, sir.

15 Q And are Doctors Baugh and Feldman still owners?

16 A No, sir.

17 Q Why not?

18 A The MOB owners, the shareholders, if you will,
19 of the Medical Office Building voted to buy out
20 their interest, which was a right that we had under
21 the Medical Office Building agreement.

22 Q And how much were Dr. Baugh and Feldman each
23 paid when they were bought out?

24 A They each received \$200,000.

25 Q And how was that figure arrived at?

1 A Well, we had obtained an appraisal as they had,
2 which were not the same number. We met -- I met
3 with a different attorney and they with their
4 appraiser, Harvey Rosen. The three doctors, Doctors
5 Feldman, Baugh and myself, met together with my --
6 our real estate attorney and their appraisers and we
7 negotiated. And at the end of that period of time,
8 within a couple of hours, we had struck a deal.

9 Q So it was a negotiated amount?

10 A The 200,000 was negotiated, yes, sir.

11 Q And when was that payment made?

12 A It would have been mid year 2006. I don't
13 recall the exact date.

14 Q Let's shift over to some letters that had been
15 previously discussed. And, Doctor, let me hand you
16 Defendant's Exhibit 9, which is a March 31, 2006
17 letter by Dr. Baugh, and Defendant's Exhibit Number
18 5, which is a March 30, 2006 letter by Dr. Feldman.
19 Are you familiar with those letters?

20 A Yes, sir.

21 Q Now, did you have any advanced knowledge of
22 those letters coming out?

23 A No, sir.

24 Q How did you first find out about those letters?

25 A I don't actually recall how I first found out

1 about it, although they very rapidly became public
2 knowledge.

3 Q And was any discussion held with Doctors Baugh
4 and Feldman concerning that letter?

5 A Well, there was discussion about how it didn't
6 serve the interest of Columbia Heart Clinic to use
7 our letterhead for this purpose. I know that was
8 discussed with Dr. Feldman. I don't recall if it
9 was discussed with Dr. Baugh.

10 Q Why did it not meet the interest of Columbia
11 Heart Clinic?

12 A Well, we're an organization that provides
13 services at multiple locations and we have tried to
14 avoid strong in taking sides in any clinical battle
15 in town so that we don't jeopardize our position
16 with the other hospitals.

17 Q Now, there's been some testimony concerning an
18 editorial submitted by Dr. Alexander. Let me hand
19 you Defendant's Exhibit 6. Do you recognize that?

20 A Yes, sir.

21 Q What's the date on that article?

22 A May 9th, 2006.

23 Q Now, just in -- orient us, that's a couple
24 weeks after Doctors Baugh and Feldman had left
25 Columbia Heart?

1 A Yes, sir.

2 Q What was the genesis for that article?

3 A Well, we had received quite a bit of negative
4 feedback from the hospital administrations at both
5 Richland and Providence about our apparent support
6 for a CON for Lexington, which would not be an
7 interest of either of those first two hospitals.
8 And the hospital at Richland, the administration at
9 Richland, asked Dr. Alexander, who, at the time, was
10 the chairman of the heart hospital board to come out
11 with a statement, I guess would be the best way to
12 put it, that would support Richland's and
13 Providence's point of view and that's how this
14 letter was written.

15 Q So Richland and Providence were adverse to
16 Lexington in regard to this fight?

17 A Yes. Yes. They were not together. They
18 both -- they both were opposed to Lexington, but
19 they were not -- this letter wasn't written by both
20 facilities. This came out of Richland.

21 Q I understand. Doctor, we had some discussion
22 about interventional cardiology, but what I'd like
23 to do is talk about the different things that
24 cardiologists do. So, first, are you board
25 certified in interventional cardiology?

1 A Yes, sir.

2 Q Tell me all of the different things that an
3 interventional cardiologist does.

4 A Well, the bulk of the practice of an
5 interventional cardiologist in most cases is not
6 interventional cardiology. Cardiologists are
7 cardiologists first and foremost regardless of their
8 subspecialty. So we take care of patients with all
9 kinds of cardiovascular disease ranging from simple
10 things like high blood pressure and high cholesterol
11 to irregular heart rhythms to, ultimately, coronary
12 artery disease. And this is the area that separates
13 an interventional cardiologist from other
14 cardiologists in that in addition to just diagnosing
15 coronary disease by stress testing or heart
16 catheterization, we have the capability of fixing it
17 by placing a stent or doing a balloon angioplasty.

18 Now, in the entire universe of patients with
19 coronary disease, less than ten percent receive a
20 stent or any kind of intervention for that matter
21 per year. So this part of our practice, while it's
22 important, is a small part of our practice.

23 Q If, for some reason, an interventional
24 cardiologist could not do the stents and the
25 angioplasty for a year period of time, what other

1 sorts of things could they do?

2 **A** Well, they could certainly do heart
3 catheterizations. Many hospitals in South Carolina
4 have heart catheterization laboratories where
5 there's not the capability, so to speak, for
6 stenting, but all the other diagnostic modalities
7 are available such as stress testing, echo, EKG, et
8 cetera.

9 **Q** Now, for any patients who were seen by a
10 cardiologist, interventional cardiologist, who could
11 not do the angioplasty, who needed that service, how
12 would the doctor handle that?

13 **A** Well, the way it's typically handled around the
14 state is those patients are transferred to another
15 hospital. So, for example, if a patient has a heart
16 cath in Sumter and they need a stent, then they're
17 going to be transferred. Just like they would, for
18 example, if they're at Lexington, they're going to
19 be transferred to another hospital. It might be
20 Providence, it might be Richland or it could be
21 somewhere else. It could be Florence or wherever
22 the patient desired to go.

23 The severity and the status of the patient
24 would determine where that patient's transferred
25 immediately, that is, the ambulance is called and

1 takes them right over to the hospital, or maybe even
2 electively where the patient might be sent home
3 after the heart cath and appear at a later date, a
4 few days later, a week later or what have you for
5 the stenting or the angioplasty procedure.

6 Q Who would do the procedure?

7 A Another cardiologist. We, and most
8 interventional cardiologists, have referral
9 relationships with other cardiology groups where
10 they don't have the ability to perform these
11 procedures, and as I mentioned, those groups in
12 Camden and Sumter and Orangeburg and many other
13 towns where there are cardiologists and they are
14 doing heart catheterizations, but then they're
15 referring to us and to other cardiology groups in
16 town here to do those procedures.

17 Q So there are cardiologists in places like
18 Camden and Sumter and Orangeburg?

19 A Yes, sir.

20 Q An issue has also arisen about what happens
21 with board certification if an interventional
22 cardiologist can't perform stents and angioplasty
23 during a year period of time. What's your
24 understanding of what could happen from a board
25 certification standpoint?

1 **A** Well, your board certification wouldn't be
2 affected, that's a ten year document, that is, once
3 one becomes board certified as an interventional
4 cardiologist, ten years passes before that's
5 re-upped or reevaluated. So that wouldn't be an
6 issue.

7 The issue of credentialing comes in and that's
8 a hospital by hospital process, so the question
9 would be at the hospital where you practice, how
10 will they deal with your being off for a year. And
11 there isn't a specific standard.

12 Typically, if people ask for, and this is true,
13 you see this in surgery, for example, where people
14 -- something might come up or a surgeon might take
15 time off, then each credentials committee at each
16 hospital makes a determination. It might be a
17 period of proctoring, for example, where another
18 cardiologist would proctor that first cardiologist
19 for a period of time, or it might not even be that,
20 it would just -- there's no guide -- there are
21 guidelines for how many stenting procedures doctors
22 should do each year, although less than ten percent
23 of cardiologists nationwide who do stent actually
24 meet those guidelines, so it's a small percentage of
25 people who are doing large volumes, but for the

1 average cardiologist who took a year off, there will
2 be some process of negotiation with their hospital's
3 credentials committee.

4 Q And then would they be able to start doing
5 interventional procedures on their own?

6 A Certainly.

7 Q Now, there's been some reference to Dr.
8 Humphrey. Who is he?

9 A Dr. Stephen Humphrey was the predecessor
10 President of our group prior to me. He retired from
11 not just being President of the group, but from the
12 practice of cardiology and has left the area.

13 Q When did he retire?

14 A He retired in June of 2006, although he stepped
15 down as President at the end of December of the
16 previous year.

17 Q Do you know where he is now?

18 A I don't know. He's been in practice -- working
19 in Africa for a nongovernmental organization, then
20 he moved back to Michigan where he has a residence.
21 I don't know if he's still in Michigan. I know his
22 plans are to move to the country of Ecuador. I
23 don't know if he's done that.

24 Q When he departed from the Columbia Heart Clinic
25 in the end of 2006, was he in a positive or negative

1 situation with regard to his true up?

2 A He was in a negative situation.

3 Q And how was that handled?

4 A Well, he received his accounts receivable in
5 the fashion outlined in our employment agreement
6 over a period of 13 months. And there was a -- that
7 was dealt with by subtracting the negative valuation
8 from the amount he was owed for the accounts
9 receivable.

10 Q Doctor, when practice at Columbia Heart entered
11 into the employment agreements in July of 2004, did
12 you think the agreements were fair?

13 A Yes, sir.

14 Q And as you sit here today, do you think they're
15 fair?

16 A Yes, sir.

17 MR. BABCOCK: Answer any questions counsel may
18 have.

19 THE COURT: Cross?

20 CROSS-EXAMINATION

21 BY MR. THOMPSON:

22 Q Good morning, Dr. Jones.

23 A Good morning.

24 Q Dr. Jones, do you know about how many
25 interventional procedures you performed last year?

1 A Yes. I perform between 75 and 80 each year.

2 Q And you're aware that the American College of
3 Cardiology recommendations are that you perform 75 a
4 year?

5 A Yes, sir.

6 Q And do you think that it is reasonable that if
7 you're going to be doing these procedures, that you
8 do some regular amount of them in order to keep your
9 skills competent?

10 A There is some number that one needs to do to
11 maintain skills, I don't know if it's 75, but, yes,
12 of course.

13 Q That number, whatever it is, would be higher
14 than zero?

15 A Yes, sir.

16 Q Now, you're an interventional cardiologist. Do
17 you regard the interventional part of what you do as
18 insignificant or unimportant?

19 A No. It's one of the many important things I
20 do, yes, sir.

21 Q And it is something that sets you apart from a
22 cardiologist that doesn't do interventional
23 procedures, is it not?

24 A Yes, sir.

25 Q And that is a valuable specialty to have, is it

1 not?

2 A Yes, sir.

3 Q Can you recall once the practice started using
4 the building at the Richland campus, did the rent,
5 overall rent of the practice, and when I say
6 practice, I mean Columbia Heart Clinic, didn't that
7 increase by a great deal because of the building?

8 A Yes, sir.

9 Q Okay. And that rent goes to the MOB, correct?

10 A The rent goes to the MOB organization which
11 pays the mortgage and -- yes, sir.

12 Q And that MOB is making money, correct?

13 A It is making money, yes, sir.

14 Q And it has made distributions to the same
15 shareholders who were shareholders at the Columbia
16 Heart Clinic, correct?

17 A Yes, sir.

18 Q So even though Columbia Heart Clinic pays rent
19 to the MOB, the same shareholders of Columbia Heart
20 Clinic are getting some money back. And I recognize
21 they're two separate entities, but they're getting
22 some money back from the MOB, right?

23 A Yes, sir. I would just add that most of the
24 money that's paid does not recycle to the MOB
25 owners. It's used to pay the mortgage, which is

1 substantial, and other costs of running a building,
2 but yes, sir.

3 Q But some of it comes back?

4 A Yes, sir.

5 Q And, also, some of it is paying down the
6 principle of the building which increases the
7 shareholders' equity in that building, correct?

8 A Yes, sir.

9 Q And I believe you testified something about the
10 usage of the cath lab at the Lexington Medical
11 Center. You wouldn't disagree that at this point,
12 basically, the Columbia Heart Clinic physicians have
13 stopped using the Lexington cath lab?

14 A I wouldn't say they've stopped using it, but
15 it's infrequent.

16 Q I may be wrong, I think Mr. Augsbürger -- were
17 you here for his testimony, Mr. Augsbürger?

18 A Yes, sir.

19 Q Okay. And he testified that it was, in the
20 year he had statistics for, it was just a few times
21 that Columbia Heart Clinic used the cath lab, would
22 you dispute that?

23 MR. BABCOCK: Your Honor, objection to pitting.

24 THE COURT: You can't pit one witness against
25 another. You can't ask whether one witness was

1 telling the truth.

2 BY MR. THOMPSON:

3 Q How about this, would you disagree with me if I
4 said that Columbia Heart Clinic physicians used the
5 Lexington cath lab less than ten times in the past
6 year?

7 A Well, we haven't used it much. I honestly
8 don't know what other doctors in my group are doing
9 when I'm not there, but it's not frequent, I would
10 agree with that statement.

11 Q And before the Lexington office was closed, it
12 was being used a great deal more than that; would
13 you agree with that?

14 A Yes, sir.

15 Q So the Lexington patients that get admitted by
16 Columbia Heart Clinic physicians, they're still
17 getting cath procedures done, right?

18 A Yes, sir.

19 Q So where are those cath procedures being done,
20 the vast majority of them?

21 A Well, most of the patients who we admit to
22 Lexington Medical Center who need a heart cath
23 procedure, most of them, not all, most go to
24 Richland, some go to Providence. It depends on who
25 admitted them and where that doctor is primarily

1 practicing. But I would also point out that those
2 patients who end up getting stents or angioplasties,
3 amongst those who are admitted to Lexington would
4 have been transferred anyway even if they initially
5 had their cardiac catheterization at Lexington.

6 Q Those would be the ones that needed an
7 interventional procedure?

8 A Yes, sir.

9 Q Now, before you closed the Lexington office
10 when you became President, you had to spend a
11 certain amount of time over on the Columbia campus,
12 correct?

13 A Yes. For many years, my principal office was
14 at Richland. But then for several years, my
15 principal office was at Lexington, but I still would
16 occasionally see patients in both other offices,
17 occasionally, not often, at Providence, but
18 occasionally at Richland as well, yes, sir.

19 Q Do you recall in your testimony yesterday, you
20 looked at a slide that Mr. Babcock put up that had
21 the compensation system outline, looked like a
22 flowchart?

23 A Yes, sir.

24 Q Is it correct that that was a document that was
25 attached to the agreements that preceded the 2004

1 agreements?

2 **A** Yes, sir.

3 **Q** That document was not attached to the 2004
4 agreements, was it?

5 **A** So I understand it.

6 **Q** But the agreement refers to an exhibit A, which
7 is supposed to describe compensation?

8 **A** Yes, sir, but I would qualify the answer by
9 saying that everybody knows how they're paid. And
10 even if we don't have a written document attached to
11 our contract since we get true ups regularly, if
12 there's ever a question, we discuss it and so the
13 absence of an attachment doesn't reflect the absence
14 of understanding what that attachment would say were
15 it attached.

16 **Q** Do you dispute at all that neither Dr. Baugh
17 nor Dr. Feldman, to their knowledge, were ever in a
18 negative equity position, or negative trust...

19 **A** As far as I understand it, prior to leaving,
20 no.

21 **Q** So they would have no reason to question the
22 true up calculations?

23 **A** Well, it's not just a question of being
24 negative, but it's also a question of how positive
25 one can be. The flip side of being negative is

1 being positive and the positives were paid out
2 quarterly. So if a doctor was in a positive
3 situation, they would receive a check from Columbia
4 Heart Clinic quarterly.

5 Q Did they also receive a detailed report of how
6 the positive came about?

7 A Yes, sir. We put that information out to all
8 of the shareholders on a monthly basis at our
9 business meeting.

10 Q Is it an individual report of each physician's
11 true up?

12 A No, sir. We produce a sheet where all of the
13 shareholders can see how they stack up relative to
14 all of the other shareholders. This is done partly
15 for purposes of transparency and partly for purposes
16 of helping people be incentivized to catch up with
17 their peers if they've fallen behind.

18 Q So they aren't individually informed -- well,
19 are they individually informed of the receipt number
20 that they get credit for?

21 A All of that financial information is available
22 to all of the shareholders whether they choose to
23 look at it. Many shareholders don't just because
24 they don't bother, but it is available.

25 Q Well, I'm just trying to understand what they

1 get in writing. You mentioned something is gone
2 over at shareholder meetings.

3 A Yes. There's a spread sheet, actually there
4 are a number of spread sheets. The spread sheet is
5 accompanied by other documents on a monthly basis
6 that list the charges for each shareholder and the
7 receipts and also adjusted receipts. And the
8 difference between receipts and adjusted receipts is
9 when the charges are put through the formula, such
10 as we saw, although not exactly that formula, today,
11 at the other end of that equation is a number for
12 adjusted receipts, which is used -- it's an
13 informational number, which is used to help compute
14 their ultimate reimbursement. Now, I'm not the
15 financial officer for the group, but this
16 information is processed by a CPA each month and
17 made available to all of the partners.

18 Q And I want to make sure I understand your
19 answer. Are the individual physician's total
20 receipts that he's getting credit for, are they
21 shown on this spread sheet that you're talking
22 about?

23 A They are shown. Although it may not be on that
24 spread sheet, there are several pieces of paper that
25 are distributed monthly, I'm not sure it's on the

1 true up sheet, but that information is distributed
2 and is available.

3 Q Now, when you say distribute, I want to make
4 sure I understand. Is it given to the individual
5 physician?

6 A The physicians must come to a meeting to obtain
7 this document. So if they come to the board
8 meeting, they are given, the way this is done, is we
9 give each shareholder a folder which has all
10 shareholders information in it, but if they don't
11 come to the meeting they don't get this information.
12 Now, they could obtain it by sitting down with a
13 financial officer, but that's how it's distributed.

14 Q So say if Dr. Baugh were to come to the meeting
15 and be interested in what receipts am I getting
16 credit for, he can look at this spread sheet and see
17 his receipts?

18 A He could look at a spread sheet. It might not
19 be the true up spread sheet. I don't believe the
20 true up has that exact piece of information, but
21 that information would be available at that meeting,
22 yes, sir.

23 Q Can he see on an individualized basis not only
24 his receipts, but also the expenses that are getting
25 allocated to him and the charges getting allocated

1 to him?

2 A Okay. No. The overhead of the group is
3 allocated on an average basis to all shareholders.
4 So we take the number of shareholders and divide the
5 overhead by that number and everybody's allocated
6 the same share, if you will, of overhead. So the
7 overhead, no, he would not. We don't know how much
8 it costs an individual doctor to practice medicine,
9 but we know how much money they make. That's
10 another way, I might add, to incentivize people to
11 work harder. They don't get charged more to work
12 harder, but they get more revenue on the other end.

13 Q I placed in front of you Plaintiff's Exhibit 4
14 and I'd like for you to flip, if you would, to tab
15 two of that exhibit, the second page, which is bates
16 stamped 3845. Do you see that document?

17 A Yes, sir.

18 Q And this is a Columbia Heart Clinic prepared
19 document, correct?

20 A I don't know if this document was prepared by
21 Columbia Heart Clinic. I am familiar with many of
22 these numbers, but this specific document, I don't
23 know.

24 Q This is not the way its report -- the quarterly
25 true up is reported to physicians, is it?

1 A No, this is not the way it's reported.

2 Q Do you understand this document to be the one
3 that was produced in the course of this litigation?

4 A Yes, sir.

5 Q Now, looking at the charge back number down
6 there at the bottom for Dr. Baugh, \$25,845.

7 A Uh-huh.

8 Q Is that number, and I don't mean that
9 particular number, but on a quarterly basis, is the
10 charge back shown in this manner to the physician?

11 A The charge backs are shown. It's not on a
12 document that looks like this, but it is on a
13 document, a spread sheet, where adjustments are made
14 to income, I guess for lack of a better word, where
15 there is a -- at the very bottom of the spread sheet
16 is the actual take home pay or the negative for each
17 doctor.

18 Now, charge backs would be considered
19 compensation, although they are not cash. A charge
20 back might be if a doctor had a nurse practitioner,
21 her salary would be a charge back, or, if a doctor
22 took another doctor out to dinner, that could be a
23 charge back item, so that would be taken off the
24 bottom line so to speak.

25 Q And is that shown on an individual basis to the

1 physicians in the spread sheet you talked about
2 that's used in the meetings?

3 A Yes. That number is, the charge back number is
4 available to everybody on that same sheet.

5 Q But the expense numbers above that are not
6 shown on an individual basis?

7 A Well, the expense numbers are average, so there
8 is a line for that, but it would be the same for
9 every shareholder. It would be independent of how
10 busy they were.

11 Q And just so I understand, it's not a
12 document -- you have to come to the meeting to get
13 it, it's not distributed with the check?

14 A Oh, no -- correct, but if you were unable to
15 attend the meeting, you could sit down with our
16 chief finance officer. The whole goal is to prevent
17 rather personal information from being left around
18 at the office, but it's available. Any doctor who
19 wanted this information could sit down with Tommy
20 Brison anytime and he would present the information
21 to them. And they could take that with them, but we
22 don't leave it laying around.

23 Q Is there anymore detail -- other than the
24 flowchart, which you looked at yesterday and
25 testified about, is there anymore detailed

1 explanation in writing of how the productivity pay
2 system works?

3 A Yes. At the beginning of the month, so the
4 previous month has just ended, a document is
5 produced by our computer system that lists every
6 doctors' name and under that doctors' name is
7 everything they've done, how many cath, in offices,
8 et cetera, et cetera. From that information is
9 extracted totals for every category that you could
10 think of, there are probably 30 categories, and
11 these are placed into a spread sheet, the totals
12 are.

13 For example, you'd have the total number of
14 office visits and the total number of cath and
15 stress tests and so forth placed into a spread
16 sheet, that is what you might call a productivity
17 spread sheet. So that information without dollars
18 attached is available to all of the shareholders and
19 then that information is then applied against the
20 actual money that is received. And so at the bottom
21 of a rather complicated spread sheet is a dollar
22 number and that dollar number is a reflection of how
23 much -- let me back it up one step to make it more
24 clear.

25 There are different pots or buckets of

1 procedures. Our CPA takes this information of what
2 each doctor has done and they see what percentage of
3 each bucket or each pot is that doctor owed. So,
4 for example, in the -- in a pot that might consist
5 of stress tests and echos, maybe there's a hundred
6 thousand dollars of charges in that pot, and if
7 \$10,000 of that pot is attributable to me, then ten
8 percent of the receipts of that pot are going to be
9 attributable to me as well because I had a ten
10 percent share.

11 Now, this is a very simplistic example because
12 there are multiple pots of money, but in the end, a
13 percentage number is generated and that's the
14 percentage of receipts that I am owed and that's
15 based on what percentage of each of these pots did I
16 contribute to based on my charges, based on what I
17 did and that percentage number tracks all the way
18 through the overheads taken off, charge backs.

19 At the very bottom, we have money that's left
20 over after we've paid all our bills, we've paid the
21 draws, we've paid overhead, there's money that
22 hasn't been paid for expenses, I have a percentage
23 claim on that number. Now, if that number is
24 negative, if we had more overhead than we had
25 income, then I have a piece of a negative number and

1 I carry that over to the next month, but if that
2 number's a positive, then I'm going to be getting a
3 check on a quarterly basis. We do this quarterly to
4 try to smooth out the ups and downs that result from
5 being on vacation or being sick or what have you.

6 Q Okay. So you don't do it each paycheck
7 obviously?

8 A No. The information's available monthly, but
9 the information is not acted on except quarterly.

10 Q And I understand the numbers are there and the
11 percentages are there and if you looked at all this,
12 you could follow how it flows through to your -- the
13 number you're getting credit for, but there's no
14 narrative written description of how the system
15 works, is there?

16 A The narrative is provided at the meeting that
17 we have each month. There is always a narrative,
18 but it's not written.

19 Q Written -- I'm sorry -- written?

20 A No, sir.

21 Q It's true, isn't it, that at the time Jennifer
22 Feldman was offered the two year track to
23 shareholder status, she had resigned some time
24 before already?

25 A No. She resigned -- I don't remember the exact

1 date, it was the beginning of March, she talked
2 about resigning, but she had not actually resigned
3 when the offer was made to her.

4 Q But you understood at that point she was
5 leaving?

6 A She was talking about leaving, but from my
7 personal vantage point, until I receive a formal,
8 I'm leaving, letter, there's always hope. And I
9 hoped she would stay, I truly did. So an offer was
10 forthcoming and if she had said, I'll take it, we
11 would have worked with her.

12 Q And Barry Feldman by that point had already
13 said he was leaving?

14 A Yes. And I'd hoped he would take his back as
15 well. I value them as partners and as friends and I
16 hoped that maybe things could be different.

17 Q You didn't really expect that she was going to
18 stay after it was already clear that Dr. Barry
19 Feldman was leaving, did you?

20 A Well, I didn't know what was going to happen.
21 We were on uncharted territory and I knew all
22 three of them well. I'd hoped that maybe we could
23 reach some accommodation, obviously that didn't
24 happen, but that doesn't mean I didn't hope for it.

25 Q When the offer was made -- well, one, it wasn't

1 in writing, was it?

2 A The offer that I made to Jenny was not in
3 writing, but had she said, you know, that sounds
4 good, we could have developed a document within a
5 few days.

6 Q And no dollar amount was mentioned as
7 compensation?

8 A I don't recall. We probably talked about a
9 dollar amount, but I don't recall what that number
10 would have been.

11 Q And you communicated to her that she would be
12 subject to quality review?

13 A I did. I guess my personal view point on this
14 is that if someone approached me and said they
15 thought there was a quality issue, I'd say, let's
16 find out. I mean, I care about my patients, I care
17 about my reputation. If there's a question about
18 it, I want to find out is there a problem. And
19 that's not what happened.

20 But not only that, we weren't singling her out.
21 We were going to pull all of the doctors that did
22 the same thing she did and we were going to see how
23 did she track relative to the other doctors. That
24 was our plan. We'd already started that process by
25 the time this offer was made.

1 Q Since that time, how many employees --
2 physician employees had been put on a shareholder
3 track?

4 A Four, I believe.

5 Q Did any of them, have they been subject to
6 quality review and/or have some sort of quality
7 review provision put in their agreements?

8 A No, sir, but nor have issues been raised. This
9 is more of a reactive approach than a defensive
10 approach.

11 I would say that any time quality of a
12 physician's quality is questioned, the appropriate
13 response is to say let's find out. I mean, if
14 you're a doctor and someone says you're doing a bad
15 job, I mean either they're right and you have a
16 problem and out of, you know, your moral obligation
17 to the patient, you need to know it, or they're
18 wrong, in which case you need to be exonerated, but
19 walking away from the process does neither.

20 Q Didn't you communicate in that same meeting in
21 which you communicated this potential offer to her
22 that the review that had been conducted showed that
23 there were no problems with her complications?

24 A She was comparable to the other physicians
25 doing that procedure. There were complications, but

1 everybody had complications.

2 Q All right. So if she had essentially been
3 cleared of those accusations, why was the quality
4 review a condition of her consideration for
5 shareholder status?

6 A Well, I think the issue was still out there.
7 What we had done was a retrospective review, not --
8 the way to really be sure is a prospective going
9 forward look at patients because we had to try and
10 identify patients she'd had, try to find out who'd
11 had complications just like we do for all the other
12 doctors doing it. Although I felt personally
13 comfortable that she was doing a good job, the issue
14 was still in the air. This retrospective review
15 hadn't completely eliminated that issue, what better
16 way to find out than to go forward and look at
17 everybody's quality issues who were doing that
18 procedure.

19 Q You worked with Jennifer Feldman for a number
20 of years, correct?

21 A Yes, sir.

22 Q How many years; do you know?

23 A Well, when she came from that point, which is
24 '93 or early '94, really up until she moved to the
25 Providence office, which would have been, I don't

1 recall exactly, 2004, something like that.

2 Q And during that time period, did you have any
3 concerns over her competency?

4 A I didn't, no, sir.

5 Q Did you have any other opinion other than she
6 was a competent and qualified, caring physician?

7 A I agree, that's how I felt, but I was acting in
8 my duty as President of the group by this time and I
9 have a responsibility to address issues that are
10 group wide. But your question to me as an
11 individual was, no. I was happy with her
12 performance.

13 Q Going back to the November meeting in which her
14 application or request was discussed, isn't it
15 correct that shortly before this meeting, she had
16 asked to be moved out of the Providence office and
17 back to the Richland office?

18 A I don't know. I know she wasn't happy there.
19 I don't know personally whether she actually asked
20 to be moved out. I know she wasn't happy there. It
21 was away from her normal zone of -- her normal
22 comfort zone, but I don't know the answer
23 specifically to that question.

24 Q Do you know if Dr. Rhinehart over at the
25 Providence office was perturbed by her request to be

1 moved out of the Providence office?

2 A I don't know. I'm sure there was friction
3 there, but I don't -- just from comments, but I
4 don't know how he felt, no, sir.

5 Q But you heard him make comments about it?

6 A Well, I think that people were unhappy that she
7 was unhappy, that's the way I would put it. You
8 know, there -- in an office, people work closely
9 together, if someone's unhappy, then everybody's
10 unhappy. And it doesn't matter whether that person
11 says they want to move or not, unhappiness is
12 contagious and -- so to that extent, sure, I was
13 aware of it, but I wasn't at that office, I was at
14 the Lexington office and I wasn't really involved in
15 the -- and I wasn't present at that time either, so
16 I really wasn't that involved.

17 Q Well, you don't deny, do you, that in the
18 November meeting, there was some hostility from the
19 Providence doctors regarding --

20 A Yes, sir.

21 Q -- regarding Jennifer's application?

22 A Absolutely. We heard about that and I do
23 recall that, yes, sir.

24 Q I was just trying to get my complete question
25 before you answered.

1 A I'm sorry.

2 Q Thank you. Now, the Richland campus office of
3 Columbia Heart Clinic, about how much space does
4 Columbia Heart Clinic occupy?

5 A Currently, we have a little under 50,000 square
6 feet.

7 Q And what's the, roughly, the total space in the
8 office?

9 A Approximately a hundred thousand square feet.

10 Q Does the hospital rent a certain portion of the
11 building?

12 A The hospital has cardiac rehab, which is on the
13 first floor of the building, and I don't know how
14 many square feet that is, but it's the bulk of one
15 floor. And the floor above us are private physician
16 offices.

17 Q It was part of the deal, wasn't it, that the
18 hospital was going to guarantee a certain portion of
19 the space would be leased?

20 A A certain portion of it, yes, sir.

21 Q And regardless of whether they occupy all that
22 space or not, they have to pay a set amount?

23 A I don't know that that's true. I think there
24 was a guarantee for a period of time. I don't think
25 it was an open-ended guarantee, though.

1 Q Have they -- are they occupying all of the
2 space right now?

3 A Well, the building is a hundred percent
4 occupied, but there are other tenants that are
5 occupying space.

6 Q Let me ask it this way. Have they reduced the
7 payments that they're making to the MOB, the
8 hospital?

9 A No. I think they're occupying the same space
10 -- I mean, when they started paying rent, they
11 occupied the space they were renting and that has
12 not changed.

13 Q But they didn't always occupy all of that
14 space, did they?

15 A The space they occupy, they've always occupied.
16 Now, the physician offices on the top floor, they
17 may be owned by the hospital, but the hospital was
18 not paying rent on that space prior to the time we
19 had a certificate of occupancy on that space. So
20 there was a period of probably about a year and a
21 half or maybe even two years when there was
22 unleased, unpaid for space in that building.

23 Q And I'm just talking about the square footage
24 that they said they were going to lease?

25 A Yes, and they filled that space and leased it.

1 Q How long did it take them to fill that space?

2 A Pretty quickly. I mean, it was primarily
3 cardiac rehab that was the main spot.

4 Q All right. And then there's also a cardiac
5 surgery group in the building, correct?

6 A Yes, sir.

7 Q And they are a co-owner in the MOB?

8 A They own approximately seven percent. They and
9 us are the entire -- that's the ownership in its
10 entirety.

11 Q Okay. Turning to your testimony, you testified
12 to something like Barry had made a remark, or maybe
13 more than once of why don't you come join us. Can
14 you refresh my memory as to how you characterized
15 that?

16 A Well, at the time they were talking about
17 leaving and had submitted their resignation, we were
18 all working in the same office, they had asked me on
19 a couple of occasions if I would join them, not
20 formally in any way, but just in passing in a
21 conversation.

22 Q Okay. And you're saying you took those as a
23 serious offer that you leave Columbia Heart Clinic
24 and join them at Lexington Heart Clinic?

25 A I don't know if it was a serious offer. They

1 knew I was President and they knew I would have
2 been -- I mean, I wouldn't have -- if I was planning
3 on moving, I wouldn't have accepted the role of
4 being President in the group. So are they serious?
5 I don't know the answer to that. You know, I took
6 it as a compliment. I took it that they wanted me
7 to be with them. On the other hand, I also felt
8 like it wasn't possible. I had -- I was President.
9 I had signed a contract that we've been debating at
10 length here, it just wasn't on the horizon for me.
11 It wasn't appropriate.

12 Q So you wouldn't characterize these comments,
13 would you, as a serious attempt to try to steal you
14 away from Columbia Heart Clinic or would you?

15 A I don't really know how to answer that. I
16 mean, it was an offer, but we didn't talk about the
17 specifics of an offer. Normally, when an offer is
18 made, money's talked about and none of that entered
19 the conversation.

20 Q These were passing remarks?

21 A Passing remarks, yes, sir.

22 Q Now, isn't it true that there were discussions
23 about closing both Lexington and Providence offices
24 before Kevin and Barry decided to leave?

25 A There weren't any serious discussions, no.

1 We're always looking at overhead. I mean, a
2 corporation like ours always has to be looking at
3 overhead, but there was no move in any way. In
4 fact, we'd just signed, you know, within a year or
5 two before they're leaving, I don't remember the
6 exact time, a lease for all this Lexington space.
7 We'd just paid to upfit it. So there might have
8 been people in another office who might have
9 entertained the thought of closing it. There was no
10 serious move within the group to close either
11 office.

12 Q But you did close the Lexington office?

13 A We did ultimately, yes, sir.

14 Q And on the same day, you closed the Providence
15 office, right?

16 A No. It was maybe a month later. It was part
17 of the same process I suppose, but it was not at the
18 same time.

19 Q Okay. Are you blaming Kevin and Barry's
20 departure for the decision to close the Providence
21 office, too?

22 A No, sir.

23 Q Did the Providence physicians want their office
24 to be closed?

25 A No, not particularly, but we faced the

1 realities of much reduced reimbursement because of
2 the loss of three doctors, overhead staying the
3 same, we had a problem on our hands. And the only
4 way to deal with that was to reduce overhead and
5 that's what we accomplished.

6 Q Now, you talked about -- you talked about some
7 employees that left the Lexington office. I believe
8 there's a list, let me see if I can find it for you,
9 Defendant's Exhibit 19. Now, do you know that all
10 of those employees went to work for Lexington Heart?

11 A I don't know that they all went. I certainly
12 know that the vast majority of them went, yes, sir.

13 Q And some of these employees that are on here
14 are actually employees that Columbia Heart Clinic
15 fired, aren't they?

16 A There may be employees -- I'm just looking over
17 the list. There are a couple of employees that were
18 actively trying to recruit other employees to work
19 at Lexington heart, I do know that, but I don't know
20 about others. One of the employees on this list was
21 terminated after she was felt to have taken patient
22 information that was utilized by Doctors Baugh and
23 Feldman in setting up their practice.

24 Q So some of them were fired?

25 A Some of them are, yes, sir.

1 Q And you don't know if all of them went to
2 Lexington Heart Clinic to work, do you?

3 A Well; I don't know. I mean, I can tell you
4 just from looking at this list that the vast
5 majority did go to work there. I mean, there might
6 be one or two names who didn't, but you've got
7 almost 20 names on this list and, you know, 85
8 percent of them, I'm certain, went to work for them.
9 There may be a couple I don't know about.

10 Q And obviously from the dates, they didn't leave
11 when Dr. Baugh and Dr. Feldman resigned?

12 A Well, it's within -- I mean, you're in April
13 here, it's all different days in April, so it might
14 not be the exact date, but it's within a few weeks.

15 Q No, I'm not talking about when they left. Dr.
16 Baugh and Dr. Feldman gave you 90 days notice,
17 right?

18 A Yes, sir.

19 Q Okay. So they gave you notice long time before
20 April 21, right?

21 A Doctors Baugh and Feldman did, yes, sir.

22 Q And most -- except the employees that y'all
23 fired, they gave you notice, too, as well, didn't
24 they?

25 A Yes, sir.

1 Q And isn't it true that Dr. Baugh and Dr.
2 Feldman tried to engage Columbia Heart Clinic in a
3 discussion of how to make it a smooth transition?

4 A I'm not fully understanding the question. I'm
5 sorry.

6 Q Did Dr. Baugh and Dr. Feldman, either one of
7 them, approach you or, to your knowledge, anybody
8 else in the practice to say, hey, let's talk about
9 how we're going to handle this, our departure?

10 A Not vis-a-vis these employees, no.

11 Q But they did ask to speak about the transition
12 and Columbia Heart Clinic didn't want to talk about
13 it?

14 A No, I don't believe that's the case. I mean,
15 perhaps you have something specific, but I don't
16 remember discussing the transition.

17 Q Now, there was some testimony about Dr. Baugh
18 visiting some physicians who in the past refer
19 business to him. Was that your testimony or
20 somebody else's?

21 A I don't believe it was mine, but it is true.

22 Q You don't have any evidence that he solicited
23 patients to leave Columbia Heart Clinic, do you?

24 A I have no idea what he'd spoke about with these
25 individuals.

1 Q Okay. And it's not unreasonable, is it, for a
2 physician who is leaving one practice to tell
3 patients and/or doctors he's worked with, I'm
4 leaving and this is where I'm going to be?

5 A Okay. Well, I would question that. I think
6 that a partner in a firm has a fiduciary
7 responsibility to seek the best interest of that
8 firm until the very day they leave and going to
9 another firm and saying, I'm leaving and I can't
10 tell you where I'm going, but I'm going to be in
11 Lexington, that is serving his own interest or the
12 interest of Lexington Heart and not the interest of
13 Columbia Heart Clinic, although he's still receiving
14 salary as a Columbia Heart Clinic employee.

15 Q But you don't have any evidence that he
16 solicited these doctors to do anything based on his
17 departure?

18 A But he took the last two weeks off that we were
19 paying him and went from office to office, I mean,
20 surely common sense would tell you he's speaking to
21 them about sending him patients.

22 Q You have no evidence of that, do you?

23 A No, sir.

24 Q And you have no evidence to say Dr. Baugh or
25 Dr. Feldman -- excuse me -- Dr. Baugh is being

1 untruthful when he says all he did was say, I'm
2 leaving and I'm going to be in Lexington after I
3 leave?

4 A I have nothing to the contrary.

5 Q Now, you're not denying, are you, that Columbia
6 Heart Clinic physicians, not just Dr. Baugh and Dr.
7 Feldman, but before they resigned, that Columbia
8 Heart Clinic physicians were supporting Lexington
9 Medical Center's application for the certificate of
10 need for the heart surgery center?

11 A Well, I think that every individual approaches
12 this question from a standpoint of personal
13 self-interest. They're no different than we are.
14 So, for example, when I was at Lexington, it would
15 have been far more convenient for me for them to
16 have bypass surgery than to have to move my patients
17 to Richland. That's a personal point of view. As a
18 group, as a Columbia Heart Clinic organization, we
19 did not support it, but that is totally different
20 from what I personally or Kevin or Barry or anybody
21 else might feel.

22 Q So there were other physicians supporting
23 Lexington Medical Center's certificate of need --

24 A Not in a -- I'm sorry. Go ahead.

25 Q -- other than Dr. Baugh and Dr. Feldman, there

1 were other ones?

2 **A** I don't know for sure what other people felt,
3 but people who worked at Lexington would find their
4 lives vastly easier if they didn't have to travel
5 back and forth to Richland everyday to do
6 procedures.

7 **Q** So in answer to my question, you don't know?

8 **A** I don't know specifically, but in general, I
9 suspect there were.

10 **Q** Okay. Do you know if anybody other than Dr.
11 Baugh and Dr. Feldman, for example, wrote letters to
12 legislators?

13 **A** I don't believe so, no.

14 **Q** Did you write letters to legislators or sign
15 letters to legislators?

16 **A** No, sir.

17 **Q** Now, did representatives of the --
18 representatives of Palmetto Health Richland, did
19 they approach you specifically about Dr. Feldman or
20 Dr. Baugh's letters to the legislators?

21 **A** Nobody approached me personally, no, sir.

22 **Q** So what's your understanding of what prompted
23 their concern? Did it have anything to do with
24 their letters to your knowledge?

25 **A** Yes, I think that the hospital approached Dr.

1 Alexander about writing the letter that you've
2 already introduced, that's my recollection. I say
3 this because Dr. Alexander was the chairman of the
4 heart hospital board and former chief of staff at
5 Richland and was in close communication with the
6 hospital administration, but nobody ever approached
7 me personally.

8 Q Okay. But you don't know if Kevin or Barry's
9 letters to the legislators prompted them to approach
10 Don Alexander, do you?

11 A Well, I don't know it for a fact, but common
12 sense would suggest it's true.

13 Q But you don't have any evidence of why they --

14 A I have no evidence.

15 Q And Don Alexander's letter went in to the State
16 newspaper, correct?

17 A Yes, sir.

18 Q It wasn't a letter to legislators?

19 A It was a letter to the editor so to speak or an
20 editorial of that piece.

21 Q But it was very publically published?

22 A Yes.

23 Q Whereas, the distribution of Kevin and Barry's
24 letter was much more limited, wasn't it?

25 A Well, in terms of the number, but not the

1 influence of individuals who saw. A letter in the
2 newspaper is read by people who have no impact on
3 decision making for the most part. A letter to
4 somebody who can make a call or make a decision is a
5 much more powerful tool. A surgical strike as
6 opposed to a carpet bombing would be an analogy.

7 Q Which is the carpet bombing, the newspaper?

8 A Yeah, everybody in town sees it, most of whom
9 have no impact on decision making.

10 Q Is it correct that when Kevin and Barry
11 submitted their resignations, that there was a
12 meeting with the employees at Lexington Heart Center
13 to inform them what was going on?

14 A Yes. After I received their letters, that same
15 day, it was a Sunday as I recall, I called all of
16 the physicians. The next day we had meetings with
17 employees at all of the offices, or within the next
18 day or two. Information like this needs to be
19 spread in an official way and not through hallway
20 conversation, at least that was my feeling.

21 Q And you mentioned that you noticed Dr. Baugh
22 talking to some employees. How many times did that
23 happen?

24 A Well, I can't give you a number except I do
25 know that employees would go into the office and the

1 door would close and who knows what transpired, but
2 it didn't happen the year before let's say, so
3 something different was going on.

4 Q So on this list that we have, can you say which
5 employees you saw go into Kevin Baugh's office,
6 close the door and have, presumably, a conversation
7 with them?

8 A Yes. Well, I -- it's been some time, but I
9 seem to recall Pam Knight and Susan Grady, who was
10 the secretary at the time --

11 Q That was his secretary?

12 A I'm sorry?

13 Q His secretary did you say?

14 A Yes, but it still wouldn't be normal to go in
15 the office and close the door, that's not something
16 I would do with my secretary and he wasn't doing
17 with his either prior to that so I can assume that
18 perhaps they were discussing this David Smith --

19 Q Don't presume. Don't presume. My question is
20 what you know?

21 A Well, I don't have any idea what they talked
22 about.

23 Q To go back to really what my question is, other
24 than those two, who did you see go in, in the weeks,
25 months before Kevin left, and closed the door to his

1 office?

2 A David Smith, who is the echo technician, I
3 believe I saw Melissa Strange go in there and that's
4 all I can remember specifically, but it's been years
5 now as well.

6 Q And do you know if Kevin Baugh closed the door
7 or the employee closed the door as they came in?

8 A How could I know?

9 Q Well, you say you saw them go in and closed the
10 door?

11 A I don't see who's closing the door that was
12 your question. I will tell you that in a doctor's
13 office, the doctor's in control regardless of whose
14 hand is on the doorknob. So if someone comes in my
15 office and they close the door, they better have a
16 good reason for doing it because it's my office,
17 it's my space and if they close the door, my
18 antennas are up, I know something's coming. I can
19 only -- and that hadn't happened previously. Now,
20 perhaps they're going in to talk about something
21 else, that seems a little unlikely. I'm just making
22 a common sense observation about what I saw.

23 Q All right. So you're guessing, so let me
24 explore that a little bit. For all you know the
25 employee comes in the office -- well, let me back

1 up. They know Kevin and Barry are leaving at that
2 point, right?

3 A Correct.

4 Q Okay. Because you've had a meeting?

5 A Correct.

6 Q All right. They go in and they close the door
7 and they start to say, hey, can I come with you
8 guys? And Kevin or Barry say, whoa, wait a minute,
9 I can't talk to you about that because that would be
10 improper.

11 A Is it possible --

12 Q For all you know, that's what happened?

13 A Sure.

14 Q Am I correct that since Kevin and Barry left, I
15 believe you -- you didn't say that -- were there
16 four physicians that have been added as shareholder
17 since Kevin and Barry left?

18 A Yes. We have, currently, 15 shareholders. I'd
19 have to get a piece of paper out, but I think that's
20 correct.

21 Q So were four added and one left?

22 A No, no one has left since they left. We have
23 one employee physician right now. We have 15
24 shareholders.

25 Q But, in any event, there were 12 before they

1 left and now there are 15; is that correct?

2 A Yes, sir.

3 Q Do you know about how much the rent expense of
4 the practice went up between 2005 and 2006 with the
5 building coming on line?

6 A In the neighborhood of \$50,000 per month.

7 Q About \$600,000?

8 A Per year? Yes.

9 Q I'm going to show you what we're going to have
10 marked as -- I'm not sure of the numbers.

11 (Plaintiff's Exhibit Numbers 5 and 6, income
12 statements, were marked for identification
13 purposes.)

14 Plaintiff's Exhibits 5 and 6, and ask if you
15 can identify what these are?

16 A Yes. These are labeled Columbia Heart Clinic
17 income statement. One is dated December 2006, the
18 other's dated December 2005.

19 Q And those are Columbia Heart Clinic income
20 statements?

21 A Yes, sir.

22 MR. THOMPSON: Your Honor, I move that what's
23 been marked as Plaintiff's Exhibit 5 and 6 be
24 admitted into evidence.

25 MR. BABCOCK: Your Honor, if we can just

1 identify which is which. I don't have an objection,
2 I just need to know which is which.

3 **THE WITNESS:** Number 5 says 2006, Number 6 says
4 2005.

5 **THE COURT:** Mark those in the record, please.

6 (Plaintiff's Exhibit Numbers 5 and 6, income
7 statements, were admitted into evidence.)

8 BY MR. THOMPSON:

9 Q How about go down and look, if you will, at the
10 rent expense number on the 2005 statement.

11 A Okay.

12 Q Which, if I'm looking at the right number for
13 2005, that's \$881,555, correct?

14 A Yes, sir.

15 Q Now, look at the rent expense number for 2006.

16 A Uh-huh.

17 Q And that number is \$1,794,140, correct?

18 A Yes, sir.

19 Q Now, the number you gave me earlier was an
20 increase of 600,000, this looks like a difference of
21 approximately a million. Can you tell us what the
22 other 400,000 is?

23 A Well, two possibilities: One, I was wrong,
24 two, the rent of the other buildings went up and I
25 can't answer to which extent each one of those is

1 true. These numbers are for aggregate rent for
2 three separate offices.

3 Q Some time in '06, the Lexington office was
4 closed and the rent terminated, correct?

5 A Not in 2006. The office was closed, I don't
6 recall when the rent was terminated, but it was
7 after that.

8 Q But that rent wouldn't have gone up?

9 A It might have. There might have been
10 pass-throughs, I don't recall. Generally speaking
11 in our rent contracts, we have pass-throughs for
12 taxes and all kinds of other odds and ends.

13 Q When did that office lease get cut in half?

14 A I don't remember exactly. I had several
15 meetings with Tod Augsburger and there's a building
16 manager whose name I can't recall. And half of the
17 office -- or one of the two spaces was taken off the
18 books some time during the winter and the other was
19 considerably later, but I don't remember the exact
20 dates.

21 Q And that was '06?

22 A Well, the beginning of '07. They left in '06.

23 Q Yes.

24 A And we left the office in September, end of
25 September, but we continued to pay rent for several

1 months after that.

2 Q But Lexington Medical Center cut the lease in
3 half in September of '06, correct?

4 A I don't think that date is correct. I don't
5 remember, but I just don't think -- I think it was
6 after that.

7 Q Okay. But you're not aware of any other rent
8 actually going up?

9 A I don't know. This is not something I would
10 track month in and month out like that.

11 Q I tell you, while we're on these statements,
12 how about look at the total income number for
13 December 2005. It's \$21,416,321, correct?

14 A Yes, sir.

15 Q Now, let's look at it for '06. Pretty close,
16 isn't it, \$21,336,972?

17 A The numbers are relatively close, yes, sir.

18 Q And wouldn't you have to agree that the big
19 increase in your expenses was due to the increase in
20 rent?

21 A That and also for loans for upfitting and so
22 forth.

23 Q Well, the loan payment's not an expense, right,
24 the interest part is?

25 A Right, okay.

1 Q I'm just talking about your income statements
2 that are before you right now. The big increase in
3 expenses is due to the rent going up?

4 A Yes, sir.

5 Q And you would have had to pay that rent whether
6 Dr. Baugh and Dr. Feldman were there or not?

7 A We would have had to pay the rent, but what is
8 not measured on here is opportunity costs. We don't
9 know what the income would have been had they
10 continued to work with us and I can only hope it
11 would have been significantly greater because we had
12 a new building that was attracting referrals we
13 hadn't had before. So this income number is the
14 combination of a loss from them and a gain from new
15 referrals because of our high visibility at the
16 Richland campus.

17 Q But you can't split that out for us?

18 A No, it's speculating, but, clearly, it's true.

19 Q It is correct, to your knowledge, that nobody
20 ever told Jennifer that they thought she had
21 productivity problems, Jenny Feldman?

22 A I don't know that that's true, no. This is
23 something that was in the background. People were
24 aware of -- everybody's aware of what everybody else
25 is doing in terms of productivity. They might not

1 talk about it everyday, but this information is
2 widely held by all of the shareholders even for the
3 nonshareholder physicians.

4 Q Okay. So my question really was do you know
5 whether or not anybody expressed a concern to her
6 about her productivity?

7 A I don't know that.

8 Q Let me direct your attention to a prior
9 exhibit. These are the minutes to the November 30
10 meeting we've been talking about, Plaintiff's
11 Exhibit 3. As President, you signed these minutes,
12 is that correct, or secretary?

13 A Secretary, yes, sir.

14 Q And the minutes as they're originally drafted,
15 didn't really contain any mention about productivity
16 concerns, did they?

17 A No, that wasn't the main point of that meeting
18 in any case. And these are minutes in transition,
19 it's like a snapshot where the minutes have been
20 corrected, they haven't been re -- retyped up and
21 that's what we have here. But I would agree with
22 what you say, yes, sir.

23 Q Do you know if they were retyped up?

24 A I don't know.

25 Q Was it you that crossed out the language in

1 here about complication rates?

2 A No, sir.

3 Q Do you know who did that?

4 A Yes, sir.

5 Q Who did that?

6 A It certainly looks like Dr. Alexander's

7 handwriting. Now, I didn't have a personal

8 conversation with him about this, but reading the

9 handwriting, that's who I was -- I'm almost certain

10 that's who it was.

11 Q Do you know if that was done in an effort to

12 save Jenny Feldman's feelings or something like

13 that?

14 A I don't know. I think that when minutes are

15 created, there is both the facts that were discussed

16 and the feelings that were conveyed. And minutes

17 that have facts but no feelings don't really convey

18 what really happened at the meeting. I think this

19 was a process to try to capture what really happened

20 at the meeting, that's all this is, but I didn't

21 correct these myself so I can't really speak to

22 that.

23 Q You were in the meeting, what is more accurate,

24 that a number of physicians expressed a concern over

25 her complication rate with implanted devices, or

1 that a number of physicians expressed some concern
2 over her performance issues?

3 **A** The words that were used, to my recollection,
4 were complications and not performance, that's my
5 recollection. But, of course, it's been a long
6 time, too, and I could be wrong about that.

7 **Q** As an interventional cardiologist, what do you
8 think is a reasonable amount of travel time or
9 travel time limit that you would want to have
10 between your residence and the hospital where you
11 have to go perform interventional procedures?

12 **A** Well, on an elective basis, it wouldn't make
13 any difference. For an emergency, which I assume is
14 what you're asking about, 30 minutes is considered
15 the appropriate maximum time limit.

16 **Q** Okay. And some hospitals have requirements
17 regarding such time travel --

18 **A** Usually they're 30 minutes if they have a
19 requirement.

20 **Q** Do you know if Lexington or the Richland
21 hospitals have such limits?

22 **A** I don't know that. I live closer to both so it
23 wouldn't affect me.

24 **Q** But you don't dispute if an interventional
25 cardiologist is going to perform interventional

1 procedures, he really needs to be within that time
2 limit of a facility where interventional procedures
3 can be performed?

4 A If he's planning on doing emergency
5 interventions, he needs to be within 30 minutes of
6 the hospital where he plans to perform those.

7 Q Do you do emergency interventions?

8 A Yes, sir.

9 Q Are there any interventional cardiologists with
10 Columbia Heart Clinic that don't do emergency
11 interventions from time to time or may be subject to
12 being called in to do that?

13 A There's no interventional cardiologists who
14 don't. There are members of the group who do not
15 however.

16 Q After a patient gets, a patient who needs one,
17 gets a catheterization and perhaps their first
18 interventional procedure, is that the end of the
19 relationship typically between the patient and the
20 cardiologist?

21 A No, that's the beginning of a different sort of
22 relationship. Once the procedure's been performed,
23 there's longitudinal care. Coronary disease is a
24 chronic illness. Somebody needs to follow that
25 patient, do periodic stress testing, manage their

1 cholesterol and so forth.

2 Q In terms of revenue strain then resulting for
3 care of that patient, it doesn't end when an
4 interventional procedure is done, does it?

5 A No, the character changes, but the relationship
6 does not end.

7 MR. THOMPSON: I'm sorry, Your Honor, can you
8 bear with me for a moment?

9 THE COURT: Yes, sir.

10 (Pause.)

11 BY MR. THOMPSON:

12 Q One last question -- well, I'm not going to
13 promise that. But one additional question, do you
14 have any knowledge if Columbia Heart Clinic has
15 revoked or repurchased the shares that were held by
16 Dr. Baugh or Dr. Feldman, the shares of Columbia
17 Heart Clinic?

18 A No, I don't believe anything's happened with
19 those shares, no, sir.

20 MR. THOMPSON: No other questions.

21 THE COURT: All right.

22 MR. BABCOCK: Very briefly, Your Honor.

23 THE COURT: Yes, sir.

24 *****

25 *****

1 REDIRECT EXAMINATION

2 BY MR. BABCOCK:

3 Q You were asked some questions about Plaintiff's
4 Exhibit 4, do you have that handy? That was the
5 material clipped together. And there was a page
6 under tab two that was being discussed. Can you go
7 to that page?

8 A Yes, sir.

9 Q Can you just identify for us is there a bates
10 number, just so we're clear for the record, is there
11 a bates number on that page over the word
12 confidential?

13 A The number over the word confidential?

14 Q Yes, sir, the number?

15 A Yeah, 03845.

16 Q Now, next to that is a stamp of some sort and
17 that says, Preliminary Draft, it makes reference to
18 Burkett, Burkett and Burkett. Was that something
19 that would have been on Columbia Heart Clinic
20 documents?

21 A No, sir.

22 Q And how about the numbers that were apparently
23 run through a calculator on the right-hand column;
24 do you see those?

25 A Yes. I don't know where those came from. We

1 wouldn't have done that.

2 Q And how about the parentheses and the word
3 average under parentheses, is that something that
4 was done by Columbia Heart?

5 A Not that I'm aware of, no, sir.

6 Q So when you were talking previously, the base
7 document was something that Columbia Heart produced?

8 A Yes. I think that I -- these numbers sound
9 reasonable, but the formatting of the numbers is
10 probably not something we would have done.

11 Q Now, you were also asked some questions about
12 Defendant's Exhibit 19, the list of employees. Do
13 you have that present?

14 A Yes, sir.

15 Q And I think you indicated that one individual
16 was terminated in connection with some records that
17 were taken?

18 A Yes.

19 Q Who was that?

20 A That was Johnnette Smith.

21 Q And just tell us very briefly about that
22 record.

23 A Well, it came to light that -- it became clear
24 that one of the --

25 MR. THOMPSON: Your Honor, I'm going to object

1 to this. I mean, she was terminated. I don't know
2 that it really matters why. If we get into that,
3 we're going to be doing a little minitrial on why
4 she was terminated and I'm going to have to put them
5 up to explain their side of the story. We can do
6 that.

7 **MR. BABCOCK:** Your Honor, the only question is
8 the linkage between Columbia Heart and Lexington
9 Heart. They tried to add the implication to these
10 people, there was no linkage. I'm only asking --
11 and they opened the door on this because they asked
12 about it, tried to imply the terminations had
13 nothing to do with Lexington Heart and I'm only
14 trying to establish there was a linkage, at least
15 from the Columbia Heart perspective, that's all.

16 **THE COURT:** Do you wish to be heard any
17 further?

18 **MR. THOMPSON:** No, Your Honor.

19 **THE COURT:** Objection's overruled.

20 BY MR. BABCOCK:

21 **Q** Just very briefly.

22 **A** This employee was accused of taking patient
23 demographic information and providing them to the
24 individuals organizing Lexington Heart.

25 **Q** And she was terminated?

1 A Yes, sir.

2 Q And then where did she go to work?

3 A As far as I know, she went to Lexington Heart.

4 Q Finally, Doctor, you had some testimony
5 concerning closed door conversations involving Dr.
6 Baugh at the Lexington office of Columbia Heart.
7 Did those types of conversations behind his closed
8 door occur during 2005?

9 A No, sir. No, it did not.

10 MR. BABCOCK: No further questions.

11 THE COURT: Recross?

12 MR. THOMPSON: Briefly, Your Honor.

13 THE COURT: Yes, sir.

14 RECROSS-EXAMINATION

15 BY MR. THOMPSON:

16 Q Okay. You mentioned some patient information
17 that you thought Johnnette had taken. What was that
18 patient information?

19 A This was patient demographic information, would
20 have included things like name, telephone number,
21 identifying -- maybe an address.

22 Q And at the time when you believe it was taken,
23 Dr. Baugh and Dr. Feldman were still working there,
24 correct?

25 A Yes, sir.

1 Q So in terms of the document itself, this is
2 something that doctors do look at from time to time,
3 at least some of them?

4 A Not this information. This is recall
5 information would be the best way to put it,
6 information that's used to remind the patient to
7 come in for their next visit, so we would not
8 normally have this information.

9 Q You wouldn't dispute, would you, that that
10 information that Johnnette Smith took was returned
11 to Columbia Heart Clinic, correct?

12 A It was eventually returned, yes, sir.

13 Q And wasn't it communicated along with the
14 return that, We received these and we think it's
15 improper and we are, therefore, returning them to
16 you? I'm summarizing.

17 A That information was conveyed to us, yes, sir.

18 Q So you don't have any knowledge that Dr. Baugh
19 or Dr. Feldman actually used that information or did
20 anything with it other than to get it back to you?

21 A No, I don't know what they did with the
22 information. I don't know how she would have
23 thought to take the information. I'm only observing
24 and reporting what I saw. I don't know what
25 happened with the information.

1 Q And there's no evidence that they directed her
2 to do that?

3 A I have no evidence in that way.

4 MR. THOMPSON: No other questions.

5 THE COURT: Anything further of the witness?

6 MR. BABCOCK: Nothing further, Your Honor.

7 THE COURT: Thank you very much, Doctor. You
8 may step down.

9 Court will be in recess for ten minutes.

10 (Brief Recess.)

11 THE COURT: Next witness.

12 MR. BABCOCK: The defendant calls Marty Ouzts.

13 MARTY OUZTS,

14 having been duly sworn, testified as follows:

15 THE CLERK: Have a seat around there, state
16 your name for the record.

17 THE WITNESS: My name is Marty Pierce Ouzts,
18 that's O-U-Z-T-S.

19 MR. BABCOCK: And, Your Honor, as we did with
20 the plaintiff's accounting witness, the parties have
21 stipulated that Mr. Ouzts is an expert in the field
22 of accounting.

23 THE COURT: Is that correct?

24 MR. THOMPSON: That's correct, Your Honor.

25 THE COURT: Thank you.

1 He is recognized as an expert in the field of
2 accounting. Go ahead.

3 DIRECT EXAMINATION

4 BY MR. BABCOCK:

5 Q Mr. Ouzts, how old are you, sir?

6 A I'm 52.

7 Q And where do you live?

8 A At 409 Oak Brook Drive in Columbia, South
9 Carolina.

10 Q What do you do for a living?

11 A I'll a certified public accountant.

12 Q And how long have you been a CPA?

13 A I've been a CPA since 1980. I graduated in
14 1978 and worked for two years, which is a
15 requirement before you become certified.

16 Q And do you have a company?

17 A Yes. I work for Ouzts, Ouzts and Varn, CPA
18 firm here in Columbia.

19 Q And how long have you had that company?

20 A Since 1983.

21 Q What's your position with that firm?

22 A I'm partner.

23 Q And have you been qualified as an expert in
24 courts before?

25 A Yes, I have.

1 Q Which types of courts?

2 A Federal court, state court, bankruptcy court,
3 probate court, I believe that's it.

4 Q And have you worked with medical practices as
5 an accountant?

6 A Yes, I do.

7 Q Tell me what kind of medical practices you work
8 with.

9 A Well, there are various specialties. I work
10 with dermatology practices, surgical practices,
11 cardiac surgical practices, family practice,
12 psychologists, psychiatrists, dentists, ENT, I'm
13 sure I'm leaving out somebody.

14 Q Do you have any estimates of the number of
15 medical practices you work with, Mr. Ouzts?

16 A I currently probably work with somewhere
17 between 10 and 15.

18 Q Now, this case involves a matter concerning
19 Doctors Baugh, Feldman and Columbia Heart Clinic.
20 Prior to this case, did you do any work with Dr.
21 Baugh?

22 A No, I did not.

23 Q Did you do any work with Dr. Feldman?

24 A No.

25 Q And prior to this case, did you do any work

1 with Columbia Heart Clinic?

2 A No.

3 Q All right. Mr. Ouzts, what were you, in
4 general terms, asked to do in this case?

5 A To look at the operations of the practice and
6 look at the costs associated with the departure of
7 the partners Baugh and Feldman.

8 Q Did you look at the practice before April 21st,
9 2006?

10 A Yes, I did.

11 Q And did you look at the practice after April
12 21st, 2006?

13 A Yes, I did.

14 Q And what kind of records did you look at?

15 A I looked at their financial statements. I
16 looked at their analysis of charges and collections
17 per physician. I looked at their W-2s for
18 compensation. I looked at their true up sheets that
19 we have talked about, or has previously been talked
20 about in this courtroom. I looked at subsequent
21 collections by month, subsequent collections for the
22 prior years, allocations of costs and expenses by a
23 doctor.

24 Q You mentioned W-2s. What did you do with W-2s?

25 A The contract, the employment contract that is

1 at issue, refers to the damages quantified as the
2 amount of wages for the prior year to be
3 compensated, and so I looked at the 2005 W-2s of the
4 shareholder owners and calculated that average
5 pursuant to the terms of the contract.

6 Q And did you look at the 2004 employment
7 agreements?

8 A Yes.

9 Q And I'm going to hand you Plaintiff's Exhibit
10 2. Is that one of the contracts you would have
11 looked at?

12 A Yes, it appears to be.

13 Q And did you calculate the average W-2
14 compensation for the physician shareholders at
15 Columbia Heart for 2005?

16 A Yes, I did.

17 Q And did you prepare a chart showing that
18 calculation?

19 A Yes, I did.

20 Q I'm going to hand you a document. Is that a
21 copy of your chart?

22 A Yes.

23 MR. BABCOCK: Your Honor, we'd offer this as
24 next exhibit.

25 THE COURT: Any objection?

1 **MR. THOMPSON:** Without objection. And if it
2 will help things along, we'll be willing to
3 stipulate that this number that totaled on here is
4 \$591,710, that is the correct number to be used in
5 applying the provision that we're talking about. I
6 don't know if that helps.

7 **THE COURT:** Do you accept the stipulation?

8 **MR. BABCOCK:** I'll accept the stipulation. I
9 still want my exhibit in, but...

10 **MR. THOMPSON:** No objection.

11 **THE COURT:** It's in evidence, mark it in
12 evidence, please.

13 (Defendant's Exhibit Number 20, chart,
14 admitted into evidence.)

15 BY MR. BABCOCK:

16 **Q** And just to complete the record, Mr. Ouzts,
17 does the number shown on your chart, the average,
18 agree with the stipulation just entered into?

19 **A** Yes, it does.

20 **Q** And that number is \$591,710?

21 **A** Yes.

22 **Q** Now, did you also look at the financial
23 situation concerning Columbia Heart both before and
24 after April 21st, 2006?

25 **A** Yes, I did.

1 Q Tell me generally what you did and what you
2 looked at.

3 A Well, I looked at the level of debt. I looked
4 at the level of expenses being allocated per
5 physician shareholder and looked at that
6 historically, looked at it through April 21st, 2006,
7 and subsequently. And I looked at the actual
8 expenses on furniture, fixtures and equipment.

9 And in looking at that, in December 2005 when
10 they moved into the new office in Columbia, they
11 substantially increased their debt level and their
12 operating costs per month per physician. As it's
13 been talked about, the true up sheets, which I noted
14 had been used in the prior years every quarter, they
15 got their distributions of bonuses based upon the
16 true up, which is an allocation of the charges, that
17 physician's charges, the shared charges that Dr.
18 Jones discussed, and each physician was allocated on
19 an equal basis the overhead expenses and then they
20 shared with the physician employees and then they
21 had their specific expenses that had been called
22 charge backs. Looked at those expenses and the
23 level of the expenses that had been allocated to
24 each physician.

25 In 2005, the monthly expenses allocated to each

1 physician was approximately \$75,000 per month. In
2 the period of April 21st, 2006, that average jumped
3 to \$95,000 per physician shareholder which meant
4 they had to generate \$95,000 of collections each
5 month before they really could generate earned
6 income that they would have.

7 Q What was that jump again?

8 A From 75,000 per month to \$95,000 per month.

9 Q And, Mr. Ouzts, did you prepare a chart showing
10 your analysis?

11 A I have a chart, you know, the costs -- each
12 physician's practice and every type business goes in
13 and makes obligations of contracts and expenses and
14 commitments to employees based on all of the owners
15 being there. So they had made commitments in a
16 sharing of that overhead of \$95,000 a month. That
17 was what it was going to increase to and what it did
18 increase to based on the new expenses incurred for
19 that office.

20 You also have debt associated with that. They
21 increased their debt approximately two and a half
22 million dollars from 2005 to April the 21st, 2006,
23 and that was for new equipment, upfitting. And in
24 relation to that office, they generated an operating
25 loss in 2005 and so there was a negative there and

1 that negative was financed through bank lines of
2 credit.

3 So they had, in a situation where they were
4 paying their overhead of \$95,000 a month, paying
5 their debt service and also the debt -- each
6 partner's debt at the time they left, his pro rata
7 share had increased to \$350,000 and that is an
8 obligation, that's outlined on that chart, also.

9 Q You said something about a negative in 2005?

10 A Yes. They moved into the new space at Richland
11 in December 2005.

12 Q So the end of 2005?

13 A Right.

14 Q Let me hand you a document. Is this the chart
15 that you just referenced?

16 A Yes, it is.

17 MR. BABCOCK: Your Honor, we'd offer this as
18 the next exhibit.

19 THE COURT: Any objection?

20 MR. THOMPSON: No objection.

21 THE COURT: Mark it in evidence, please.

22 (Defendant Exhibit Number 21, chart,
23 admitted into evidence.)

24 BY MR. BABCOCK:

25 Q Mr. Ouzts, I'm going to hand you Exhibit 21 and

1 just first tell us generally what's shown in the
2 different sections of this chart and then we'll look
3 at each section specifically, okay?

4 A Okay.

5 Q First, generally what is shown in each section?

6 A Well, the first section is the cost for closing
7 the Lexington office and that --

8 Q Is that above the word debts?

9 A Yes. And these are the costs that you couldn't
10 escape by closing the office.

11 Q We'll look at them specifically in a minute.
12 What's the next section?

13 A The next section is the debt at 421 and that's
14 all bank obligations.

15 Q And what's the third section?

16 A The third section is the negative true up that
17 was reflected at April 21st, 2006.

18 Q And that's in that debt section?

19 A No. The negative true up is separate -- it's
20 in the debt section, but it's separate from the
21 debt.

22 Q I understand. We're going to look at that and
23 then I just want to get generally what's shown here.

24 A Yes, it's in that section.

25 Q And then in the final section?

1 A In the final section is an estimate of the lost
2 referrals from the Lexington office from the
3 departure of the physicians. ;

4 Q And then if we look at the bottom right-hand
5 side, is that just a summarization?

6 A Yes.

7 Q Let's go back to the first section and look at
8 each one of those items. Let's start with the
9 first, the rent, explain that to us.

10 A That's the rent paid subsequent to April 21st,
11 2006, for that office.

12 Q For which office?

13 A The Lexington office.

14 Q So these are issues involving the Lexington
15 office itself?

16 A Just the Lexington office. And when I looked
17 at the charges and the collections at the Lexington
18 office, the charges in the three months subsequent
19 to April 21st, the charges went down 40 percent the
20 first month and up to -- it was down 65 percent by
21 the third month, so it dramatically decreased.

22 Q How about the telephone?

23 A Telephone, unfortunately, they couldn't be
24 terminated, there was a contract on that, so the
25 telephone had to be paid subsequent to the closing.

1 And then the property taxes had to be paid. And
2 when they closed that office, these were the
3 leasehold improvements that were abandoned.

4 Q The property taxes were some kind of
5 pass-through on the lease?

6 A Yes -- well, no, these are actually
7 specifically paid, they were probably paid on the --
8 personal property paid for that.

9 Q So what was the total cost of closing the
10 Lexington office?

11 A One hundred eighty-six thousand dollars.

12 Q Let's go down to the second section. This is
13 entitled debts on your exhibit. Let's take the
14 first two line items there. First line item is
15 total debt at April 21, 2006, explain to us that
16 thing.

17 A Okay. That's the total debt as reflected on
18 the balance sheet of the practice, which was
19 4,000,210. And what happens is each shareholder has
20 to pay his pro rata share of those debts. So when
21 the departing physicians left, that amount pro rata
22 had to be spread and the obligation paid by the
23 remaining shareholders.

24 Q So the practice had closed on that day. Is
25 that what each partner would have had to pay?

1 A Yes.

2 Q Now, let's drop down to the next section that
3 says, Departing Shareholders' Deficit at Departure,
4 and you've got Doctors Baugh and Feldman. What's
5 the left-hand column show?

6 A That's the true up amount as reflected on the
7 April 21st, 2006, true up sheet.

8 Q And how much for Dr. Baugh?

9 A \$24,888.

10 Q And how much for Dr. Feldman?

11 A 55,273.

12 Q So that was a negative number on the true up
13 sheet that day?

14 A Yes.

15 Q And your right-hand column does what?

16 A It takes the true up number and the debt and
17 gives the total for their negative true up and the
18 debt of 375,000 for Dr. Baugh and 406 for Dr.
19 Feldman.

20 Q So you're taking their -- the true up and added
21 in the pro rata share of debt?

22 A Yes.

23 Q And the total for both doctors for those items,
24 just debt and true up, how much?

25 A \$968,802.

1 Q I'm sorry, I was just asking you about the
2 total for true up and debt?

3 A Oh, I'm sorry, 781,917.

4 Q Now, does your last item add to that your first
5 section?

6 A That's correct.

7 Q So the total for the two sections, the cost of
8 closing office, true up and debt is what?

9 A \$968,802.

10 Q Okay. Let's shift down to the third section.
11 All right, this says Lost Referrals. Tell us first
12 about the 2005 referrals.

13 A The first number, which is the charges for
14 4/21/05 through 12/31/05 to do a comparison, shows
15 total charges for that period for the prior year
16 6,742,563. I then applied the collection
17 percentage, as also has been explained in court.
18 Because of statutory allowances for Medicare and
19 insurance, typically the collection percentage is a
20 lot less than a hundred percent, I used the 2005
21 historical average, which was approximately 42
22 percent to come up with what was actually collected
23 on those charges.

24 Q Which was how much?

25 A 2,885,817.

1 **Q** Now, you looked at the period April 21, 2005
2 through December 31, 2005. Why did you look at that
3 period?

4 **A** Because that was to try to give an apples and
5 apples comparison of the same period for the prior
6 year. And since the Lexington office was closed
7 after 2006, that information can't be captured any
8 longer subsequent to 12/31/06.

9 **Q** So let's look at the next section, 2006
10 referrals.

11 **A** The total charges for the period April 21st to
12 12/31/2006 were one million 703 and the collections
13 at the 2005 collection percentage of 729,000. I
14 used the 2005 collection percentage so that it would
15 be an apples and apples comparison because their
16 collection percentage actually went down in '06.
17 And if I used '06, I wouldn't be doing an apples and
18 apples because I'd also have a reduction from the
19 collections because the collection percentage went
20 down. And so that was 729,078.

21 **Q** What's your next line item?

22 **A** That's the difference between the collections
23 for the same period in '05 to the collections of
24 '06, which the total lost of collections for that
25 period of time, that roughly eight and a third

1 months, is 729 from two million 885, that's a total
2 of 2,156,000.

3 Q So what you've done there, as I understand, is
4 subtract the net collections for 2006 for the time
5 period from the net collections for the 2005, same
6 time period?

7 A Yes. And then I annualized that just to give
8 us a 12 month number, which would be \$3,099,000 of
9 lost collections.

10 Q And just for the record, what do you mean by
11 annualized?

12 A Because 4/21 to 12/31 is shorter than a one
13 year period, I take that and divide it by the number
14 of months and try to make it a 12 month annual
15 comparison.

16 Q Now, let's just look at your summary section of
17 the report on the right-hand side. Let's walk
18 through each one of the line items. First is total
19 expenses of closing the Lexington office, how much
20 was that?

21 A \$186,886.

22 Q And the total debt for shareholder and true up?

23 A 781,917.

24 Q And when we say per shareholder, that's Doctors
25 Baugh and Feldman?

1 A Together.

2 Q Right. And then total lost, Lexington
3 referrals?

4 A It's 3,099,251 for a total of \$4,068,054.

5 Q Now, let's talk briefly about the true up and
6 credit issue. We talked about this a minute ago.
7 Your true up figures for Dr. Baugh as of April 21,
8 2006, was what?

9 A \$24,888.

10 Q And how about Dr. Feldman?

11 A 55,273.

12 Q Did you look to see whether, when Dr. Baugh and
13 Dr. Feldman departed, there was any unpaid but
14 accrued salary or draw?

15 A Well, I looked at what they had been drawing
16 for the period of time -- actually for 2005 and
17 2006. And, you know, if they were paid through
18 April 21st, I believe there was approximately \$8,000
19 due to each one of them.

20 Q Did you look to see whether they should get a
21 credit for that number? Did you look at the
22 contract on that issue or did you just look at the
23 number?

24 A Well, I looked at the contract and it said they
25 are to receive, you know, their earned but unpaid

1 salary.

2 Q You also -- I'm sorry.

3 A However, you know, when you're in a negative
4 situation, which they had not been, at least in any
5 of the previous records, you know, under the
6 historical method that they had been compensating
7 the people, if you're negative, you really haven't
8 earned any additional compensation. I mean, you're
9 negative. You actually should repay the
10 organization.

11 Q And, obviously, you're not looking at this from
12 a lawyer's standpoint from a contract in terms of
13 any covenants or anything like that?

14 A No.

15 Q How about the directorship situation involving
16 Dr. Feldman, did you look at that?

17 A I looked at it to see that they had been being
18 paid, you know, I've forgotten the amount, several
19 hundred dollars sporadically for their
20 directorships.

21 Q You said there was an amount for Dr. Feldman
22 that had been unpaid?

23 A Yes.

24 Q About how much was that?

25 A I believe it was several thousand dollars, but

1 I don't remember specifically.

2 Q If you gave credit for Dr. Baugh, first, for
3 the unpaid but accrued salary in comparison with the
4 true up, is he still in a negative position?

5 A Yes.

6 Q And same question for Dr. Feldman even
7 including directorship fee?

8 A Yes.

9 Q Finally, let's look briefly at accounts
10 receivable. Did you look at accounts receivable for
11 Columbia Heart for April 2006?

12 A I looked at accounts receivable balances for a
13 period of time that encompassed 2005 and all of
14 2006, but, specifically, I looked at it each month
15 in, which is the only time they had receivable
16 balances available to look at.

17 Q And did you look to make a calculation as to
18 accounts receivable under the contract?

19 A Yes.

20 Q Did you make a chart?

21 A I believe so. I always make a chart for things
22 I look at.

23 Q Is that a copy of your chart?

24 A Yes, it is.

25 MR. BABCOCK: We'd offer this as the next

1 exhibit, Your Honor.

2 THE COURT: Show it to counsel.

3 MR. THOMPSON: Is that bates 5117?

4 MR. BABCOCK: Bates 15117.

5 MR. THOMPSON: No objection.

6 THE COURT: Mark it in evidence.

7 (Defendant's Exhibit Number 22, chart,
8 admitted into evidence.)

9 BY MR. BABCOCK:

10 Q Mr. Ouzts, I'm going to hand you Defendant's
11 Exhibit Number 22. And this is entitled pro rata
12 share of accounts receivable. Let's take the first
13 line here. What's shown on the first line?

14 A This is the total accounts receivable balances
15 of April 30th, 2006, which was 5,350,464.

16 Q And then what did you do on the next line item?

17 A I took the preceding 12 month average
18 collection percentage, which was 42.87 percent, to
19 give me the estimated collectible accounts
20 receivable of 2,293,565. And then I did the pro
21 rata amount for each shareholder owner at April
22 30th. It would be \$191,130.

23 Q Now, what's the collection rate that you're
24 showing at the bottom of the chart?

25 A Those are the collection percentages by month

1 for the preceding 12 months so that I could do the
2 average 12 month. And as you can see, they range
3 from 37 percent to 48.7, so there is a range of
4 differences there.

5 Q And if I might, and in doing these
6 calculations, did you try to do that in accordance
7 with Plaintiff's Exhibit 2?

8 A Yes.

9 MR. BABCOCK: Would you answer any questions
10 counsel might have?

11 CROSS-EXAMINATION

12 BY MR. THOMPSON:

13 Q Mr. Ouzts, my name is Charles Thompson. I
14 don't believe we've met. I'm here representing the
15 plaintiffs, Dr. Feldman and Dr. Baugh in this case.
16 I do have a few questions for you.

17 Looking, if you will, at your Defendant's
18 Exhibit 21, this is not in any way a calculation of
19 lost income due to the departures of Doctors Baugh
20 and Feldman, is it? Lost income to Columbia Heart
21 Clinic?

22 A The lost referrals?

23 Q Lost net income, that's not calculated?

24 A But what do you mean by net?

25 Q Income after expenses?

1 A No, it's not.

2 Q So the actual dollar loss that Columbia Heart
3 Clinic experienced in terms of income, it's not
4 something you looked at?

5 A No.

6 Q Now, do you know how long the Lexington office
7 of Columbia Heart Clinic was used by Columbia Heart
8 after Dr. Baugh and Dr. Feldman left other than what
9 you've heard in court?

10 A Well, what I've heard in court and what I've
11 heard from, principally, Tommy Brison, the financial
12 officer, was that it was closed in the Fall of 2006.

13 Q Okay. But -- so, but you're attributing all of
14 the rent that Columbia Heart Clinic had to pay after
15 their departure, you're attributing that as a damage
16 to Dr. Baugh and Dr. Feldman?

17 A What I'm saying is the cost for closing the
18 Lexington office. It was quickly determined, as
19 collections went down in that office, that it was
20 not going to be cost effective to keep it.

21 Q Okay. So it's not a damage necessarily that
22 Dr. Baugh and Dr. Feldman cost Columbia Heart
23 Clinic, the numbers you have here, the lost rent and
24 closing the office?

25 A Well, the lost of revenue that made it not cost

1 effective anymore is a direct result of them
2 leaving.

3 Q I'm not talking about the revenue right now.
4 I'm talking about the cost you have down here of
5 closing, what you call, closing the Lexington
6 office. Are you saying that's a damage caused by
7 them or not? I don't understand your answer.

8 A I'm saying that having that office for the
9 practice when it didn't generate referrals from that
10 office anymore was a cost to the practice. And the
11 loss of revenue came from their departure, so it
12 made that office cost ineffective and they had to
13 close it. And they had contractual obligations for
14 rent and telephone that they had to keep paying no
15 matter that it did not make economic sense to keep
16 open anymore.

17 Q But you acknowledge that Columbia Heart Clinic
18 physicians were still using it for many months after
19 April 21, 2006?

20 A Yes.

21 Q So, presumably, they were generating some
22 revenue out of that office after Kevin Baugh and
23 Barry Feldman left, correct?

24 A They were.

25 Q We don't know what that is?

1 A Well, actually we do.

2 Q We know what income was generated out of the
3 office after April 21, 2006?

4 A Well, I know what it was using the 2005
5 collection percentage and it would have been
6 729,000.

7 Q All right. I'm going to come to that in a
8 minute. And how about in terms of nowhere in your
9 calculation do you give Dr. Baugh and Dr. Feldman
10 credit for money that rolled in on their personal
11 charges after they left?

12 A No.

13 Q And after they left, of course, Columbia Heart
14 Clinic wasn't paying them any salary, were they?

15 A No.

16 Q But they reaped the benefit of money that Dr.
17 Baugh and Dr. Feldman generated that rolled in after
18 they left; isn't that correct?

19 A Yes, contractually, that was left with the
20 practice, and that should be approximately 191,000
21 receivables versus collection.

22 Q Now, you say contractually that's -- Columbia
23 Heart Clinic's entitled to that. Where do you draw
24 that conclusion from that contractually they're
25 entitled to that?

1 **A** In the employment agreement.

2 **Q** Can you refer me to the language that says
3 that?

4 **A** It is on page nine section (i) where it says,
5 If physician continues or commences the active
6 practice of medicine in the field of cardiology
7 within a 20 mile radius of any medical group at
8 which physician routinely provided services during
9 the year prior to the date of expiration or
10 termination of this agreement, then physician shall
11 forfeit any moneys payable to physician pursuant to
12 section 4.5. And part of section 4.5 is this pro
13 rata calculation of accounts receivable that I have
14 calculated.

15 **Q** Okay. 4.5, that calculation is not a
16 calculation of accounts receivable that existed on
17 4/21/2006?

18 **A** No, because that -- the amount exactly on 4/21
19 doesn't exist because the practice didn't run a
20 receivables report, but I looked at 3/31 and 4/30
21 and they were very close to the same.

22 **Q** And are you aware that other physicians were
23 hired after Dr. Baugh and Dr. Feldman left?

24 **A** Yes..

25 **Q** And you don't have knowledge of how the

1 Lexington office was staffed after they left until
2 it was closed, do you?

3 A No, no specific knowledge of who was manning
4 it.

5 Q Let me ask you some questions about your debt
6 section. Now, are you -- when you end up allocating
7 the debt where you -- you've got to the far right of
8 Dr. Baugh and Feldman, are you dividing by 12
9 shareholders is that what you're doing?

10 A Yes.

11 Q And you're not giving Dr. Baugh and Dr. Feldman
12 any credit for the assets of the practice at that
13 time, are you?

14 A No, I'm not. But what I'm dealing with is the
15 fact that the other partners had to start paying
16 that debt that they had intended to be spread among
17 12 but now had to be spread among ten.

18 Q They don't have to pay it on April 21, 2006, do
19 they?

20 A No, but if everybody left at the same time,
21 April 21st, they would all be taking that debt.

22 Q And the debt that you have down here, some of
23 it is -- well, some of it's bank loans, some of it's
24 equipment loans; is that correct?

25 A It's all bank debt, some of it's equipment,

1 some of it's leasehold improvement, some of it's
2 line of credit to finance the true up.

3 Q Do you know whether Dr. Baugh and Dr. Feldman
4 have ever been released from any guarantees on that
5 debt?

6 A No, I don't.

7 Q Why wouldn't you give them, if you're going to
8 say, here's your portion of the debt and that is a,
9 I don't know what you call it, a cost or a damage to
10 Columbia Heart Clinic, why don't you give them
11 credit for, balance that against the assets at that
12 time?

13 A Well, if everybody took their marbles and went
14 home on 4/21, you wouldn't get very much for those
15 assets in the leasehold improvements.

16 Q But you also got accounts receivable, too,
17 correct?

18 A Yes.

19 Q So if everybody left, you would take all of the
20 assets, including A/R, and liquidate that and use it
21 to pay off the debt?

22 A Yes.

23 Q So if everybody left on that date and you
24 liquidated all of the assets, Dr. Baugh and Dr.
25 Feldman wouldn't pony up the numbers you have here,

1 it would be some smaller number which we don't know?

2 A Right.

3 Q All right. Let's look at the lost referral
4 section. And I'm going to show you a portion of the
5 documents that were produced to us and attached to
6 your work sheets, which we're marking as Plaintiff's
7 Exhibit 7.

8 (Plaintiff's Exhibit Number 7, documents,
9 were marked for identification purposes.)

10 Q Let me ask you if these are documents that you
11 reviewed in preparing your work sheets?

12 A Yes, they are.

13 MR. THOMPSON: I would move that what's been
14 marked as Plaintiff's Exhibit 7 be admitted into
15 evidence.

16 MR. BABCOCK: Without objection.

17 THE COURT: Mark that into evidence please,
18 ma'am.

19 (Plaintiff's Exhibit Number 7, documents,
20 admitted into evidence.)

21 BY MR. THOMPSON:

22 Q Now, just for the record, these -- the first
23 bates stamp number is 15044, correct?

24 A Yes.

25 Q And the last one in that group is 15074?

1 A Yes.

2 Q And would it be correct that these are the
3 documents from which you drew the lost referral
4 numbers, the gross numbers?

5 A Yes.

6 Q And, in fact, your figure of 6,742,563, does
7 that total number come from the page stamped 15064?

8 A Yes, it does.

9 Q And then the total, the 2006 number that you
10 used, that number comes off the document stamped
11 15073; is that right?

12 A Yes, it does.

13 Q Okay. Am I correct in understanding that for
14 the time periods you have indicated, 2005 and 2006
15 respectively, these are supposed to be charges
16 generated off of referrals from Lexington County
17 physicians?

18 A Well, they're charges that were captured in the
19 system as being from the Lexington office.

20 Q So were they charges to any patient that was
21 first seen at the Lexington office?

22 A I couldn't tell you where the first encounter
23 was incurred.

24 Q Well, how does the system then know what is a
25 Lexington office patient versus anything else?

1 A I don't know the mechanical aspect of how it's
2 done, but, internally, that's how they were
3 preparing their reports to know where they were
4 getting their charges from per location, for
5 instance, Providence, Richland and Lexington, but I
6 don't know if it's based on the first encounter with
7 that patient or their subsequent encounter with the
8 patient. I don't know the internal allocation.

9 Q Okay. So you don't know then how a patient is
10 designated Lexington versus anything else?

11 A No.

12 Q And you don't know, and this report doesn't
13 represent referrals just to Dr. Baugh or Dr.
14 Feldman, it's to the office?

15 A Yes, all the physicians are a part of this
16 report.

17 Q So this report would refer -- would include
18 referrals to Dr. Jones since he worked over there,
19 wouldn't it?

20 A Yes.

21 Q And if other physicians had rotated over there,
22 do you know -- and had seen a patient, do you know
23 if these reports would include referrals to that
24 physician?

25 A They should.

1 Q Looking at your number 6,742,563, which is in
2 the detail that's on page 15064, obviously, the --
3 well, let me back up. The names above that total
4 number, the names on the left-hand side, who are
5 those the names of?

6 A I believe those are actually the names of the
7 patients.

8 Q Well, a lot of them have M.D. beside them.
9 Would that indicate to you that they're the names of
10 doctors?

11 A On 150...

12 Q 15064?

13 A Yes. I believe those are physicians. Yeah,
14 you're right.

15 Q So you don't know if maybe those are -- you
16 don't think they're patients now, but do you know if
17 those are referring physicians or you just don't
18 know?

19 A My understanding from the requests I've made of
20 the employees is these are the amounts that were
21 determined by the system to be Lexington referrals.

22 Q And that would be referrals by physicians,
23 wherever they are, to the Lexington office?

24 A As I said, I'm not sure exactly how it was
25 determined that they should be assigned to

1 Lexington, whether the encounter was first in
2 Lexington or whether it is a Lexington physician,
3 but it is the report from the system of Columbia
4 Heart as to the Lexington referrals.

5 Q Okay. So --

6 A Which is what I requested from them.

7 Q Okay. So you mentioned request. And you just
8 described what you requested?

9 A Yes.

10 Q And you don't know how they pulled that data
11 out of the database, do you?

12 A No, specifically, I don't know the mechanical
13 aspect of how it's determined in the system to be
14 Lexington.

15 Q Okay. Now, did you add up the numbers to see
16 if they added up to this 6,742,563?

17 A No, I did not.

18 Q And, obviously, looking at that one page,
19 15064, it doesn't add up to that number, does it?

20 A No, it doesn't.

21 Q And if you flip back through all the way to the
22 beginning -- well, let me ask you this way. The
23 pages that precede that, starting at 15044, do you
24 know if they're supposed to add up to that number?

25 A No. These are actually the summary pages of

1 the reports, they are not the entire reports. So I
2 was very specific on what I wanted to get. And I am
3 relying on their in-house CPA to provide me that
4 information and the format that they used at --
5 throughout their practice period.

6 Q So in what I've been provided here, I can't add
7 up these numbers from individual physicians and come
8 up with 6,742,563, can I?

9 A No.

10 Q Let's look at your 2006 total referral number
11 of 1,703,453, which, to refresh your memory, appears
12 on the document bates stamped number 15073. Do you
13 see that total again on page 15073?

14 A Yes.

15 Q All right. In the upper right-hand corner, I
16 see a reference to page and it has the number 37 to
17 the right; do you see that?

18 A Yes.

19 Q Flip back a page to 15072.

20 A (Witness complies.)

21 Q And this appears to be the same formatting and
22 part of the same report, correct?

23 A Yes.

24 Q And it contains, of the right-hand corner, page
25 and then over to the right, number one, correct?

1 A Yes.

2 Q Do you know if there exists pages 2 through 36?

3 A I can't tell you that they exist today. I
4 would assume they existed at the time this report
5 was run, which was March 19th, 2008.

6 Q Okay. Let's look at page 15072. And in the
7 detailed report, physician number one is Dr.
8 Alexander, correct?

9 A Yes.

10 Q He's a member of the Columbia Heart Clinic
11 practice, correct?

12 A Yes.

13 Q And under him is Dr. Baugh, correct?

14 A Yes.

15 Q And under him is Dr. Collins and then Dr.
16 Feldman, Dr. Hendricks, Dr. Humphrey, Dr. Jones, all
17 those names, those are physicians that belong to the
18 Columbia Heart Clinic practice, correct?

19 A I believe so, yes.

20 Q And then we've got some other physicians, a
21 bunch of other physicians in here who are not
22 members of the Columbia Heart Clinic practice,
23 correct?

24 A Yes.

25 Q So this report that we're looking at here that

1 has the total of 1,703,453, that can't be, can it,
2 referrals to the Lexington office, can it, if it's
3 got so-called referral numbers from physicians who
4 work for the practice?

5 A You know, I can't tell you how the system, as
6 they have done throughout this period, assigned it a
7 specific -- whether it started with the encounter or
8 the doctor's name as far as the referring. It's
9 what they have determined along the way to be the
10 Lexington source charges and referrals. But I can't
11 tell you how it originally gets keyed as Lexington,
12 what the source of decision is.

13 Q But looking at the physician names on here,
14 some of them belong to Columbia Heart, some of them
15 don't. Wouldn't that indicate that this report does
16 not show referrals from doctors that don't work for
17 Columbia Heart Clinic? It's got them all mixed in
18 apparently, doesn't it?

19 A It is showing, under whatever the criteria was
20 inside the practice, their internal procedures for
21 Lexington source referrals.

22 Q In light of that, you can't really tell us, can
23 you, that what the numbers you have for lost
24 referrals are referrals that Columbia Heart Clinic
25 lost because Dr. Baugh and Dr. Feldman left?

1 A Not specifically, no.

2 Q I'm going to show you what's been previously
3 marked Plaintiff's Exhibit 5 and 6. They might be
4 there in front of you already.

5 A No, I don't have Exhibit 5 or 6. I have 7, 21,
6 2 and 20.

7 Q Okay. Do you now have Plaintiff's Exhibit 5
8 and 6 in front of you?

9 A Yes.

10 Q And those are the 2005 and 2006 income
11 statements from the Columbia Heart Clinic, correct?

12 A Yes.

13 Q Let me get you to compare, if you would, the
14 total income figure for 2006 to the total income
15 figure of 2005. Those are -- those numbers are both
16 in the 21 million dollar range, correct?

17 A Yes.

18 Q Less than a hundred thousand dollars apart?

19 A Yes.

20 Q So the income generated within Columbia Heart
21 Clinic between '05 and '06 was pretty close to the
22 same, within a hundred thousand?

23 A Yes.

24 Q Now, go down, if you would, and look at the
25 rent expense numbers still on that first page. And

1 the number in '05 is 881,555, correct?

2 A Yes.

3 Q And the number on Plaintiff's Exhibit 5 for
4 December, year ending December 2006, is \$1,794,140,
5 correct?

6 A That's correct.

7 Q And do you know if that increase is largely
8 attributable to the new building coming on line and
9 the related rent payments, or do you know?

10 A I believe in part it is. I actually have other
11 clients who are surgeons at the heart center and
12 they had similar increases by moving into that same
13 building, too.

14 Q And how about let's look up here at the
15 depreciation expense number for '05, that's 534,415;
16 is that correct?

17 A Yes, it is.

18 Q And the number for December, year ending
19 December 2006, is 985,646?

20 A That's correct.

21 Q And do you know if that increase in
22 depreciation expense would be due to the new
23 building, or do you know?

24 A It would be attributable to a combination of
25 the leasehold improvements and the additional

1 furniture fixtures and equipment that would be
2 involved in there.

3 MR. THOMPSON: No other questions, Your Honor.

4 THE COURT: Redirect?

5 MR. BABCOCK: May it please the Court.

6 THE COURT: Yes, sir.

7 REDIRECT EXAMINATION

8 BY MR. BABCOCK:

9 Q Mr. Ouzts, counsel was directing your attention
10 to Plaintiff's Exhibits 5 and 6. And let's take a
11 look at Plaintiff's Exhibit 6 for a minute, which is
12 the income statement for December 2005; is that
13 right?

14 A Yes.

15 Q What is shown for the total expenses for 2005?

16 A Total expenses for 2005, you would actually
17 have to -- it doesn't give you the grand total, you
18 actually have to total several categories.

19 Q I'm just looking at the column that says total
20 expense. Do you see that on page two?

21 A I see -- yes; and that's total expenses of --
22 but then there are other expenses down below that
23 too, but, yes, I see 10,000,798 for that expense.

24 Q And how -- just from a comparison standpoint
25 for that same group of expenses as shown on the

1 December 2006, what's the comparable whole expense
2 number there?

3 A For that category, it's 12,000,767.

4 Q And, of course, that's the category that
5 includes rent and other things like that?

6 A Yes.

7 Q And that would be an increase in approximately
8 two million dollars for those -- just those
9 categories in expenses?

10 A Yes.

11 Q And as to the questions that you were asked
12 concerning the Lexington office referrals in regard
13 to whatever the numbers in the reports are, you used
14 the same conceptual reports for 2005 and 2006?

15 A Yes.

16 Q So however those numbers went in, it's the same
17 process?

18 A That's right.

19 MR. BABCOCK: Thank you, sir.

20 THE COURT: Recross?

21 MR. THOMPSON: Nothing further.

22 THE COURT: Thank you, sir, you may step down.

23 All right. Where are we now?

24 MR. BABCOCK: Your Honor, just to clarify one
25 point, I'd ask permission with the Court to briefly

1 recall Dr. Ben Jones.

2 **THE COURT:** All right. You're still under
3 oath, Doctor.

4 BENJAMIN R. JONES,
5 having been previously duly sworn, resumed the
6 witness stand and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. BABCOCK:

9 **Q** Doctor, let me hand you what was marked as
10 Plaintiff's Exhibit 7, which Mr. Ouzts was just
11 asked some questions concerning. I'd ask you to go
12 over to page 15072.

13 **A** Yes, sir.

14 **Q** And Mr. Ouzts was just asked some questions
15 about why there were some names of the Columbia
16 Heart physicians. Can you explain to us why
17 Columbia Heart physicians are shown on this report?

18 **A** Yes. My understanding of the way this sort of
19 report is prepared is that if a cardiologist from
20 the group serves as his own referring physician.
21 For example, if I have a patient that asked to see
22 me without the benefit of going through their
23 primary care physician, then I am listed as that
24 patient's referring physician. So if my neighbor or
25 somebody in my church or what have you calls me and

1 I take care of them, they never came through another
2 doctor, there still has to be listed a name as a
3 referring physician, that would be me in that case.

4 Q So somebody always gets listed as a referring
5 physician?

6 A In a report like this, yes, sir.

7 MR. BABCOCK: Thank you, sir.

8 THE COURT: Cross-examination?

9 CROSS-EXAMINATION

10 BY MR. THOMPSON:

11 Q So looking at page 15072.

12 A Uh-huh.

13 Q Just so I understand, and let's look at your
14 line on there, line 11. Well, let me back up. Do
15 you know who prepared this report from within the
16 practice?

17 A I don't know for sure, no, sir.

18 Q And do you know how they did it?

19 A Well, this would have come off of our charge
20 system. We have a computerized system that tracks
21 charges and receipts and so forth.

22 Q And I assume this is sort of a custom report
23 where somebody went in and checked queries and
24 limbed the data to whatever they wanted?

25 A I would assume that's the case, yes, sir.

1 Q Okay. But you don't know how that works?

2 A I don't. I'm not really involved in this
3 aspect of the practice.

4 Q So this particular report, you don't know the
5 criteria that were input to develop these numbers?

6 A I'm not certain of that, no, sir. I've seen
7 reports of this type before listing referring
8 doctors, but I don't know specifically for this
9 report.

10 Q So on this particular page, you think, correct,
11 that the number to the right of your name would be
12 patients that did not come from another doctor; is
13 that what you're saying?

14 A Yes. These doctors' names, this column of
15 doctors' names, would have been the doctor
16 attributed to originating that patient for the
17 practice. And so you even see doctors' names, other
18 cardiologists that are not even part of the group
19 anymore because at the time that patient came into
20 the group, that doctor's name was stuck on that
21 patient as their referring doctor.

22 Q So this report would not show a number -- we
23 couldn't derive from this report a number that would
24 represent referrals of Lexington area physicians to
25 Dr. Baugh and Dr. Feldman, could we?

1 **A** Well, you could segregate this out by
2 location --

3 **Q** I'm talking about what we have here today.

4 **A** Well, there's a mixture of different doctors'
5 names on this report, from different areas, I mean.

6 **Q** And included in there are self-referrals, if
7 you will, like we already discussed, correct?

8 **A** Yes, all kinds of referrals.

9 **MR. THOMPSON:** No other questions.

10 **THE COURT:** Anything further of the witness?

11 **MR. BABCOCK:** Nothing further, Your Honor.

12 **THE COURT:** Let me make sure I understand this.

13 I apologize to y'all. Is there a term known as
14 undesignated procedures, like with radiology where
15 somebody shows up at a hospital, they don't pick a
16 particular doctor, but they need care?

17 **THE WITNESS:** Yes, sir. We would call that an
18 unassigned patient. If they arrive in the emergency
19 room and they're having a heart attack and they
20 don't have a doctor, there's a roster that we just
21 rotate through and if it's my turn, I get that
22 patient.

23 **THE COURT:** Could you get on that list, on that
24 exhibit, that way? It's not a neighbor, a friend,
25 somebody that goes to church with you, but somebody

1 who just showed up at the hospital and you happen to
2 be the one that was the first. --

3 **THE WITNESS:** That's quite possible, yes, sir.

4 **THE COURT:** All right. Do y'all have any
5 questions of the witness in light of the Court's
6 questions?

7 **MR. THOMPSON:** No, Your Honor.

8 **MR. BABCOCK:** Not for the defendant, Your
9 Honor.

10 **THE COURT:** Thank you, Doctor. You may step
11 down.

12 All right. Where are we?

13 **MR. BABCOCK:** That's the final witness for the
14 defendant, Your Honor.

15 **THE COURT:** So the defense rests.

16 And how many more witnesses do you anticipate,
17 Mr. Thompson?

18 **MR. THOMPSON:** We have Donny Burkett who's
19 going to address some points in rebuttal.

20 **THE COURT:** Any rough idea about the length of
21 that?

22 **MR. THOMPSON:** I would take no more than 30
23 minutes.

24 **THE COURT:** Let's take a few minutes and then
25 I'll hear from him. I am supposed to call another

1 judge at one o'clock. I had e-mailed him and asked
2 him to give me a time and a place to call him. So
3 I'll need to stop at 1:00 so I can make sure I get a
4 hold of him. And then I have -- I'm not sure if
5 I've got a status conference at 2:00 or not. Let's
6 just take a few minutes and then I'll hear from
7 Mr. Burkett.

8 (Brief Recess.)

9 **THE COURT:** Mr. Burkett, you're still under
10 oath I believe.

11 DONALD H. BURKETT,
12 having been previously duly sworn, resumed the
13 witness stand and testified as follows:

14 DIRECT EXAMINATION

15 BY MR. THOMPSON:

16 **Q** Mr. Burkett, could you refer to -- or find
17 Defendant's 21?

18 **A** Yes, sir.

19 **Q** You were in the courtroom hearing Mr. Ouzts'
20 testimony about Defendant's 21?

21 **A** Yes, sir.

22 **Q** Let me get you to take a look at the first
23 section, total cost of closing Lexington office. Do
24 you see that number?

25 **A** Yes, sir.

1 Q 186,886?

2 A Yes, sir.

3 Q Have you had a chance to look at this work
4 sheet before today?

5 A Yes, sir, I did.

6 MR. BABCOCK: May it please the Court. I've
7 got to object. This witness by the questions that
8 are being posed to him is going to be, apparently,
9 simply pitted against Mr. Ouzts.

10 This witness was identified in answers to
11 interrogatories as someone who was expected to
12 testify as to the value of Kevin Baugh's share in
13 Columbia Heart Clinic, as to the value of Columbia
14 Heart Clinic's account receivables on April 21,
15 2006, and concerning Columbia Heart's calculations
16 of Doctors Baugh and Feldman's true up and alleged
17 amounts owed to Columbia Heart Clinic.

18 Now, this witness had a deposition taken. We
19 deposed him on those subjects. And if all he's
20 going to do is come in here and critique Mr. Ouzts,
21 he was not identified as somebody who was going to
22 provide similar analysis by himself, and if he
23 hasn't performed a similar analysis, if he's just
24 going to critique, that's pitting. He needs to come
25 in here and offer his own opinion and we could have

1 cross-examined him on his own opinion. Otherwise,
2 he's just nitpicking Mr. Ouzts and that's pitting.

3 **MR. THOMPSON:** Your Honor, I disagree. I think
4 Mr. Ouzts has offered some testimony on this. And
5 Mr. Burkett was identified as someone who would
6 testify as to the alleged amounts owed, that they
7 allege Baugh and Feldman owed Columbia Heart Clinic.
8 And this is purported to be some sort of estimate of
9 damages and I think he should be allowed to speak to
10 as whether or not this is acceptable in that
11 methodology.

12 **MR. BABCOCK:** Not at all, Your Honor. If we
13 were in court seeking these as damages, that would
14 be one thing. We're not. The only thing we can get
15 is liquidated damages in another proceeding. We
16 can't get these as damages. This documentation is
17 not presented to be damages that the defendant could
18 receive by way of a counterclaim. This is just the
19 financial affect, if you will, as Mr. Ouzts analyzed
20 them.

21 Now, Mr. Burkett would have been able, if he
22 wanted, to do an analysis of his own showing what he
23 thought the financial impact, if any, was. He
24 hasn't done that.

25 We're not seeking these as damages. I wish we

1 could get them, but we can't because the whole
2 problem, the reason you have liquidated damages
3 clause is because it's so difficult to be able to
4 come up with a methodology.

5 **MR. THOMPSON:** May I?

6 **THE COURT:** If you wish to be heard, yes, sir,
7 I'll hear you.

8 **MR. THOMPSON:** Necessarily, Your Honor, at
9 least in our view of the law, they must show, to
10 have any hope of imposing the 590,000 dollar
11 penalty, that it bore some reasonable relationship
12 to damages. I took this report -- I mean, clearly,
13 he was trying to testify that Columbia Heart Clinic
14 was harmed to the tune of these numbers.
15 Mr. Burkett was identified as somebody who would
16 speak to the amounts that were owed back to Columbia
17 Heart Clinic as they allege and that's what he's
18 addressing.

19 **MR. BABCOCK:** That's owed back to Columbia
20 Heart Clinic are on the true up figures. The
21 liquidated damage figure, and this is real
22 important, Your Honor, for the covenant, the
23 assessment of reasonableness of that figure is going
24 in. Was it a reasonable figure going in in terms of
25 how it gets created?

1 The testimony by Mr. Ouzts is relevant just to
2 show what happened after the fact, but what happened
3 after the fact isn't how you evaluate the covenant,
4 it's what's reasonable going into it because the
5 parties, by definition and as stated in the
6 contract, don't know. That's why you do liquidated
7 damage provision.

8 So I think the critical date is when they
9 signed the contract and the analysis that was done
10 at that point in time. This information is just
11 provided so that there is a schematic to show what
12 we say happened. And Mr. Burkett could have done
13 that kind of analysis, but he didn't do it.

14 **THE COURT:** All right. The objection's
15 overruled. First of all, it's reply testimony.
16 Secondly, as far as pitting, it's a different
17 situation with experts. And, thirdly, if there's
18 been testimony related to these figures, in my view
19 the plaintiffs can come back and offer an expert to
20 testify about the opinions of the expert that was
21 presented on behalf of the defense. Like I said, I
22 think experts are different in a pitting context.

23 Go ahead.

24 BY MR. THOMPSON:

25 Q So I believe my question was, Mr. Burkett,

1 something -- something like is, just looking at the
2 total cost of closing the Lexington office, is this
3 a proper calculation of damages in your opinion?

4 A No, sir.

5 Q What would be?

6 A Well, that is simply a list of expenses that
7 Mr. Ouzts said was incurred after the date that the
8 physicians left. It's just a list of expenses,
9 rent, telephone and property taxes, that were
10 incurred after they left. The practice continued.
11 It's not a calculation of damages at all, it's just
12 a list of expenses and a leasehold improvements that
13 was abandoned, that's the original cost of those
14 leasehold improvements, that has no bearing on the
15 value of those leasehold improvements. And they
16 were not abandoned at April 21, 2006.

17 Q If you were going to do -- assuming that they
18 were entitled to damages, if you're going to try to
19 calculate the harm caused by Dr. Baugh and Dr.
20 Feldman leaving the practice, how would you
21 calculate it?

22 A It would be calculated on the net revenue lost
23 -- net income lost, I'm sorry, the net income lost
24 to the practice.

25 Q All right. Let's talk about the next section,

1 which is debts. In your opinion, is this a proper
2 way to calculate some harmful impact of the
3 departure of Dr. Baugh and Dr. Feldman on Columbia
4 Heart Clinic?

5 **A** No, sir. Again, it's just, simply, the first
6 part is just a simple computation of the pro rata of
7 the debt as of April the 21st, '06 divided by the
8 physicians. It may show one side of the equation a
9 debt that was there, but it doesn't show any assets
10 or the fact that there was assets containing -- the
11 assets that were left contained the earn money. And
12 I, also, am not -- what was not clear, whether or
13 not Dr. Baugh and Dr. Feldman left their guarantee,
14 the guarantee was still enforced. That's just
15 simply not a computation of damages, that's just a
16 simple computation of the amount of debt that was on
17 hand as of that day.

18 **Q** What would be the fact of -- on this
19 calculation or of the, you know, the burden per
20 shareholder if the practice added more shareholders
21 after Kevin Baugh and Barry Feldman left?

22 **A** It would be reduced by shareholders. If you
23 added one shareholder, you'd add one more divided by
24 that.

25 **Q** So if the practice added a sufficient number of

1 shareholders after they left, would you reach a
2 point, if you added enough, that the per shareholder
3 debt, if you will, would be no different or even
4 less?

5 MR. BABCOCK: Your Honor, counsel's leading.

6 THE COURT: Rephrase your question.

7 BY MR. THOMPSON:

8 Q Mr. Burkett, what happens to the per
9 shareholder debt load if you add more shareholders?

10 A It reduces a per shareholder debt load.

11 MR. THOMPSON: No other questions, Your Honor.

12 THE COURT: Questions of the witness?

13 MR. BABCOCK: Yes, sir.

14 CROSS-EXAMINATION

15 BY MR. BABCOCK:

16 Q Mr. Burkett, you testify in court with some
17 regularity, right?

18 A Yes, sir.

19 Q All right. And you testify for plaintiffs and
20 defendants?

21 A Yes, sir.

22 Q Now, if you had been asked to perform an
23 analysis of the damages suffered by Columbia Heart
24 Clinic following the departure of Doctors Baugh and
25 Feldman on April 21, 2006, could you have done it?

1 **A** Possibly with the correct data.

2 **Q** All right. What would you have done?

3 **A** I would have done a detailed analysis of the
4 net income lost to the practice.

5 **Q** And you've done that sort of thing before?

6 **A** Yes.

7 **Q** Did you do it in this case?

8 **A** No, sir.

9 **MR. BABCOCK:** No further questions.

10 **THE COURT:** Anything further of the witness?

11 **MR. THOMPSON:** Nothing for this witness, Your
12 Honor.

13 **THE COURT:** Thank you, Mr. Burkett. You may
14 step down.

15 Any other witnesses in reply?

16 **MR. THOMPSON:** We're going to call -- I'm not
17 sure where we are, Your Honor, if it's our rebuttal
18 next or theirs.

19 **THE COURT:** You're in reply, so you can call
20 whomever you wish in reply to the defense. If
21 you've got something else you want to raise, I'll be
22 happy to hear it.

23 **MR. THOMPSON:** We do have rebuttal witnesses,
24 Dr. Baugh and Dr. Feldman, either one or both of
25 them have some rebuttal testimony.

1 **THE COURT:** Do you have an anticipated length
2 of time on that? I'm not going to hold you to it.
3 I'm here the rest of the day. It doesn't matter to
4 me.

5 **MR. THOMPSON:** I think that my examination of
6 them would take no longer than about 30 to 45
7 minutes.

8 **THE COURT:** All right. Well, let's go ahead
9 and get started -- I'll leave it up to you. Would
10 you rather stop in the middle of it or stop now and
11 start back?

12 **MR. THOMPSON:** I'd kind of like to break now.

13 **THE COURT:** Okay. All right. I need y'all
14 back here at 2:15. Thank you.

15 (Whereupon, there was a luncheon recess.)

16 **THE COURT:** Call your witness.

17 **MR. THOMPSON:** Doctor Kevin Baugh.

18 **THE COURT:** You're still under oath, Dr. Baugh.
19 Just have a seat up here, please.

20 **THE WITNESS:** Yes, sir.

21 JOHN KEVIN BAUGH,
22 -having been previously duly sworn, resumed the
23 witness stand and testified as follows:

24 ****

25 ****

1 DIRECT EXAMINATION

2 BY MR. THOMPSON:

3 Q Dr. Baugh, just a few questions. Other than
4 the so-called consideration of \$60,000 that's stated
5 in the agreement, are you aware of anything else
6 that Columbia Heart Clinic or the physicians, the
7 shareholders thereof, intended to be consideration
8 for signing the 2004 agreement?

9 A To my recollection when we had the meeting with
10 David Summer is -- the only consideration discussed
11 was the 60,000 paid out over a year. Looking at the
12 time line, while we signed the noncompete in the
13 middle of 2004 and the construction start of the
14 building was in 2005, we had been discussing
15 building a building and made plans to build a
16 building on the Richland campus at least a year, if
17 not more, before the idea of a noncompete clause
18 ever came to attention. So the idea that potential
19 ownership of the building counted as consideration
20 is absurd, I mean, because we had planned the
21 building long before the idea of a noncompete clause
22 ever came to anybody's attention.

23 Q And does Lexington Heart Clinic use noncompetes
24 with their employees?

25 A We do not not for our shareholders, not for our

1 employed physicians or any of our other staff.

2 Frankly, I personally feel, as a matter of public
3 policy --

4 **MR. BABCOCK:** Your Honor, I object to him
5 testifying as to public policy. He can talk about
6 what they do or don't use, but not public policy.

7 **THE COURT:** I think that's a decision I have to
8 make. Sustain.

9 BY MR. THOMPSON:

10 **Q** So without using the words public policy, go
11 ahead with your answer.

12 **A** I feel that it's not good for, I'm trying to
13 think of another word, certainly not for our
14 patients to be deprived of the right to choose their
15 physician based on business agreements between
16 doctors and medical groups, but certainly we've
17 decided as a policy in our practice and based on
18 ethical grounds, we do not use noncompete clauses of
19 any form.

20 We have specific language in our agreements
21 that if a physician leaves our practice for whatever
22 reason, he is entitled to medical records,
23 information -- demographic information about his
24 patients, et cetera, so that his patients can choose
25 to follow him if they'd like.

1 Q Between the time that you submitted your
2 resignation letter and April 21, 2006, when you
3 left, did you have any closed door meetings with
4 employees?

5 A I did. I had a number of them. And I can
6 certainly see how there'd be some suspicion or
7 concern, but I will tell you in every case, the
8 employees came to me asking to meet with me. I did
9 not solicit any discussion with an employee. And by
10 the time those meetings occurred that Dr. Jones
11 referenced in his testimony, we had received legal
12 counsel and had been advised what the rules were.
13 And basically what I told every single employee is
14 that we can't discuss this. We're, you know, it had
15 been announced we were leaving. We were staying in
16 the area, that was public information for lack of a
17 better term. But I said we cannot discuss any
18 potential employment. And I just -- I told each of
19 them that.

20 In most cases, I'll tell you my nurse
21 practitioner was in the room because we shared an
22 office, so it was not just me and, you know, a given
23 employee.

24 Q And did you visit any physicians to tell them
25 of your upcoming departure after you resigned but

1 before you left?

2 A I did. And I did indeed take the last two --

3 MR. BABCOCK: If Your Honor please, this was
4 the subject of examination during his
5 cross-examination and had the opportunity for
6 redirect. This is not something that was new that
7 was offered during our case. We examined Dr. Baugh
8 on that very issue.

9 THE COURT: It's overruled. Go ahead.

10 THE WITNESS: I did indeed take the last two
11 weeks off because I had, frankly, a fair amount of
12 accumulated leave time. And during that time, I did
13 go and talk to some physicians.

14 And, again, we'd received legal advice at that
15 point on what is permissible, what is not
16 permissible and I tried to scrupulously follow those
17 rules as I understood them. I solicited no
18 patients, no referrals, just letting people know
19 that we were leaving. And I don't believe I even
20 told anybody where we were going specifically, just
21 that we were going to be in the Lexington area. I
22 didn't give business cards out or anything along
23 those lines.

24 MR. THOMPSON: That's all the questions, Your
25 Honor.

1 **THE COURT:** Cross?

2 **MR. BABCOCK:** Very briefly.

3 CROSS-EXAMINATION

4 **BY MR. BABCOCK:**

5 **Q** But when you met with these folks, you told
6 them you were leaving Columbia Heart?

7 **A** Correct.

8 **Q** And you told them you were going to be staying
9 in the Lexington area?

10 **A** Yes.

11 **Q** So you would obviously be available for
12 referrals at that point in time, correct?

13 **A** I think that would be a reasonable assumption,
14 but I did not mention referrals, patients or
15 anything along those lines.

16 **Q** I understand. Now, as to the -- your feelings
17 about covenants not to compete, you knew Plaintiff's
18 Exhibit 2 had a covenant not to compete in it,
19 correct?

20 **A** I did.

21 **Q** You've had the discussions, you knew it was in
22 it, so when you entered into that agreement, when
23 you signed that, you didn't have the same feelings
24 that you've got today, did you?

25 **A** No, actually, I did have an objection to the

1 idea of noncompete clauses at the time. It'd
2 certainly been more refined as a result of this
3 litigation, but I did oppose the concept. I feel
4 like a group should create a practice environment
5 where people don't want to leave if you want to keep
6 physicians.

7 Q You were not so opposed to it that you refused
8 to sign it, were you?

9 A No, I was not.

10 Q You were not so opposed to it that you departed
11 at that point in time, did you?

12 A I did not.

13 Q And as I understand your testimony, there were
14 closed door meetings between you and various
15 employees of Columbia Heart while you were still
16 employed at Columbia Heart, correct?

17 A Correct, as I described earlier.

18 Q And with a number of those people that met
19 behind you -- met with you behind closed doors, they
20 ultimately became staff members of yours at
21 Lexington heart, correct?

22 A A number did, yes, not all of them, but a
23 number of them did.

24 MR. BABCOCK: Thank you, Doctor.

25 THE COURT: Redirect?

1 **MR. THOMPSON:** Nothing further.

2 **THE COURT:** Thank you, sir. You may step down.
3 Call your next witness.

4 **MR. THOMPSON:** There's no other witnesses for
5 the plaintiff, Your Honor.

6 **THE COURT:** Do you wish to make argument or
7 not?

8 **MR. THOMPSON:** Your Honor, what's going to be
9 your preference on post-trial briefs, proposed
10 orders, that kind -- or have you drawn any
11 conclusions?

12 **THE COURT:** I want both sides to submit
13 proposed orders assuming that I'm ruling in your
14 favor on every issue.

15 **MR. THOMPSON:** But no post-trial brief based on
16 the transcripts?

17 **THE COURT:** Well, let me tell you what I may
18 need some help from the two of you on, or the group
19 of you on. You know, I've got to decide this case
20 based on what the law requires me to decide and it's
21 a matter of interpretation. You've got some issues
22 here that concern me and some that I've pretty well
23 made up my mind about. One of the sticking points
24 that I have in my thought process is, and I
25 certainly haven't made up my mind, but one of the

1 sticking points I have in my thought process is the
2 consideration.

3 I don't profess to be an expert on any of this
4 and I want to commend all of you for your hard work.
5 I'm not just saying that to be kind. It's obviously
6 the situation that everybody's worked very hard on
7 this.

8 We do have covenants not to compete. We do
9 allow them. They are construed, as all of you know
10 now, very strongly in favor of allowing people to
11 engage in their occupations that they're trained to
12 perform.

13 The concept of the covenants not to compete,
14 however, it has to recognize the fact that they do
15 allow them. And the fact that they haven't just
16 said, we don't have those in South Carolina, means
17 that you can have one that's binding. And if a
18 covenant is binding, then my job is not to remake
19 the agreement of the parties, my job is to enforce
20 the agreement the parties entered into, whether I
21 would have done it or not is irrelevant. It doesn't
22 have anything to do with personalities or ability or
23 how I might personally think about one issue versus
24 another.

25 Now, let me get back to the more precise issues

1 I need some help on. I'm troubled about this
2 \$60,000. My recollection of contract law is that
3 you can have consideration that is in the form of a
4 promise, promise to do something or to refrain from
5 doing something. What I'm a little troubled by and
6 I have to try to think my way through and would
7 welcome any assistance in this regard that you
8 haven't already provided to me is how you can set up
9 an agreement where the law says you have to have
10 independent consideration, build the consideration
11 in on a promise that if the person leaves, they lose
12 the consideration or they lose the money. That's
13 troubling to me.

14 Now, Mr. Summer did an excellent job of
15 explaining his thought process and he's looked into
16 this a whole lot more than I've ever even given
17 thought to it, but that's troubling to me.

18 The blue pencil provisions, that is a
19 completely unique concept to me. I haven't run
20 across it in the 30 years I've been out of law
21 school or the 18 years I've been on the bench. But
22 if the contract fails for lack of consideration,
23 there isn't any blue pencilling that I could see
24 that would apply because the contract would be void,
25 which may have consequences on both sides. So I

1 think the first hurdle that I've got to get past is
2 this concept of whether this agreement is supported
3 by consideration.

4 Now, I will tell you that I think it's almost
5 impossible for you to convince me at this point that
6 Dr. Baugh or Dr. Feldman were in any way coerced in
7 entering this agreement. They're very intelligent
8 men and they knew what they were doing.

9 Also, I think it's going to be very difficult
10 to convince me, though I'll welcome any arguments or
11 briefs on it, that the building formed part of the
12 consideration for the deal. You had a separate
13 agreement there, you had a separate entity formed
14 and it's not recited in the consideration in this
15 agreement that contains the covenant.

16 I haven't decided yet about the construction
17 that I would put on the 20 mile radius as to where
18 it stems from. If you all want to wade into that,
19 you may. My inclination is that it would -- if I'm
20 allowed to construe it, that I will construe it as
21 20 miles from an office not a clinic in Fairfield or
22 Clinton or somewhere like that. You're talking
23 about Columbia and Lexington or, more precisely,
24 West Columbia.

25 One of the things that may affect how I

1 evaluate that territory issue is that I've seen,, and
2 again I'd have to sit down quietly when nobody's
3 around and I'm not trying to listen and read at the
4 same time, but there seemed to be some difference in
5 that contract between the definition related to
6 territory and routinely that was in 4.5 subparagraph
7 little I, or one, and in 5.2 subparagraph three,
8 three little I's. But, again, I was trying to read
9 contract language and also pay attention to
10 testimony. I wanted to make sure I heard the
11 testimony.

12 Now, with regard to the waiver, that goes into
13 consideration -- I'm jumping around a little bit
14 because I did make some notes in the margin about
15 questions I might have. Part of what Mr. Summer was
16 basing his evaluation of the enforceability of the
17 agreement upon was the concept of waiver and I will
18 tell you that I can't disagree with some of his
19 thought process. I can't say that I've exactly
20 adopted it by any stretch of the imagination.

21 I know that people can -- I had a case one
22 time, a death penalty case, which is obviously a
23 completely different context, where I was assigned
24 by the Supreme Court to decide whether somebody
25 could waive his rights to appeal and be put to

1 death. And the situation was that everybody agreed,
2 including the Attorney General, that if this man
3 pursued an appeal, and it was an automatic appeal,
4 he didn't have to do anything except abandon it, if
5 he pursued -- if the appeal went forward, he would
6 win, everybody agreed.

7 He would get a new trial. He might get the
8 death sentence again, but everybody was in agreement
9 that there was a change in the law that the courts
10 had made retroactive so that the judge didn't mess
11 up, the lawyers didn't really mess up, but they had
12 changed the law and made it retroactive to apply to
13 his situation and all he had to do was proceed and
14 he would get a new trial and his death sentence
15 would be vacated until it might be reinstated. His
16 brother did the same thing and wound up with a life
17 sentence. I'm still dealing with him.

18 But anyway, I really -- I found that he was
19 competent. I found that he could waive his right to
20 appeal, but I had real serious issues to whether you
21 could waive an automatic appeal when the validity of
22 the death penalty had been upheld on constitutional
23 grounds based at least in part on the fact that
24 there was an automatic review. But there are five
25 justices on the Supreme Court and they didn't see a

1 problem with letting him waive it. So he's dead
2 now. Because he didn't want to go through another
3 trial, he admitted he had killed this man. He said,
4 if you're going to have that penalty, then you've
5 got to have the guts to enforce it.

6 So the argument that somebody can waive most
7 anything is a pretty strong argument, but I really
8 don't know on this consideration issue if that is
9 good enough. But I do want to make sure I don't
10 mislead you all, I believe that a promise can
11 support an agreement and be the consideration, it
12 doesn't have to be money. The difficulty in this
13 context is my recollection that the law requires
14 that there be some additional independent
15 consideration.

16 Now, I also tell you, though you can argue it
17 to me if you want to do the brief, that I'm going to
18 have a real hard time accepting Mr. Summer's
19 position that there was no additional consideration
20 required. They adopted a new agreement. It's got a
21 clause in there that says any prior agreements are
22 gone. And I've got a real hard time accepting the
23 fact that you could use the fact they had a
24 preexisting covenant not to compete, which was
25 different, as being consideration for supporting the

1 enforceability of this new agreement. I don't think
2 you're going to convince me of that.

3 Having said all of that, once again, I'm going
4 to be quiet in just a second, having said all of
5 those things, I want you to understand something. I
6 learned a long time ago that sometimes I have a
7 different impression after I get alone by myself and
8 start reading through things than I had when I was
9 sitting on the bench. So you can't take it that
10 I've made a decision one way or the other. Those
11 are the way I'm leaning. Those are the things that
12 rather than just have you take shots in the dark,
13 those are a few of the major issues that are
14 troubling to me.

15 And draw your orders as though I'm ruling every
16 way with you, send them to me in electronic format,
17 e-mail them to me. If you do them as an attachment,
18 please do the attachment in a form that is Microsoft
19 Word because if you send it Word Perfect, I can't
20 open it. If you send it in an Adobe format, I can't
21 change it. And if you want to do briefs, and I
22 assume after I've made that little recitation, you
23 probably do, you just tell me how much time you need
24 for both.

25 **MR. THOMPSON:** I almost think, Your Honor, if

1 we're going to do a proposed order on all of the
2 points and let you parse through what you want and
3 don't want, to me that serves the same purpose as a
4 post-trial brief. If we're going to do that and
5 that's going to be what you're going to use to
6 consider to make a decision, that's okay with me. I
7 don't know how Mr. Babcock feels.

8 **MR. BABCOCK:** I feel a little differently. It
9 seems to me that you've set forth some issues that
10 you would like our input on, so if we could brief
11 those issues and then also send in a proposed order,
12 that would be my preference.

13 **THE COURT:** Well, you know, I've seen a lot of
14 lawyers that just basically take their brief and
15 convert it into an order.

16 Here's one thing, though, if you send me a 30
17 page order -- if I get a 30 page brief, that's okay.
18 If I get a 30 page order, that means I've got to
19 spend hour after hour after hour cutting 15 pages
20 out of it because I don't want to issue a 30 page
21 order unless I have to. So I'll leave it up to the
22 two of you. You have permission to send briefs.

23 If you need additional time, if you need to do
24 a reply brief, you let me know, I'll be
25 accommodating to you. This is way too important an

1 issue, it's way too much money, it's way too many
2 principals for me to short change you on time. So
3 whatever it is you need, you tell me and I'll be
4 happy to try to accommodate you.

5 The only problem is you know what we do. I
6 mean we do about 4500 cases a year, so if you're
7 talking about six months from now --

8 **MR. THOMPSON:** No.

9 **THE COURT:** -- I might not remember it like I
10 do today.

11 **MR. THOMPSON:** We can generate something fairly
12 quickly. I don't know if we need -- I guess we
13 would need the transcript, though. I don't know
14 what's the turnaround on that.

15 **THE COURT:** I'm going to vacate the bench and
16 let y'all talk to the court reporter and then I'll
17 come back out and y'all tell me how much time you
18 need.

19 **MR. THOMPSON:** We'll figure it out. Thank you,
20 Your Honor.

21 **THE COURT:** All right. Folks, like I said, to
22 the litigants, nothing I ruled on is going to be a
23 personal issue. I'm impressed with everybody, very
24 impressed with all of you. I've got to follow the
25 law and that's what I'm going to do my best to do.

1 And I make mistakes. So, hopefully, I won't make
2 any major ones. And, hopefully, I can get you a
3 decision fairly promptly. Thank you.

4 **MR. BABCOCK:** Thank you, Your Honor.

5 (Brief recess.)

6 **MR. BABCOCK:** Your Honor, we've talked about
7 this and if this would work for the Court, if we
8 could have two weeks for the brief on the issues
9 Your Honor discussed with us and then if there's any
10 reply, reply within five days. We'll each submit
11 simultaneously a reply within five days of that, and
12 our proposed orders, within a month, again,
13 submitting simultaneously.

14 **THE COURT:** A month from the end of the five
15 days of --

16 **MR. BABCOCK:** No, a month from now.

17 **MR. THOMPSON:** And we're not going to wait on
18 the transcript.

19 **THE COURT:** That's more than reasonable to me.
20 If you run into a time problem, let me know. Thank
21 you.

22 **MR. THOMPSON:** Thank you.

23 **MR. BABCOCK:** Thank you, Your Honor.

24

25

END OF PROCEEDINGS

C E R T I F I C A T E

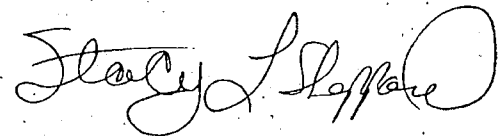
STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

I, the undersigned, Stacy L. Sheppard, Circuit Court Reporter for the Eleventh Judicial Circuit of the State of South Carolina, do hereby certify that the foregoing is a true, accurate and complete transcript of record of all the proceedings had and the evidence introduced in the trial of the captioned cause, relative to appeal in the Civil Court for Lexington County, South Carolina, on the 12th of May, 2009.

I do further certify that I am neither of kin, counsel, nor interest to any party hereto.

July 18, 2009



Stacy L. Sheppard, RPR
Circuit Court Reporter

SHAREHOLDER PHYSICIAN EMPLOYMENT AGREEMENT

THIS SHAREHOLDER PHYSICIAN EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of this 15 day of July, 2004, between COLUMBIA HEART CLINIC, P.A., a South Carolina professional corporation ("Medical Group"), and BARRY J. FELDMAN, M.D. ("Physician").

PREMISES:

A. Medical Group is a group medical practice providing medical and other health care services to its patients in the State of South Carolina.

B. Physician and Medical Group wish to enter into this Employment Agreement on the terms set forth herein.

NOW, THEREFORE, in consideration of the promises herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

COMPENSATION AND BENEFITS

1.1. Compensation. Throughout the term of this Agreement, Medical Group shall pay to Physician basic compensation and incentive compensation in accordance with the policies regarding physician compensation adopted by the Board of Directors of Medical Group from time to time. The policies for physician compensation in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit A attached hereto and incorporated by reference herein.

1.2. Employee Benefits. Physician shall participate in all employee benefits that are provided by Medical Group and as established and modified from time to time by the Board of Directors of Medical Group as long as Physician is otherwise eligible to participate and desires to be covered and so participate. Nothing contained in this Section shall be construed to obligate Medical Group in any manner to provide special benefits to Physician. Benefit plans in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit B attached hereto and incorporated by reference herein.

1.3. Vacations and Professional Meetings. Physician shall be entitled each year to such time out of the office and away from Physician's professional duties for vacation and attendance at professional meetings as shall be consistent with policies established and modified from time to time by the Board of Directors of Medical Group. The policies for vacation and professional meetings in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit C attached hereto and incorporated by reference herein. Physician shall meet the annual continuing medical

education requirements as established by the Board of Directors.

1.4. Retirement, Death and Disability. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning retirement from Medical Group, including notice requirements for retirement. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning the benefits, if any, to be provided upon the temporary or permanent disability or death of physician employees of Medical Group. Physician shall comply with all such standards and provisions. The policies for retirement, death and disability in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit D attached hereto and incorporated by reference herein.

1.5. Malpractice Insurance; Tail Insurance Coverage.

(a) Medical Group shall carry malpractice insurance covering Physician with minimum limits of \$1,000,000 per incident and \$3,000,000 in the aggregate, or such higher limits and including such terms and conditions as the Board of Directors of Medical Group may from time to time determine to be reasonable and necessary. Physician shall at all times cooperate with the malpractice insurance carrier by providing in a timely manner any information, records or data reasonably requested.

(b) Upon the expiration or termination of this Agreement due to the death, retirement or total and permanent disability of Physician, in the event Medical Group has in force "claims made" insurance covering Physician at the time of the expiration or termination of this Agreement, Medical Group shall pay for the appropriate reporting endorsement (known as "Tail Coverage") for medical malpractice insurance carried by Medical Group on Physician if determined to be necessary by Medical Group. Upon the expiration or termination of this Agreement for any other reason, Physician shall pay for any Tail Coverage deemed necessary by Medical Group and deliver to Medical Group a certificate evidencing same. In the event Physician fails to purchase such Tail Coverage, Medical Group may withhold from any funds due to Physician an amount sufficient to purchase such Tail Coverage.

ARTICLE 2

DUTIES AND RESPONSIBILITIES

2.1. Physician Duties. Physician shall actively practice medicine on behalf of Medical Group and perform such other clinical, administrative and management duties as may be assigned to Physician from time to time by Medical Group. Physician acknowledges that certain rules and regulations must be established and maintained by the Board of Directors of Medical Group from time to time for the efficient operation of a quality group practice. Physician therefore agrees that:

(a) The Board of Directors of Medical Group shall have the authority to establish policies, procedures and operational guidelines regarding the acceptance and treatment of patients of Medical Group. Physician shall perform services for those patients assigned to

Physician and advise and assist any of the other physicians or employees of Medical Group in the diagnosis or treatment of any case as reasonably directed by the Board of Directors of Medical Group in accordance with such guidelines.

(b) The Board of Directors of Medical Group, or a subcommittee of physicians as delegated by the Board of Directors of Medical Group, shall establish quality assurance procedures for the Medical Group from time to time, and Physician agrees to comply with and be bound by the recommendations and requirements of any quality assurance program so established.

(c) The Board of Directors of Medical Group, in consultation with Physician, shall establish the office location(s) where and the schedule, including the night and weekend "call" schedule, according to which Physician shall perform Physician's duties under this Agreement; provided, however, Physician shall devote fulltime efforts to the practice of medicine on behalf of Medical Group. "Fulltime" shall be defined from time to time by the Board of Directors of Medical Group. In addition, if Physician qualifies to stop taking night call according to the Medical Group policy attached as Exhibit F, Physician may opt to cease taking night call (on the terms set forth in such policy) by written notice to Medical Group.

(d) Physician shall adhere faithfully to all professional ethics and customs, shall avoid all acts, habits and usages which might injure in any way, directly or indirectly, the professional reputation of Medical Group or any of the physicians or other employees of Medical Group, and shall follow and abide by all federal, state and municipal ordinances and laws relating to or regulating the practice of medicine in the State of South Carolina and shall comply with all requirements of liability insurance policies of Medical Group insuring Physician.

2.2. Exclusive Service. Physician shall devote Physician's full, entire, and undivided professional time and attention to the practice of medicine with Medical Group. Physician shall not engage in professional work in Physician's individual capacity or in association with others not employed by Medical Group, nor receive any compensation therefor, without the express written consent of the Board of Directors of Medical Group or as otherwise set forth on Exhibit E attached hereto and incorporated by reference herein. Medical Group, however, shall, from time to time, establish and/or modify policies regarding the treatment of honoraria, royalties, reasonable gifts, military reserve duty compensation, and all similar activities undertaken by physician employees. Physician acknowledges that the Board of Directors of Medical Group has adopted a policy that payments for medical directorships are payments belonging to Medical Group and not to the individual physician receiving the payment, except as otherwise expressly agreed in writing by Medical Group.

2.3. Representations and Warranties of Physician. Physician represents and warrants to Medical Group that:

(a) Physician is a physician duly licensed to practice medicine in the State of South Carolina and is board certified in cardiology, and Physician will maintain such board certification and licensure during the term of this Agreement. Physician has never had Physician's license to practice medicine in any state or Physician's State Drug Enforcement

Agency number revoked, suspended (or otherwise restricted), or terminated, and Physician has never surrendered Physician's license to practice medicine in any state.

(b) Physician has, and will maintain during the term of this Agreement, all necessary staff privileges, permits and credentials necessary for Physician to practice medicine (including an unrestricted right to prescribe controlled substances and medication) in such ambulatory, acute and tertiary care settings within the State of South Carolina as may be designated from time to time by the Board of Directors of Medical Group.

(c) Physician is not currently a party to any lawsuits involving Physician's medical practice, except as previously disclosed to Medical Group, and knows of no facts which would cause Physician reasonably to believe that such an action would be filed.

(d) Physician has never been censured, reprimanded or placed on probation for reasons relating to professional competence or conduct by any medical licensing board, any federal, state or local government agency, or any professional society or specialty board

(e) Physician is not now and has never been the object of any investigation or other proceeding by any payor involving claims of fraudulent billing practices or any violation of the Medicare or Medicaid laws or regulations.

(f) Physician has not had Physician's clinical privileges at any hospital or other health care facility suspended, terminated, restricted or revoked (other than suspensions of thirty (30) days or less as a sanction for administrative infractions) or surrendered such clinical privileges while Physician was under an investigation relating to possible incompetencies or improper professional conduct or in return for not concluding such investigation.

2.4. Compliance with Rules and Regulations. Physician shall comply with all resolutions, directives, rules and regulations as may be established and modified by Medical Group pertaining to the business operation and the medical practice of Medical Group. Physician further shall comply with all laws and regulatory requirements applicable to the practice of medicine. Physician agrees to provide medical services at least consistent with generally accepted professional standards for the practice of medicine in the community in which Physician practices.

2.5. Physician-Patient Relationships. Medical Group agrees that none of the terms of this Agreement shall interfere, or are intended to interfere, with the physician-patient relationship, or to interfere with the practice of medicine by Physician in accordance with applicable laws and professional medical standards.

ARTICLE 3

ADMINISTRATIVE MATTERS

3.1. Fees, Collections and Billings. Medical Group shall establish, and modify from time to time, all professional fees for services rendered by Physician or any other physician

employee of Medical Group, and Physician agrees to cooperate on all billing matters and assist in collection efforts as necessary. Medical Group shall own and control all collections and billings arising pursuant to the rendering of medical services by Physician or any other employee. All fees and compensation received or realized by Medical Group as a result of the rendering of services by Physician and other employees shall belong, be paid and be delivered to Medical Group.

3.2. Custodial Responsibility With Respect to Records and Accounts. Physician shall keep full and accurate medical records and accounts and records of all professional work performed by Physician or under Physician's supervision in a timely fashion in accordance with guidelines established by the Board of Directors of Medical Group. All such records are the exclusive property of Medical Group. Physician holds such records in trust for Medical Group and shall promptly relinquish any such records in Physician's control to the Medical Group on demand.

3.3. Provision of Office Space, Equipment, and Other Necessary Items. Medical Group shall furnish, as Medical Group deems necessary and appropriate, office space, equipment, instruments, supplies, medicines, and support personnel for the practice of Physician under the terms of this Agreement. The Board of Directors of Medical Group shall establish policies from time to time regarding payment for Physician's professional license fees for the State of South Carolina and related expenses.

3.4. Administration and Hiring of Personnel. Medical Group shall have full and complete authority and responsibility with respect to the administration of the business of the Medical Group and the hiring of personnel for the operation of Medical Group.

ARTICLE 4

TERM AND TERMINATION

4.1. Term. The term of this Agreement hereunder shall commence on July 15, 2004, and shall continue for a period up to one (1) year, unless otherwise terminated as provided in this Agreement. This Agreement shall be automatically renewed for additional terms of one (1) year each, unless one of the parties hereto notifies the other in writing of the intention not to renew this Agreement no less than ninety (90) days prior to the expiration of the then current term.

4.2. Termination for Cause. This Agreement may be terminated for Cause (as hereinafter defined) by the party not providing such Cause, at any time without notice. "Cause" means:

(a) Failure of Physician to comply with reasonable directives of Medical Group, or the policies, standards and regulations established from time to time by Medical Group, provided any such violation has continued uncured for a period of more than ten (10) days after Medical Group has given written notice of such violation to Physician;

(b) Willful misconduct of Physician resulting in damage to Medical

Group;

(c) Physician is determined to have committed any criminal, unethical or fraudulent act by any entity or governmental agency of competent jurisdiction;

(d) The final determination of loss, suspension or restriction of the license of Physician to practice medicine in the State of South Carolina;

(e) Physician's license to prescribe controlled drugs is suspended, revoked or restricted in any manner;

(f) Permanent loss, after all appeals, of any hospital staff privileges by Physician at any hospital for reasons of professional conduct or competence;

(g) Inability to insure Physician against medical malpractice as provided in Section 1.5. hereof on reasonable financial terms; or

(h) Material breach or default of either party under the terms of this Agreement, which shall remain uncured ten (10) days after receipt of written notice of default from the non-defaulting party.

4.3. Termination upon Death or Disability of Physician.

(a) This Agreement shall terminate immediately upon the death of Physician.

(b) Medical Group may terminate this Agreement upon any disability of Physician in accordance with the standards and provisions concerning disability established from time to time by Medical Group pursuant to Section 1.4. of this Agreement. Disability, and the procedures for determining disability, shall be defined in the long term disability insurance policy insuring Physician, if any, or as otherwise defined by the Board of Directors of Medical Group. In the event this Agreement is terminated pursuant to this Section 4.3.(b), Physician shall continue to be entitled to all short term and long term disability benefits as provided in Physician's disability insurance policy. If Physician's disability should cease at any time after the termination of this Agreement, the rehiring of the Physician shall be consistent with all applicable state and federal laws and regulations.

4.4. Termination Without Cause.

(a) Physician may terminate this Agreement without Cause (other than as provided in Section 4.3.) upon ninety (90) days' prior written notice to Medical Group.

(b) Medical Group may terminate this Agreement without Cause (other than as provided in Section 4.3.) upon thirty (30) days' prior written notice to Physician.

4.5. Effect of Termination or Expiration. Upon the termination or expiration of

this Agreement, the parties agree as follows:

(a) Except as provided in this Section 4.5., Physician shall have no right to any payment for services Physician renders or orders beyond that payable by Medical Group in its ordinary course of business as of the last regular pay period covering Physician's final period of employment or association.

(b) In the event of the termination of this Agreement under Section 4.3. (a) as a result of the death of Physician, Medical Group shall pay to the Physician's estate:

- (i) All salary earned or accrued but unpaid as of the date of Physician's death; and
- (ii) A death benefit equal to Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of Physician's death. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following Physician's death and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following Physician's death.

(c) In the event of the termination of this Agreement under Section 4.3. (b) as a result of the disability of Physician, Medical Group shall pay to Physician Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the last day of Physician's employment by Medical Group. Medical Group shall pay Physician 1/24th of this benefit each month for twelve (12) months commencing with the month following the termination of this Agreement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following the termination of this Agreement. This benefit shall be in addition to any disability benefits payable to Physician pursuant to any other provision of this Agreement or pursuant to any disability insurance policy maintained for Physician's benefit.

(d) In the event of the termination of this Agreement as a result of the retirement of Physician from the active practice of medicine after the attainment of fifty (50) years of age, Medical Group shall pay to Physician:

- (i) All salary earned or accrued but unpaid as of the date of Physician's retirement; and
- (ii) Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of Physician's retirement. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following

Physician's retirement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following Physician's retirement.

(e) In the event of the termination of this Agreement by Medical Group for Cause as provided in Section 4.2., Medical Group shall pay to Physician the compensation provided in Section 4.5.(a) above as Physician's sole benefit.

(f) In the event of the termination of this Agreement (1) by Physician for Cause as provided in Section 4.2.(h), (2) by Physician without Cause under Section 4.4.(a) or (3) by Medical Group without Cause under Section 4.4.(b) other than for retirement, Medical Group shall pay to Physician:

- (i) All salary earned or accrued but unpaid as of the date of Physician's death; and
- (ii) Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of termination of this Agreement. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following the termination of this Agreement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following the termination of this Agreement.

(g) In the event that this Agreement is terminated for any reason prior to the payment in full by Physician of any amounts owed by Physician to Medical Group, then there shall be deducted from the amounts due to Physician pursuant to Sections 4.5 (a), (b), (c), (d), and (f) the amount owed to Medical Group.

(h) As used herein:

- (i) "Physician's Prorata Share" means that fraction, the numerator of which is the number of shares of stock in Medical Group which Physician owns and the denominator of which is the total number of shares of stock of Medical Group issued and outstanding at the time of the calculation.
- (ii) "Current Year's Actual Collection Percentage" means the amount determined as of the close of business on the last day of the fiscal year of Medical Group by dividing total payments of Medical Group by total charges of Medical Group to arrive at a percentage (rounded to the nearest whole percent). This percentage shall be the "Current Year's Actual Collection Percentage" for purposes of this Section 4.5. for the next fiscal year. For example, if a shareholder dies in 1998, the

collection percentage used will be that for 1997.

(i) Notwithstanding any other provision in this Agreement in the event at any time during the twelve (12) month period immediately following the expiration or termination (for any reason, whether with or without Cause) of this Agreement Physician continues or commences the active practice of medicine in the field of cardiology within a twenty (20) mile radius of any Medical Group office at which Physician routinely provided services during the year prior to the date of expiration or termination of this Agreement, then Physician shall forfeit any monies payable to Physician pursuant to this Section 4.5. following Physician's continuation or commencement of the practice of medicine in violation of this Section 4.5 (i). The provisions of this Section 4.5 (i) shall survive the expiration or termination of this Agreement for any reason.

(j) In the event Medical Group has in force "claims made" insurance covering Physician at the time of the termination or expiration of this Agreement, then in such event, the appropriate party shall pay the "Tail Coverage" for medical malpractice insurance as provided in Section 1.5. hereof.

(k) Upon the termination of this Agreement for any reason, with or without Cause, Physician shall sell and Medical Group shall purchase Physician's Stock as provided in the Shareholders' Agreement for Medical Group.

(l) Notwithstanding anything to the contrary stated herein, in addition to any other amounts payable upon termination, Physician shall be paid Five Thousand and No/100 Dollars (\$5,000.00) per month for each of the twelve (12) months following termination, so long as the Physician is not in violation of Article V of this Agreement. In the event that the Physician violates Article V, no amount shall be payable pursuant to this Section 4.5(l), and any amounts previously paid to Physician pursuant to this section shall be refunded to the Medical Group.

4.6. Acknowledgment of Reasonableness. Physician acknowledges that the forfeiture described in Section 4.5.(i) is intended as partial restitution for the damages which Medical Group will suffer as a result of competition by Physician with Medical Group. Physician further acknowledges that such forfeiture, together with the remedies set forth in Article 5 below, is fair and reasonably required for the protection of Medical Group.

ARTICLE 5

RESTRICTIVE COVENANT AND CONFIDENTIAL INFORMATION

5.1. Restrictive Covenant.

(a) The parties stipulate that Medical Group is engaged in the practice of medicine in the field of cardiology (the "Business") in the Territory (as defined in Section 5.2 below).

(b) Physician, in the event of termination or expiration of this Agreement for any reason, during the twelve (12) month period immediately following the date of termination or expiration of this Agreement, shall not Compete (defined in Section 5.2 below) with Medical Group.

(c) The provisions of this Section 5.1 shall survive the expiration or termination of this Agreement for any reason.

5.2. Definitions. For purposes of Article 5 of this Agreement, the terms defined below shall have the respective meaning specified, and the following definitions shall be equally applicable to the singular and plural forms of the terms defined:

(i) "Compete" means directly or indirectly, on his own behalf or on behalf of any other Person, other than at the direction of Medical Group and on behalf of Medical Group: (A) organizing or owning any interest in a business which engages in the Business in the Territory; (B) engaging in the Business in the Territory; or (C) assisting any Person (as a director, officer, employee, agent, consultant, lender, lessor or otherwise) to engage in the Business in the Territory.

(ii) "Person" means any entity, including, without limitation, any natural person, company, partnership, corporation, trust, association, organization or governmental unit.

(iii) "Territory" means the area within a twenty (20) mile radius of any Medical Group office at which Physician routinely provided services during the year prior to the date of termination or expiration of this Agreement.

5.3. Covenant Not to Disclose Confidential Information. Physician acknowledges and stipulates that: (A) during the term of this Agreement, Physician will be placed in a position by Medical Group to become acquainted with various aspects of the Confidential Information (defined below); (B) the use or disclosure of the Confidential Information by Physician except as expressly authorized by the Board of Directors is prohibited and would seriously damage Medical Group; and (C) in addition to being given access to the Confidential Information, Physician will receive material benefits as a result of this Agreement, including compensation and experience. Therefore, Physician agrees as follows:

(a) During the term of this Agreement and thereafter, Physician shall not, without the prior written consent of the Board of Directors, directly or indirectly:

(i) Divulge, furnish or make accessible to any Person or copy, take or use in any manner any of the Confidential Information;

(ii) Take any action which might reasonably or foreseeably be expected to compromise the confidentiality or proprietary nature of any of the Confidential Information; or

(iii) Fail to follow the reasonable suggestions made by the Board of Directors from time to time regarding the confidential and proprietary nature of the Confidential Information.

(b) "Confidential Information" means all of the materials, information and ideas of Medical Group, including, without limitation: patient names, patient lists, patient records, patient information, operation methods and information, accounting and financial information, marketing and pricing information and materials, strategic planning information, internal publications and memoranda, and other matters considered confidential by Medical Group.

(c) The provisions of this Section 5.3 shall survive the expiration or termination of this Agreement for any reason.

5.4. Remedies. Remedies shall be available to Medical Group in the event of a breach of the provisions of Section 5.1, 5.2 or 5.3 according to the following provisions:

(a) In the event that Physician, at his or her option, desires to practice in violation of the provisions contained in Section 5.1, Physician shall pay Medical Group liquidated damages in advance of practicing in violation of that Section in an amount equal to One Hundred Percent (100%) of Physician's Income (defined below). Medical Group may offset any amounts owed to Physician against amounts owed by Physician to Medical Group hereunder. For purposes of this Agreement, "Physician's Income" shall mean the average W-2 compensation of physician-shareholders of Medical Group in the calendar year prior to the date of termination or expiration of this Agreement.

These damages are in partial restitution for the loss or damage which Medical Group will suffer as a result of such breach and in partial recovery of its investment in the practice of Physician, which together constitute full payment of such losses or damages. Notwithstanding anything to the contrary stated herein, payment of such liquidated damages (together with the forfeiture described in Article 4 above) will entitle Physician to practice in breach of the provisions contained in Section 5.1 without further liability to Medical Group for such breach.

(b) The parties agree that a breach by Physician of any of the provisions of Section 5.3 of this Agreement would cause irreparable damage to Medical Group. Therefore, Medical Group shall be entitled to preliminary and permanent injunctions restraining Physician from breaching or continuing any breach of any of the provisions of Section 5.3 of this Agreement. The existence of any claim or cause of action on the part of Physician against Medical Group, whether arising from this Agreement or otherwise, shall not constitute a defense to the granting or enforcement of this injunctive relief.

(c) Except as provided in Section 5.4(a) above, the remedies available to Medical Group under this Agreement are cumulative. Medical Group may, at its sole discretion, elect to pursue all or any of such remedies. Such remedies are in addition to any given by law or

equity and may be enforced successively or concurrently.

(d) The provisions of this Section 5.4 shall survive the expiration or termination of this Agreement for any reason.

5.5. Acknowledgment of Reasonableness. Physician has carefully read and considered the provisions of this Agreement and agrees that the restrictions set forth herein, particularly those in Sections 5.1, 5.2, 5.3, and 5.4 (together with the remedy set forth in Article 4), are fair and reasonably required for the protection of Medical Group. If any provision of Sections 5.1 or 5.2 relating to the restrictive periods, scope of activity restricted and/or the territory described therein shall be declared by a court of competent jurisdiction to exceed the maximum time period, scope of activity restricted or geographical area such court deems reasonable and enforceable under applicable law, the time period, scope of activity restricted and/or area of restriction held reasonable and enforceable by the court shall thereafter be the restrictive period, scope of activity restricted and/or the territory applicable to the restrictive covenant provisions in this Agreement.

ARTICLE 6

GENERAL PROVISIONS

6.1. Notices. Any notices, requests and other communications hereunder shall be in writing and shall be deemed duly given if hand delivered or mailed first class, postage prepaid, certified mail, return receipt requested, addressed as set forth hereinafter, or to such other address as any person or entity may designate in writing, and delivered as herein provided:

To Medical Group: Columbia Heart Clinic, P.A.
1655 Brebham Avenue, Suite 220
Columbia, SC 29204
Attention: President

To Physician: Barry J. Feldman, M.D.
5 Castle Hall Court
Columbia, SC 29209

6.2. Severability. The provisions of this Agreement are deemed by the parties to be severable, and the invalidity or unenforceability of any one or more of the provisions of this Agreement shall not affect the validity or enforceability of any other provision.

6.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

6.4. Entire Agreement. This Agreement sets forth the entire understanding between the parties with respect to the subject matter hereof and cannot be amended except by a writing signed by both parties. No waiver of any term or provision of this Agreement shall be deemed to be a waiver of any subsequent breach of such term or provision of this Agreement. This

Agreement supersedes and replaces in their entirety any and all other employment agreements, oral or written, if any, between the parties hereto.

6.5. Assignment. Physician acknowledges that the services to be rendered by Physician are unique and personal, and Medical Group acknowledges that Physician is willing to sign this Agreement only if Physician's employment is with Medical Group. Accordingly, neither Medical Group nor Physician may assign any of that party's rights or delegate any of that party's duties or obligations under this Agreement. Any assignment or attempted assignment, transfer or pledge of this Agreement or of the interest of either party herein shall be null and void, and at the option of the other party, this Agreement may be terminated immediately upon the occurrence of such an event. The rights and obligations of the parties under this Agreement shall inure to the benefit of and shall be binding upon the successors, heirs and assigns of the parties hereto, whenever the context admits or requires.

6.6. Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel to a party in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulations, Medical Group and Physician shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between Medical Group and Physician.

6.7. Attorney's Fees. If either party attempts to enforce any of its rights under this Agreement as against the other party, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, court costs and other expenses incurred by the prevailing party in connection with such enforcement or attempted enforcement of those rights.

6.8. Medicare Reporting and Access Requirement. If applicable, until the expiration of four (4) years after the furnishing of the services pursuant to this Agreement, Physician shall make available, upon written request to the secretary of the U.S. Department of Health and Social Services, or upon request to the Comptroller General, or any of their duly authorized representatives, this Agreement, and all books, documents and records of Physician that are necessary to certify the nature and extent of the costs of such services, and, if the Physician carries out any of the duties of this Agreement through a subcontract, with a value of or cost of \$10,000 or more over a twelve-month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or upon request to the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents and records of such organization that are necessary to verify the nature and extent of the costs of such services. The provisions of this Section 6.8. shall survive the expiration or termination for any reason of this Agreement.

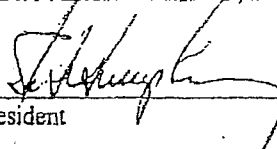
6.9. Captions. The captions or titles to the various sections of this Agreement are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content or intent of this Agreement or of any parts thereof.

6.10. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, Medical Group has caused this Agreement to be executed by its duly authorized officers, and Physician has executed this Agreement under seal, as of the day and year first above written.

MEDICAL GROUP:

COLUMBIA HEART CLINIC, P.A.

By: 

President

Dr. Stephen H. Humphrey, President

PHYSICIAN:

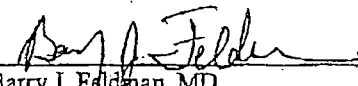
 (SEAL)
Barry J. Feldman, MD

EXHIBIT A

GUIDELINES FOR COMPENSATION OF PHYSICIANS

[Attached]

EXHIBIT B

BENEFIT PLANS

1. Profit Sharing Plan for Columbia Heart Clinic, P.A.
2. Medical insurance as provided by Medical Group from time to time.

EXHIBIT C

VACATION AND PROFESSIONAL MEETINGS

Physician may take a maximum of 8 weeks plus 1 week at Christmas/Passover off from Physician's duties each calendar year for vacation and continuing medical education, plus such legal holidays as Medical Group establishes from time to time. In addition, if Physician has 17 or more years of combined service with Medical Group, Columbia Cardiovascular Clinic, P.A. or Columbia Cardiology Associates, P.A., then Physician is entitled to an additional week of vacation. Such time off may be taken at such times or from time to time in a manner most convenient to the business of Medical Group as determined by the Board of Directors of Medical Group. Physician may carry forward into the next calendar year a maximum of five (5) days of unused vacation and professional meeting time, and Physician may borrow from the next calendar year up to a maximum of five (5) days of vacation and professional meeting time. Except as described in the preceding sentence, unused vacation and professional meeting time may not be carried forward to the next calendar year.

EXHIBIT D

**POLICIES REGARDING BENEFITS
FOR DEATH, DISABILITY AND RETIREMENT**

1. Upon Physician's disability as determined in accordance with Sections 1.4. and 4.3.(b) of this Agreement and such other policies as the Board of Directors of Medical Group may adopt, Physician shall continue to receive basic compensation under Section 1.1. of this Agreement for a maximum period of three (3) months during any one calendar year and a maximum of six (6) months during any five (5) consecutive year period; provided, however, the Board of Directors of Medical Group, in its discretion, may waive the five (5) year restriction. Upon termination of this Agreement under Section 4.3.(b), Physician shall be entitled to the benefits under Section 4.5.(c).
2. Physician must have attained the age of fifty (50) to be entitled to retire.

EXHIBIT E

APPROVED OUTSIDE ACTIVITIES

1. Participation on medical-related boards and committees.
2. Proctoring activities related to interventional procedures peculiar to the practice of cardiology.
3. Educational speaking engagements.
4. Expert witness testimony.

EXHIBIT F

CESSATION OF NIGHT CALL

Upon at least 180 days prior written notice, a physician-shareholder of Medical Group may opt to stop taking night call on the terms set forth herein when the physician's age plus his combined years as an employee of Medical Group and Columbia Cardiovascular Clinic, P.A. or Columbia Cardiology Associates, P.A. equal or exceed 75.

In exchange for physician's cessation of night call, the physician's compensation under this Agreement shall be reduced as of the effective date of such cessation by (a) 15% for the initial year of cessation of night call, (b) 20% for the second year of cessation of night call, and (c) 25% for the third year of cessation of night call. Effective upon the fourth year of cessation of night call, Physician shall be required to sell all of his issued and outstanding stock in Medical Group to Medical Group.

SHAREHOLDER PHYSICIAN EMPLOYMENT AGREEMENT

THIS SHAREHOLDER PHYSICIAN EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of this 15 day of July, 2004, between **COLUMBIA HEART CLINIC, P.A.**, a South Carolina professional corporation ("Medical Group"), and **J. KEVIN BAUGH, M.D.** ("Physician").

PREMISES:

A. Medical Group is a group medical practice providing medical and other health care services to its patients in the State of South Carolina.

B. Physician and Medical Group wish to enter into this Employment Agreement on the terms set forth herein.

NOW, THEREFORE, in consideration of the promises herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

COMPENSATION AND BENEFITS

1.1. Compensation. Throughout the term of this Agreement, Medical Group shall pay to Physician basic compensation and incentive compensation in accordance with the policies regarding physician compensation adopted by the Board of Directors of Medical Group from time to time. The policies for physician compensation in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit A attached hereto and incorporated by reference herein.

1.2. Employee Benefits. Physician shall participate in all employee benefits as are provided by Medical Group and as established and modified from time to time by the Board of Directors of Medical Group as long as Physician is otherwise eligible to participate and desires to be covered and so participate. Nothing contained in this Section shall be construed to obligate Medical Group in any manner to provide special benefits to Physician. Benefit plans in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit B attached hereto and incorporated by reference herein.

1.3. Vacations and Professional Meetings. Physician shall be entitled each year to such time out of the office and away from Physician's professional duties for vacation and attendance at professional meetings as shall be consistent with policies established and modified from time to time by the Board of Directors of Medical Group. The policies for vacation and professional meetings in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit C attached hereto and incorporated by reference herein. Physician shall meet the annual continuing medical

education requirements as established by the Board of Directors.

1.4. Retirement, Death and Disability. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning retirement from Medical Group, including notice requirements for retirement. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning the benefits, if any, to be provided upon the temporary or permanent disability or death of physician employees of Medical Group. Physician shall comply with all such standards and provisions. The policies for retirement, death and disability in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit D attached hereto and incorporated by reference herein.

1.5. Malpractice Insurance; Tail Insurance Coverage.

(a) Medical Group shall carry malpractice insurance covering Physician with minimum limits of \$1,000,000 per incident and \$3,000,000 in the aggregate, or such higher limits and including such terms and conditions as the Board of Directors of Medical Group may from time to time determine to be reasonable and necessary. Physician shall at all times cooperate with the malpractice insurance carrier by providing in a timely manner any information, records or data reasonably requested.

(b) Upon the expiration or termination of this Agreement due to the death, retirement or total and permanent disability of Physician, in the event Medical Group has in force "claims made" insurance covering Physician at the time of the expiration or termination of this Agreement, Medical Group shall pay for the appropriate reporting endorsement (known as "Tail Coverage") for medical malpractice insurance carried by Medical Group on Physician if determined to be necessary by Medical Group. Upon the expiration or termination of this Agreement for any other reason, Physician shall pay for any Tail Coverage deemed necessary by Medical Group and deliver to Medical Group a certificate evidencing same. In the event Physician fails to purchase such Tail Coverage, Medical Group may withhold from any funds due to Physician an amount sufficient to purchase such Tail Coverage.

ARTICLE 2

DUTIES AND RESPONSIBILITIES

2.1. Physician Duties. Physician shall actively practice medicine on behalf of Medical Group and perform such other clinical, administrative and management duties as may be assigned to Physician from time to time by Medical Group. Physician acknowledges that certain rules and regulations must be established and maintained by the Board of Directors of Medical Group from time to time for the efficient operation of a quality group practice. Physician therefore agrees that:

(a) The Board of Directors of Medical Group shall have the authority to establish policies, procedures and operational guidelines regarding the acceptance and treatment of patients of Medical Group. Physician shall perform services for those patients assigned to

Physician and advise and assist any of the other physicians or employees of Medical Group in the diagnosis or treatment of any case as reasonably directed by the Board of Directors of Medical Group in accordance with such guidelines.

(b) The Board of Directors of Medical Group, or a subcommittee of physicians as delegated by the Board of Directors of Medical Group, shall establish quality assurance procedures for the Medical Group from time to time, and Physician agrees to comply with and be bound by the recommendations and requirements of any quality assurance program so established.

(c) The Board of Directors of Medical Group, in consultation with Physician, shall establish the office location(s) where and the schedule, including the night and weekend "call" schedule, according to which Physician shall perform Physician's duties under this Agreement; provided, however, Physician shall devote fulltime efforts to the practice of medicine on behalf of Medical Group. "Fulltime" shall be defined from time to time by the Board of Directors of Medical Group. In addition, if Physician qualifies to stop taking night call according to the Medical Group policy attached as Exhibit E, Physician may opt to cease taking night call (on the terms set forth in such policy) by written notice to Medical Group.

(d) Physician shall adhere faithfully to all professional ethics and customs, shall avoid all acts, habits and usages which might injure in any way, directly or indirectly, the professional reputation of Medical Group or any of the physicians or other employees of Medical Group, and shall follow and abide by all federal, state and municipal ordinances and laws relating to or regulating the practice of medicine in the State of South Carolina and shall comply with all requirements of liability insurance policies of Medical Group insuring Physician.

2.2. Exclusive Service. Physician shall devote Physician's full, entire, and undivided professional time and attention to the practice of medicine with Medical Group. Physician shall not engage in professional work in Physician's individual capacity or in association with others not employed by Medical Group, nor receive any compensation therefor, without the express written consent of the Board of Directors of Medical Group or as otherwise set forth on Exhibit E attached hereto and incorporated by reference herein. Medical Group, however, shall, from time to time, establish and/or modify policies regarding the treatment of honoraria, royalties, reasonable gifts, military reserve duty compensation, and all similar activities undertaken by physician employees. Physician acknowledges that the Board of Directors of Medical Group has adopted a policy that payments for medical directorships are payments belonging to Medical Group and not to the individual physician receiving the payment, except as otherwise expressly agreed in writing by Medical Group.

2.3. Representations and Warranties of Physician. Physician represents and warrants to Medical Group that:

(a) Physician is a physician duly licensed to practice medicine in the State of South Carolina and is board certified in cardiology, and Physician will maintain such board certification and licensure during the term of this Agreement. Physician has never had Physician's license to practice medicine in any state or Physician's State Drug Enforcement

Agency number revoked, suspended (or otherwise restricted), or terminated, and Physician has never surrendered Physician's license to practice medicine in any state.

(b) Physician has, and will maintain during the term of this Agreement, all necessary staff privileges, permits and credentials necessary for Physician to practice medicine (including an unrestricted right to prescribe controlled substances and medication) in such ambulatory, acute and tertiary care settings within the State of South Carolina as may be designated from time to time by the Board of Directors of Medical Group.

(c) Physician is not currently a party to any lawsuits involving Physician's medical practice, except as previously disclosed to Medical Group, and knows of no facts which would cause Physician reasonably to believe that such an action would be filed.

(d) Physician has never been censured, reprimanded or placed on probation for reasons relating to professional competence or conduct by any medical licensing board, any federal, state or local government agency, or any professional society or specialty board.

(e) Physician is not now and has never been the object of any investigation or other proceeding by any payor involving claims of fraudulent billing practices or any violation of the Medicare or Medicaid laws or regulations.

(f) Physician has not had Physician's clinical privileges at any hospital or other health care facility suspended, terminated, restricted or revoked (other than suspensions of thirty (30) days or less as a sanction for administrative infractions) or surrendered such clinical privileges while Physician was under an investigation relating to possible incompetencies or improper professional conduct or in return for not concluding such investigation.

2.4. Compliance with Rules and Regulations. Physician shall comply with all resolutions, directives, rules and regulations as may be established and modified by Medical Group pertaining to the business operation and the medical practice of Medical Group. Physician further shall comply with all laws and regulatory requirements applicable to the practice of medicine. Physician agrees to provide medical services at least consistent with generally accepted professional standards for the practice of medicine in the community in which Physician practices.

2.5. Physician-Patient Relationships. Medical Group agrees that none of the terms of this Agreement shall interfere, or are intended to interfere, with the physician-patient relationship, or to interfere with the practice of medicine by Physician in accordance with applicable laws and professional medical standards.

ARTICLE 3

ADMINISTRATIVE MATTERS

3.1. Fees, Collections and Billings. Medical Group shall establish, and modify from time to time, all professional fees for services rendered by Physician or any other physician

employee of Medical Group, and Physician agrees to cooperate on all billing matters and assist in collection efforts as necessary. Medical Group shall own and control all collections and billings arising pursuant to the rendering of medical services by Physician or any other employee. All fees and compensation received or realized by Medical Group as a result of the rendering of services by Physician and other employees shall belong, be paid and be delivered to Medical Group.

3.2. Custodial Responsibility With Respect to Records and Accounts. Physician shall keep full and accurate medical records and accounts and records of all professional work performed by Physician or under Physician's supervision in a timely fashion in accordance with guidelines established by the Board of Directors of Medical Group. All such records are the exclusive property of Medical Group. Physician holds such records in trust for Medical Group and shall promptly relinquish any such records in Physician's control to the Medical Group on demand.

3.3. Provision of Office Space, Equipment, and Other Necessary Items. Medical Group shall furnish, as Medical Group deems necessary and appropriate, office space, equipment, instruments, supplies, medicines, and support personnel for the practice of Physician under the terms of this Agreement. The Board of Directors of Medical Group shall establish policies from time to time regarding payment for Physician's professional license fees for the State of South Carolina and related expenses.

3.4. Administration and Hiring of Personnel. Medical Group shall have full and complete authority and responsibility with respect to the administration of the business of the Medical Group and the hiring of personnel for the operation of Medical Group.

ARTICLE 4

TERM AND TERMINATION

4.1. Term. The term of this Agreement hereunder shall commence on July 15, 2004, and shall continue for a period up to one (1) year, unless otherwise terminated as provided in this Agreement. This Agreement shall be automatically renewed for additional terms of one (1) year each, unless one of the parties hereto notifies the other in writing of the intention not to renew this Agreement no less than ninety (90) days prior to the expiration of the then current term.

4.2. Termination for Cause. This Agreement may be terminated for Cause (as hereinafter defined) by the party not providing such Cause, at any time without notice. "Cause" means:

(a) Failure of Physician to comply with reasonable directives of Medical Group, or the policies, standards and regulations established from time to time by Medical Group, provided any such violation has continued uncured for a period of more than ten (10) days after Medical Group has given written notice of such violation to Physician;

(b) Willful misconduct of Physician resulting in damage to Medical

Group;

(c) Physician is determined to have committed any criminal, unethical or fraudulent act by any entity or governmental agency of competent jurisdiction;

(d) The final determination of loss, suspension or restriction of the license of Physician to practice medicine in the State of South Carolina;

(e) Physician's license to prescribe controlled drugs is suspended, revoked or restricted in any manner;

(f) Permanent loss, after all appeals, of any hospital staff privileges by Physician at any hospital for reasons of professional conduct or competence;

(g) Inability to insure Physician against medical malpractice as provided in Section 1.5. hereof on reasonable financial terms; or

(h) Material breach or default of either party under the terms of this Agreement, which shall remain uncured ten (10) days after receipt of written notice of default from the non-defaulting party.

4.3. Termination upon Death or Disability of Physician.

(a) This Agreement shall terminate immediately upon the death of Physician.

(b) Medical Group may terminate this Agreement upon any disability of Physician in accordance with the standards and provisions concerning disability established from time to time by Medical Group pursuant to Section 1.4. of this Agreement. Disability, and the procedures for determining disability, shall be defined in the long term disability insurance policy insuring Physician, if any, or as otherwise defined by the Board of Directors of Medical Group. In the event this Agreement is terminated pursuant to this Section 4.3.(b), Physician shall continue to be entitled to all short term and long term disability benefits as provided in Physician's disability insurance policy. If Physician's disability should cease at any time after the termination of this Agreement, the rehiring of the Physician shall be consistent with all applicable state and federal laws and regulations.

4.4. Termination Without Cause.

(a) Physician may terminate this Agreement without Cause (other than as provided in Section 4.3.) upon ninety (90) days' prior written notice to Medical Group.

(b) Medical Group may terminate this Agreement without Cause (other than as provided in Section 4.3.) upon thirty (30) days' prior written notice to Physician.

4.5. Effect of Termination or Expiration. Upon the termination or expiration of

this Agreement, the parties agree as follows:

(a) Except as provided in this Section 4.5., Physician shall have no right to any payment for services Physician renders or orders beyond that payable by Medical Group in its ordinary course of business as of the last regular pay period covering Physician's final period of employment or association.

(b) In the event of the termination of this Agreement under Section 4.3 (a) as a result of the death of Physician, Medical Group shall pay to the Physician's estate:

- (i) All salary earned or accrued but unpaid as of the date of Physician's death; and
- (ii) A death benefit equal to Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of Physician's death. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following Physician's death and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following Physician's death.

(c) In the event of the termination of this Agreement under Section 4.3 (b) as a result of the disability of Physician, Medical Group shall pay to Physician Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the last day of Physician's employment by Medical Group. Medical Group shall pay Physician 1/24th of this benefit each month for twelve (12) months commencing with the month following the termination of this Agreement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following the termination of this Agreement. This benefit shall be in addition to any disability benefits payable to Physician pursuant to any other provision of this Agreement or pursuant to any disability insurance policy maintained for Physician's benefit.

(d) In the event of the termination of this Agreement as a result of the retirement of Physician from the active practice of medicine after the attainment of fifty (50) years of age, Medical Group shall pay to Physician:

- (i) All salary earned or accrued but unpaid as of the date of Physician's retirement; and
- (ii) Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of Physician's retirement. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following

Physician's retirement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following Physician's retirement.

(e) In the event of the termination of this Agreement by Medical Group for Cause as provided in Section 4.2., Medical Group shall pay to Physician the compensation provided in Section 4.5 (a) above as Physician's sole benefit.

(f) In the event of the termination of this Agreement (1) by Physician for Cause as provided in Section 4.2. (h), (2) by Physician without Cause under Section 4.4. (a) or (3) by Medical Group without Cause under Section 4.4. (b) other than for retirement, Medical Group shall pay to Physician:

- (i) All salary earned or accrued but unpaid as of the date of Physician's death; and
- (ii) Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of termination of this Agreement. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following the termination of this Agreement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following the termination of this Agreement.

(g) In the event that this Agreement is terminated for any reason prior to the payment in full by Physician of any amounts owed by Physician to Medical Group, then there shall be deducted from the amounts due to Physician pursuant to Sections 4.5 (a), (b), (c), (d), and (f) the amount owed to Medical Group.

(h) As used herein:

- (i) "Physician's Prorata Share" means that fraction, the numerator of which is the number of shares of stock in Medical Group which Physician owns and the denominator of which is the total number of shares of stock of Medical Group issued and outstanding at the time of the calculation.
- (ii) "Current Year's Actual Collection Percentage" means the amount determined as of the close of business on the last day of the fiscal year of Medical Group by dividing total payments of Medical Group by total charges of Medical Group to arrive at a percentage (rounded to the nearest whole percent). This percentage shall be the "Current Year's Actual Collection Percentage" for purposes of this Section 4.5. for the next fiscal year. For example, if a shareholder dies in 1998, the

collection percentage used will be that for 1997.

(i) Notwithstanding any other provision in this Agreement in the event at any time during the twelve (12) month period immediately following the expiration or termination (for any reason, whether with or without Cause) of this Agreement Physician continues or commences the active practice of medicine in the field of cardiology within a twenty (20) mile radius of any Medical Group office at which Physician routinely provided services during the year prior to the date of expiration or termination of this Agreement, then Physician shall forfeit any monies payable to Physician pursuant to this Section 4.5. following Physician's continuation or commencement of the practice of medicine in violation of this Section 4.5 (i). The provisions of this Section 4.5 (i) shall survive the expiration or termination of this Agreement for any reason.

(j) In the event Medical Group has in force "claims made" insurance covering Physician at the time of the termination or expiration of this Agreement, then in such event, the appropriate party shall pay the "Tail Coverage" for medical malpractice insurance as provided in Section 1.5. hereof.

(k) Upon the termination of this Agreement for any reason, with or without Cause, Physician shall sell and Medical Group shall purchase Physician's Stock as provided in the Shareholders' Agreement for Medical Group.

(l) Notwithstanding anything to the contrary stated herein, in addition to any other amounts payable upon termination, Physician shall be paid Five Thousand and No/100 Dollars (\$5,000.00) per month for each of the twelve (12) months following termination, so long as the Physician is not in violation of Article V of this Agreement. In the event that the Physician violates Article V, no amount shall be payable pursuant to this Section 4.5(l), and any amounts previously paid to Physician pursuant to this section shall be refunded to the Medical Group.

4.6. Acknowledgment of Reasonableness. Physician acknowledges that the forfeiture described in Section 4.5 (i) is intended as partial restitution for the damages which Medical Group will suffer as a result of competition by Physician with Medical Group. Physician further acknowledges that such forfeiture, together with the remedies set forth in Article 5 below, is fair and reasonably required for the protection of Medical Group.

ARTICLE 5

RESTRICTIVE COVENANT AND CONFIDENTIAL INFORMATION

5.1. Restrictive Covenant.

(a) The parties stipulate that Medical Group is engaged in the practice of medicine in the field of cardiology (the "Business") in the Territory (as defined in Section 5.2 below).

(b) Physician, in the event of termination or expiration of this Agreement for any reason, during the twelve (12) month period immediately following the date of termination or expiration of this Agreement, shall not Compete (defined in Section 5.2 below) with Medical Group.

(c) The provisions of this Section 5.1 shall survive the expiration or termination of this Agreement for any reason.

5.2. Definitions. For purposes of Article 5 of this Agreement, the terms defined below shall have the respective meaning specified, and the following definitions shall be equally applicable to the singular and plural forms of the terms defined:

(i) "Compete" means directly or indirectly, on his own behalf or on behalf of any other Person, other than at the direction of Medical Group and on behalf of Medical Group: (A) organizing or owning any interest in a business which engages in the Business in the Territory; (B) engaging in the Business in the Territory; or (C) assisting any Person (as a director, officer, employee, agent, consultant, lender, lessor or otherwise) to engage in the Business in the Territory.

(ii) "Person" means any entity, including, without limitation, any natural person, company, partnership, corporation, trust, association, organization or governmental unit.

(iii) "Territory" means the area within a twenty (20) mile radius of any Medical Group office at which Physician routinely provided services during the year prior to the date of termination or expiration of this Agreement.

5.3. Covenant Not to Disclose Confidential Information. Physician acknowledges and stipulates that: (A) during the term of this Agreement, Physician will be placed in a position by Medical Group to become acquainted with various aspects of the Confidential Information (defined below); (B) the use or disclosure of the Confidential Information by Physician except as expressly authorized by the Board of Directors is prohibited and would seriously damage Medical Group; and (C) in addition to being given access to the Confidential Information, Physician will receive material benefits as a result of this Agreement, including compensation and experience. Therefore, Physician agrees as follows:

(a) During the term of this Agreement and thereafter, Physician shall not, without the prior written consent of the Board of Directors, directly or indirectly:

(i) Divulge, furnish or make accessible to any Person or copy, take or use in any manner any of the Confidential Information;

(ii) Take any action which might reasonably or foreseeably be expected to compromise the confidentiality or proprietary nature of any of the Confidential Information; or

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(iii) Fail to follow the reasonable suggestions made by the Board of Directors from time to time regarding the confidential and proprietary nature of the Confidential Information.

(b) "Confidential Information" means all of the materials, information and ideas of Medical Group, including, without limitation: patient names, patient lists, patient records, patient information, operation methods and information, accounting and financial information, marketing and pricing information and materials, strategic planning information, internal publications and memoranda, and other matters considered confidential by Medical Group.

(c) The provisions of this Section 5.3 shall survive the expiration or termination of this Agreement for any reason.

5.4. Remedies. Remedies shall be available to Medical Group in the event of a breach of the provisions of Section 5.1, 5.2 or 5.3 according to the following provisions:

(a) In the event that Physician, at his or her option, desires to practice in violation of the provisions contained in Section 5.1, Physician shall pay Medical Group liquidated damages in advance of practicing in violation of that Section in an amount equal to One Hundred Percent (100%) of Physician's Income (defined below). Medical Group may offset any amounts owed to Physician against amounts owed by Physician to Medical Group hereunder. For purposes of this Agreement, "Physician's Income" shall mean the average W-2 compensation of physician-shareholders of Medical Group in the calendar year prior to the date of termination or expiration of this Agreement.

These damages are in partial restitution for the loss or damage which Medical Group will suffer as a result of such breach and in partial recovery of its investment in the practice of Physician, which together constitute full payment of such losses or damages. Notwithstanding anything to the contrary stated herein, payment of such liquidated damages (together with the forfeiture described in Article 4 above) will entitle Physician to practice in breach of the provisions contained in Section 5.1 without further liability to Medical Group for such breach.

(b) The parties agree that a breach by Physician of any of the provisions of Section 5.3 of this Agreement would cause irreparable damage to Medical Group. Therefore, Medical Group shall be entitled to preliminary and permanent injunctions restraining Physician from breaching or continuing any breach of any of the provisions of Section 5.3 of this Agreement. The existence of any claim or cause of action on the part of Physician against Medical Group, whether arising from this Agreement or otherwise, shall not constitute a defense to the granting or enforcement of this injunctive relief.

(c) Except as provided in Section 5.4(a) above, the remedies available to Medical Group under this Agreement are cumulative. Medical Group may, at its sole discretion, elect to pursue all or any of such remedies. Such remedies are in addition to any given by law or

equity and may be enforced successively or concurrently.

(d) The provisions of this Section 5.4 shall survive the expiration or termination of this Agreement for any reason.

5.5. Acknowledgment of Reasonableness. Physician has carefully read and considered the provisions of this Agreement and agrees that the restrictions set forth herein, particularly those in Sections 5.1, 5.2, 5.3, and 5.4 (together with the remedy set forth in Article 4), are fair and reasonably required for the protection of Medical Group. If any provision of Sections 5.1 or 5.2 relating to the restrictive periods, scope of activity restricted and/or the territory described therein shall be declared by a court of competent jurisdiction to exceed the maximum time period, scope of activity restricted or geographical area such court deems reasonable and enforceable under applicable law, the time period, scope of activity restricted and/or area of restriction held reasonable and enforceable by the court shall thereafter be the restrictive period, scope of activity restricted and/or the territory applicable to the restrictive covenant provisions in this Agreement.

ARTICLE 6

GENERAL PROVISIONS

6.1. Notices. Any notices, requests and other communications hereunder shall be in writing and shall be deemed duly given if hand delivered or mailed first class, postage prepaid, certified mail, return receipt requested, addressed as set forth hereinafter, or to such other address as any person or entity may designate in writing, and delivered as herein provided:

To Medical Group: Columbia Heart Clinic, P.A.
1655 Brabham Avenue, Suite 220
Columbia, SC 29204
Attention: President

To Physician: J. Kevin Baugh, M.D.
10 Cotton Hope Lane
Columbia, SC 29209

6.2. Severability. The provisions of this Agreement are deemed by the parties to be severable, and the invalidity or unenforceability of any one or more of the provisions of this Agreement shall not affect the validity or enforceability of any other provision.

6.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

6.4. Entire Agreement. This Agreement sets forth the entire understanding between the parties with respect to the subject matter hereof and cannot be amended except by a writing signed by both parties. No waiver of any term or provision of this Agreement shall be deemed to be a waiver of any subsequent breach of such term or provision of this Agreement. This

Agreement supersedes and replaces in their entirety any and all other employment agreements, oral or written, if any, between the parties hereto.

6.5. Assignment. Physician acknowledges that the services to be rendered by Physician are unique and personal, and Medical Group acknowledges that Physician is willing to sign this Agreement only if Physician's employment is with Medical Group. Accordingly, neither Medical Group nor Physician may assign any of that party's rights or delegate any of that party's duties or obligations under this Agreement. Any assignment or attempted assignment, transfer or pledge of this Agreement or of the interest of either party herein shall be null and void, and at the option of the other party, this Agreement may be terminated immediately upon the occurrence of such an event. The rights and obligations of the parties under this Agreement shall inure to the benefit of and shall be binding upon the successors, heirs and assigns of the parties hereto, whenever the context admits or requires.

6.6. Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel to a party in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulations, Medical Group and Physician shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between Medical Group and Physician.

6.7. Attorney's Fees. If either party attempts to enforce any of its rights under this Agreement as against the other party, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, court costs and other expenses incurred by the prevailing party in connection with such enforcement or attempted enforcement of those rights.

6.8. Medicare Reporting and Access Requirement. If applicable, until the expiration of four (4) years after the furnishing of the services pursuant to this Agreement, Physician shall make available, upon written request to the secretary of the U.S. Department of Health and Social Services, or upon request to the Comptroller General, or any of their duly authorized representatives, this Agreement, and all books, documents and records of Physician that are necessary to certify the nature and extent of the costs of such services; and, if the Physician carries out any of the duties of this Agreement through a subcontract, with a value of or cost of \$10,000 or more over a twelve-month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or upon request to the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents and records of such organization that are necessary to verify the nature and extent of the costs of such services. The provisions of this Section 6.8. shall survive the expiration or termination for any reason of this Agreement.

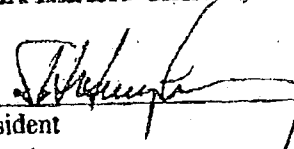
6.9. Captions. The captions or titles to the various sections of this Agreement are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content or intent of this Agreement or of any parts thereof.

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6.10. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original.

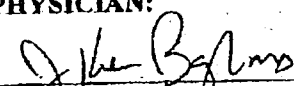
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IN WITNESS WHEREOF, Medical Group has caused this Agreement to be executed by its duly authorized officers, and Physician has executed this Agreement under seal, as of the day and year first above written.

MEDICAL GROUP:**COLUMBIA HEART CLINIC, P.A.**By: 

President

Dr. Stephen H. Humphrey, President

PHYSICIAN: (SEAL)
J. Kevin Baugh, M.D.

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EXHIBIT A

GUIDELINES FOR COMPENSATION OF PHYSICIANS

[Attached]

00157

EXHIBIT B**BENEFIT PLANS**

1. Profit Sharing Plan for Columbia Heart Clinic, P.A.
2. Medical insurance as provided by Medical Group from time to time.

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EXHIBIT C**VACATION AND PROFESSIONAL MEETINGS**

Physician may take a maximum of 8 weeks plus 1 week at Christmas/Passover off from Physician's duties each calendar year for vacation and continuing medical education, plus such legal holidays as Medical Group establishes from time to time. In addition, if Physician has 17 or more years of combined service with Medical Group, Columbia Cardiovascular Clinic, P.A. or Columbia Cardiology Associates, P.A., then Physician is entitled to an additional week of vacation. Such time off may be taken at such times or from time to time in a manner most convenient to the business of Medical Group as determined by the Board of Directors of Medical Group. Physician may carry forward into the next calendar year a maximum of five (5) days of unused vacation and professional meeting time, and Physician may borrow from the next calendar year up to a maximum of five (5) days of vacation and professional meeting time. Except as described in the preceding sentence, unused vacation and professional meeting time may not be carried forward to the next calendar year.

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EXHIBIT D**POLICIES REGARDING BENEFITS
FOR DEATH, DISABILITY AND RETIREMENT**

1. Upon Physician's disability as determined in accordance with Sections 1.4. and 4.3 (b) of this Agreement and such other policies as the Board of Directors of Medical Group may adopt, Physician shall continue to receive basic compensation under Section 1.1. of this Agreement for a maximum period of three (3) months during any one calendar year and a maximum of six (6) months during any five (5) consecutive year period; provided, however, the Board of Directors of Medical Group, in its discretion, may waive the five (5) year restriction. Upon termination of this Agreement under Section 4.3 (b), Physician shall be entitled to the benefits under Section 4.5 (c).
2. Physician must have attained the age of fifty (50) to be entitled to retire.

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EXHIBIT E**APPROVED OUTSIDE ACTIVITIES**

1. Participation on medical-related boards and committees.
2. Proctoring activities related to interventional procedures peculiar to the practice of cardiology.
3. Educational speaking engagements.
4. Expert witness testimony.

EXHIBIT F**CESSATION OF NIGHT CALL**

Upon at least 180 days prior written notice, a physician-shareholder of Medical Group may opt to stop taking night call on the terms set forth herein when the physician's age plus his combined years as an employee of Medical Group and Columbia Cardiovascular Clinic, P.A. or Columbia Cardiology Associates, P.A. equal or exceed 75.

In exchange for physician's cessation of night call, the physician's compensation under this Agreement shall be reduced as of the effective date of such cessation by (a) 15% for the initial year of cessation of night call, (b) 20% for the second year of cessation of night call, and (c) 25% for the third year of cessation of night call. Effective upon the fourth year of cessation of night call, Physician shall be required to sell all of his issued and outstanding stock in Medical Group to Medical Group.

DOCTORS' COMPENSATION

	Baugh	B. Feldman
2006 True-up of net loss and compensation: 1/1/2006 to 4/21/2006	(24,888)	(55,273)
Shareholder Valuation (Negative Stockholders' Equity @ 12-31-05/ stockholders)	(26,352)	(26,352)
Medical Director fee @ \$375 per month (9 months 2005 & 3 months 2006)		4,500
Unexpired Medical Malpractice Liability Insurance:		
JUA (4-22-06 to 7-21-06): \$10,240 annual premium * 25%	(2,560)	(2,560)
Provident Disability Policy Unexpired Premium \$295.02 April premium * 9/30 days		(88)
Additional nurse practitioner chargeback:		
Payroll 4-28-06	(2,654)	(2,885)
Payroll taxes 4-28-06	(183)	(220)
Employee deduction - health insurance	265	-
Amount due Columbia Heart	(56,372)	(82,878)
Add:		
Negative Stockholders' Equity @ 12-31-05/ stockholders	26,352	26,352
Receipts		
Personal Receipts	70,194	55,670
Insurance Receipts	101,876	172,070
	198,422	197,812
Amount due Doctors	142,050	114,934

PRELIMINARY DRAFT
TO BE RETURNED TO BURKETT BURKETT BURKETT CPASs AND
NOT TO BE REPRODUCED IN ANY FORM WITHOUT THEIR PERMISSION.

DOCTORS' COMPENSATION

	<u>Baugh</u>	<u>B. Feldman</u>
2006 True-up of net loss and compensation: 1/1/2006 to 4/21/2006	(24,888)	(55,273)
Shareholder Valuation (Negative Stockholders' Equity @ 12-31-05/ stockholders)	(26,352)	(26,352)
Medical Director fee @ \$375 per month (9 months 2005 & 3 months 2006)	-	4,500
Unexpired Medical Malpractice Liability Insurance:		
JUA (4-22-06 to 7-21-06): \$10,240 annual premium * 25%	(2,560)	(2,560)
Provident Disability Policy Unexpired Premium \$295.02 April premium * 9/30 days	-	(88)
Additional nurse practitioner chargeback:		
Payroll 4-28-06	(2,654)	(2,885)
Payroll taxes 4-28-06	(183)	(220)
Employee deduction - health insurance	265	-
Amount due Columbia Heart	<u>(56,372)</u>	<u>(82,878)</u>
Negative Stockholders' Equity @ 12-31-05/ stockholders	26,352	26,352
Personal Receipts	70,194	55,670
Insurance Receipts	<u>101,876</u>	<u>115,790</u>
Amount due Doctors	<u><u>142,049</u></u>	<u><u>114,934</u></u>

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COLUMBIA HEART CLINIC, P.A.

ECONOMIC BALANCE SHEET METHOD

APRIL 30, 2006

ASSETS	FAIR MARKET VALUE	TAB	EXHIBIT
CURRENT ASSETS			
CASH	\$135,088	1	BS 04/21/06
ACCOUNTS RECEIVABLE TRADE	\$0		(SEE BELOW)
ACCOUNTS RECEIVABLE DOCTORS	641,288	2	
INVENTORY	106,790	3	1 month
PREPAID INSURANCE	40,960	4	\$2560 times 16
TOTAL CURRENT ASSETS	924,106		
FIXED ASSETS:			
PROPERTY, PLANT AND EQUIPMENT			
COST	5,831,569	5	Per Depr. Sch.
ACC. DEPR. AT12/31/05	(2,226,243)	5	Straight Line
ACC. DEPR. For 2006	(238,944)	5	Straight Line
TOTAL FIXED ASSETS	3,366,382		
MEDICAL RECORDS	320,000		\$20,000 times 16
INTANGIBLES:			
GOING CONCERN VALUE	160,000		10,000 per physician
TOTAL INTANGIBLES AND OTHER ASSETS	160,000		
TOTAL ASSETS	4,770,488		
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE -TRADE	259,840		Estimate 5 Days
TOTAL CURRENT LIABILITIES	259,840		
NOTES PAYABLE			
NOTE PAYABLE	4,210,532	6	BS 04/21/06
TOTAL NOTES PAYABLE	4,210,532		
TOTAL LIABILITIES	4,470,372		
FAIR MARKET VALUE OF NET ASSETS	\$ 300,116		
ECONOMIC BALANCE SHEET METHOD VALUE	\$ 300,116		
PER SHAREHOLDER (12)	25,010		
Amount Receivable for Dr. Baugh			
Personal Receipts	70,194		
Insurance Receipts	101,875	7	
Dr. Baugh's Adjusted Shareholder Value	197,079		

Columbia Heart Clinic. PA

Balance Sheet

As of April 21, 2006

Cash Basis

Apr 21, 06

ASSETS

Current Assets

Checking/Savings

1060 - Wachovia - Cash - Checking	141,839.43
1080 - Wachovia - Research	16,039.85
1090 - Wachovia-Tucker-Claims Account	-22,838.45
1095 - Wachovia -Tucker - Flex	-423.12
1099 - Journal Entries	-0.01

Total Checking/Savings 134,617.70

Other Current Assets

1140 - Employee Advances	22.44
1170 - Cash Box Front Desk	450.00
1450 - Miscellaneous Receivables	488.44

Total Other Current Assets 960.88

Total Current Assets 135,578.58

Fixed Assets

1510 - Furniture & Fixtures	2,260,429.05
1520 - Medical Equipment	1,775,510.77
1525 - Office Equipment	662,134.94
1540 - Leasehold Improvements	1,119,404.44
1599 - Accumulated Depreciation	-2,460,076.74

Total Fixed Assets 3,357,402.46

Other Assets

1910 - Loan Origination Fee	14,090.00
1999 - Accumulated Amortization	-5,110.38

Total Other Assets 8,979.62

TOTAL ASSETS

3,501,960.66

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Other Current Liabilities

2220 - Employee Benefits Payable	-920.76
2380 - Operating Line - Wachovia	253,986.53

Total Other Current Liabilities 253,045.77

Total Current Liabilities 253,045.77

Long Term Liabilities

2370 - Equipment- Term Loan	2,232,930.06
2450 - Note Payable \$257K, LT (5,072)	83,219.87
2460 - Note Payable -(LT) Nuc Camera	243,999.00
2465 - Note Payable (LT) \$750K	639,080.36
2470 - NBSC LOC - Overage	757,336.33

Total Long Term Liabilities 3,956,565.62

Total Liabilities 4,209,611.39

Equity

3900 - Retained Earnings	-316,229.31
Net Income	-391,421.42

Total Equity -707,650.73

TOTAL LIABILITIES & EQUITY

3,501,960.66

PRELIMINARY DRAFT

TO BE RETURNED TO BURKETT BURKETT &
BURKETT CPAs AND NOT TO BE REPRODUCED
IN ANY FORM WITHOUT THEIR PERMISSION.

05930
Confidential

4:26 PM
03/22/07
Cash Basis

Columbia Heart Clinic, PA
Income Statement
April 1 - 21, 2006

PRELIMINARY DRAFT
TO BE RETURNED TO BURKETT BURKETT &
BURKETT CPAS AND NOT BE REPRODUCED
IN ANY FORM WITHOUT THEIR PERMISSON.

	Apr 1 - 21, 06	Jan 1 - Apr 21, 06
Ordinary Income/Expense		
Income		
4000 · Practice Income-Fees	1,495,151.07	6,706,013.85
4005 · Miscellaneous Income	1,899.42	5,710.75
4006 · Directors Fees	51,750.00	132,000.00
4007 · Research	7,140.00	33,490.00
4900 · Patient Refunds	-10,086.95	-88,935.85
4910 · Returned Checks	-70.00	440.59
Total Income	1,545,783.54	6,788,719.34
Gross Profit	1,545,783.54	6,788,719.34
Expense		
6000 · Accounting Fees	2,240.00	11,370.00
6020 · Advertising	195.00	195.00
6040 · Amortization	164.50	869.50
6042 · Answering Service	2,019.30	8,077.20
6055 · Bank Service Charges	2,730.48	11,201.49
6080 · Employee Relations	0.00	590.00
6062 · Collections	0.00	15,834.68
6064 · Computer Leases (Dell)	684.20	2,736.80
6067 · Consulting Fees	9,374.09	29,204.92
6070 · Contract Labor	26,790.08	89,941.65
6075 · Contributions	0.00	6,000.00
6080 · Courier Service	2,000.75	7,007.45
6150 · Depreciation Expense	49,399.70	263,605.70
6200 · Dues	205.00	609.25
6220 · Education and Seminars	990.00	4,981.24
6230 · Eligibility Services - WEBMD	0.00	1,685.00
6250 · Employee Benefits	0.00	65.60
6255 · Equipment Leases	2,856.96	11,427.84
6265 · HR Resources	225.00	1,354.29
6270 · Insurance-Disability	3,292.45	13,517.58
6275 · Insurance-Health	43,507.78	119,351.02
6280 · Insurance-Malpractice	582.00	28,122.00
6285 · Insurance - Other	10,503.81	62,176.97
6300 · Interest Expense	23,609.57	78,436.27
6310 · Kitchen Supplies	159.69	159.69
6345 · Laundry	1,125.81	5,615.97
6350 · Legal Fees	1,904.71	32,116.06
6355 · Legal Fees- Employee Related	0.00	1,400.00
6380 · Legal Fees - MOB	835.39	3,031.84
6400 · Library, Books Journals & Subsc	0.00	1,272.88
6420 · License, Fees and Permits	280.25	8,517.75
6435 · Maintenance Contracts	29,405.51	126,035.87
6440 · Marketing and Promotion	2,402.59	41,058.90
6460 · Medical Supplies	29,236.21	127,180.92
6465 · Medical Waste	550.00	980.00
6480 · Miscellaneous Expenses	204.00	19,375.95
6490 · Misys Fast Bill	6,690.28	12,612.42
6500 · Meals and Entertainment	322.83	1,412.55
6550 · Office Supplies and Expenses	13,247.63	93,436.25
6565 · Pagers	143.80	566.57
6570 · Penalties	0.00	5,125.00
6572 · Pharmaceuticals	107,762.64	361,514.03
6575 · Postage	5,507.12	16,029.57
6620 · Professional Fees	0.00	500.00
6640 · Recruiting	2,452.21	6,170.48
6650 · Repairs and Maintenance	465.00	10,757.31
6700 · Rent	150,869.64	603,245.85
6724 · Retirement Trust Administration	3,747.81	50,470.30
6725 · Retirement Trust-Staff	46,488.40	151,550.40
6726 · Retirement - Match	921.40	29,106.11
6750 · Salaries-Staff	184,566.08	1,444,370.55
6765 · Storage Costs	2,939.64	11,292.57
6770 · Supplies	0.00	207.41

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4:26 PM
03/22/07
Cash Basis

Columbia Heart Clinic, PA
Income Statement
April 1 - 21, 2006

PRELIMINARY DRAFT
TO BE RETURNED TO BURKETT BURKETT &
BURKETT CPAs AND NOT TO BE REPRODUCED
IN ANY FORM WITHOUT THEIR PERMISSION.

	Apr 1 - 21, 06	Jan 1 - Apr 21, 06
6790 • Scanning Expenses- Bus. Office	2,852.13	10,725.65
6800 • Taxes-Payroll Staff	14,105.50	123,788.48
6810 • Taxes-Other	20,539.48	65,697.73
6812 • Taxes-Sales & Use	0.00	1,006.00
6850 • Telephone	8,537.11	45,700.57
6855 • Telephone - Cellular Phones	1,549.83	3,998.34
6860 • Transcription Services	4,769.54	22,332.84
6900 • Travel	572.29	8,814.55
6920 • Uniforms	347.46	11,304.28
Total Expense	826,872.63	4,222,844.09
Net Ordinary Income	718,910.91	2,565,875.25
Other Income/Expense		
Other Income		
6755 • Salaries-Physician Employees	-49,689.11	-406,593.06
6757 • Phy Employee Directors Fees	-1,425.00	-8,700.00
6758 • Prof Dues & Licenses (Phys)	-10.00	-4,404.00
6759 • Non officer Chargebacks	-210.00	-11,377.78
6760 • Retirement Trust-Physicians	-3,918.60	-11,755.80
6761 • Corporate paid education/semina	0.00	-1,500.00
6762 • Insurance - Health (Phy Emp)	-379.30	672.83
6763 • Insurance - Disability Phy Empl	-3,532.06	-14,424.52
6764 • Insurance -Malpractice(Phy Emp)	0.00	-64,839.00
6767 • Life Insurance - Phy Employee	-175.00	-700.00
6772 • EBS Claims- Phy Emp	-2,368.38	-3,176.53
6774 • Cell Phone - Phy Employee	-1,352.24	-2,561.70
6779 • Retirement Match Phy Employees	-3,343.39	-12,518.72
6781 • Pagers- Phy Employees	-58.45	-233.80
6805 • Taxes-Payroll Physicians	-3,747.50	-33,232.37
Total Other Income	-70,219.03	-575,344.45
Other Expense		
9000 • Officer's Salary	239,818.53	1,678,435.40
9010 • Payroll Tax Expense	3,447.65	94,126.36
9020 • Auto Expenses	7,952.21	34,346.56
9040 • Cellular Telephone	2,422.13	6,216.88
9050 • Disability Insurance	14,671.98	58,687.92
9060 • Director's Fee	16,787.50	56,725.00
9100 • EBS-Dr's Claims	8,165.72	34,817.88
9200 • Health Insurance	1,336.38	-1,757.96
9300 • Life Insurance	862.50	2,122.50
9400 • Malpractice Insurance	29,999.00	90,421.00
9570 • Pager Service	161.48	618.61
9600 • Professional Dues	0.00	3,488.00
9820 • Professional Education	14,721.05	23,082.47
9640 • Professional Expenses	0.00	300.00
9645 • Professional Exp - Chargeback	9,690.91	59,510.17
9650 • Professional Licenses	390.00	390.00
9655 • Professional Meals & Ent	368.85	3,778.80
9660 • Professional Subscriptions	0.00	310.00
9670 • Professional Travel	0.00	1,474.87
9675 • Telephone -Officers	112.05	2,293.73
9800 • Retirement Trust	19,593.00	88,024.94
9805 • Retirement Match- Phy	15,090.92	54,678.60
9810 • Salaries-Nurse Practitioners	11,253.10	83,643.18
9815 • Taxes-Payroll NP's	838.30	6,219.31
Total Other Expense	397,683.26	2,381,952.22
Net Other Income	-467,902.29	-2,957,296.67
Net Income	251,008.62	-391,421.42

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2: ACCOUNTS RECEIVABLE - DOCTORS LEAD

	Baugh	B. Feldman
Total Charges YTD	1,444,901	1,390,413
% Total Charges	8.61%	8.29%
Total Receipts YTD	584,519	562,477
Less:		
Expenses	351,904	351,904
Physician Employee Exp.	48,370	48,370
Physician Expenses	41,916	41,916
Overhead Expense	442,190	442,190
Net Income before Distributions	142,329	120,287
Distribution:		
Physician Salary	141,372	141,103
Chargebacks	25,845	34,457
Total Distributions	167,217	175,560
Balance Due	(24,888)	(55,273)
Average of Two Doctors' Balances Due:	(40,080.50)	
Average Balance Due Times 16 Doctors:	<u>(641,288.00)</u>	

Assumptions:

BBB assumes that the average of the two doctors' balances due will be a representative amount for the amount due for each doctor, and this amount is used for the calculation of the total balance due for all 16 doctors.

COLUMBIA HEART CLINIC, P.A.
April 21, 2006

	Baugh	B. Feldman
Total Charges YTD	1,444,901	1,390,413
% Total Charges	8.61%	8.29%
Total Reimbursements YTD	301,518	562,377
Less:		
Expenses	351,904	351,904
Physician Employee Exp.	48,370	48,370
Physician Expenses	41,916	41,916
Overhead Expense	442,190	442,190
Net Income before Distributions	142,329	120,287
Distribution:		
Physician Salary	141,372	141,103
Chargebacks	25,845	34,457
Total Distributions	167,217	175,560
Balance Due	(24,888)	(55,273)

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55,273.00 +
80,161.00 =

80,161.00 ÷
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PRELIMINARY DRAFT
TO BE RETURNED TO BURKETT BURKETT &
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3: INVENTORY

OFFICE SUPPLIES AND EXPENSES	276,995.67	Per 2006 Income Statement
PHARMACEUTICALS	<u>1,004,481.28</u>	Per 2006 Income Statement
TOTAL	1,281,476.95	
ONE MONTH'S EXPENSES	<u><u>106,789.75</u></u>	

Assumptions:

BBB assumes that one month of expenses is the approximate value of inventory on hand.

The average expenses over 2006 for office supplies and expenses plus pharmaceuticals were used.

4:21 PM
03/22/07
Cash Basis

Columbia Heart Clinic, PA
Income Statement
December 2006

	Dec 06	Jan - Dec 06
Ordinary Income/Expense		
Income		
4000 • Practice Income-Fees	1,662,412.78	20,824,009.70
4005 • Miscellaneous Income	2,455.53	301,826.40
4006 • Directors Fees	0.00	296,490.00
4007 • Research	0.00	135,840.00
4009 • Management Fee for 401K termed	0.00	0.00
4900 • Patient Refunds	-8,359.25	-221,564.09
4910 • Returned Checks	235.61	370.40
Total Income	1,858,744.67	21,336,972.41
Gross Profit	1,656,744.67	21,336,972.41
Expense		
66900 • Reconciliation Discrepancies	0.00	0.00
6000 • Accounting Fees	-1,852.50	28,335.00
6010 • Accreditation Fees	0.00	4,088.00
6020 • Advertising	0.00	2,601.20
6040 • Amortization	468.00	2,818.12
6042 • Answering Service	2,019.30	24,241.60
6055 • Bank Service Charges	897.56	30,405.98
6060 • Employee Relations	11,877.88	17,543.01
6062 • Collections	2,799.44	49,199.20
6064 • Computer Leases (Dell)	0.00	7,577.39
6067 • Consulting Fees	0.00	100,424.82
6070 • Contract Labor	26,349.22	270,447.50
6075 • Contributions	500.00	12,750.00
6080 • Courier Service	858.74	20,337.19
6150 • Depreciation Expense	87,893.00	985,646.96
6165 • Gain/Loss Disp of Fixed Assets	1,261.00	108,301.99
6200 • Dues	330.00	4,070.50
6220 • Education and Seminars	1,173.68	14,018.16
6230 • Eligibility Services - WEBMD	2,490.28	12,680.54
6250 • Employee Benefits	0.00	65.60
6255 • Equipment Leases	27,991.76	212,608.30
6265 • HR Resources	367.50	4,040.04
6270 • Insurance-Disability	2,263.16	32,621.56
6275 • Insurance-Health	64,980.98	523,359.58
6280 • Insurance-Malpractice	2,768.80	83,709.80
6285 • Insurance - Other	12,363.04	117,071.03
6300 • Interest Expense	30,076.23	286,572.47
6310 • Kitchen Supplies	0.00	178.73
6345 • Laundry	1,786.28	18,233.90
6350 • Legal Fees	6,903.00	121,409.20
6355 • Legal Fees- Employee Related	0.00	2,418.75
6360 • Legal Fees - MOB	0.00	5,697.95
6375 • Legal Fees - Compliance	3,207.00	3,207.00
6400 • Library, Books Journals & Subsc	687.34	4,596.84
6420 • License, Fees and Permits	0.00	14,541.49
6435 • Maintenance Contracts	22,334.39	323,839.85
6440 • Marketing and Promotion	7,971.33	92,261.40
6460 • Medical Supplies	17,776.63	308,119.40
6465 • Medical Waste	390.00	4,100.00
6480 • Miscellaneous Expenses	0.00	19,813.00
6490 • Msys Fast Bill	3,981.15	51,446.11
6500 • Meals and Entertainment	541.75	10,016.32
6550 • Office Supplies and Expenses	20,648.00	276,995.67
6565 • Pagors	182.75	2,062.34
6570 • Penalties	0.00	5,125.00
6572 • Pharmaceuticals	75,915.25	1,004,481.28
6573 • Pharmaceuticals - CT Contrast	4,577.03	23,037.89
6575 • Postage	1,678.86	45,350.45
6620 • Professional Fees	6,020.00	12,920.35
6640 • Recruiting	0.00	15,177.43
6650 • Repairs and Maintenance	2,915.04	57,396.09
6700 • Rent	144,385.22	1,794,140.25

PRELIMINARY DRAFT

TO BE RETURNED TO BURKETT BURKETT &
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J. Kevin Baugh, MD
Statement of Amounts Due
April 21, 2006

Amounts Due

2006 True-up of net loss and compensation: 1/1/2006 to 4/21/2006	24,888
Shareholder Valuation (Negative Stockholders' Equity @ 12-31-05/ 12 stockholders)	<u>26,352</u>
Unexpired Medical Malpractice Liability Insurance:	
JUA - Dr. Baugh (4-22-06 to 7-21-06): \$10,240 annual premium * 25%	2,560 ✕
Additional nurse practitioner chargeback:	
Payroll 4-28-06 - Kludo	2,654
Payroll-taxes 4-28-06 - Kludo	183
Employee deduction - health insurance	(265)
Amounts due Columbia Heart	56,372

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Barry J. Feldman, MD
Statement of Amounts Due
April 21, 2006

	Due from (to)
2006 True -up of net loss and compensation: 1/1/2006 to 4/21/2006	55,273
Shareholder Valuation (Negative Stockholders' Equity @ 12-31-05/ 12 stockholders)	26,352
Medical Director fee @ \$375 per month (9 months 2005 & 3 months 2006)	(4,500)
Unexpired Medical Malpractice Liability Insurance:	
JUA - Dr. Feldman (4-22-06 to 7-21-06): \$10,240 annual premium * 25%	2,560 ✕
Provident Disability Policy Unexpired Premium: \$295.02 April premium * 9/30 days	89
Additional nurse practitioner chargeback:	
Payroll 4-28-06 - Williamson	2,885
Payroll taxes 4-28-06 - Williamson	220
Amounts due Columbia Heart	82,878

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6: FIXED ASSETS LEAD

	A	B	C	D
	PER BALANCE SHEET - 12/31/05	PER PROVIDED FIXED ASSETS LISTING - 12/31/05	PER OUR FIXED ASSETS LISTING - 12/31/05	DIFFERENCE (COL. A - COL. C)
FURNITURE & FIXTURES	\$ 2,147,967.27	\$ 596,174.21	\$ 1,784,152.60	\$ 363,814.67
MEDICAL EQUIPMENT	1,508,451.55	2,602,053.20	2,602,053.20	(1,093,601.65)
OFFICE EQUIPMENT	642,864.93	-	-	642,864.93
LEASEHOLD IMPROVEMENTS	222,390.89	80,530.84	80,530.84	141,860.05
INTANGIBLE ASSETS	14,090.00	14,090.00	14,090.00	-
CONSULTING FEES / EQUIP PLAN	-	54,938.00	54,938.00	(54,938.00)
TOTAL FIXED ASSET COST	4,535,764.64	3,347,786.25	4,535,764.64	-
ACCUMULATED AMORTIZATION	(4,062.80)	(4,240.88)	(4,062.80)	-
ACCUMULATED DEPRECIATION	(2,222,179.69)	(2,168,254.51)	(2,222,179.69)	-
FIXED ASSETS, NET	2,309,522.15	1,175,290.86	2,309,522.15	(0.00)

	A	B	C	D
	PER BALANCE SHEET - 4/21/06	PER OUR FIXED ASSETS LISTING - 12/31/05	PER OUR FIXED ASSETS LISTING - 4/21/06	DIFFERENCE (COL. A - COL. C)
FURNITURE & FIXTURES	\$ 2,260,429.05	\$ 1,784,152.60	\$ 2,041,083.56	\$ 219,345.49
MEDICAL EQUIPMENT	1,775,510.77	2,602,053.20	2,602,053.20	(826,542.43)
OFFICE EQUIPMENT	662,134.94	-	-	662,134.94
LEASEHOLD IMPROVEMENTS	1,119,404.44	80,530.84	1,119,404.44	-
INTANGIBLE ASSETS	14,090.00	14,090.00	14,090.00	-
CONSULTING FEES / EQUIP PLAN	-	54,938.00	54,938.00	(54,938.00)
TOTAL FIXED ASSET COST	5,831,569.20	4,535,764.64	5,831,569.20	-
ACCUMULATED AMORTIZATION	(5,110.38)	(4,062.80)	(5,110.38)	-
ACCUMULATED DEPRECIATION	(2,460,076.74)	(2,222,179.69)	(2,460,076.74)	-
FIXED ASSETS, NET	3,366,382.08	2,309,522.15	3,366,382.08	(0.00)

Columbia Heart Clinic, PA

Balance Sheet

As of December 31, 2005

Cash Basis

	Dec 31, 05	Dec 31, 04	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
1060 - Wachovia - Cash - Checking	71,896.46	-566,149.85	638,046.31
1080 - Wachovia - Research	16,076.20	7,739.28	8,336.92
1090 - Wachovia-Tucker-Claims Account	-38,255.35	-38,077.83	1,822.48
1095 - Wachovia -Tucker - Flex	-1,592.84	-1,144.34	-448.50
Total Checking/Savings	50,124.47	-597,632.74	647,757.21
Other Current Assets			
1100 - Exchange	0.00	77,000.00	-77,000.00
1110 - 941 Taxes Receivable	0.00	245.98	-245.98
1140 - Employee Advances	6,412.39	-246.24	6,658.63
1150 - Garnishment	0.00	304.60	-304.60
1170 - Cash Box Front Desk	450.00	0.00	450.00
1440 - Miscellaneous Deposits	0.00	61,455.16	-61,455.16
1450 - Miscellaneous Receivables	3,750.00	0.00	3,750.00
Total Other Current Assets	10,612.39	138,759.50	-128,147.11
Total Current Assets	60,736.86	-458,873.24	519,610.10
Fixed Assets			
1510 - Furniture & Fixtures	2,147,867.27	1,401,285.15	746,882.12
1520 - Medical Equipment	1,508,451.55	991,498.49	516,953.06
1525 - Office Equipment	642,864.93	470,116.38	172,748.55
1540 - Leasehold Improvements	222,380.89	60,140.84	162,250.05
1599 - Accumulated Depreciation	-2,222,179.69	-1,756,570.69	-465,609.00
Total Fixed Assets	2,299,494.95	1,166,470.17	1,133,024.78
Other Assets			
1910 - Loan Origination Fee	14,080.00	6,267.00	7,823.00
1999 - Accumulated Amortization	-4,062.80	-2,074.80	-1,988.00
Total Other Assets	10,027.20	4,192.20	5,835.00
TOTAL ASSETS	2,370,259.01	711,789.13	1,658,469.88
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2000 - Accounts Payable	0.00	42.50	-42.50
Total Accounts Payable	0.00	42.50	-42.50
Other Current Liabilities			
2010 - Loan Payable - Fixed Assets	4,031.00	0.00	4,031.00
2050 - Note Payable \$257, ST (5,072)	0.00	48,319.30	-48,319.30
2055 - Note Payable \$85K, ST (2,538)	0.00	27,112.70	-27,112.70
2080 - Note Payable (ST) Nuc Camera	0.00	90,764.84	-90,764.84
2220 - Employee Benefits Payable	1,908.62	5,053.49	-3,144.87
2230 - 401K Plan Payable	6,649.98	22.68	6,627.30
2235 - HSA Bank	681.91	0.00	681.91
2310 - Retirement Trust Payable	0.00	66,861.64	-66,861.64
2350 - Line of Credit - Wachovia/FU	0.00	414,000.00	-414,000.00
2360 - Operating Line - Wachovia	433,966.53	0.00	433,966.53
2370 - Equipment- Line of Credit	1,213,994.66	0.00	1,213,994.66
Total Other Current Liabilities	1,661,232.70	652,134.65	1,009,098.05
Total Current Liabilities	1,661,232.70	652,177.15	1,009,055.55
Long Term Liabilities			
2450 - Note Payable \$257K, LT (5,072)	101,943.13	107,951.91	-6,008.78
2455 - Note Payable \$85K, LT (2,538)	0.00	7,394.28	-7,394.28
2460 - Note Payable (LT) Nuc Camera	275,871.33	277,656.40	-1,785.07
2465 - Note Payable (LT) \$750K	683,582.37	0.00	683,582.37
Total Long Term Liabilities	1,061,396.83	393,002.59	668,394.24

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1210 COMMBIA HEART CLINIC, P.A.
56-2050300
FYE: 12/31/2005

Tax Asset Detail .01/05 - 12/31/05

08/09/2005 3:32 AM
Page 1

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Sec 168(k) Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Intangible Assets											
173	Loan Origination Fee	12/31/02	3,750.00	0.00	0.00	1,562.50	750.00	2,312.50	1,437.50	Amort	5.0
228	Loan Origination Costs	11/06/03	1,017.00	0.00	0.00	237.30	203.40	440.70	576.30	Amort	5.0
285	Renewal of Line of Credit	2/01/04	1,500.00	0.00	0.00	275.00	300.00	575.00	925.00	Amort	5.0
396	Wachovia Loan Fees	6/01/05	7,823.00	0.00c	0.00	0.00	912.68	912.68	6,910.32	Amort	5.0
	Intangible Assets		14,090.00	0.00c	0.00	2,074.80	2,166.08	4,240.88	9,849.12		
Group: Leasehold Improvements											
27	Leasehold Improvements	11/14/98	5,320.50	0.00	0.00	2,187.32	354.70	2,542.02	2,778.48	S/L	15.0
61	Leasehold Improvements	9/15/99	2,331.00	0.00	0.00	310.83	58.28	369.11	1,961.89	S/L	39.0
72	APA Leasehold Improvements	11/05/99	1,820.00	0.00	0.00	235.08	45.50	280.58	1,539.42	S/L	39.0
99	H I Rauch Contract	7/06/00	1,750.00	0.00	0.00	196.88	43.75	240.63	1,509.37	S/L	39.0
100	Leasehold Improvements	7/12/00	2,122.15	0.00	0.00	238.73	53.05	291.78	1,830.37	S/L	39.0
116	Build Three Work Stations	12/05/00	3,188.00	0.00	0.00	325.44	79.70	405.14	2,782.86	S/L	39.0
117	Install Vinyl & Aluminum	12/01/00	4,795.55	0.00	0.00	489.55	119.89	609.44	4,186.11	S/L	39.0
129	Computation-Improvement	4/10/01	2,147.95	0.00	0.00	199.14	53.70	252.84	1,895.11	S/L	39.0
130	William D. Camp, Inc. - Improvem	4/21/01	2,885.00	0.00	0.00	267.48	72.13	339.61	2,545.39	S/L	39.0
131	Office Renovation Suite 210	5/03/01	4,360.00	0.00	0.00	395.13	109.00	504.13	3,855.87	S/L	39.0
133	Suite 210 Improvements	6/16/01	8,200.00	0.00	0.00	726.04	205.00	931.04	7,268.96	S/L	39.0
135	Leasehold Improvements	7/24/01	2,785.00	0.00	0.00	240.80	69.63	310.43	2,474.57	S/L	39.0
141	Leasehold Improvements	9/30/01	5,785.00	0.00	0.00	476.07	144.63	620.70	5,164.30	S/L	39.0
253	Flooring	1/01/04	1,000.00	0.00	0.00	24.57	25.64	50.21	949.79	S/L	39.0
280	Allcom Wiring new location	1/06/04	5,300.69	0.00	0.00	130.25	135.92	266.17	5,034.52	S/L	39.0
281	Floor reinforcement	2/01/04	6,350.00	0.00	0.00	142.47	162.82	305.29	6,044.71	S/L	39.0
358	Exterior Signage	5/17/05	14,079.00	0.00c	0.00	0.00	219.98	219.98	13,859.02	S/L	39.0
394	Wallpaper - 50%	5/20/05	6,311.00	0.00c	0.00	0.00	101.14	101.14	6,209.86	S/L	39.0
	Leasehold Improvements		80,530.84	0.00c	0.00	6,585.78	2,054.46	8,640.24	71,890.60		
Group: Property & Equipment											
1	Execution Telephone System	8/15/98	62,511.45	0.00	0.00	62,511.45	0.00	62,511.45	0.00	200DB	5.0
2	Medic Billing Software	8/15/98	93,451.30	0.00	0.00	93,451.30	0.00	93,451.30	0.00	S/L	3.0
3	Medic Office Computer System	8/15/98	43,412.14	0.00	0.00	43,412.14	0.00	43,412.14	0.00	200DB	3.0
4	Time Clocks	8/15/98	906.37	0.00	0.00	865.92	40.45	906.37	0.00	200DB	7.0
5	Circuit Installation Phone	8/15/98	1,834.65	0.00	0.00	1,834.65	0.00	1,834.65	0.00	200DB	5.0
6	Upfit Kits	8/15/98	2,018.90	0.00	0.00	2,018.90	0.00	2,018.90	0.00	200DB	5.0
7	Execution Phone System	8/15/98	1,272.23	0.00	0.00	1,272.23	0.00	1,272.23	0.00	200DB	5.0
9	Nuclear Camera Equipment	8/15/98	248,743.72	0.00	0.00	248,743.72	0.00	248,743.72	0.00	200DB	5.0
10	Business Office Cubicles	8/15/98	9,984.84	0.00	0.00	9,539.27	445.57	9,984.84	0.00	200DB	7.0
12	Office Furniture	8/15/98	160.56	0.00	0.00	153.40	7.16	160.56	0.00	200DB	7.0
13	Nuclear Camera Equipment	8/15/98	13,497.97	0.00	0.00	13,497.97	0.00	13,497.97	0.00	200DB	5.0
14	Nuclear Camera Equipment	8/15/98	27,638.19	0.00	0.00	27,638.19	0.00	27,638.19	0.00	200DB	5.0
18	Refrigerator	8/15/98	479.94	0.00	0.00	479.94	0.00	479.94	0.00	200DB	5.0
20	Medic Computer Equipment	8/15/98	3,745.63	0.00	0.00	3,745.63	0.00	3,745.63	0.00	200DB	5.0
25	Medic Software Upgrades	8/15/98	29,774.67	0.00	0.00	29,774.67	0.00	29,774.67	0.00	200DB	5.0
26	Ivy Medical Study Equipment	8/15/98	2,553.24	0.00	0.00	2,553.24	0.00	2,553.24	0.00	200DB	5.0
28	File Cabinets	10/08/98	739.66	0.00	0.00	706.65	33.01	739.66	0.00	200DB	7.0

PRELIMINARY DRAFT
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1210 COMBIA HEART CLINIC, P.A.
56-2050300
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Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Sec 168(k) Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Property & Equipment (continued)											
29	Lab Computer Systems	11/02/98	9,750.00	0.00	0.00	9,750.00	0.00	9,750.00	0.00	200DB	5.0
30	AMC Global Computer System	2/04/99	5,982.00	0.00	0.00	5,982.00	0.00	5,982.00	0.00	200DB	5.0
31	Sign Lexington Office	2/28/99	2,229.50	0.00	0.00	1,931.03	198.98	2,130.01	99.49	200DB	7.0
37	Telephone Equipment	4/05/99	2,174.03	0.00	0.00	2,174.03	0.00	2,174.03	0.00	200DB	5.0
40	Scanner	4/21/99	9,995.00	0.00	0.00	9,995.00	0.00	9,995.00	0.00	200DB	5.0
46	Phone System Equipment	5/11/99	4,348.05	0.00	0.00	4,348.05	0.00	4,348.05	0.00	200DB	5.0
49	Extra Equipment for X-ray System	5/28/99	840.00	0.00	0.00	840.00	0.00	840.00	0.00	200DB	5.0
50	Extra Equipment for X-ray System	5/28/99	1,764.00	0.00	0.00	1,764.00	0.00	1,764.00	0.00	200DB	5.0
51	Equipment Claircom	6/02/99	2,800.97	0.00	0.00	2,800.97	0.00	2,800.97	0.00	200DB	5.0
52	Equipment	6/16/99	2,950.00	0.00	0.00	2,571.53	252.31	2,823.84	126.16	200DB	7.0
55	Micro Coagulation Analyzer	7/12/99	17,151.77	0.00	0.00	17,151.77	0.00	17,151.77	0.00	200DB	5.0
57	Hardware Upgrade	9/07/99	545.79	0.00	0.00	545.79	0.00	545.79	0.00	200DB	5.0
58	Hardware Upgrade	9/09/99	954.25	0.00	0.00	954.25	0.00	954.25	0.00	200DB	5.0
59	Hardware Upgrade	9/09/99	844.25	0.00	0.00	844.25	0.00	844.25	0.00	200DB	5.0
60	Hardware Upgrade	9/21/99	112.39	0.00	0.00	112.39	0.00	112.39	0.00	200DB	5.0
62	Fax Machine	9/04/99	839.98	0.00	0.00	839.98	0.00	839.98	0.00	200DB	5.0
63	2 Ikon Copiers	10/11/99	8,474.00	0.00	0.00	8,474.00	0.00	8,474.00	0.00	200DB	5.0
64	MCS Hardware Upgrade	10/11/99	4,320.50	0.00	0.00	4,320.50	0.00	4,320.50	0.00	200DB	5.0
65	Software	10/18/99	993.86	0.00	0.00	993.86	0.00	993.86	0.00	200DB	3.0
68	Web Site Design	10/29/99	3,905.00	0.00	0.00	3,905.00	0.00	3,905.00	0.00	200DB	3.0
77	Telephone System	12/21/99	1,491.95	0.00	0.00	1,491.95	0.00	1,491.95	0.00	200DB	5.0
78	Medical Laser Equipment	12/21/99	15,900.00	0.00	0.00	15,900.00	0.00	15,900.00	0.00	200DB	5.0
79	Telephone Equipment	12/27/99	2,675.20	0.00	0.00	2,675.20	0.00	2,675.20	0.00	200DB	5.0
80	Ultrasound Equipment (Part of Ass	12/30/99	8,400.00	0.00	0.00	8,400.00	0.00	8,400.00	0.00	200DB	5.0
81	70 ECG Loop Recorders - 1/3 L, 1/	1/14/00	41,650.00	0.00	0.00	39,250.96	2,399.04	41,650.00	0.00	200DB	5.0
82	Software	2/04/00	839.00	0.00	0.00	839.00	0.00	839.00	0.00	200DB	3.0
83	Stretcher	2/25/00	800.00	0.00	0.00	753.92	46.08	800.00	0.00	200DB	5.0
84	Quick Combo Adapter & Life Pak 5	3/03/00	5,670.30	0.00	0.00	5,343.69	326.61	5,670.30	0.00	200DB	5.0
85	Pagewriter 200 Cardiograph	3/01/00	3,112.26	0.00	0.00	2,932.99	179.27	3,112.26	0.00	200DB	5.0
86	Ultrasound Equipment	3/01/00	81,021.15	0.00	0.00	76,354.33	4,666.82	81,021.15	0.00	200DB	5.0
87	Canon NP6221 Copier	4/06/00	1,890.00	0.00	0.00	1,781.14	108.86	1,890.00	0.00	200DB	5.0
88	Companion Portable Doppler Syste	4/07/00	11,550.00	0.00	0.00	10,884.72	665.28	11,550.00	0.00	200DB	5.0
89	Respironics 920M Oximeter	4/07/00	1,151.85	0.00	0.00	1,085.50	66.35	1,151.85	0.00	200DB	5.0
90	2 Monitors & 2 VCR's returned	5/01/00	1,253.70	0.00	0.00	1,181.49	72.21	1,253.70	0.00	200DB	5.0
93	TV Monitor & VCR - returned	5/31/00	626.85	0.00	0.00	590.74	36.11	626.85	0.00	200DB	5.0
94	IBM MS SQL Server	7/12/00	1,842.75	0.00	0.00	1,736.61	106.14	1,842.75	0.00	200DB	5.0
96	Computer Compustation - 1/2R, 1/2	7/21/00	3,649.80	0.00	0.00	3,439.57	210.23	3,649.80	0.00	200DB	5.0
97	HP Laserjet Printer	7/21/00	645.72	0.00	0.00	608.53	37.19	645.72	0.00	200DB	5.0
98	2 Hewlett Packard MHZ Sector Pho	7/31/00	6,860.00	0.00	0.00	6,475.84	384.16	6,860.00	0.00	200DB	5.0
101	Netadl Lan/Wan Documentation	8/07/00	764.32	0.00	0.00	720.29	44.03	764.32	0.00	200DB	5.0
102	Proprietary 32 Bit Software	8/08/00	47,452.25	0.00	0.00	44,719.00	2,733.25	47,452.25	0.00	200DB	5.0
103	JBS Multiview 2000	8/25/00	1,049.05	0.00	0.00	988.63	60.42	1,049.05	0.00	200DB	5.0
106	66' Mission Desk	9/21/00	1,627.50	0.00	0.00	1,264.36	145.26	1,409.62	217.88	200DB	7.0
107	Holter Reporter & Holter Recorders	9/26/00	18,370.75	0.00	0.00	17,312.59	1,058.16	18,370.75	0.00	200DB	5.0
108	Compact Refrigerator	9/26/00	346.38	0.00	0.00	326.43	19.95	346.38	0.00	200DB	5.0
109	Medisoft for Windows - credit back	9/26/00	949.00	0.00	0.00	949.00	0.00	949.00	0.00	200DB	3.0
110	CR 90 Model 9000	9/28/00	1,724.00	0.00	0.00	1,624.70	99.30	1,724.00	0.00	200DB	5.0
111	Web Site Design	10/24/00	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00	200DB	3.0
114	File Cabinets	11/01/00	876.40	0.00	0.00	680.86	78.22	759.08	117.32	200DB	7.0

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1210 COLUMBIA HEART CLINIC, P.A.

56-2050300

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Asset	Property Description	Date in Service	Tax Cost	Sec 179 Exp Current = c	Tax Sec 168(k) Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Property & Equipment (continued)											
115	Sony Undercan and Overcan Mon	11/06/00	2,513.70	0.00	0.00	2,310.99	202.71	2,513.70	0.00	200DB	5.0
119	12 Port Digital Station Card	1/10/01	1,573.10	0.00	0.00	1,301.27	90.61	1,391.88	181.22	200DB	5.0
122	Double-VU 8-Tier Add-On Unit	2/22/01	1,889.95	0.00	0.00	1,563.36	217.73	1,781.09	108.86	200DB	5.0
124	PII 500 Celeron Computer	2/28/01	1,329.30	0.00	0.00	1,099.60	76.57	1,176.17	153.13	200DB	5.0
127	10 Looping Cardiac Event Monitor	4/10/01	6,247.50	0.00	0.00	5,167.93	719.71	5,887.64	359.86	200DB	5.0
132	Providence Filing System	6/16/01	4,186.46	0.00	0.00	2,878.74	373.63	3,252.37	934.09	200DB	7.0
134	Fulse Oximeter	7/11/01	674.10	0.00	0.00	557.62	77.65	635.27	38.83	200DB	5.0
139	HP-12 Paoli Chambers Desk	9/10/01	2,821.96	0.00	0.00	1,940.47	251.85	2,192.32	629.64	200DB	7.0
143	500 CPS Dual Form Printer	10/23/01	2,585.04	0.00	0.00	2,138.35	297.79	2,436.14	148.90	200DB	5.0
144	3810 Printer Paper Catch Tray	10/23/01	1,155.61	0.00	0.00	955.92	133.13	1,089.05	66.56	200DB	5.0
145	HP DAT24 Tape Backup	10/23/01	1,032.15	0.00	0.00	853.79	118.91	972.70	59.45	200DB	5.0
146	Private Relay Box & Pedestal	10/24/01	563.00	0.00	0.00	465.72	64.85	530.57	32.43	200DB	5.0
148	Office Equipment - Prov	1/28/02	2,404.50	2,404.50	0.00	2,404.50	0.00	2,404.50	0.00	200DB	7.0
149	Office Equipment-Richland	1/28/02	2,404.50	2,404.50	0.00	2,404.50	0.00	2,404.50	0.00	200DB	7.0
155	MASTER II ANALYZER	5/08/02	4,245.00	0.00	1,273.50	3,389.21	342.32	3,731.53	513.47	200DB	5.0
156	MSI MAIL POSTAGE SYSTEM	2/04/02	5,312.92	0.00	1,593.88	4,241.84	428.43	4,670.27	642.65	200DB	5.0
157	MSI MAIL POSTAGE SYSTEM	2/04/02	4,007.93	0.00	1,202.38	3,199.93	323.20	3,523.13	484.80	200DB	5.0
158	RICOH AFICIO COPIER	3/01/02	9,550.00	0.00	2,865.00	7,624.72	770.11	8,394.83	1,155.17	200DB	5.0
159	HP LASER JET	4/01/02	2,131.50	0.00	639.45	1,701.79	171.88	1,873.67	257.83	200DB	5.0
160	CUBICLES	4/01/02	7,670.44	7,670.44	0.00	7,670.44	0.00	7,670.44	0.00	200DB	7.0
161	MISYS Computer System	7/25/02	118,295.95	11,520.56	32,032.62	96,770.03	8,610.37	105,380.40	12,915.55	200DB	5.0
164	2 REFREGRATORS	9/02/02	602.05	0.00	180.61	480.68	48.55	529.23	72.82	200DB	5.0
165	DEFIBRILLATOR	9/19/02	1,312.50	0.00	393.75	1,047.90	105.84	1,153.74	158.76	200DB	5.0
166	DEFIBRILLATOR	9/19/02	1,312.50	0.00	393.75	1,047.90	105.84	1,153.74	158.76	200DB	5.0
169	Printers	11/25/02	5,194.00	0.00	1,558.20	4,146.89	418.84	4,565.73	628.27	200DB	5.0
170	Dictaphone Equipment	11/04/02	27,483.06	0.00	8,244.92	21,942.47	2,216.24	24,158.71	3,324.35	200DB	5.0
172	3 Dell Computers (Dictation)	12/01/02	2,633.41	0.00	790.02	2,102.51	212.36	2,314.87	318.54	200DB	5.0
174	Phillips Sonos Fusion Imaging	1/01/03	93,607.50	0.00	0.00	57,100.58	14,602.77	71,703.35	21,904.15	200DB	5.0
175	Copier	1/01/03	7,455.00	0.00	0.00	4,547.55	1,162.98	5,710.53	1,744.47	200DB	5.0
176	Dictaphone (pmts 2&3)	1/22/03	63,733.49	0.00	0.00	38,877.43	9,942.42	48,819.85	14,913.64	200DB	5.0
177	File Cabinets	1/01/03	997.29	0.00	0.00	463.03	152.65	615.68	381.61	200DB	7.0
178	Vascular Stretcher	2/19/03	1,884.75	0.00	0.00	1,149.70	294.02	1,443.72	441.03	200DB	5.0
179	Echo Machine	2/12/03	4,795.00	0.00	0.00	2,924.95	748.02	3,672.97	1,122.03	200DB	5.0
180	Misys Autochart Upgrade	2/01/03	15,647.63	0.00	0.00	9,545.05	2,441.03	11,986.08	3,661.55	200DB	5.0
181	Misys Autochart Upgrade	2/01/03	13,144.05	0.00	0.00	8,017.87	2,050.47	10,068.34	3,075.71	200DB	5.0
182	Misys Autochart Upgrade	2/01/03	2,503.57	0.00	0.00	1,527.18	390.56	1,917.74	585.83	200DB	5.0
183	Lateral File	3/19/03	1,206.45	0.00	0.00	560.14	184.66	744.80	461.65	200DB	7.0
184	Dell Servers	3/01/03	7,270.15	0.00	0.00	3,375.43	1,112.78	4,488.21	2,781.94	200DB	7.0
185	Graybar Data Systems	3/01/03	24,729.50	0.00	0.00	15,085.00	3,857.80	18,942.80	5,786.70	200DB	5.0
188	2-Upgrades to HP's Sonos Fusino	2/28/01	65,838.36	0.00	0.00	54,461.49	7,584.58	62,046.07	3,792.29	200DB	5.0
189	2-Upgrades to HP's Sonos Fusino	2/28/01	65,838.36	0.00	0.00	54,461.49	7,584.58	62,046.07	3,792.29	200DB	5.0
190	OFFICE FURNITURE- CALE TA	9/25/01	3,325.00	0.00	0.00	2,286.37	296.75	2,583.12	741.88	200DB	7.0
191	OFFICE FURNITURE- CALE TA	9/25/01	3,325.00	0.00	0.00	2,286.37	296.75	2,583.12	741.88	200DB	7.0
192	CG-6106 Examiners	4/25/03	17,340.72	0.00	0.00	9,537.40	3,121.33	12,658.73	4,681.99	200DB	5.0
193	Storage Cabinets	5/07/03	661.50	0.00	0.00	363.83	119.07	482.90	178.60	200DB	5.0
194	Dell Windows Server (Software)	5/15/03	8,691.97	0.00	0.00	4,780.58	1,564.56	6,345.14	2,346.83	200DB	5.0
195	IT Equipment	5/28/03	799.50	0.00	0.00	439.73	143.91	583.64	215.86	200DB	5.0
196	Phone System	5/02/03	11,150.00	0.00	0.00	6,132.50	752.63	6,885.13	4,264.87	200DB	5.0
197	IT Equipment-Firewalls (1/3)	5/28/03	649.57	0.00	0.00	357.26	116.92	474.18	175.39	200DB	5.0

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1210 COMBIA HEART CLINIC, P.A.
56-2050355
FYE: 12/31/2005

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Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Sec 168(k) Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Property & Equipment (continued)											
198	IT Equipment-Firewall	5/28/03	649.57	0.00	0.00	357.26	116.92	474.18	175.39	200DB	5.0
199	IT Equipment-Firewall (1/3)	5/28/03	649.56	0.00	0.00	357.26	116.92	474.18	175.38	200DB	5.0
200	Dell Computers (approx 20)	6/17/03	37,617.21	0.00	0.00	20,689.46	6,771.10	27,460.56	10,156.65	200DB	5.0
203	Dell Computers (x12), Flat Screen	8/04/03	14,142.51	0.00	0.00	6,929.83	2,885.07	9,814.90	4,327.61	200DB	5.0
204	Rug	8/01/03	3,200.00	0.00	0.00	1,159.19	583.09	1,742.28	1,457.72	200DB	7.0
205	HP Laser Jet 2300dn & tape backup	7/01/03	3,725.40	0.00	0.00	1,825.45	759.98	2,585.43	1,139.97	200DB	5.0
206	Furnish Lexington Office	9/26/03	20,473.24	0.00	0.00	7,416.33	3,730.55	11,146.88	9,326.36	200DB	7.0
208	TTM Module Exchange	9/22/03	4,010.00	0.00	0.00	1,964.90	818.04	2,782.94	1,227.06	200DB	5.0
209	Digital Camera	9/01/03	557.50	0.00	0.00	273.18	113.73	386.91	170.59	200DB	5.0
210	Fax Machines (Killoy)	9/08/03	5,400.00	0.00	0.00	2,646.00	1,101.60	3,747.60	1,652.40	200DB	5.0
211	Misys Code Scan Deposit	9/30/03	9,910.58	0.00	0.00	4,856.19	2,021.76	6,877.95	3,032.63	200DB	5.0
213	Secretarial Cubicles	10/24/03	5,179.30	0.00	0.00	1,611.93	1,019.25	2,631.18	2,548.12	200DB	7.0
214	6 position recliner	10/01/03	1,673.70	0.00	0.00	520.90	329.37	850.27	823.43	200DB	7.0
215	Storage System (#233, #263)	10/24/03	12,500.00	0.00	0.00	5,375.00	2,850.00	8,225.00	4,275.00	200DB	5.0
216	Office 2003 Software	10/06/03	5,192.24	0.00	0.00	2,163.44	1,730.75	3,894.19	1,298.05	Amort	3.0
217	Time & Labor Management System	10/10/03	2,015.64	0.00	0.00	866.72	459.57	1,326.29	689.35	200DB	5.0
218	Flat Screen Monitors	10/13/03	3,307.50	0.00	0.00	1,422.23	754.11	2,176.34	1,131.16	200DB	5.0
219	Computers for Managers	10/14/03	6,368.27	0.00	0.00	2,738.35	1,451.97	4,190.32	2,177.95	200DB	5.0
220	Time and Labor Management System	10/10/03	2,015.64	0.00	0.00	866.72	459.57	1,326.29	689.35	200DB	5.0
221	Time and Labor Mgmt System (12%)	10/10/03	568.02	0.00	0.00	244.25	129.51	373.76	194.26	200DB	5.0
222	Dell Computers	10/13/03	4,341.75	0.00	0.00	1,866.95	989.92	2,856.87	1,484.88	200DB	5.0
223	Allcom Communications	11/01/03	4,219.00	0.00	0.00	1,814.17	360.72	2,174.89	2,044.11	200DB	5.0
224	Philips Medical-13tb6k-s ext	11/12/03	4,000.00	0.00	0.00	1,720.00	912.00	2,632.00	1,368.00	200DB	5.0
225	Treadmills	11/14/03	5,231.50	0.00	0.00	2,349.55	1,192.78	3,442.33	1,789.17	200DB	5.0
227	QB Software	11/26/03	1,427.95	0.00	0.00	555.31	475.98	1,031.29	396.66	Amort	3.0
229	Bender Biomedical X-Ray Eq.	12/01/03	31,841.25	0.00	0.00	13,691.74	7,259.80	20,951.54	10,889.71	200DB	5.0
231	Corporate Concepts	12/01/03	1,200.00	0.00	0.00	516.00	273.60	789.60	410.40	200DB	5.0
232	O.B. One Commun-installation	12/05/03	13,367.31	0.00	0.00	5,747.95	1,142.90	6,890.85	6,476.46	200DB	5.0
233	Storage System-2nd pymt (#215, #2	12/16/03	3,790.00	0.00	0.00	1,629.70	864.12	2,493.82	1,296.18	200DB	5.0
234	Refrig/ Microwave	12/18/03	716.69	0.00	0.00	308.17	163.41	471.58	245.11	200DB	5.0
235	Code Scanner	12/01/03	15,972.42	0.00	0.00	6,868.14	3,641.71	10,509.85	5,462.57	200DB	5.0
238	Dell Account	12/12/03	1,286.25	0.00	0.00	553.09	293.26	846.35	439.90	200DB	5.0
241	Code Scanner	12/04/03	12,312.86	0.00	0.00	5,294.53	2,807.33	8,101.86	4,211.00	200DB	5.0
243	MISYS Healthcare-Code Scanner	12/04/03	3,358.06	0.00	0.00	1,443.96	765.64	2,209.60	1,148.46	200DB	5.0
245	Dictaphone	12/03/03	4,082.75	0.00	0.00	1,755.58	930.87	2,686.45	1,396.30	200DB	5.0
246	Used Copier	12/18/03	7,759.50	0.00	0.00	3,336.59	1,769.16	5,105.75	2,653.75	200DB	5.0
247	Nuclear Camera-Lex-Final pmis	12/01/03	207,000.00	0.00	0.00	89,010.00	47,196.00	136,206.00	70,794.00	200DB	5.0
248	Nuclear Camera-Richland pmt	12/01/03	187,200.00	0.00	0.00	80,496.00	42,681.60	123,177.60	64,022.40	200DB	5.0
249	Nuclear Camera-Lex 10% down	9/15/03	23,000.00	0.00	0.00	11,270.00	4,692.00	15,962.00	7,038.00	200DB	5.0
250	Nuclear Camera-Richland 10% dow	8/01/03	25,100.00	0.00	0.00	12,299.00	5,120.40	17,419.40	7,680.60	200DB	5.0
251	Printer	1/01/04	746.86	0.00	0.00	149.37	239.00	388.37	358.49	200DB	5.0
252	Corporate Concepts	3/11/04	319.98	0.00	0.00	45.71	78.36	124.07	195.91	200DB	7.0
254	Corporate Concepts	1/01/04	12,964.46	0.00	0.00	1,852.07	3,174.97	5,027.04	7,937.42	200DB	7.0
255	8 Phones (Allcom Commun)	1/01/04	1,712.00	0.00	0.00	342.40	273.92	616.32	1,095.68	200DB	5.0
256	Printer (Allcom Commun)	1/01/04	746.86	0.00	0.00	149.37	239.00	388.37	358.49	200DB	5.0
257	Artwork	1/14/04	1,449.00	0.00	0.00	0.00	0.00	0.00	1,449.00	Memo	0.0
258	BCD-Medical Equipment	3/04/04	46,374.00	0.00	0.00	9,274.80	14,839.68	24,114.48	22,259.52	200DB	5.0
259	BCD-Furniture and Fixtures	3/04/04	19,401.00	0.00	0.00	2,771.57	4,751.27	7,522.84	11,878.16	200DB	7.0
260	Corporate Concepts	1/01/04	55,977.69	0.00	0.00	7,996.81	13,708.82	21,705.63	34,272.06	200DB	7.0

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56-2050350
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Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Sec 168(k) Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Property & Equipment (continued)											
261	Printer (Allcom Commun)	1/01/04	746.86	0.00	0.00	149.37	239.00	388.37	358.49	200DB	5.0
262	Artwork	1/09/04	3,626.12	0.00	0.00	0.00	0.00	0.00	3,626.12	Memo	0.0
263	Storage System (#215, 233)	1/01/04	11,369.60	0.00	0.00	1,624.23	2,784.39	4,408.62	6,960.98	200DB	7.0
264	CCA Furniture & Fixtures	1/13/04	26,172.00	0.00	0.00	3,738.86	6,409.47	10,148.33	16,023.67	200DB	7.0
265	CCA - Medical Equipment	1/13/04	118,206.00	0.00	0.00	23,641.20	37,825.92	61,467.12	56,738.88	200DB	5.0
266	McKesson Treadmill	1/01/04	16,288.31	0.00	0.00	3,257.66	5,212.26	8,469.92	7,818.39	200DB	5.0
267	McKesson Treadmill	1/01/04	16,288.31	0.00	0.00	3,257.66	5,212.26	8,469.92	7,818.39	200DB	5.0
268	Nuclear Lab Equip	1/05/04	2,064.00	0.00	0.00	412.80	660.48	1,073.28	990.72	200DB	5.0
269	Nuclear Camera-Final Pmt	1/01/04	62,750.01	0.00	0.00	12,550.00	20,080.00	32,630.00	30,120.01	200DB	5.0
270	Instromedix Monitors	3/01/04	8,156.10	0.00	0.00	1,631.22	2,609.95	4,241.17	3,914.93	200DB	5.0
271	GE Medical	1/08/04	2,698.45	0.00	0.00	539.69	863.50	1,403.19	1,295.26	200DB	5.0
272	Instromedix Monitors	3/01/04	3,817.75	0.00	0.00	763.55	1,221.68	1,985.23	1,832.52	200DB	5.0
273	Dell	1/01/04	35,709.42	0.00	0.00	7,141.88	11,427.02	18,568.90	17,140.52	200DB	5.0
274	Misys	2/01/04	1,038.56	0.00	0.00	207.71	332.34	540.05	498.51	200DB	5.0
275	Medical Arts	2/11/04	876.14	0.00	0.00	175.23	280.36	455.59	420.55	200DB	5.0
277	OB One Communications	1/01/04	1,530.43	0.00	0.00	306.09	244.87	550.96	979.47	200DB	5.0
278	Misys	2/01/04	2,077.11	0.00	0.00	415.42	664.68	1,080.10	997.01	200DB	5.0
279	Medical Arts	2/11/04	876.14	0.00	0.00	175.23	280.36	455.59	420.55	200DB	5.0
282	Allcom Commun Phone Installation	1/20/04	3,367.27	0.00	0.00	481.04	412.32	893.36	2,473.91	200DB	7.0
283	Instromedix Monitors	3/01/04	5,379.56	0.00	0.00	1,075.91	1,721.46	2,797.37	2,582.19	200DB	5.0
284	Holter System (Applied Cardio)	3/29/04	65,995.00	0.00	0.00	13,199.00	21,118.40	34,317.40	31,677.60	200DB	5.0
286	Laser Printer (Misys)	4/13/04	1,167.53	0.00	0.00	233.51	373.61	607.12	560.41	200DB	5.0
287	Refrigerator-Coumadin Clinic	5/10/04	401.62	0.00	0.00	80.32	128.52	208.84	192.78	200DB	5.0
288	Medical Equipment	5/05/04	3,901.97	0.00	0.00	780.39	1,248.63	2,029.02	1,872.95	200DB	5.0
289	Dell-New Computers	5/09/04	5,596.30	0.00	0.00	1,119.26	1,790.82	2,910.08	2,686.22	200DB	5.0
290	Dell-New Computers	5/09/04	5,795.03	0.00	0.00	1,159.01	1,854.41	3,013.42	2,781.61	200DB	5.0
291	Dell-New Computers	5/09/04	344.58	0.00	0.00	68.92	110.26	179.18	165.40	200DB	5.0
293	Dell	6/15/04	2,419.70	0.00	0.00	483.94	774.30	1,258.24	1,161.46	200DB	5.0
294	Dell Switchboard	7/19/04	3,099.59	0.00	0.00	619.92	991.87	1,611.79	1,487.80	200DB	5.0
295	Credentialing Software	7/23/04	2,232.00	0.00	0.00	372.00	744.00	1,116.00	1,116.00	Amort	3.0
296	NUC Computer	7/19/04	3,099.59	0.00	0.00	619.92	991.87	1,611.79	1,487.80	200DB	5.0
297	Dell Switchboard	7/19/04	3,099.59	0.00	0.00	619.92	991.87	1,611.79	1,487.80	200DB	5.0
298	Credentialing Software	7/23/04	3,384.00	0.00	0.00	564.00	1,128.00	1,692.00	1,692.00	Amort	3.0
299	Credentialing Software	7/23/04	1,584.00	0.00	0.00	264.00	528.00	792.00	792.00	Amort	3.0
300	Printer-Nuclear Lab	7/01/04	2,224.52	0.00	0.00	444.90	711.85	1,156.75	1,067.77	200DB	5.0
301	INSTROMEDIX	8/01/04	3,584.00	0.00	0.00	716.80	1,146.88	1,863.68	1,720.32	200DB	5.0
302	INSTROMEDIX	8/01/04	5,433.81	0.00	0.00	1,086.76	1,738.82	2,825.58	2,608.23	200DB	5.0
303	8400 Printer (Technology Im.)	9/02/04	2,261.96	0.00	0.00	452.39	723.83	1,176.22	1,085.74	200DB	5.0
304	Imaging Assoc	9/10/04	2,148.35	0.00	0.00	429.67	687.47	1,117.14	1,031.21	200DB	5.0
305	INSTROMEDIX	8/01/04	2,543.47	0.00	0.00	508.69	813.91	1,322.60	1,220.87	200DB	5.0
306	Corporate Concepts	10/04/04	5,995.00	0.00	0.00	1,199.00	1,918.40	3,117.40	2,877.60	200DB	5.0
307	3' Cabinet	11/12/04	840.00	0.00	0.00	120.00	205.71	325.71	514.29	200DB	7.0
308	Echo Table	10/18/04	1,107.90	0.00	0.00	221.58	354.53	576.11	531.79	200DB	5.0
309	Echo Table	10/18/04	1,107.90	0.00	0.00	221.58	354.53	576.11	531.79	200DB	5.0
310	Vascular Dept Equip	10/01/04	1,778.75	0.00	0.00	355.75	569.20	924.95	853.80	200DB	5.0
311	Telephone System	5/01/05	11,589.45	0.00c	0.00	0.00	1,655.64	1,655.64	9,933.81	200DB	7.0
312	Telephone System	5/01/05	17,571.10	0.00c	0.00	0.00	2,510.16	2,510.16	15,060.94	200DB	7.0
313	Telephone System	5/01/05	8,224.77	0.00c	0.00	0.00	1,174.97	1,174.97	7,049.80	200DB	7.0
314	Color Laser Printer	12/01/04	1,678.95	0.00	0.00	335.79	537.26	873.05	805.90	200DB	5.0

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1210 COMMBIA HEART CLINIC, P.A.
56-2050300
FYE: 12/31/2005

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Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Sec 168(k) Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<u>Group: Property & Equipment (continued)</u>											
315	Dell Coding Department	12/01/04	410.12	0.00	0.00	82.02	131.24	213.26	196.86	200DB	5.0
316	Dell Coding Depart.	12/01/04	621.79	0.00	0.00	124.36	198.97	323.33	298.46	200DB	5.0
317	Dell Coding Dept	12/01/04	291.05	0.00	0.00	58.21	93.14	151.35	139.70	200DB	5.0
318	VasScan Table	1/01/05	4,822.00	0.00c	0.00	0.00	688.86	688.86	4,133.14	200DB	7.0
319	VasScan Table	1/01/05	4,822.00	0.00c	0.00	0.00	688.86	688.86	4,133.14	200DB	7.0
320	Defibrillator Medic	1/01/05	8,332.00	0.00c	0.00	0.00	1,666.40	1,666.40	6,665.60	200DB	5.0
321	Defibrillator Medic	1/01/05	8,332.00	0.00c	0.00	0.00	1,666.40	1,666.40	6,665.60	200DB	5.0
322	TV	2/01/05	525.00	0.00c	0.00	0.00	105.00	105.00	420.00	200DB	5.0
323	Cable Telephone	2/01/05	1,417.00	0.00c	0.00	0.00	202.43	202.43	1,214.57	200DB	7.0
324	Cable Telephone	2/01/05	2,876.00	0.00c	0.00	0.00	410.86	410.86	2,465.14	200DB	7.0
325	Fax	2/01/05	2,405.00	0.00c	0.00	0.00	481.00	481.00	1,924.00	200DB	5.0
326	4 Computers	3/01/05	5,554.00	0.00c	0.00	0.00	1,110.80	1,110.80	4,443.20	200DB	5.0
327	Computer	3/01/05	1,388.00	0.00c	0.00	0.00	277.60	277.60	1,110.40	200DB	5.0
328	Safe	3/25/05	240.00	0.00c	0.00	0.00	34.29	34.29	205.71	200DB	7.0
329	Telephone System	5/01/05	18,543.12	0.00c	0.00	0.00	2,649.02	2,649.02	15,894.10	200DB	7.0
330	Telephone System	5/01/05	28,113.76	0.00c	0.00	0.00	4,016.25	4,016.25	24,097.51	200DB	7.0
331	Telephone System	5/01/05	13,159.63	0.00c	0.00	0.00	1,879.95	1,879.95	11,279.68	200DB	7.0
332	Telephone System	5/01/05	11,589.00	0.00c	0.00	0.00	1,655.57	1,655.57	9,933.43	200DB	7.0
333	Telephone System	5/01/05	17,571.00	0.00c	0.00	0.00	2,510.14	2,510.14	15,060.86	200DB	7.0
334	Telephone System	5/01/05	8,225.00	0.00c	0.00	0.00	1,175.00	1,175.00	7,050.00	200DB	7.0
335	McKesson Equipment	2/01/05	7,656.00	0.00c	0.00	0.00	1,531.20	1,531.20	6,124.80	200DB	5.0
336	Upgrade Sonos 5500	4/29/05	10,326.00	0.00c	0.00	0.00	2,065.20	2,065.20	8,260.80	200DB	5.0
337	Upgrade Sonos 5500	4/29/05	10,326.00	0.00c	0.00	0.00	2,065.20	2,065.20	8,260.80	200DB	5.0
338	Upgrade Sonos 5500	4/29/05	10,324.00	0.00c	0.00	0.00	2,064.80	2,064.80	8,259.20	200DB	5.0
339	BellSouth New Phone	4/01/05	2,751.00	0.00c	0.00	0.00	393.00	393.00	2,358.00	200DB	7.0
340	BellSouth New Phone	4/01/05	2,751.00	0.00c	0.00	0.00	393.00	393.00	2,358.00	200DB	7.0
341	BellSouth New Phone	4/01/05	2,771.00	0.00c	0.00	0.00	395.86	395.86	2,375.14	200DB	7.0
342	Laser Jet Printer	4/06/05	449.00	0.00c	0.00	0.00	89.80	89.80	359.20	200DB	5.0
343	Laser Jet Printer	4/05/05	576.00	0.00c	0.00	0.00	115.20	115.20	460.80	200DB	5.0
344	Canon Digital Printer	4/15/05	1,783.00	0.00c	0.00	0.00	356.60	356.60	1,426.40	200DB	5.0
345	Furniture and Fixtures	5/06/05	12,374.00	0.00c	0.00	0.00	1,767.71	1,767.71	10,606.29	200DB	7.0
346	Furniture and Fixtures	5/03/05	7,965.00	0.00c	0.00	0.00	1,137.86	1,137.86	6,827.14	200DB	7.0
347	TV Cabinet	5/31/05	538.00	0.00c	0.00	0.00	76.86	76.86	461.14	200DB	7.0
348	Equipment Planning	5/02/05	1,080.00	0.00c	0.00	0.00	216.00	216.00	864.00	200DB	5.0
349	Desk - Office Furniture	5/01/05	672.00	0.00c	0.00	0.00	96.00	96.00	576.00	200DB	7.0
350	Dictaphone	5/01/05	5,455.00	0.00c	0.00	0.00	1,091.00	1,091.00	4,364.00	200DB	5.0
351	Canon Digital Copier	5/01/05	11,524.00	0.00c	0.00	0.00	2,304.80	2,304.80	9,219.20	200DB	5.0
352	Consulting Fees	5/03/05	3,082.00	0.00c	0.00	0.00	440.29	440.29	2,641.71	200DB	7.0
353	Telephone System	5/01/05	7,105.00	0.00c	0.00	0.00	1,015.00	1,015.00	6,090.00	200DB	7.0
354	Consulting Fees	5/03/05	4,296.00	0.00c	0.00	0.00	613.71	613.71	3,682.29	200DB	7.0
355	Telephone System	5/01/05	9,904.00	0.00c	0.00	0.00	1,414.86	1,414.86	8,489.14	200DB	7.0
356	Consulting Fees	5/03/05	1,961.00	0.00c	0.00	0.00	280.14	280.14	1,680.86	200DB	7.0
357	Telephone System	5/01/05	4,521.00	0.00c	0.00	0.00	645.86	645.86	3,875.14	200DB	7.0
359	Consulting Fees	4/05/05	182.00	0.00c	0.00	0.00	26.00	26.00	156.00	200DB	7.0
360	Consulting Fees	4/05/05	254.00	0.00c	0.00	0.00	36.29	36.29	217.71	200DB	7.0
361	Consulting Fees	4/05/05	116.00	0.00c	0.00	0.00	16.57	16.57	99.43	200DB	7.0
362	Consulting Fees	4/04/05	697.00	0.00c	0.00	0.00	99.57	99.57	597.43	200DB	7.0
363	Consulting Fees	4/04/05	972.00	0.00c	0.00	0.00	138.86	138.86	833.14	200DB	7.0
364	Consulting Fees	4/04/05	444.00	0.00c	0.00	0.00	63.43	63.43	380.57	200DB	7.0

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Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Sec 168(k) Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Property & Equipment (continued)											
365	Equipment Planning	4/01/05	1,860.00	0.00c	0.00	0.00	372.00	372.00	1,488.00	200DB	5.0
366	Equipment Planning	4/01/05	2,593.00	0.00c	0.00	0.00	518.60	518.60	2,074.40	200DB	5.0
367	Equipment Planning	4/01/05	1,184.00	0.00c	0.00	0.00	236.80	236.80	947.20	200DB	5.0
368	Consulting Fees	3/01/05	1,031.00	0.00c	0.00	0.00	147.29	147.29	883.71	200DB	7.0
369	Consulting Fees	3/01/05	1,438.00	0.00c	0.00	0.00	205.43	205.43	1,232.57	200DB	7.0
370	Consulting Fees	3/01/05	656.00	0.00c	0.00	0.00	93.71	93.71	562.29	200DB	7.0
371	Consulting Fees	2/21/05	140.00	0.00c	0.00	0.00	20.00	20.00	120.00	200DB	7.0
372	Consulting Fees	2/21/05	196.00	0.00c	0.00	0.00	28.00	28.00	168.00	200DB	7.0
373	Consulting Fees	2/21/05	89.00	0.00c	0.00	0.00	12.71	12.71	76.29	200DB	7.0
374	Consulting Fees	3/08/05	238.00	0.00c	0.00	0.00	34.00	34.00	204.00	200DB	7.0
375	Consulting Fees	3/08/05	332.00	0.00c	0.00	0.00	47.43	47.43	284.57	200DB	7.0
376	Consulting Fees	3/08/05	152.00	0.00c	0.00	0.00	21.71	21.71	130.29	200DB	7.0
377	Consulting Fees	2/01/05	693.00	0.00c	0.00	0.00	99.00	99.00	594.00	200DB	7.0
378	Consulting Fees	2/01/05	966.00	0.00c	0.00	0.00	138.00	138.00	828.00	200DB	7.0
379	Consulting Fees	2/01/05	441.00	0.00c	0.00	0.00	63.00	63.00	378.00	200DB	7.0
380	Consulting Fees	1/05/05	2,633.00	0.00c	0.00	0.00	376.14	376.14	2,256.86	200DB	7.0
381	Consulting Fees	1/05/05	3,670.00	0.00c	0.00	0.00	524.29	524.29	3,145.71	200DB	7.0
382	Consulting Fees	1/05/05	1,676.00	0.00c	0.00	0.00	239.43	239.43	1,436.57	200DB	7.0
383	Consulting Fees	1/17/05	1,122.00	0.00c	0.00	0.00	160.29	160.29	961.71	200DB	7.0
384	Consulting Fees	1/17/05	1,564.00	0.00c	0.00	0.00	223.43	223.43	1,340.57	200DB	7.0
385	Consulting Fees	1/17/05	714.00	0.00c	0.00	0.00	102.00	102.00	612.00	200DB	7.0
386	Equipment Planning	1/15/05	1,416.00	0.00c	0.00	0.00	283.20	283.20	1,132.80	200DB	5.0
387	Equipment Planning	1/15/05	2,146.00	0.00c	0.00	0.00	429.20	429.20	1,716.80	200DB	5.0
388	Equipment Planning	1/15/05	1,005.00	0.00c	0.00	0.00	201.00	201.00	804.00	200DB	5.0
389	McKesson Stress System	5/27/05	17,500.00	0.00c	0.00	0.00	3,500.00	3,500.00	14,000.00	200DB	5.0
390	McKesson Stress System	5/27/05	17,500.00	0.00c	0.00	0.00	3,500.00	3,500.00	14,000.00	200DB	5.0
391	Diet Text	6/06/05	310.00	0.00c	0.00	0.00	62.00	62.00	248.00	200DB	5.0
393	Equipment Planning	6/01/05	3,295.00	0.00c	0.00	0.00	659.00	659.00	2,636.00	200DB	5.0
395	Corporate Concepts - 25%	5/03/05	157,483.00	0.00c	0.00	0.00	22,497.57	22,497.57	134,985.43	200DB	7.0
397	Design Service	6/01/05	4,340.00	0.00c	0.00	0.00	620.00	620.00	3,720.00	200DB	7.0
399	Misys Health	6/01/05	3,312.00	0.00c	0.00	0.00	662.40	662.40	2,649.60	200DB	5.0
400	Dell Computer	6/01/05	2,398.00	0.00c	0.00	0.00	479.60	479.60	1,918.40	200DB	5.0
401	Consulting Fees	6/02/05	1,779.00	0.00c	0.00	0.00	254.14	254.14	1,524.86	200DB	7.0
402	Consulting Fees	6/02/05	2,480.00	0.00c	0.00	0.00	354.29	354.29	2,125.71	200DB	7.0
403	Consulting Fees	6/02/05	1,132.00	0.00c	0.00	0.00	161.71	161.71	970.29	200DB	7.0
404	Office Equipment	6/30/05	2,942.00	0.00c	0.00	0.00	588.40	588.40	2,353.60	200DB	5.0
405	Office Equipment	6/30/05	2,942.00	0.00c	0.00	0.00	588.40	588.40	2,353.60	200DB	5.0
406	Office Equipment	6/30/05	2,942.00	0.00c	0.00	0.00	588.40	588.40	2,353.60	200DB	5.0
407	Consulting Fees	7/07/05	648.00	0.00c	0.00	0.00	92.57	92.57	555.43	200DB	7.0
408	Consulting Fees	7/07/05	903.00	0.00c	0.00	0.00	129.00	129.00	774.00	200DB	7.0
409	Consulting Fees	7/07/05	412.00	0.00c	0.00	0.00	58.86	58.86	353.14	200DB	7.0
410	Equipment Planning	7/04/05	3,250.00	0.00c	0.00	0.00	650.00	650.00	2,600.00	200DB	5.0
Property & Equipment			3,369,536.53	0.00c	51,168.08	1,750,879.19	507,437.35	2,258,316.54	1,111,219.99		
* Less: Dispositions			116,371.12	0.00	0.00	95,137.50	0.00	98,702.27	17,668.85		
Net Property & Equipment			3,253,165.41	0.00c	51,168.08	1,655,741.69	507,437.35	2,159,614.27	1,093,551.14		

PRELIMINARY DRAFT
 TO BE RETURNED TO
 BURKETT & BURKETT
 IN ANY FORM
 WITHOUT PERMISSION.

02046
Confidential

1210 COLUMBIA HEART CLINIC, P.A.
56-2050300
FYE: 12/31/2005

Tax Asset Detail ,/01/05 - 12/31/05

08/09/2005 3:32 AM
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Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Sec 168(k) Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
	Grand Total		3,464,157.37	0.00c	51,168.08	1,759,539.77	511,657.89	2,271,197.66	1,192,959.71		
	Less: Dispositions		116,371.12	0.00	0.00	95,137.50	0.00	98,702.27	17,668.85		
	Net Grand Total		3,347,786.25	0.00c	51,168.08	1,664,402.27	511,657.89	2,172,495.39	1,175,290.86		

12/31/05
Per Balance Sheet

Tax Cost

4,535,764.64

Tax Prior Depr.

Depr.

Tax End Depr.

Tax Net Book Value

1,614,859.99

609,415

2,226,242.49

2,309,522.15

+ 1,988
611,403

Difference: 1,187,978.39

(49,562.78)

99,745.11

53,747.1

1,134,231.29

Note: Tax Asset Detail provided does not match with 2005 tax return provided (except in Intangible Assets & related amortization).

PRELIMINARY DRAFT
TO BE RETURNED TO BURET & BURKETT CPA'S
IN ANY FORM OR BY ANY MEANS WITHOUT THEIR PERMISSION.

02047
Confidential

Tax Asset Detail 1/01/05 - 12/31/05

FYE: 12/31/2005

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Consulting Fee/Equip Plan											
266	Equipment Planning	5/02/05	1,080.00	0.00c	0.00	0.00	102.86	102.86	977.14	S/L	7.0
270	Consulting Fees	5/03/05	3,082.00	0.00c	0.00	0.00	293.52	293.52	2,788.48	S/L	7.0
272	Consulting Fees	5/03/05	4,296.00	0.00c	0.00	0.00	409.14	409.14	3,886.86	S/L	7.0
274	Consulting Fees	5/03/05	1,961.00	0.00c	0.00	0.00	186.76	186.76	1,774.24	S/L	7.0
276	Consulting Fees	4/05/05	182.00	0.00c	0.00	0.00	19.50	19.50	162.50	S/L	7.0
277	Consulting Fees	4/05/05	254.00	0.00c	0.00	0.00	27.21	27.21	226.79	S/L	7.0
278	Consulting Fees	4/05/05	116.00	0.00c	0.00	0.00	12.43	12.43	103.57	S/L	7.0
279	Consulting Fees	4/04/05	697.00	0.00c	0.00	0.00	74.68	74.68	622.32	S/L	7.0
280	Consulting Fees	4/04/05	972.00	0.00c	0.00	0.00	104.14	104.14	867.86	S/L	7.0
281	Consulting Fees	4/04/05	444.00	0.00c	0.00	0.00	47.57	47.57	396.43	S/L	7.0
282	Equipment Planning	4/01/05	1,860.00	0.00c	0.00	0.00	199.29	199.29	1,660.71	S/L	7.0
283	Equipment Planning	4/01/05	2,593.00	0.00c	0.00	0.00	277.82	277.82	2,315.18	S/L	7.0
284	Equipment Planning	4/01/05	1,184.00	0.00c	0.00	0.00	126.86	126.86	1,057.14	S/L	7.0
285	Consulting Fees	3/01/05	1,031.00	0.00c	0.00	0.00	122.74	122.74	908.26	S/L	7.0
286	Consulting Fees	3/01/05	1,438.00	0.00c	0.00	0.00	171.19	171.19	1,266.81	S/L	7.0
287	Consulting Fees	3/01/05	656.00	0.00c	0.00	0.00	78.10	78.10	577.90	S/L	7.0
288	Consulting Fees	2/21/05	140.00	0.00c	0.00	0.00	16.67	16.67	123.33	S/L	7.0
289	Consulting Fees	2/21/05	196.00	0.00c	0.00	0.00	23.33	23.33	172.67	S/L	7.0
290	Consulting Fees	2/21/05	89.00	0.00c	0.00	0.00	10.60	10.60	78.40	S/L	7.0
291	Consulting Fees	3/08/05	238.00	0.00c	0.00	0.00	28.33	28.33	209.67	S/L	7.0
292	Consulting Fees	3/08/05	332.00	0.00c	0.00	0.00	39.52	39.52	292.48	S/L	7.0
293	Consulting Fees	3/08/05	152.00	0.00c	0.00	0.00	18.10	18.10	133.90	S/L	7.0
294	Consulting Fees	2/01/05	693.00	0.00c	0.00	0.00	90.75	90.75	602.25	S/L	7.0
295	Consulting Fees	2/01/05	966.00	0.00c	0.00	0.00	126.50	126.50	839.50	S/L	7.0
296	Consulting Fees	2/01/05	441.00	0.00c	0.00	0.00	57.75	57.75	383.25	S/L	7.0
297	Consulting Fees	1/05/05	2,633.00	0.00c	0.00	0.00	376.14	376.14	2,256.86	S/L	7.0
298	Consulting Fees	1/05/05	3,670.00	0.00c	0.00	0.00	524.29	524.29	3,145.71	S/L	7.0
299	Consulting Fees	1/05/05	1,676.00	0.00c	0.00	0.00	239.43	239.43	1,436.57	S/L	7.0
300	Consulting Fees	1/17/05	1,122.00	0.00c	0.00	0.00	146.93	146.93	975.07	S/L	7.0
301	Consulting Fees	1/17/05	1,564.00	0.00c	0.00	0.00	204.81	204.81	1,359.19	S/L	7.0
302	Consulting Fees	1/17/05	714.00	0.00c	0.00	0.00	93.50	93.50	620.50	S/L	7.0
303	Equipment Planning	1/15/05	1,416.00	0.00c	0.00	0.00	202.29	202.29	1,213.71	S/L	7.0
304	Equipment Planning	1/15/05	2,146.00	0.00c	0.00	0.00	306.57	306.57	1,839.43	S/L	7.0
305	Equipment Planning	1/15/05	1,005.00	0.00c	0.00	0.00	143.57	143.57	861.43	S/L	7.0
309	Equipment Planning	6/01/05	3,295.00	0.00c	0.00	0.00	274.58	274.58	3,020.42	S/L	7.0
314	Consulting Fees	6/02/05	1,779.00	0.00c	0.00	0.00	148.25	148.25	1,630.75	S/L	7.0
315	Consulting Fees	6/02/05	2,480.00	0.00c	0.00	0.00	206.67	206.67	2,273.33	S/L	7.0
316	Consulting Fees	6/02/05	1,132.00	0.00c	0.00	0.00	94.33	94.33	1,037.67	S/L	7.0
320	Consulting Fees	7/07/05	648.00	0.00c	0.00	0.00	46.29	46.29	601.71	S/L	7.0
321	Consulting Fees	7/07/05	903.00	0.00c	0.00	0.00	64.50	64.50	838.50	S/L	7.0
322	Consulting Fees	7/07/05	412.00	0.00c	0.00	0.00	29.43	29.43	382.57	S/L	7.0
323	Equipment Planning	7/04/05	3,250.00	0.00c	0.00	0.00	232.14	232.14	3,017.86	S/L	7.0
Consulting Fee/Equip Plan			54,938.00	0.00c	0.00	0.00	5,999.08	5,999.08	48,938.92		

Group: Equipment

24	Medic Billing Software	8/15/98	93,451.30	0.00	0.00	84,106.17	0.00	84,106.17	9,345.13	S/L	5.0
25	Medic Office Computer System	8/15/98	43,412.14	0.00	0.00	39,070.93	0.00	39,070.93	4,341.21	S/L	5.0

Tax Asset Detail 1/01/05 - 12/31/05

FYE: 12/31/2005

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Equipment (continued)											
28	Upfit Kits	8/15/98	2,018.90	0.00	0.00	1,817.01	0.00	1,817.01	201.89	S/L	5.0
30	Nuclear Camera Equipment	8/15/98	248,743.72	0.00	0.00	223,869.35	0.00	223,869.35	24,874.37	S/L	5.0
33	Nuclear Camera Equipment	8/15/98	13,497.97	0.00	0.00	12,148.17	0.00	12,148.17	1,349.80	S/L	5.0
34	Nuclear Camera Equipment	8/15/98	27,638.19	0.00	0.00	24,874.37	0.00	24,874.37	2,763.82	S/L	5.0
36	Medic Computer Equipment	8/15/98	3,745.63	0.00	0.00	3,371.07	0.00	3,371.07	374.56	S/L	5.0
37	Medic Software Upgrades	8/15/98	29,774.67	0.00	0.00	26,797.20	0.00	26,797.20	2,977.47	S/L	5.0
38	Ivy Medical Study Equipment	8/15/98	2,553.24	0.00	0.00	2,297.92	0.00	2,297.92	255.32	S/L	5.0
40	Lab Computer Systems	11/02/98	9,750.00	0.00	0.00	8,775.00	0.00	8,775.00	975.00	S/L	5.0
41	AMC Global Computer System	2/04/99	5,982.00	0.00	0.00	5,383.80	0.00	5,383.80	598.20	S/L	5.0
44	Scanner	4/21/99	9,995.00	0.00	0.00	8,995.50	0.00	8,995.50	999.50	S/L	5.0
46	Extra Equipment for X-ray System	5/28/99	840.00	0.00	0.00	756.00	0.00	756.00	84.00	S/L	5.0
47	Extra Equipment for X-ray System	5/28/99	1,764.00	0.00	0.00	1,587.60	0.00	1,587.60	176.40	S/L	5.0
48	Equipment Claircom	6/02/99	2,800.97	0.00	0.00	2,520.87	0.00	2,520.87	280.10	S/L	5.0
49	Equipment	6/16/99	2,950.00	0.00	0.00	2,655.00	0.00	2,655.00	295.00	S/L	5.0
50	Micro Coagulation Analyzer	7/12/99	17,151.77	0.00	0.00	15,436.59	0.00	15,436.59	1,715.18	S/L	5.0
51	Hardware Upgrade	9/07/99	545.79	0.00	0.00	491.21	0.00	491.21	54.58	S/L	5.0
52	Hardware Upgrade	9/09/99	954.25	0.00	0.00	858.82	0.00	858.82	95.43	S/L	5.0
53	Hardware Upgrade	9/09/99	844.25	0.00	0.00	759.82	0.00	759.82	84.43	S/L	5.0
54	Hardware Upgrade	9/04/99	112.39	0.00	0.00	101.15	0.00	101.15	11.24	S/L	5.0
56	2 Ikon Copiers	10/11/99	8,474.00	0.00	0.00	7,626.60	0.00	7,626.60	847.40	S/L	5.0
57	MCS Hardware Upgrade	10/11/99	4,320.50	0.00	0.00	3,888.45	0.00	3,888.45	432.05	S/L	5.0
58	Software	10/18/99	993.86	0.00	0.00	894.47	0.00	894.47	99.39	S/L	5.0
59	Web Site Design	10/29/99	3,905.00	0.00	0.00	3,514.50	0.00	3,514.50	390.50	S/L	5.0
61	Medical Laser Equipment	12/21/99	15,900.00	0.00	0.00	14,310.00	0.00	14,310.00	1,590.00	S/L	5.0
63	Ultrasound Equipment (Part of Assc	12/30/99	8,400.00	0.00	0.00	7,560.00	0.00	7,560.00	840.00	S/L	5.0
64	70 ECG Loop Recorders - 1/3 L, 1/	1/14/00	41,650.00	0.00	0.00	37,485.00	0.00	37,485.00	4,165.00	S/L	5.0
65	Software	2/04/00	839.00	0.00	0.00	742.52	12.58	755.10	83.90	S/L	5.0
66	Stretcher	2/25/00	800.00	0.00	0.00	696.00	24.00	720.00	80.00	S/L	5.0
67	Quick Combo Adapter & Life Pak	3/03/00	5,670.30	0.00	0.00	4,933.15	170.12	5,103.27	567.03	S/L	5.0
68	Pagewriter 200 Cardiograph	3/01/00	3,112.26	0.00	0.00	2,707.68	93.35	2,801.03	311.23	S/L	5.0
69	Ultrasound Equipment	3/01/00	81,021.15	0.00	0.00	70,488.41	2,430.62	72,919.03	8,102.12	S/L	5.0
70	Canon NP6221 Copier	4/06/00	1,890.00	0.00	0.00	1,615.95	85.05	1,701.00	189.00	S/L	5.0
71	Companion Portable Doppler System	4/07/00	11,550.00	0.00	0.00	9,875.25	519.75	10,395.00	1,155.00	S/L	5.0
72	Respironics 920M Oximeter	4/07/00	1,151.85	0.00	0.00	984.82	51.84	1,036.66	115.19	S/L	5.0
75	IBM MS SQL Server	7/12/00	1,842.75	0.00	0.00	1,492.61	165.86	1,658.47	184.28	S/L	5.0
76 *	Computer Compustation - 1/2R, 1/2	7/21/00	3,649.80	0.00	0.00	2,901.58	383.24	3,284.82	364.98	S/L	5.0
77	HP Laserjet Printer	7/21/00	645.72	0.00	0.00	513.35	67.80	581.15	64.57	S/L	5.0
78	2 Hewlett Packard MHZ Sector Pho	7/31/00	6,860.00	0.00	0.00	5,453.70	720.30	6,174.00	686.00	S/L	5.0
79	Netad1 Lan/Wan Documentation	8/07/00	764.32	0.00	0.00	607.64	80.25	687.89	76.43	S/L	5.0
80	Proprietary 32 Bit Software	8/08/00	47,452.25	0.00	0.00	37,724.52	4,982.50	42,707.02	4,745.23	S/L	5.0
81	JBS Multiview 2000	8/25/00	1,049.05	0.00	0.00	818.26	125.88	944.14	104.91	S/L	5.0
83	Holter Reporter & Holter Recorders	9/26/00	18,370.75	0.00	0.00	14,053.60	2,480.07	16,533.67	1,837.08	S/L	5.0
85	Medisoft for Windows - credit back	9/26/00	949.00	0.00	0.00	725.99	128.11	854.10	94.90	S/L	5.0
86	CR 90 Model 9000	9/28/00	1,724.00	0.00	0.00	1,318.86	232.74	1,551.60	172.40	S/L	5.0
87	Web Site Design	10/24/00	1,000.00	0.00	0.00	750.00	150.00	900.00	100.00	S/L	5.0
89	Sony Underscan and Overscan Mon	11/06/00	2,513.70	0.00	0.00	1,885.29	377.04	2,262.33	251.37	S/L	5.0
90 *	12 Port Digital Station Card	1/10/01	1,573.10	0.00	0.00	1,132.64	283.15	1,415.79	157.31	S/L	5.0
91	Double-VU 8-Tier Add-On Unit	2/22/01	1,889.95	0.00	0.00	1,304.06	340.19	1,644.25	245.70	S/L	5.0
92 *	P11 500 Celeron Computer	2/28/01	1,329.30	0.00	0.00	917.21	239.27	1,156.48	172.82	S/L	5.0

Tax Asset Detail 1/01/05 - 12/31/05

FYE: 12/31/2005

Asset *	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Equipment (continued)											
93	10 Looping Cardiac Event Monitors	4/10/01	6,247.50	0.00	0.00	4,217.06	1,124.55	5,341.61	905.89	S/L	5.0
95	Pulse Oximeter	7/11/01	674.10	0.00	0.00	424.69	121.34	546.03	128.07	S/L	5.0
97	500 CPS Dual Form Pringer	10/23/01	2,585.04	0.00	0.00	1,473.48	465.31	1,938.79	646.25	S/L	5.0
98	3810 Printer Paper Catch Tray	10/23/01	1,155.61	0.00	0.00	658.70	208.01	866.71	288.90	S/L	5.0
99	HP DAT24 Tape Backup	10/23/01	1,032.15	0.00	0.00	588.33	185.79	774.12	258.03	S/L	5.0
100	Private Relay Box & Pedestal	10/24/01	563.00	0.00	0.00	320.91	101.34	422.25	140.75	S/L	5.0
103	MASTER II ANALYZER	5/08/02	4,245.00	0.00	0.00	2,037.60	764.10	2,801.70	1,443.30	S/L	5.0
104	MSI MAIL POSTAGE SYSTEM	2/04/02	5,312.92	0.00	0.00	2,789.29	956.33	3,745.62	1,567.30	S/L	5.0
105	MSI MAIL POSTAGE SYSTEM	2/04/02	4,007.93	0.00	0.00	2,104.17	721.43	2,825.60	1,182.33	S/L	5.0
106	RICOH AFICIO COPIER	3/01/02	9,550.00	0.00	0.00	4,870.50	1,719.00	6,589.50	2,960.50	S/L	5.0
107	HP LASER JET	4/01/02	2,131.50	0.00	0.00	1,055.09	383.67	1,438.76	692.74	S/L	5.0
109	MISYS Computer System	7/25/02	118,295.95	0.00	0.00	51,458.74	21,293.27	72,752.01	45,543.94	S/L	5.0
111	DEFIBRILLATOR	9/19/02	1,312.50	0.00	0.00	531.56	236.25	767.81	544.69	S/L	5.0
112	DEFIBRILLATOR	9/19/02	1,312.50	0.00	0.00	531.56	236.25	767.81	544.69	S/L	5.0
113	Printers	11/25/02	5,194.00	0.00	0.00	1,947.75	934.92	2,882.67	2,311.33	S/L	5.0
114	Dictaphone Equipment	11/24/02	27,483.06	0.00	0.00	10,306.15	4,946.95	15,253.10	12,229.96	S/L	5.0
115	3 Dell Computers (Dictation)	12/01/02	2,633.41	0.00	0.00	987.52	474.01	1,461.53	1,171.88	S/L	5.0
116	Phillips Sonos Fusion Imaging	1/01/03	93,607.50	0.00	0.00	33,698.70	16,849.35	50,548.05	43,059.45	S/L	5.0
117	Copier	1/01/03	7,455.00	0.00	0.00	2,683.80	1,341.90	4,025.70	3,429.30	S/L	5.0
118	Dictaphone (pmts 2 & 3)	1/22/03	63,733.49	0.00	0.00	21,988.06	11,472.03	33,460.09	30,273.40	S/L	5.0
120	Vascular Stretcher	2/19/03	1,884.75	0.00	0.00	621.96	339.25	961.21	923.54	S/L	5.0
121	Echo Machine	2/12/03	4,795.00	0.00	0.00	1,654.28	863.10	2,517.38	2,277.62	S/L	5.0
122	Misys Autochart Upgrade	2/01/03	15,647.63	0.00	0.00	5,398.43	2,816.57	8,215.00	7,432.63	S/L	5.0
123	Misys Autochart Upgrade	2/01/03	13,144.05	0.00	0.00	4,534.70	2,365.93	6,900.63	6,243.42	S/L	5.0
124	Misys Autochart Upgrade	2/01/03	2,503.57	0.00	0.00	863.73	450.64	1,314.37	1,189.20	S/L	5.0
126	Dell Servers	3/01/03	7,270.15	0.00	0.00	2,399.15	1,308.63	3,707.78	3,562.37	S/L	5.0
127	Graybar Data Systems	3/01/03	24,729.50	0.00	0.00	8,160.74	4,451.31	12,612.05	12,117.45	S/L	5.0
128	2 - Upgrades to HP's Sonos Fusion	2/28/01	65,838.36	0.00	0.00	45,428.45	11,850.90	57,279.35	8,559.01	S/L	5.0
129	Upgrades to HP's Sonos Fusion	2/28/01	65,838.36	0.00	0.00	45,428.45	11,850.90	57,279.35	8,559.01	S/L	5.0
132	CG-6106 Examiners	4/25/03	17,340.72	0.00	0.00	5,202.22	3,121.33	8,323.55	9,017.17	S/L	5.0
134	Dell Windows Server (Software)	5/15/03	8,691.97	0.00	0.00	2,607.59	1,564.55	4,172.14	4,519.83	S/L	5.0
135	IT Equipment	5/28/03	799.50	0.00	0.00	227.86	143.91	371.77	427.73	S/L	5.0
137	IT Equipment - Firewalls (1/3)	5/28/03	649.57	0.00	0.00	185.12	116.92	302.04	347.53	S/L	5.0
138	IT Equipment-Firewall	5/28/03	649.57	0.00	0.00	185.12	116.92	302.04	347.53	S/L	5.0
139	IT Equipment-Firewall (1/3)	5/28/03	649.56	0.00	0.00	185.12	116.92	302.04	347.52	S/L	5.0
140	Dell Computers (approx 20)	6/17/03	37,617.21	0.00	0.00	10,156.65	6,771.10	16,927.75	20,689.46	S/L	5.0
141	Dell Computers (x12), Flat Screen	8/04/03	14,142.51	0.00	0.00	3,606.34	2,545.65	6,151.99	7,990.52	S/L	5.0
143	HP Laser Jet 2300dn & tape backup	7/01/03	3,725.40	0.00	0.00	1,005.86	670.57	1,676.43	2,048.97	S/L	5.0
145	TTM Module Exchange	9/22/03	4,010.00	0.00	0.00	902.25	721.80	1,624.05	2,385.95	S/L	5.0
147	Fax Machines (Killoy)	9/08/03	5,400.00	0.00	0.00	925.72	972.00	1,897.72	3,502.28	S/L	5.0
148	Misys Code Scan Deposit	9/30/03	9,910.58	0.00	0.00	2,229.88	1,783.90	4,013.78	5,896.80	S/L	5.0
152	Office 2003 Software	10/06/03	5,192.24	0.00	0.00	1,168.25	934.60	2,102.85	3,089.39	S/L	5.0
153	Time & Labor Management System	10/10/03	2,015.64	0.00	0.00	453.52	362.82	816.34	1,199.30	S/L	5.0
154	Flat Screen Monitors	10/13/03	3,307.50	0.00	0.00	744.19	595.35	1,339.54	1,967.96	S/L	5.0
155	Computers for Managers	10/14/03	6,368.27	0.00	0.00	1,432.86	1,146.29	2,579.15	3,789.12	S/L	5.0
156	Time and Labor Management System	10/10/03	2,015.64	0.00	0.00	453.52	362.82	816.34	1,199.30	S/L	5.0
157	Time and Labor Mgmt System (129)	10/10/03	568.02	0.00	0.00	127.80	102.24	230.04	337.98	S/L	5.0
158	Dell Computers	10/13/03	4,341.75	0.00	0.00	976.89	781.51	1,758.40	2,583.35	S/L	5.0
159 *	Allcom Communications	11/01/03	4,219.00	0.00	0.00	885.99	759.42	1,645.41	2,573.59	S/L	5.0

Tax Asset Detail 1/01/05 - 12/31/05

FYE: 12/31/2005

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Equipment (continued)											
160	Philips Medica-13tb6k-s ext	11/12/03	4,000.00	0.00	0.00	840.00	720.00	1,560.00	2,440.00	S/L	5.0
161	Treadmills	11/14/03	5,231.50	0.00	0.00	1,098.62	941.67	2,040.29	3,191.21	S/L	5.0
162	QB Software	11/26/03	1,427.95	0.00	0.00	278.45	257.03	535.48	892.47	S/L	5.0
163	Bender Biomedical X-Ray Eq.	12/01/03	31,841.25	0.00	0.00	6,209.04	5,731.42	11,940.46	19,900.79	S/L	5.0
164	Corporate Concepts	12/01/03	1,200.00	0.00	0.00	234.00	216.00	450.00	750.00	S/L	5.0
165 *	O.B. One Commun-installation	12/05/03	13,367.31	0.00	0.00	2,606.63	2,406.12	5,012.75	8,354.56	S/L	5.0
168	Code Scanner	12/04/03	15,972.42	0.00	0.00	3,114.63	2,875.04	5,989.67	9,982.75	S/L	5.0
169	Dell Account	12/12/03	1,286.25	0.00	0.00	250.81	231.52	482.33	803.92	S/L	5.0
170	Code Scanner	12/04/03	12,312.86	0.00	0.00	2,401.00	2,216.31	4,617.31	7,695.55	S/L	5.0
171	MISYS Healthcare-Code Scanner	12/04/03	3,358.06	0.00	0.00	654.82	604.45	1,259.27	2,098.79	S/L	5.0
172	Dictaphone	12/03/03	4,082.75	0.00	0.00	796.13	734.89	1,531.02	2,551.73	S/L	5.0
173	Used Copier	12/18/03	7,759.50	0.00	0.00	1,396.71	1,396.71	2,793.42	4,966.08	S/L	5.0
174	Nuclear Camera-Lex-Final pmts	12/01/03	207,000.00	0.00	0.00	40,365.00	37,260.00	77,625.00	129,375.00	S/L	5.0
175	Nuclear Camera-Richland pmt	12/01/03	187,200.00	0.00	0.00	36,504.00	33,696.00	70,200.00	117,000.00	S/L	5.0
176	Nuclear Camera-Lex 10% down	9/15/03	23,000.00	0.00	0.00	5,520.00	4,140.00	9,660.00	13,340.00	S/L	5.0
177	Nuclear Camera-Richland 10% dow	8/01/03	25,100.00	0.00	0.00	6,400.50	4,518.00	10,918.50	14,181.50	S/L	5.0
178	Printer	1/01/04	746.86	0.00	0.00	134.43	134.43	268.86	478.00	S/L	5.0
181 *	8 Phones (Allcom Commun)	1/01/04	1,712.00	0.00	0.00	308.20	308.20	616.40	1,095.60	S/L	5.0
182	Printer (Allcom Commun)	1/01/04	746.86	0.00	0.00	134.43	134.43	268.86	478.00	S/L	5.0
184	BCD-Medical Equipment	3/04/04	46,374.00	0.00	0.00	6,956.10	8,347.32	15,303.42	31,070.58	S/L	5.0
187	Printer (Allcom Commun)	1/01/04	746.86	0.00	0.00	134.43	134.43	268.86	478.00	S/L	5.0
191	CCA - Medical Equipment	1/13/04	118,206.00	0.00	0.00	21,277.08	21,277.08	42,554.16	75,651.84	S/L	5.0
192	McKesson Treadmill	1/01/04	16,288.31	0.00	0.00	2,931.90	2,931.90	5,863.80	10,424.51	S/L	5.0
193	McKesson Treadmill	1/01/04	16,288.31	0.00	0.00	2,931.90	2,931.90	5,863.80	10,424.51	S/L	5.0
194	Nuclear Lab Equip	1/05/04	2,064.00	0.00	0.00	371.52	371.52	743.04	1,320.96	S/L	5.0
195	Nuclear Camera-Final Pmt	1/01/04	62,750.01	0.00	0.00	11,295.00	11,295.00	22,590.00	40,160.01	S/L	5.0
196	Instromedix Monitors	3/01/04	8,156.10	0.00	0.00	1,223.42	1,468.10	2,691.52	5,464.58	S/L	5.0
197	GE Medical	1/08/04	2,698.45	0.00	0.00	485.72	485.72	971.44	1,727.01	S/L	5.0
198	Instromedix Monitors	3/01/04	3,817.75	0.00	0.00	572.66	687.19	1,259.85	2,557.90	S/L	5.0
199	Dell	1/01/04	35,709.42	0.00	0.00	6,427.70	6,427.70	12,855.40	22,854.02	S/L	5.0
200	Misys	2/01/04	1,038.56	0.00	0.00	171.36	186.94	358.30	680.26	S/L	5.0
201	Medical Arts	2/11/04	876.14	0.00	0.00	144.56	157.71	302.27	573.87	S/L	5.0
203	Instromedix Monitors	3/01/04	5,379.56	0.00	0.00	806.93	968.32	1,775.25	3,604.31	S/L	5.0
204	Holter System (Applied Cardio)	3/29/04	65,995.00	0.00	0.00	8,909.33	11,879.10	20,788.43	45,206.57	S/L	5.0
205	Laser Printer (Misys)	4/13/04	1,167.53	0.00	0.00	157.62	210.16	367.78	799.75	S/L	5.0
207	Medical Equipment	5/05/04	3,901.97	0.00	0.00	468.24	702.35	1,170.59	2,731.38	S/L	5.0
208	Dell-New Computers	5/09/04	5,596.30	0.00	0.00	671.56	1,007.33	1,678.89	3,917.41	S/L	5.0
209	Dell-New Computers	5/09/04	5,795.03	0.00	0.00	695.40	1,043.11	1,738.51	4,056.52	S/L	5.0
210	Dell-New Computers	5/09/04	344.58	0.00	0.00	41.35	62.02	103.37	241.21	S/L	5.0
211	Dell	6/15/04	2,419.70	0.00	0.00	254.07	435.55	689.62	1,730.08	S/L	5.0
212	Dell Switchboard	7/19/04	3,099.59	0.00	0.00	232.47	557.93	790.40	2,309.19	S/L	5.0
213	Credentialing Software	7/23/04	2,232.00	0.00	0.00	167.40	401.76	569.16	1,662.84	S/L	5.0
214	NUC Computer	7/19/04	3,099.59	0.00	0.00	232.47	557.93	790.40	2,309.19	S/L	5.0
215	Dell Switchboard	7/19/04	3,099.59	0.00	0.00	232.47	557.93	790.40	2,309.19	S/L	5.0
216	Credentialing Software	7/23/04	3,384.00	0.00	0.00	253.80	609.12	862.92	2,521.08	S/L	5.0
217	Credentialing Software	7/23/04	1,584.00	0.00	0.00	118.80	285.12	403.92	1,180.08	S/L	5.0
218	Printer-Nuclear Lab	7/01/04	2,224.52	0.00	0.00	200.21	400.41	600.62	1,623.90	S/L	5.0
219	INSTROMEDIX	8/01/04	3,584.00	0.00	0.00	268.80	645.12	913.92	2,670.08	S/L	5.0
220	INSTROMEDIX	8/01/04	5,433.81	0.00	0.00	407.54	978.09	1,385.63	4,048.18	S/L	5.0

Tax Asset Detail 1/01/05 - 12/31/05

FYE: 12/31/2005

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Equipment (continued)											
221	8400 Printer (Technology Im.)	9/02/04	2,261.96	0.00	0.00	135.72	407.15	542.87	1,719.09	S/L	5.0
222	Imaging Assoc	9/10/04	2,148.35	0.00	0.00	128.90	386.70	515.60	1,632.75	S/L	5.0
223	INSTROMEDIX	8/01/04	2,543.47	0.00	0.00	190.76	457.82	648.58	1,894.89	S/L	5.0
224	Corporate Concepts	10/04/04	5,995.00	0.00	0.00	269.78	1,079.10	1,348.88	4,646.12	S/L	5.0
226	Echo Table	10/18/04	1,107.90	0.00	0.00	33.24	199.42	232.66	875.24	S/L	5.0
227	Echo Table	10/18/04	1,107.90	0.00	0.00	33.24	199.42	232.66	875.24	S/L	5.0
228	Vascular Dept Equip	10/01/04	1,778.75	0.00	0.00	80.04	320.17	400.21	1,378.54	S/L	5.0
232	Color Laser Printer	12/01/04	1,678.95	0.00	0.00	25.18	302.21	327.39	1,351.56	S/L	5.0
233	Dell Coding Department	12/01/04	410.12	0.00	0.00	6.15	73.82	79.97	330.15	S/L	5.0
234	Dell Coding Depart.	12/01/04	621.79	0.00	0.00	9.33	111.92	121.25	500.54	S/L	5.0
235	Dell Coding Dept.	12/01/04	291.05	0.00	0.00	4.37	52.39	56.76	234.29	S/L	5.0
236	VasScan Table	1/01/05	4,822.00	0.00c	0.00	0.00	867.96	867.96	3,954.04	S/L	5.0
237	VasScan Table	1/01/05	4,822.00	0.00c	0.00	0.00	867.96	867.96	3,954.04	S/L	5.0
238	Defibrillator Medic	1/01/05	8,332.00	0.00c	0.00	0.00	1,499.76	1,499.76	6,832.24	S/L	5.0
239	Defibrillator Medic	1/01/05	8,332.00	0.00c	0.00	0.00	1,499.76	1,499.76	6,832.24	S/L	5.0
244	4 Computers	3/01/05	5,554.00	0.00c	0.00	0.00	833.10	833.10	4,720.90	S/L	5.0
245	Computer	3/01/05	1,388.00	0.00c	0.00	0.00	208.20	208.20	1,179.80	S/L	5.0
253	McKesson Equipment	2/01/05	7,656.00	0.00c	0.00	0.00	1,263.24	1,263.24	6,392.76	S/L	5.0
254	Upgrade Sonos 5500	4/29/05	10,326.00	0.00c	0.00	0.00	1,239.12	1,239.12	9,086.88	S/L	5.0
255	Upgrade Sonos 5500	4/29/05	10,326.00	0.00c	0.00	0.00	1,239.12	1,239.12	9,086.88	S/L	5.0
256	Upgrade Sonos 5500	4/29/05	10,324.00	0.00c	0.00	0.00	1,238.88	1,238.88	9,085.12	S/L	5.0
260	Laser Jet Printer	4/06/05	449.00	0.00c	0.00	0.00	60.62	60.62	388.38	S/L	5.0
261	Laser Jet Printer	4/05/05	576.00	0.00c	0.00	0.00	77.76	77.76	498.24	S/L	5.0
262	Canon Digital Printer	4/15/05	1,783.00	0.00c	0.00	0.00	240.71	240.71	1,542.29	S/L	5.0
268	Dictaphone	5/01/05	5,455.00	0.00c	0.00	0.00	654.60	654.60	4,800.40	S/L	5.0
269	Canon Digital Copier	5/01/05	11,524.00	0.00c	0.00	0.00	1,382.88	1,382.88	10,141.12	S/L	5.0
306	McKesson Stress System	5/27/05	17,500.00	0.00c	0.00	0.00	1,837.50	1,837.50	15,662.50	S/L	5.0
307	McKesson Stress System	5/27/05	17,500.00	0.00c	0.00	0.00	1,837.50	1,837.50	15,662.50	S/L	5.0
308	Dict Text	6/06/05	310.00	0.00c	0.00	0.00	32.55	32.55	277.45	S/L	5.0
312	Misys Health	6/01/05	3,312.00	0.00c	0.00	0.00	347.76	347.76	2,964.24	S/L	5.0
313	Dell Computer	6/01/05	2,398.00	0.00c	0.00	0.00	251.79	251.79	2,146.21	S/L	5.0
324	OB One Communications	1/01/04	1,530.43	0.00	0.00	275.48	275.48	550.96	979.47	S/L	5.0
325	Misys	2/01/04	2,077.11	0.00	0.00	342.72	373.88	716.60	1,360.51	S/L	5.0
326	Medical Arts	2/11/04	876.14	0.00	0.00	144.56	157.71	302.27	573.87	S/L	5.0
	Equipment		2,629,434.14	0.00c	0.00	1,178,390.64	337,071.40	1,515,462.04	1,113,972.10		
	*Less: Dispositions		27,380.94	0.00	0.00	9,027.73	0.00	13,682.61	13,698.33		
	Net Equipment		2,602,053.20	0.00c	0.00	1,169,362.91	337,071.40	1,501,779.43	1,100,273.77		
Group: Furniture & Fixtures											
23	* Execution Telephone System	8/15/98	62,511.45	0.00	0.00	56,260.30	0.00	56,260.30	6,251.15	S/L	7.0
26	Time Clocks	8/15/98	906.37	0.00	0.00	815.73	0.00	815.73	90.64	S/L	7.0
27	Circuit Installation Phone	8/15/98	1,834.65	0.00	0.00	1,651.18	0.00	1,651.18	183.47	S/L	7.0
29	* Executone Phone System	8/15/98	1,272.23	0.00	0.00	1,049.58	95.43	1,145.01	127.22	S/L	7.0
31	Business Office Cubicles	8/15/98	9,984.84	0.00	0.00	8,237.52	748.84	8,986.36	998.48	S/L	7.0
32	Office Furniture	8/15/98	160.56	0.00	0.00	132.44	12.06	144.50	16.06	S/L	7.0
35	Refrigerator	8/15/98	479.94	0.00	0.00	395.97	35.98	431.95	47.99	S/L	7.0
39	File Cabinets	10/08/98	739.66	0.00	0.00	594.37	71.32	665.69	73.97	S/L	7.0

Tax Asset Detail 1/01/05 - 12/31/05

FYE: 12/31/2005

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Furniture & Fixtures (continued)											
42	Sign Lexington Office	2/28/99	2,229.50	0.00	0.00	1,672.13	286.65	1,958.78	270.72	S/L	7.0
43	Telephone Equipment	4/05/99	2,174.03	0.00	0.00	1,607.24	279.52	1,886.76	287.27	S/L	7.0
45	Phone System Equipment	5/01/99	4,348.05	0.00	0.00	3,167.84	559.03	3,726.87	621.18	S/L	7.0
55	Fax Machine	9/04/99	839.98	0.00	0.00	576.00	108.00	684.00	155.98	S/L	7.0
60	Telephone System	12/21/99	1,491.95	0.00	0.00	959.10	191.82	1,150.92	341.03	S/L	7.0
62	Telephone Equipment	12/27/99	2,675.20	0.00	0.00	1,719.75	343.95	2,063.70	611.50	S/L	7.0
73	2 Monitors & 2 VCR's returned	5/01/00	1,253.70	0.00	0.00	752.22	161.19	913.41	340.29	S/L	7.0
74	TV Monitor & VCR - returned	5/31/00	626.85	0.00	0.00	369.37	80.59	449.96	176.89	S/L	7.0
82	66' Mission Desk	9/21/00	1,627.50	0.00	0.00	889.31	209.25	1,098.56	528.94	S/L	7.0
84	Compact Refrigerator	9/26/00	346.38	0.00	0.00	189.25	44.53	233.78	112.60	S/L	7.0
88	File Cabinets	11/01/00	876.40	0.00	0.00	469.50	112.68	582.18	294.22	S/L	7.0
94	Providence Filing System	6/16/01	4,186.46	0.00	0.00	1,883.91	538.26	2,422.17	1,764.29	S/L	7.0
96	HP-12 Paoli Chambers Desk	9/10/01	2,821.96	0.00	0.00	1,209.40	362.82	1,572.22	1,249.74	S/L	7.0
101	Office Equipment - Prov	1/28/02	2,404.50	0.00	0.00	901.69	309.15	1,210.84	1,193.66	S/L	7.0
102	Office Equipment - Richland	1/28/02	2,404.50	0.00	0.00	901.69	309.15	1,210.84	1,193.66	S/L	7.0
108	CUBICLES	4/01/02	7,670.44	0.00	0.00	2,712.05	986.20	3,698.25	3,972.19	S/L	7.0
110	2 REFRIGERATORS	9/02/02	602.05	0.00	0.00	180.62	77.41	258.03	344.02	S/L	7.0
119	File Cabinets	1/01/03	997.29	0.00	0.00	256.44	128.22	384.66	612.63	S/L	7.0
125	Lateral File	3/19/03	1,206.45	0.00	0.00	271.45	155.11	426.56	779.89	S/L	7.0
130	OFFICE FURNITURE - CALE TA	9/25/01	3,325.00	0.00	0.00	1,389.38	427.50	1,816.88	1,508.12	S/L	7.0
131	OFFICE FURNITURE - CALE TA	9/25/01	3,325.00	0.00	0.00	1,389.38	427.50	1,816.88	1,508.12	S/L	7.0
133	Storage Cabinets	5/07/03	661.50	0.00	0.00	141.75	85.05	226.80	434.70	S/L	7.0
136	Phone System	5/02/03	11,150.00	0.00	0.00	2,389.28	1,433.57	3,822.85	7,327.15	S/L	7.0
142	Rug	8/01/03	3,200.00	0.00	0.00	582.86	411.43	994.29	2,205.71	S/L	7.0
144	Furnish Lexington Office	9/26/03	20,473.24	0.00	0.00	3,290.34	2,632.27	5,922.61	14,550.63	S/L	7.0
146	Digital Camera	9/01/03	557.50	0.00	0.00	95.57	71.68	167.25	390.25	S/L	7.0
149	Secretarial Cubicles	10/24/03	5,179.30	0.00	0.00	776.89	665.91	1,442.80	3,736.50	S/L	7.0
150	6 position recliner	10/01/03	1,673.70	0.00	0.00	268.99	215.19	484.18	1,189.52	S/L	7.0
151	Storage System (#233, #263)	10/24/03	12,500.00	0.00	0.00	1,875.00	1,607.14	3,482.14	9,017.86	S/L	7.0
166	Storage System - 2nd pymt (#215, #	12/16/03	3,790.00	0.00	0.00	487.29	487.29	974.58	2,815.42	S/L	7.0
167	Refrig/Microwave	12/18/03	716.69	0.00	0.00	92.15	92.15	184.30	532.39	S/L	7.0
179	Corporate Concepts	3/11/04	319.98	0.00	0.00	34.28	41.14	75.42	244.56	S/L	7.0
180	Corporate Concepts	1/01/04	12,964.46	0.00	0.00	1,666.86	1,666.86	3,333.72	9,630.74	S/L	7.0
183	Artwork	1/14/04	1,449.00	0.00	0.00	0.00	0.00	0.00	1,449.00	Memo	0.0
185	BCD-Furniture and Fixtures	3/04/04	19,401.00	0.00	0.00	2,078.68	2,494.41	4,573.09	14,827.91	S/L	7.0
186	Corporate Concepts	1/01/04	55,977.69	0.00	0.00	7,197.13	7,197.13	14,394.26	41,583.43	S/L	7.0
188	Artwork	1/09/04	3,626.12	0.00	0.00	0.00	0.00	0.00	3,626.12	Memo	0.0
189	Storage System (#215, #233)	1/01/04	11,369.60	0.00	0.00	1,461.81	1,461.81	2,923.62	8,445.98	S/L	7.0
190	CCA Furniture & Fixtures	1/13/04	26,172.00	0.00	0.00	3,364.97	3,364.97	6,729.94	19,442.06	S/L	7.0
202	Allcom Commun Phone Installation	1/20/04	3,367.27	0.00	0.00	396.86	432.93	829.79	2,537.48	S/L	7.0
206	Refrigerator-Coumadin Clinic	5/10/04	401.62	0.00	0.00	34.42	51.64	86.06	315.56	S/L	7.0
225	3' Cabinet	11/12/04	840.00	0.00	0.00	18.00	108.00	126.00	714.00	S/L	7.0
229	Telephone System	5/01/05	11,589.45	0.00c	0.00	0.00	993.38	993.38	10,596.07	S/L	7.0
230	Telephone System	5/01/05	17,571.10	0.00c	0.00	0.00	1,506.09	1,506.09	16,065.01	S/L	7.0
231	Telephone System	5/01/05	8,224.77	0.00c	0.00	0.00	704.98	704.98	7,519.79	S/L	7.0
240	TV	2/01/05	525.00	0.00c	0.00	0.00	61.88	61.88	463.12	S/L	7.0
241	Cable Telephone	2/01/05	1,417.00	0.00c	0.00	0.00	167.00	167.00	1,250.00	S/L	7.0
242	Cable Telephone	2/01/05	2,876.00	0.00c	0.00	0.00	338.96	338.96	2,537.04	S/L	7.0
243	Fax	2/01/05	2,405.00	0.00c	0.00	0.00	283.45	283.45	2,121.55	S/L	7.0

Tax Asset Detail 1/01/05 - 12/31/05

FYE: 12/31/2005

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Furniture & Fixtures (continued)											
246	Safe	3/25/05	240.00	0.00c	0.00	0.00	23.14	23.14	216.86	S/L	7.0
247	Telephone System	5/01/05	18,543.12	0.00c	0.00	0.00	1,589.41	1,589.41	16,953.71	S/L	7.0
248	Telephone System	5/01/05	28,113.76	0.00c	0.00	0.00	2,409.75	2,409.75	25,704.01	S/L	7.0
249	Telephone System	5/01/05	13,159.63	0.00c	0.00	0.00	1,127.97	1,127.97	12,031.66	S/L	7.0
250	Telephone System	5/01/05	11,589.00	0.00c	0.00	0.00	993.34	993.34	10,595.66	S/L	7.0
251	Telephone System	5/01/05	17,571.00	0.00c	0.00	0.00	1,506.09	1,506.09	16,064.91	S/L	7.0
252	Telephone System	5/01/05	8,225.00	0.00c	0.00	0.00	705.00	705.00	7,520.00	S/L	7.0
257	BellSouth New Phone	4/01/05	2,751.00	0.00c	0.00	0.00	265.27	265.27	2,485.73	S/L	7.0
258	BellSouth New Phone	4/01/05	2,751.00	0.00c	0.00	0.00	265.27	265.27	2,485.73	S/L	7.0
259	BellSouth New Phone	4/01/05	2,771.00	0.00c	0.00	0.00	267.20	267.20	2,503.80	S/L	7.0
263	Furniture and Fixtures	5/06/05	12,374.00	0.00c	0.00	0.00	1,060.63	1,060.63	11,313.37	S/L	7.0
264	Furniture and Fixtures	5/03/05	7,965.00	0.00c	0.00	0.00	682.71	682.71	7,282.29	S/L	7.0
265	TV Cabinet	5/31/05	538.00	0.00c	0.00	0.00	40.35	40.35	497.65	S/L	7.0
267	Desk - Office Furniture	5/01/05	672.00	0.00c	0.00	0.00	57.60	57.60	614.40	S/L	7.0
271	Telephone System	5/01/05	7,105.00	0.00c	0.00	0.00	609.00	609.00	6,496.00	S/L	7.0
273	Telephone System	5/01/05	9,904.00	0.00c	0.00	0.00	848.91	848.91	9,055.09	S/L	7.0
275	Telephone System	5/01/05	4,521.00	0.00c	0.00	0.00	387.51	387.51	4,133.49	S/L	7.0
310	Corporate Concepts - 25%	5/03/05	157,483.00	0.00c	0.00	0.00	13,498.54	13,498.54	143,984.46	S/L	7.0
311	Design Service	6/01/05	4,340.00	0.00c	0.00	0.00	325.50	325.50	4,014.50	S/L	7.0
317	Office Equipment	6/30/05	2,942.00	0.00c	0.00	0.00	189.13	189.13	2,752.87	S/L	7.0
318	Office Equipment	6/30/05	2,942.00	0.00c	0.00	0.00	189.13	189.13	2,752.87	S/L	7.0
319	Office Equipment	6/30/05	2,942.00	0.00c	0.00	0.00	189.13	189.13	2,752.87	S/L	7.0
327	PURCHASE OF FURNITURE/FIX	12/31/05	1,187,978.39	0.00c	0.00	0.00	594,920.15	594,920.15	593,058.24	S/L	7.0
	Furniture & Fixtures		1,873,142.78	0.00c	0.00	118,857.94	657,789.20	776,647.14	1,096,495.64		
	*Less: Dispositions		88,990.18	0.00	0.00	67,549.95	0.00	70,886.20	18,103.98		
	Net Furniture & Fixtures		1,784,152.60	0.00c	0.00	51,307.99	657,789.20	705,760.94	1,078,391.66		
Group: Intangible Assets											
1	Loan Origination Fee	12/31/02	3,750.00	0.00	0.00	1,384.42	750.00	2,134.42	1,615.58	Amort	5.0
2	Loan Origination Costs	11/06/03	1,017.00	0.00	0.00	237.30	203.40	440.70	576.30	Amort	5.0
3	Renewal of Line of Credit	2/01/04	1,500.00	0.00	0.00	275.00	300.00	575.00	925.00	Amort	5.0
4	Wachovia Loan Fees	6/01/05	7,823.00	0.00c	0.00	0.00	912.68	912.68	6,910.32	Amort	5.0
	Intangible Assets		14,090.00	0.00c	0.00	1,896.72	2,166.08	4,062.80	10,027.20		
Group: Leasehold Improvements											
5	Leasehold Improvements	11/14/98	5,320.50	0.00	0.00	2,187.32	354.70	2,542.02	2,778.48	S/L	15.0
6	Leasehold Improvements	9/15/99	2,331.00	0.00	0.00	310.83	58.28	369.11	1,961.89	S/L	39.0
7	APA Leasehold Improvements	11/05/99	1,820.00	0.00	0.00	235.08	45.50	280.58	1,539.42	S/L	39.0
8	H I Rauch Contract	7/06/00	1,750.00	0.00	0.00	196.88	43.75	240.63	1,509.37	S/L	39.0
9	Leasehold Improvements	7/12/00	2,122.15	0.00	0.00	238.73	53.05	291.78	1,830.37	S/L	39.0
10	Build Three Work Stations	12/05/00	3,188.00	0.00	0.00	325.44	79.70	405.14	2,782.86	S/L	39.0
11	Install Vinyl & Aluminum	12/01/00	4,795.55	0.00	0.00	489.55	119.89	609.44	4,186.11	S/L	39.0
12	Compustation - Improvement	4/10/01	2,147.95	0.00	0.00	199.14	53.70	252.84	1,895.11	S/L	39.0
13	William D. Camp, Inc. - Improveme	4/21/01	2,885.00	0.00	0.00	267.48	72.13	339.61	2,545.39	S/L	39.0
14	Office Renovation Suite 210	5/03/01	4,360.00	0.00	0.00	395.13	109.00	504.13	3,855.87	S/L	39.0

Tax Asset Detail 1/01/05 - 12/31/05

FYE: 12/31/2005

Asset *	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Leasehold Improvements (continued)											
15	Suite 210 Improvements	6/16/01	8,200.00	0.00	0.00	726.04	205.00	931.04	7,268.96	S/L	39.0
16	Leasehold Improvements	7/24/01	2,785.00	0.00	0.00	240.80	69.63	310.43	2,474.57	S/L	39.0
17	Leasehold Improvements	9/30/01	5,785.00	0.00	0.00	476.07	144.63	620.70	5,164.30	S/L	39.0
18	Flooring	1/01/04	1,000.00	0.00	0.00	24.57	25.64	50.21	949.79	S/L	39.0
19	Allcom/Wiring new location	1/06/04	5,300.69	0.00	0.00	130.25	135.92	266.17	5,034.52	S/L	39.0
20	Floor Reinforcement	2/01/04	6,350.00	0.00	0.00	142.47	162.82	305.29	6,044.71	S/L	39.0
21	Exterior Signage	5/17/05	14,079.00	0.00c	0.00	0.00	219.98	219.98	13,859.02	S/L	39.0
22	Wallpaper - 50%	5/20/05	6,311.00	0.00c	0.00	0.00	101.14	101.14	6,209.86	S/L	39.0
	Leasehold Improvements		80,530.84	0.00c	0.00	6,585.78	2,054.46	8,640.24	71,890.60		
	Grand Total		4,652,135.76	0.00c	0.00	1,305,731.08	1,005,080.22	2,310,811.30	2,341,324.46		
	Less: Dispositions		116,371.12	0.00	0.00	76,577.68	0.00	84,568.81	31,802.31		
	Net Grand Total		4,535,764.64	0.00c	0.00	1,229,153.40	1,005,080.22	2,226,242.49	2,309,522.15		

Columbia Heart Clinic, PA

Balance Sheet

As of April 21, 2006

Cash Basis

	Apr 21, 06
ASSETS	
Current Assets	
Checking/Savings	
1060 • Wachovia - Cash - Checking	141,839.43
1080 • Wachovia - Research	16,039.85
1090 • Wachovia-Tucker-Claims Account	-22,838.45
1095 • Wachovia -Tucker - Flex	-423.12
1099 • Journal Entries	-0.01
Total Checking/Savings	134,617.70
Other Current Assets	
1140 • Employee Advances	22.44
1170 • Cash Box Front Desk	450.00
1450 • Miscellaneous Receivables	488.44
Total Other Current Assets	960.88
Total Current Assets	135,578.58
Fixed Assets	
1510 • Furniture & Fixtures	2,260,429.05
1520 • Medical Equipment	1,775,510.77
1525 • Office Equipment	662,134.94
1540 • Leasehold Improvements	1,119,404.44
1599 • Accumulated Depreciation	-2,460,076.74
Total Fixed Assets	3,357,402.46
Other Assets	
1910 • Loan Origination Fee	14,090.00
1999 • Accumulated Amortization	-5,110.38
Total Other Assets	8,979.62
TOTAL ASSETS	3,501,960.66
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2220 • Employee Benefits Payable	-920.76
2380 • Operating Line - Wachovia	253,966.53
Total Other Current Liabilities	253,045.77
Total Current Liabilities	253,045.77
Long Term Liabilities	
2370 • Equipment- Term Loan	2,232,930.06
2450 • Note Payable \$257K, LT (5,072)	83,219.87
2460 • Note Payable -(LT) Nuc Camera	243,999.00
2485 • Note Payable (LT) \$750K	639,080.36
2470 • NBSC LOC - Overage	757,336.33
Total Long Term Liabilities	3,956,565.62
Total Liabilities	4,209,611.39
Equity	
3900 • Retained Earnings	-316,229.31
Net Income	-391,421.42
Total Equity	-707,650.73
TOTAL LIABILITIES & EQUITY	3,501,960.66

Fixed Assets = ① = 3,366,382.

PRELIMINARY DRAFT

TO BE RETURNED TO BURKETT BURKETT &
BURKETT CPAS AND NOT TO BE REPRODUCED
IN ANY FORM WITHOUT THEIR PERMISSION.

05930
Confidential

6-4

Tax Asset Detail 1/01/06 - 12/31/06

FYE: 12/31/2006 4/21/2006

Asset *	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Consulting Fee/Equip Plan											
266	Equipment Planning	5/02/05	1,080.00	0.00	0.00	102.86	154.29	257.15	822.85	S/L	7.0
270	Consulting Fees	5/03/05	3,082.00	0.00	0.00	293.52	440.29	733.81	2,348.19	S/L	7.0
272	Consulting Fees	5/03/05	4,296.00	0.00	0.00	409.14	613.71	1,022.85	3,273.15	S/L	7.0
274	Consulting Fees	5/03/05	1,961.00	0.00	0.00	186.76	280.14	466.90	1,494.10	S/L	7.0
276	Consulting Fees	4/05/05	182.00	0.00	0.00	19.50	26.00	45.50	136.50	S/L	7.0
277	Consulting Fees	4/05/05	254.00	0.00	0.00	27.21	36.29	63.50	190.50	S/L	7.0
278	Consulting Fees	4/05/05	116.00	0.00	0.00	12.43	16.57	29.00	87.00	S/L	7.0
279	Consulting Fees	4/04/05	697.00	0.00	0.00	74.68	99.57	174.25	522.75	S/L	7.0
280	Consulting Fees	4/04/05	972.00	0.00	0.00	104.14	138.86	243.00	729.00	S/L	7.0
281	Consulting Fees	4/04/05	444.00	0.00	0.00	47.57	63.43	111.00	333.00	S/L	7.0
282	Equipment Planning	4/01/05	1,860.00	0.00	0.00	199.29	265.71	465.00	1,395.00	S/L	7.0
283	Equipment Planning	4/01/05	2,593.00	0.00	0.00	277.82	370.43	648.25	1,944.75	S/L	7.0
284	Equipment Planning	4/01/05	1,184.00	0.00	0.00	126.86	169.14	296.00	888.00	S/L	7.0
285	Consulting Fees	3/01/05	1,031.00	0.00	0.00	122.74	147.29	270.03	760.97	S/L	7.0
286	Consulting Fees	3/01/05	1,438.00	0.00	0.00	171.19	205.43	376.62	1,061.38	S/L	7.0
287	Consulting Fees	3/01/05	656.00	0.00	0.00	78.10	93.71	171.81	484.19	S/L	7.0
288	Consulting Fees	2/21/05	140.00	0.00	0.00	16.67	20.00	36.67	103.33	S/L	7.0
289	Consulting Fees	2/21/05	196.00	0.00	0.00	23.33	28.00	51.33	144.67	S/L	7.0
290	Consulting Fees	2/21/05	89.00	0.00	0.00	10.60	12.71	23.31	65.69	S/L	7.0
291	Consulting Fees	3/08/05	238.00	0.00	0.00	28.33	34.00	62.33	175.67	S/L	7.0
292	Consulting Fees	3/08/05	332.00	0.00	0.00	39.52	47.43	86.95	245.05	S/L	7.0
293	Consulting Fees	3/08/05	152.00	0.00	0.00	18.10	21.71	39.81	112.19	S/L	7.0
294	Consulting Fees	2/01/05	693.00	0.00	0.00	90.75	99.00	189.75	503.25	S/L	7.0
295	Consulting Fees	2/01/05	966.00	0.00	0.00	126.50	138.00	264.50	701.50	S/L	7.0
296	Consulting Fees	2/01/05	441.00	0.00	0.00	57.75	63.00	120.75	320.25	S/L	7.0
297	Consulting Fees	1/05/05	2,633.00	0.00	0.00	376.14	376.14	752.28	1,880.72	S/L	7.0
298	Consulting Fees	1/05/05	3,670.00	0.00	0.00	524.29	524.29	1,048.58	2,621.42	S/L	7.0
299	Consulting Fees	1/05/05	1,676.00	0.00	0.00	239.43	239.43	478.86	1,197.14	S/L	7.0
300	Consulting Fees	1/17/05	1,122.00	0.00	0.00	146.93	160.29	307.22	814.78	S/L	7.0
301	Consulting Fees	1/17/05	1,564.00	0.00	0.00	204.81	223.43	428.24	1,135.76	S/L	7.0
302	Consulting Fees	1/17/05	714.00	0.00	0.00	93.50	102.00	195.50	518.50	S/L	7.0
303	Equipment Planning	1/15/05	1,416.00	0.00	0.00	202.29	202.29	404.58	1,011.42	S/L	7.0
304	Equipment Planning	1/15/05	2,146.00	0.00	0.00	306.57	306.57	613.14	1,532.86	S/L	7.0
305	Equipment Planning	1/15/05	1,005.00	0.00	0.00	143.57	143.57	287.14	717.86	S/L	7.0
309	Equipment Planning	6/01/05	3,295.00	0.00	0.00	274.58	470.71	745.29	2,549.71	S/L	7.0
314	Consulting Fees	6/02/05	1,779.00	0.00	0.00	148.25	254.14	402.39	1,376.61	S/L	7.0
315	Consulting Fees	6/02/05	2,480.00	0.00	0.00	206.67	354.29	560.96	1,919.04	S/L	7.0
316	Consulting Fees	6/02/05	1,132.00	0.00	0.00	94.33	161.71	256.04	875.96	S/L	7.0
320	Consulting Fees	7/07/05	648.00	0.00	0.00	46.29	92.57	138.86	509.14	S/L	7.0
321	Consulting Fees	7/07/05	903.00	0.00	0.00	64.50	129.00	193.50	709.50	S/L	7.0
322	Consulting Fees	7/07/05	412.00	0.00	0.00	29.43	58.86	88.29	323.71	S/L	7.0
323	Equipment Planning	7/04/05	3,250.00	0.00	0.00	232.14	464.29	696.43	2,553.57	S/L	7.0
Consulting Fee/Equip Plan			54,938.00	0.00c	0.00	5,999.08	7,848.29	13,847.37	41,090.63		
Group: Equipment											
24	Medic Billing Software	8/15/98	93,451.30	0.00	0.00	84,106.17	0.00	84,106.17	9,345.13	S/L	5.0
25	Medic Office Computer System	8/15/98	43,412.14	0.00	0.00	39,070.93	0.00	39,070.93	4,341.21	S/L	5.0

Tax Asset Detail 1/01/06 - 12/31/06

FYE: 12/31/2006

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Equipment (continued)											
28	Upfit Kits	8/15/98	2,018.90	0.00	0.00	1,817.01	0.00	1,817.01	201.89	S/L	5.0
30	Nuclear Camera Equipment	8/15/98	248,743.72	0.00	0.00	223,869.35	0.00	223,869.35	24,874.37	S/L	5.0
33	Nuclear Camera Equipment	8/15/98	13,497.97	0.00	0.00	12,148.17	0.00	12,148.17	1,349.80	S/L	5.0
34	Nuclear Camera Equipment	8/15/98	27,638.19	0.00	0.00	24,874.37	0.00	24,874.37	2,763.82	S/L	5.0
36	Medic Computer Equipment	8/15/98	3,745.63	0.00	0.00	3,371.07	0.00	3,371.07	374.56	S/L	5.0
37	Medic Software Upgrades	8/15/98	29,774.67	0.00	0.00	26,797.20	0.00	26,797.20	2,977.47	S/L	5.0
38	Ivy Medical Study Equipment	8/15/98	2,553.24	0.00	0.00	2,297.92	0.00	2,297.92	255.32	S/L	5.0
40	Lab Computer Systems	11/02/98	9,750.00	0.00	0.00	8,775.00	0.00	8,775.00	975.00	S/L	5.0
41	AMC Global Computer System	2/04/99	5,982.00	0.00	0.00	5,383.80	0.00	5,383.80	598.20	S/L	5.0
44	Scanner	4/21/99	9,995.00	0.00	0.00	8,995.50	0.00	8,995.50	999.50	S/L	5.0
46	Extra Equipment for X-ray System	5/28/99	840.00	0.00	0.00	756.00	0.00	756.00	84.00	S/L	5.0
47	Extra Equipment for X-ray System	5/28/99	1,764.00	0.00	0.00	1,587.60	0.00	1,587.60	176.40	S/L	5.0
48	Equipment Claircom	6/02/99	2,800.97	0.00	0.00	2,520.87	0.00	2,520.87	280.10	S/L	5.0
49	Equipment	6/16/99	2,950.00	0.00	0.00	2,655.00	0.00	2,655.00	295.00	S/L	5.0
50	Micro Coagulation Analyzer	7/12/99	17,151.77	0.00	0.00	15,436.59	0.00	15,436.59	1,715.18	S/L	5.0
51	Hardware Upgrade	9/07/99	545.79	0.00	0.00	491.21	0.00	491.21	54.58	S/L	5.0
52	Hardware Upgrade	9/09/99	954.25	0.00	0.00	858.82	0.00	858.82	95.43	S/L	5.0
53	Hardware Upgrade	9/09/99	844.25	0.00	0.00	759.82	0.00	759.82	84.43	S/L	5.0
54	Hardware Upgrade	9/04/99	112.39	0.00	0.00	101.15	0.00	101.15	11.24	S/L	5.0
56	2 Ikon Copiers	10/11/99	8,474.00	0.00	0.00	7,626.60	0.00	7,626.60	847.40	S/L	5.0
57	MCS Hardware Upgrade	10/11/99	4,320.50	0.00	0.00	3,888.45	0.00	3,888.45	432.05	S/L	5.0
58	Software	10/18/99	993.86	0.00	0.00	894.47	0.00	894.47	99.39	S/L	5.0
59	Web Site Design	10/29/99	3,905.00	0.00	0.00	3,514.50	0.00	3,514.50	390.50	S/L	5.0
61	Medical Laser Equipment	12/21/99	15,900.00	0.00	0.00	14,310.00	0.00	14,310.00	1,590.00	S/L	5.0
63	Ultrasound Equipment (Part of Ass)	12/30/99	8,400.00	0.00	0.00	7,560.00	0.00	7,560.00	840.00	S/L	5.0
64	70 ECG Loop Recorders - 1/3 L, 1/3	1/14/00	41,650.00	0.00	0.00	37,485.00	0.00	37,485.00	4,165.00	S/L	5.0
65	Software	2/04/00	839.00	0.00	0.00	755.10	0.00	755.10	83.90	S/L	5.0
66	Stretcher	2/25/00	800.00	0.00	0.00	720.00	0.00	720.00	80.00	S/L	5.0
67	Quick Combo Adapter & Life Pak	3/03/00	5,670.30	0.00	0.00	5,103.27	0.00	5,103.27	567.03	S/L	5.0
68	Pagerwriter 200 Cardiograph	3/01/00	3,112.26	0.00	0.00	2,801.03	0.00	2,801.03	311.23	S/L	5.0
69	Ultrasound Equipment	3/01/00	81,021.15	0.00	0.00	72,919.03	0.00	72,919.03	8,102.12	S/L	5.0
70	Canon NP6221 Copier	4/06/00	1,890.00	0.00	0.00	1,701.00	0.00	1,701.00	189.00	S/L	5.0
71	Companion Portable Doppler System	4/07/00	11,550.00	0.00	0.00	10,395.00	0.00	10,395.00	1,155.00	S/L	5.0
72	Respironics 920M Oximeter	4/07/00	1,151.85	0.00	0.00	1,036.66	0.00	1,036.66	115.19	S/L	5.0
75	IBM MS SQL Server	7/12/00	1,842.75	0.00	0.00	1,658.47	0.00	1,658.47	184.28	S/L	5.0
77	HP Laserjet Printer	7/21/00	645.72	0.00	0.00	581.15	0.00	581.15	64.57	S/L	5.0
78	2 Hewlett Packard MHZ Sector Phc	7/31/00	6,860.00	0.00	0.00	6,174.00	0.00	6,174.00	686.00	S/L	5.0
79	Netad1 Lan/Wan Documentation	8/07/00	764.32	0.00	0.00	687.89	0.00	687.89	76.43	S/L	5.0
80	Proprietary 32 Bit Software	8/08/00	47,452.25	0.00	0.00	42,707.02	0.00	42,707.02	4,745.23	S/L	5.0
81	JBS Multiview 2000	8/25/00	1,049.05	0.00	0.00	944.14	0.00	944.14	104.91	S/L	5.0
83	Holter Reporter & Holter Recorders	9/26/00	18,370.75	0.00	0.00	16,533.67	0.00	16,533.67	1,837.08	S/L	5.0
85	Medisoft for Windows - credit back	9/26/00	949.00	0.00	0.00	854.10	0.00	854.10	94.90	S/L	5.0
86	CR 90 Model 9000	9/28/00	1,724.00	0.00	0.00	1,551.60	0.00	1,551.60	172.40	S/L	5.0
87	Web Site Design	10/24/00	1,000.00	0.00	0.00	900.00	0.00	900.00	100.00	S/L	5.0
89	Sony Underscan and Overscan Mon	11/06/00	2,513.70	0.00	0.00	2,262.33	0.00	2,262.33	251.37	S/L	5.0
91	Double-VU 8-Tier Add-On Unit	2/22/01	1,889.95	0.00	0.00	1,644.25	56.70	1,700.95	189.00	S/L	5.0
93	10 Looping Cardiac Event Monitors	4/10/01	6,247.50	0.00	0.00	5,341.61	281.14	5,622.75	624.75	S/L	5.0
95	Pulse Oximeter	7/11/01	674.10	0.00	0.00	546.03	60.66	606.69	67.41	S/L	5.0
97	500 CPS Dual Form Pringer	10/23/01	2,585.04	0.00	0.00	1,938.79	387.75	2,326.54	258.50	S/L	5.0

Tax Asset Detail 1/01/06 - 12/31/06

FYE: 12/31/2006

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Equipment (continued)											
98	3810 Printer Paper Catch Tray	10/23/01	1,155.61	0.00	0.00	866.71	173.34	1,040.05	115.56	S/L	5.0
99	HP DAT24 Tape Backup	10/23/01	1,032.15	0.00	0.00	774.12	154.81	928.93	103.22	S/L	5.0
100	Private Relay Box & Pedestal	10/24/01	563.00	0.00	0.00	422.25	84.45	506.70	56.30	S/L	5.0
103	MASTER II ANALYZER	5/08/02	4,245.00	0.00	0.00	2,801.70	764.10	3,565.80	679.20	S/L	5.0
104	MSI MAIL POSTAGE SYSTEM	2/04/02	5,312.92	0.00	0.00	3,745.62	956.33	4,701.95	610.97	S/L	5.0
105	MSI MAIL POSTAGE SYSTEM	2/04/02	4,007.93	0.00	0.00	2,825.60	721.43	3,547.03	460.90	S/L	5.0
106	RICOH AFICIO COPIER	3/01/02	9,550.00	0.00	0.00	6,589.50	1,719.00	8,308.50	1,241.50	S/L	5.0
107	HP LASER JET	4/01/02	2,131.50	0.00	0.00	1,438.76	383.67	1,822.43	309.07	S/L	5.0
109	MISYS Computer System	7/25/02	118,295.95	0.00	0.00	72,752.01	21,293.27	94,045.28	24,250.67	S/L	5.0
111	DEFIBRILLATOR	9/19/02	1,312.50	0.00	0.00	767.81	236.25	1,004.06	308.44	S/L	5.0
112	DEFIBRILLATOR	9/19/02	1,312.50	0.00	0.00	767.81	236.25	1,004.06	308.44	S/L	5.0
113	Printers	11/25/02	5,194.00	0.00	0.00	2,882.67	934.92	3,817.59	1,376.41	S/L	5.0
114	Dictaphone Equipment	11/24/02	27,483.06	0.00	0.00	15,253.10	4,946.95	20,200.05	7,283.01	S/L	5.0
115	3 Dell Computers (Dictation)	12/01/02	2,633.41	0.00	0.00	1,461.53	474.01	1,935.54	697.87	S/L	5.0
116	Phillips Sonos Fusion Imaging	1/01/03	93,607.50	0.00	0.00	50,548.05	16,849.35	67,397.40	26,210.10	S/L	5.0
117	Copier	1/01/03	7,455.00	0.00	0.00	4,025.70	1,341.90	5,367.60	2,087.40	S/L	5.0
118	Dictaphone (pmts 2 & 3)	1/22/03	63,733.49	0.00	0.00	33,460.09	11,472.03	44,932.12	18,801.37	S/L	5.0
120	Vascular Stretcher	2/19/03	1,884.75	0.00	0.00	961.21	339.25	1,300.46	584.29	S/L	5.0
121	Echo Machine	2/12/03	4,795.00	0.00	0.00	2,517.38	863.10	3,380.48	1,414.52	S/L	5.0
122	Misys Autochart Upgrade	2/01/03	15,647.63	0.00	0.00	8,215.00	2,816.57	11,031.57	4,616.06	S/L	5.0
123	Misys Autochart Upgrade	2/01/03	13,144.05	0.00	0.00	6,900.63	2,365.93	9,266.56	3,877.49	S/L	5.0
124	Misys Autochart Upgrade	2/01/03	2,503.57	0.00	0.00	1,314.37	450.64	1,765.01	738.56	S/L	5.0
126	Dell Servers	3/01/03	7,270.15	0.00	0.00	3,707.78	1,308.63	5,016.41	2,253.74	S/L	5.0
127	Graybar Data Systems	3/01/03	24,729.50	0.00	0.00	12,612.05	4,451.31	17,063.36	7,666.14	S/L	5.0
128	2 - Upgrades to HP's Sonos Fusion	2/28/01	65,838.36	0.00	0.00	57,279.35	1,975.17	59,254.52	6,583.84	S/L	5.0
129	Upgrades to HP's Sonos Fusion	2/28/01	65,838.36	0.00	0.00	57,279.35	1,975.17	59,254.52	6,583.84	S/L	5.0
132	CG-6106 Examiners	4/25/03	17,340.72	0.00	0.00	8,323.55	3,121.33	11,444.88	5,895.84	S/L	5.0
134	Dell Windows Server (Software)	5/15/03	8,691.97	0.00	0.00	4,172.14	1,564.55	5,736.69	2,955.28	S/L	5.0
135	IT Equipment	5/28/03	799.50	0.00	0.00	371.77	143.91	515.68	283.82	S/L	5.0
137	IT Equipment - Firewalls (1/3)	5/28/03	649.57	0.00	0.00	302.04	116.92	418.96	230.61	S/L	5.0
138	IT Equipment-Firewall	5/28/03	649.57	0.00	0.00	302.04	116.92	418.96	230.61	S/L	5.0
139	IT Equipment-Firewall (1/3)	5/28/03	649.56	0.00	0.00	302.04	116.92	418.96	230.60	S/L	5.0
140	Dell Computers (approx 20)	6/17/03	37,617.21	0.00	0.00	16,927.75	6,771.10	23,698.85	13,918.36	S/L	5.0
141	Dell Computers (x12), Flat Screen	8/04/03	14,142.51	0.00	0.00	6,151.99	2,545.65	8,697.64	5,444.87	S/L	5.0
143	HP Laser Jet 2300dn & tape backup	7/01/03	3,725.40	0.00	0.00	1,676.43	670.57	2,347.00	1,378.40	S/L	5.0
145	TTM Module Exchange	9/22/03	4,010.00	0.00	0.00	1,624.05	721.80	2,345.85	1,664.15	S/L	5.0
147	Fax Machines (Killoy)	9/08/03	5,400.00	0.00	0.00	1,897.72	972.00	2,869.72	2,530.28	S/L	5.0
148	Misys Code Scan Deposit	9/30/03	9,910.58	0.00	0.00	4,013.78	1,783.90	5,797.68	4,112.90	S/L	5.0
152	Office 2003 Software	10/06/03	5,192.24	0.00	0.00	2,102.85	934.60	3,037.45	2,154.79	S/L	5.0
153	Time & Labor Management System	10/10/03	2,015.64	0.00	0.00	816.34	362.82	1,179.16	836.48	S/L	5.0
154	Flat Screen Monitors	10/13/03	3,307.50	0.00	0.00	1,339.54	595.35	1,934.89	1,372.61	S/L	5.0
155	Computers for Managers	10/14/03	6,368.27	0.00	0.00	2,579.15	1,146.29	3,725.44	2,642.83	S/L	5.0
156	Time and Labor Management System	10/10/03	2,015.64	0.00	0.00	816.34	362.82	1,179.16	836.48	S/L	5.0
157	Time and Labor Mgmt System (12%)	10/10/03	568.02	0.00	0.00	230.04	102.24	332.28	235.74	S/L	5.0
158	Dell Computers	10/13/03	4,341.75	0.00	0.00	1,758.40	781.51	2,539.91	1,801.84	S/L	5.0
160	Philips Medica-13tb6k-s ext	11/12/03	4,000.00	0.00	0.00	1,560.00	720.00	2,280.00	1,720.00	S/L	5.0
161	Treadmills	11/14/03	5,231.50	0.00	0.00	2,040.29	941.67	2,981.96	2,249.54	S/L	5.0
162	QB Software	11/26/03	1,427.95	0.00	0.00	535.48	257.03	792.51	635.44	S/L	5.0
163	Bender Biomedical X-Ray Eq.	12/01/03	31,841.25	0.00	0.00	11,940.46	5,731.42	17,671.88	14,169.37	S/L	5.0

Tax Asset Detail 1/01/06 - 12/31/06

FYE: 12/31/2006

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Equipment (continued)											
164	Corporate Concepts	12/01/03	1,200.00	0.00	0.00	450.00	216.00	666.00	534.00	S/L	5.0
168	Code Scanner	12/04/03	15,972.42	0.00	0.00	5,989.67	2,875.04	8,864.71	7,107.71	S/L	5.0
169	Dell Account	12/12/03	1,286.25	0.00	0.00	482.33	231.52	713.85	572.40	S/L	5.0
170	Code Scanner	12/04/03	12,312.86	0.00	0.00	4,617.31	2,216.31	6,833.62	5,479.24	S/L	5.0
171	MISYS Healthcare-Code Scanner	12/04/03	3,358.06	0.00	0.00	1,259.27	604.45	1,863.72	1,494.34	S/L	5.0
172	Dictaphone	12/03/03	4,082.75	0.00	0.00	1,531.02	734.89	2,265.91	1,816.84	S/L	5.0
173	Used Copier	12/18/03	7,759.50	0.00	0.00	2,793.42	1,396.71	4,190.13	3,569.37	S/L	5.0
174	Nuclear Camera-Lex-Final pmts	12/01/03	207,000.00	0.00	0.00	77,625.00	37,260.00	114,885.00	92,115.00	S/L	5.0
175	Nuclear Camera-Richland pmt	12/01/03	187,200.00	0.00	0.00	70,200.00	33,696.00	103,896.00	83,304.00	S/L	5.0
176	Nuclear Camera-Lex 10% down	9/15/03	23,000.00	0.00	0.00	9,660.00	4,140.00	13,800.00	9,200.00	S/L	5.0
177	Nuclear Camera-Richland 10% dow	8/01/03	25,100.00	0.00	0.00	10,918.50	4,518.00	15,436.50	9,663.50	S/L	5.0
178	Printer	1/01/04	746.86	0.00	0.00	268.86	134.43	403.29	343.57	S/L	5.0
182	Printer (Allcom Commun)	1/01/04	746.86	0.00	0.00	268.86	134.43	403.29	343.57	S/L	5.0
184	BCD-Medical Equipment	3/04/04	46,374.00	0.00	0.00	15,303.42	8,347.32	23,650.74	22,723.26	S/L	5.0
187	Printer (Allcom Commun)	1/01/04	746.86	0.00	0.00	268.86	134.43	403.29	343.57	S/L	5.0
191	CCA - Medical Equipment	1/13/04	118,206.00	0.00	0.00	42,554.16	21,277.08	63,831.24	54,374.76	S/L	5.0
192	McKesson Treadmill	1/01/04	16,288.31	0.00	0.00	5,863.80	2,931.90	8,795.70	7,492.61	S/L	5.0
193	McKesson Treadmill	1/01/04	16,288.31	0.00	0.00	5,863.80	2,931.90	8,795.70	7,492.61	S/L	5.0
194	Nuclear Lab Equip	1/05/04	2,064.00	0.00	0.00	743.04	371.52	1,114.56	949.44	S/L	5.0
195	Nuclear Camera-Final Pmt	1/01/04	62,750.01	0.00	0.00	22,590.00	11,295.00	33,885.00	28,865.01	S/L	5.0
196	Instromedix Monitors	3/01/04	8,156.10	0.00	0.00	2,691.52	1,468.10	4,159.62	3,996.48	S/L	5.0
197	GE Medical	1/08/04	2,698.45	0.00	0.00	971.44	485.72	1,457.16	1,241.29	S/L	5.0
198	Instromedix Monitors	3/01/04	3,817.75	0.00	0.00	1,259.85	687.19	1,947.04	1,870.71	S/L	5.0
199	Dell	1/01/04	35,709.42	0.00	0.00	12,855.40	6,427.70	19,283.10	16,426.32	S/L	5.0
200	Misys.	2/01/04	1,038.56	0.00	0.00	358.30	186.94	545.24	493.32	S/L	5.0
201	Medical Arts	2/11/04	876.14	0.00	0.00	302.27	157.71	459.98	416.16	S/L	5.0
203	Instromedix Monitors	3/01/04	5,379.56	0.00	0.00	1,775.25	968.32	2,743.57	2,635.99	S/L	5.0
204	Holter System (Applied Cardio)	3/29/04	65,995.00	0.00	0.00	20,788.43	11,879.10	32,667.53	33,327.47	S/L	5.0
205	Laser Printer (Misys)	4/13/04	1,167.53	0.00	0.00	367.78	210.16	577.94	589.59	S/L	5.0
207	Medical Equipment	5/05/04	3,901.97	0.00	0.00	1,170.59	702.35	1,872.94	2,029.03	S/L	5.0
208	Dell-New Computers	5/09/04	5,596.30	0.00	0.00	1,678.89	1,007.33	2,686.22	2,910.08	S/L	5.0
209	Dell-New Computers	5/09/04	5,795.03	0.00	0.00	1,738.51	1,043.11	2,781.62	3,013.41	S/L	5.0
210	Dell-New Computers	5/09/04	344.58	0.00	0.00	103.37	62.02	165.39	179.19	S/L	5.0
211	Dell	6/15/04	2,419.70	0.00	0.00	689.62	435.55	1,125.17	1,294.53	S/L	5.0
212	Dell Switchboard	7/19/04	3,099.59	0.00	0.00	790.40	557.93	1,348.33	1,751.26	S/L	5.0
213	Credentialing Software	7/23/04	2,232.00	0.00	0.00	569.16	401.76	970.92	1,261.08	S/L	5.0
214	NUC Computer	7/19/04	3,099.59	0.00	0.00	790.40	557.93	1,348.33	1,751.26	S/L	5.0
215	Dell Switchboard	7/19/04	3,099.59	0.00	0.00	790.40	557.93	1,348.33	1,751.26	S/L	5.0
216	Credentialing Software	7/23/04	3,384.00	0.00	0.00	862.92	609.12	1,472.04	1,911.96	S/L	5.0
217	Credentialing Software	7/23/04	1,584.00	0.00	0.00	403.92	285.12	689.04	894.96	S/L	5.0
218	Printer-Nuclear Lab	7/01/04	2,224.52	0.00	0.00	600.62	400.41	1,001.03	1,223.49	S/L	5.0
219	INSTROMEDIX	8/01/04	3,584.00	0.00	0.00	913.92	645.12	1,559.04	2,024.96	S/L	5.0
220	INSTROMEDIX	8/01/04	5,433.81	0.00	0.00	1,385.63	978.09	2,363.72	3,070.09	S/L	5.0
221	8400 Printer (Technology Im.)	9/02/04	2,261.96	0.00	0.00	542.87	407.15	950.02	1,311.94	S/L	5.0
222	Imaging Assoc	9/10/04	2,148.35	0.00	0.00	515.60	386.70	902.30	1,246.05	S/L	5.0
223	INSTROMEDIX	8/01/04	2,543.47	0.00	0.00	648.58	457.82	1,106.40	1,437.07	S/L	5.0
224	Corporate Concepts	10/04/04	5,995.00	0.00	0.00	1,348.88	1,079.10	2,427.98	3,567.02	S/L	5.0
226	Echo Table	10/18/04	1,107.90	0.00	0.00	232.66	199.42	432.08	675.82	S/L	5.0
227	Echo Table	10/18/04	1,107.90	0.00	0.00	232.66	199.42	432.08	675.82	S/L	5.0

Tax Asset Detail 1/01/06 - 12/31/06

FYE: 12/31/2006

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Equipment (continued)											
228	Vascular Dept Equip	10/01/04	1,778.75	0.00	0.00	400.21	320.17	720.38	1,058.37	S/L	5.0
232	Color Laser Printer	12/01/04	1,678.95	0.00	0.00	327.39	302.21	629.60	1,049.35	S/L	5.0
233	Dell Coding Department	12/01/04	410.12	0.00	0.00	79.97	73.82	153.79	256.33	S/L	5.0
234	Dell Coding Dept.	12/01/04	621.79	0.00	0.00	121.25	111.92	233.17	388.62	S/L	5.0
235	Dell Coding Dept.	12/01/04	291.05	0.00	0.00	56.76	52.39	109.15	181.90	S/L	5.0
236	VasScan Table	1/01/05	4,822.00	0.00	0.00	867.96	867.96	1,735.92	3,086.08	S/L	5.0
237	VasScan Table	1/01/05	4,822.00	0.00	0.00	867.96	867.96	1,735.92	3,086.08	S/L	5.0
238	Defibrillator Medic	1/01/05	8,332.00	0.00	0.00	1,499.76	1,499.76	2,999.52	5,332.48	S/L	5.0
239	Defibrillator Medic	1/01/05	8,332.00	0.00	0.00	1,499.76	1,499.76	2,999.52	5,332.48	S/L	5.0
244	4 Computers	3/01/05	5,554.00	0.00	0.00	833.10	999.72	1,832.82	3,721.18	S/L	5.0
245	Computer	3/01/05	1,388.00	0.00	0.00	208.20	249.84	458.04	929.96	S/L	5.0
253	McKesson Equipment	2/01/05	7,656.00	0.00	0.00	1,263.24	1,378.08	2,641.32	5,014.68	S/L	5.0
254	Upgrade Sonos 5500	4/29/05	10,326.00	0.00	0.00	1,239.12	1,858.68	3,097.80	7,228.20	S/L	5.0
255	Upgrade Sonos 5500	4/29/05	10,326.00	0.00	0.00	1,239.12	1,858.68	3,097.80	7,228.20	S/L	5.0
256	Upgrade Sonos 5500	4/29/05	10,324.00	0.00	0.00	1,238.88	1,858.32	3,097.20	7,226.80	S/L	5.0
260	Laser Jet Printer	4/06/05	449.00	0.00	0.00	60.62	80.82	141.44	307.56	S/L	5.0
261	Laser Jet Printer	4/05/05	576.00	0.00	0.00	77.76	103.68	181.44	394.56	S/L	5.0
262	Canon Digital Printer	4/15/05	1,783.00	0.00	0.00	240.71	320.94	561.65	1,221.35	S/L	5.0
268	Dictaphone	5/01/05	5,455.00	0.00	0.00	654.60	981.90	1,636.50	3,818.50	S/L	5.0
269	Canon Digital Copier	5/01/05	11,524.00	0.00	0.00	1,382.88	2,074.32	3,457.20	8,066.80	S/L	5.0
306	McKesson Stress System	5/27/05	17,500.00	0.00	0.00	1,837.50	3,150.00	4,987.50	12,512.50	S/L	5.0
307	McKesson Stress System	5/27/05	17,500.00	0.00	0.00	1,837.50	3,150.00	4,987.50	12,512.50	S/L	5.0
308	Diet Text	6/06/05	310.00	0.00	0.00	32.55	55.80	88.35	221.65	S/L	5.0
312	Misys Health	6/01/05	3,312.00	0.00	0.00	347.76	596.16	943.92	2,368.08	S/L	5.0
313	Dell Computer	6/01/05	2,398.00	0.00	0.00	251.79	431.64	683.43	1,714.57	S/L	5.0
325	Misys	2/01/04	2,077.11	0.00	0.00	716.60	373.88	1,090.48	986.63	S/L	5.0
326	Medical Arts	2/11/04	876.14	0.00	0.00	302.27	157.71	459.98	416.16	S/L	5.0
Equipment			2,602,053.20	0.00	0.00	1,501,779.43	304,822.77	1,806,602.20	795,451.00		

Group: Furniture & Fixtures

26	Time Clocks	8/15/98	906.37	0.00	0.00	815.73	0.00	815.73	90.64	S/L	7.0
27	Circuit Installation Phone	8/15/98	1,834.65	0.00	0.00	1,651.18	0.00	1,651.18	183.47	S/L	7.0
31	Business Office Cubicles	8/15/98	9,984.84	0.00	0.00	8,986.36	0.00	8,986.36	998.48	S/L	7.0
32	Office Furniture	8/15/98	160.56	0.00	0.00	144.50	0.00	144.50	16.06	S/L	7.0
35	Refrigerator	8/15/98	479.94	0.00	0.00	431.95	0.00	431.95	47.99	S/L	7.0
39	File Cabinets	10/08/98	739.66	0.00	0.00	665.69	0.00	665.69	73.97	S/L	7.0
42	Sign Lexington Office	2/28/99	2,229.50	0.00	0.00	1,958.78	47.77	2,006.55	222.95	S/L	7.0
55	Fax Machine	9/04/99	839.98	0.00	0.00	684.00	71.98	755.98	84.00	S/L	7.0
73	2 Monitors & 2 VCR's returned	5/01/00	1,253.70	0.00	0.00	913.41	161.19	1,074.60	179.10	S/L	7.0
74	TV Monitor & VCR - returned	5/31/00	626.85	0.00	0.00	449.96	80.59	530.55	96.30	S/L	7.0
82	66' Mission Desk	9/21/00	1,627.50	0.00	0.00	1,098.56	209.25	1,307.81	319.69	S/L	7.0
84	Compact Refrigerator	9/26/00	346.38	0.00	0.00	233.78	44.53	278.31	68.07	S/L	7.0
88	File Cabinets	11/01/00	876.40	0.00	0.00	582.18	112.68	694.86	181.54	S/L	7.0
94	Providence Filing System	6/16/01	4,186.46	0.00	0.00	2,422.17	538.26	2,960.43	1,226.03	S/L	7.0
96	HP-12 Paoli Chambers Desk	9/10/01	2,821.96	0.00	0.00	1,572.22	362.82	1,935.04	886.92	S/L	7.0
101	Office Equipment - Prov	1/28/02	2,404.50	0.00	0.00	1,210.84	309.15	1,519.99	884.51	S/L	7.0
102	Office Equipment - Richland	1/28/02	2,404.50	0.00	0.00	1,210.84	309.15	1,519.99	884.51	S/L	7.0

Tax Asset Detail 1/01/06 - 12/31/06

FYE: 12/31/2006

Asset *	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Furniture & Fixtures (continued)											
108	CUBICLES	4/01/02	7,670.44	0.00	0.00	3,698.25	986.20	4,684.45	2,985.99	S/L	7.0
110	2 REFRIGERATORS	9/02/02	602.05	0.00	0.00	258.03	77.41	335.44	266.61	S/L	7.0
119	File Cabinets	1/01/03	997.29	0.00	0.00	384.66	128.22	512.88	484.41	S/L	7.0
125	Lateral File	3/19/03	1,206.45	0.00	0.00	426.56	155.11	581.67	624.78	S/L	7.0
130	OFFICE FURNITURE - CALE TA	9/25/01	3,325.00	0.00	0.00	1,816.88	427.50	2,244.38	1,080.62	S/L	7.0
131	OFFICE FURNITURE - CALE TA	9/25/01	3,325.00	0.00	0.00	1,816.88	427.50	2,244.38	1,080.62	S/L	7.0
133	Storage Cabinets	5/07/03	661.50	0.00	0.00	226.80	85.05	311.85	349.65	S/L	7.0
142	Rug	8/01/03	3,200.00	0.00	0.00	994.29	411.43	1,405.72	1,794.28	S/L	7.0
144	Furnish Lexington Office	9/26/03	20,473.24	0.00	0.00	5,922.61	2,632.27	8,554.88	11,918.36	S/L	7.0
146	Digital Camera	9/01/03	557.50	0.00	0.00	167.25	71.68	238.93	318.57	S/L	7.0
149	Secretarial Cubicles	10/24/03	5,179.30	0.00	0.00	1,442.80	665.91	2,108.71	3,070.59	S/L	7.0
150	6 position recliner	10/01/03	1,673.70	0.00	0.00	484.18	215.19	699.37	974.33	S/L	7.0
151	Storage System (#233, #263)	10/24/03	12,500.00	0.00	0.00	3,482.14	1,607.14	5,089.28	7,410.72	S/L	7.0
166	Storage System - 2nd pymt (#215, #	12/16/03	3,790.00	0.00	0.00	974.58	487.29	1,461.87	2,328.13	S/L	7.0
167	Refrig/Microwave	12/18/03	716.69	0.00	0.00	184.30	92.15	276.45	440.24	S/L	7.0
179	Corporate Concepts	3/11/04	319.98	0.00	0.00	75.42	41.14	116.56	203.42	S/L	7.0
180	Corporate Concepts	1/01/04	12,964.46	0.00	0.00	3,333.72	1,666.86	5,000.58	7,963.88	S/L	7.0
183	Artwork	1/14/04	1,449.00	0.00	0.00	0.00	0.00	0.00	1,449.00	Memo	0.0
185	BCD-Furniture and Fixtures	3/04/04	19,401.00	0.00	0.00	4,573.09	2,494.41	7,067.50	12,333.50	S/L	7.0
186	Corporate Concepts	1/01/04	55,977.69	0.00	0.00	14,394.26	7,197.13	21,591.39	34,386.30	S/L	7.0
188	Artwork	1/09/04	3,626.12	0.00	0.00	0.00	0.00	0.00	3,626.12	Memo	0.0
189	Storage System (#215, #233)	1/01/04	11,369.60	0.00	0.00	2,923.62	1,461.81	4,385.43	6,984.17	S/L	7.0
190	CCA Furniture & Fixtures	1/13/04	26,172.00	0.00	0.00	6,729.94	3,364.97	10,094.91	16,077.09	S/L	7.0
206	Refrigerator-Courmadin Clinic	5/10/04	401.62	0.00	0.00	86.06	51.64	137.70	263.92	S/L	7.0
225	3' Cabinet	11/12/04	840.00	0.00	0.00	126.00	108.00	234.00	606.00	S/L	7.0
229	Telephone System	5/01/05	11,589.45	0.00	0.00	993.38	1,490.07	2,483.45	9,106.00	S/L	7.0
230	Telephone System	5/01/05	17,571.10	0.00	0.00	1,506.09	2,259.14	3,765.23	13,805.87	S/L	7.0
231	Telephone System	5/01/05	8,224.77	0.00	0.00	704.98	1,057.47	1,762.45	6,462.32	S/L	7.0
240	TV	2/01/05	525.00	0.00	0.00	61.88	67.50	129.38	395.62	S/L	7.0
241	Cable Telephone	2/01/05	1,417.00	0.00	0.00	167.00	182.19	349.19	1,067.81	S/L	7.0
242	Cable Telephone	2/01/05	2,876.00	0.00	0.00	338.96	369.77	708.73	2,167.27	S/L	7.0
243	Fax	2/01/05	2,405.00	0.00	0.00	283.45	309.21	592.66	1,812.34	S/L	7.0
246	Safe	3/25/05	240.00	0.00	0.00	23.14	30.86	54.00	186.00	S/L	7.0
247	Telephone System	5/01/05	18,543.12	0.00	0.00	1,589.41	2,384.12	3,973.53	14,569.59	S/L	7.0
248	Telephone System	5/01/05	28,113.76	0.00	0.00	2,409.75	3,614.63	6,024.38	22,089.38	S/L	7.0
249	Telephone System	5/01/05	13,159.63	0.00	0.00	1,127.97	1,691.95	2,819.92	10,339.71	S/L	7.0
250	Telephone System	5/01/05	11,589.00	0.00	0.00	993.34	1,490.01	2,483.35	9,105.65	S/L	7.0
251	Telephone System	5/01/05	17,571.00	0.00	0.00	1,506.09	2,259.13	3,765.22	13,805.78	S/L	7.0
252	Telephone System	5/01/05	8,225.00	0.00	0.00	705.00	1,057.50	1,762.50	6,462.50	S/L	7.0
257	BellSouth New Phone	4/01/05	2,751.00	0.00	0.00	265.27	353.70	618.97	2,132.03	S/L	7.0
258	BellSouth New Phone	4/01/05	2,751.00	0.00	0.00	265.27	353.70	618.97	2,132.03	S/L	7.0
259	BellSouth New Phone	4/01/05	2,771.00	0.00	0.00	267.20	356.27	623.47	2,147.53	S/L	7.0
263	Furniture and Fixtures	5/06/05	12,374.00	0.00	0.00	1,060.63	1,590.94	2,651.57	9,722.43	S/L	7.0
264	Furniture and Fixtures	5/03/05	7,965.00	0.00	0.00	682.71	1,024.07	1,706.78	6,258.22	S/L	7.0
265	TV Cabinet	5/31/05	538.00	0.00	0.00	40.35	69.17	109.52	428.48	S/L	7.0
267	Desk - Office Furniture	5/01/05	672.00	0.00	0.00	57.60	86.40	144.00	528.00	S/L	7.0
271	Telephone System	5/01/05	7,105.00	0.00	0.00	609.00	913.50	1,522.50	5,582.50	S/L	7.0
273	Telephone System	5/01/05	9,904.00	0.00	0.00	848.91	1,273.37	2,122.28	7,781.72	S/L	7.0
275	Telephone System	5/01/05	4,521.00	0.00	0.00	387.51	581.27	968.78	3,552.22	S/L	7.0

Tax Asset Detail 1/01/06 - 12/31/06

FYE: 12/31/2006

Asset	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Furniture & Fixtures (continued)											
310	Corporate Concepts - 25%	5/03/05	157,483.00	0.00	0.00	13,498.54	20,247.81	33,746.35	123,736.65	S/L	7.0
311	Design Service	6/01/05	4,340.00	0.00	0.00	325.50	558.00	883.50	3,456.50	S/L	7.0
317	Office Equipment	6/30/05	2,942.00	0.00	0.00	189.13	378.26	567.39	2,374.61	S/L	7.0
318	Office Equipment	6/30/05	2,942.00	0.00	0.00	189.13	378.26	567.39	2,374.61	S/L	7.0
319	Office Equipment	6/30/05	2,942.00	0.00	0.00	189.13	378.26	567.39	2,374.61	S/L	7.0
327	PURCHASE OF FURNITURE/FIX	12/31/05	1,187,978.39	0.00	0.00	594,920.15	291,070.98	885,991.13	301,987.26	S/L	7.0
329	PURCHASE OF FURNITURE & F	2/28/06	256,930.96	0.00c	0.00	0.00	66,289.97	66,289.97	190,640.99	200DB	7.0
	Furniture & Fixtures		2,041,083.56	0.00c	0.00	705,760.94	431,270.86	1,137,031.80	904,051.76		

Group: Intangible Assets

1	Loan Origination Fee	12/31/02	3,750.00	0.00	0.00	2,134.42	1,376.75	3,511.17	238.83	Amort	5.0
2	Loan Origination Costs	11/06/03	1,017.00	0.00	0.00	440.70	203.40	644.10	372.90	Amort	5.0
3	Renewal of Line of Credit	2/01/04	1,500.00	0.00	0.00	575.00	300.00	875.00	625.00	Amort	5.0
4	Wachovia Loan Fees	6/01/05	7,823.00	0.00	0.00	912.68	1,564.60	2,477.28	5,345.72	Amort	5.0
	Intangible Assets		14,090.00	0.00c	0.00	4,062.80	3,444.75	7,507.55	6,582.45		

Group: Leasehold Improvements

5	Leasehold Improvements	11/14/98	5,320.50	0.00	0.00	2,542.02	354.70	2,896.72	2,423.78	S/L	15.0
6	Leasehold Improvements	9/15/99	2,331.00	0.00	0.00	369.11	58.28	427.39	1,903.61	S/L	39.0
7	APA Leasehold Improvements	11/05/99	1,820.00	0.00	0.00	280.58	45.50	326.08	1,493.92	S/L	39.0
8	H I Rauch Contract	7/06/00	1,750.00	0.00	0.00	240.63	43.75	284.38	1,465.62	S/L	39.0
9	Leasehold Improvements	7/12/00	2,122.15	0.00	0.00	291.78	53.05	344.83	1,777.32	S/L	39.0
10	Build Three Work Stations	12/05/00	3,188.00	0.00	0.00	405.14	79.70	484.84	2,703.16	S/L	39.0
11	Install Vinyl & Aluminum	12/01/00	4,795.55	0.00	0.00	609.44	119.89	729.33	4,066.22	S/L	39.0
12	Computation - Improvement	4/10/01	2,147.95	0.00	0.00	252.84	53.70	306.54	1,841.41	S/L	39.0
13	William D. Camp, Inc. - Improvement	4/21/01	2,885.00	0.00	0.00	339.61	72.13	411.74	2,473.26	S/L	39.0
14	Office Renovation Suite 210	5/03/01	4,360.00	0.00	0.00	504.13	109.00	613.13	3,746.87	S/L	39.0
15	Suite 210 Improvements	6/16/01	8,200.00	0.00	0.00	931.04	205.00	1,136.04	7,063.96	S/L	39.0
16	Leasehold Improvements	7/24/01	2,785.00	0.00	0.00	310.43	69.63	380.06	2,404.94	S/L	39.0
17	Leasehold Improvements	9/30/01	5,785.00	0.00	0.00	620.70	144.63	765.33	5,019.67	S/L	39.0
18	Flooring	1/01/04	1,000.00	0.00	0.00	50.21	25.64	75.85	924.15	S/L	39.0
19	Allcom/Wiring new location	1/06/04	5,300.69	0.00	0.00	266.17	135.92	402.09	4,898.60	S/L	39.0
20	Floor Reinforcement	2/01/04	6,350.00	0.00	0.00	305.29	162.82	468.11	5,881.89	S/L	39.0
21	Exterior Signage	5/17/05	14,079.00	0.00	0.00	219.98	351.98	571.96	13,507.04	S/L	39.0
22	Wallpaper - 50%	5/20/05	6,311.00	0.00	0.00	101.14	161.82	262.96	6,048.04	S/L	39.0
328	LEASEHOLD IMPROVEMENTS	2/28/06	1,038,873.60	0.00c	0.00	0.00	22,725.36	22,725.36	1,016,148.24	S/L	39.0
	Leasehold Improvements		1,119,404.44	0.00c	0.00	8,640.24	24,972.50	33,612.74	1,085,791.70		

Grand Total **5,831,569.20** **0.00c** **0.00** **2,226,242.49** **772,359.17** **2,998,601.66** **2,832,967.54**

(3,444.75)

768,914.42

x 111/365

233,834.25 CY Dep.

2,226,242.49 PY A/D

= 1160.076 - 111

Columbia Heart Clinic. PA

Balance Sheet

As of April 21, 2006

Cash Basis

	Apr 21, 06
ASSETS	
Current Assets	
Checking/Savings	
1060 - Wachovia - Cash - Checking	141,839.43
1080 - Wachovia - Research	16,039.85
1090 - Wachovia-Tucker-Claims Account	-22,838.45
1095 - Wachovia -Tucker - Flex	-423.12
1099 - Journal Entries	-0.01
Total Checking/Savings	134,617.70
Other Current Assets	
1140 - Employee Advances	22.44
1170 - Cash Box Front Desk	450.00
1450 - Miscellaneous Receivables	488.44
Total Other Current Assets	960.88
Total Current Assets	135,578.58
Fixed Assets	
1510 - Furniture & Fixtures	2,260,429.05
1520 - Medical Equipment	1,775,510.77
1525 - Office Equipment	662,134.94
1540 - Leasehold Improvements	1,119,404.44
1599 - Accumulated Depreciation	-2,460,076.74
Total Fixed Assets	3,357,402.46
Other Assets	
1910 - Loan Origination Fee	14,090.00
1999 - Accumulated Amortization	-5,110.38
Total Other Assets	8,979.62
TOTAL ASSETS	3,501,960.66
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2220 - Employee Benefits Payable	-920.76
2360 - Operating Line - Wachovia	253,965.53
Total Other Current Liabilities	253,045.77
Total Current Liabilities	253,045.77
Long Term Liabilities	
2370 - Equipment- Term Loan	2,282,980.08
2450 - Note Payable \$257K, LT (5,072)	83,215.87
2460 - Note Payable -(LT) Nuc Camera	243,999.00
2485 - Note Payable (LT) \$750K	659,080.36
2470 - NBSC LOC - Overage	257,336.93
Total Long Term Liabilities	3,956,665.62
Total Liabilities	4,209,611.39
Equity	
3900 - Retained Earnings	-316,229.31
Net Income	-391,421.42
Total Equity	-707,650.73
TOTAL LIABILITIES & EQUITY	3,501,960.66

⑦

⑦

⑦ = 4,210,532

PRELIMINARY DRAFT

TO BE RETURNED TO BURKETT BURKETT &
BURKETT CPAS. NOT TO BE REPRODUCED
IN ANY FORM WITHOUT THEIR PERMISSION.

05930
Confidential

P1210 -NOI RPT ANALYSIS
 COLUMBIA HEART
 USER - am9001

4-21-06
 6 11-27-07

DATE 11/28/07
 TIME 12:12
 PAGE 2

***** DOCTOR SUMMARY TOTALS *****

	CHARGES	PERSONAL RECEIPTS	INSURANCE RECEIPTS	CHARGE ADJUST	INSURANCE WRITE-OFF	RECEIPT ADJUST	BALANCE TRANSFERS	MISC CHARGES	CHANGE IN A/R
2 -BAUGH, MD J KEVIN		70193.75-		90262.87-		9900.05		115.00	
	27806844.82		101875.51-		166098.49-		.00		27388429.25
5 -FELDMAN, MD BARRY		55670.41-		58594.73-		8013.67		.00	
	20244399.32		115789.54-		165187.56-		.00		19057170.75
6 -FELDMAN, MD JENNIF		22030.87-		13019.31-		1867.30		30.00	
	8497330.42		28686.32-		38731.55-		.00		8396759.67
***** GRAND TOTALS *****		147,095.03-		161,076.91-		19,781.02		145.00	
	56,548,574.56		246,351.37-		370,017.60-		.00		55,642,359.67

14269
 Confidential

**THIS AGREEMENT IS SUBJECT TO ARBITRATION
PURSUANT TO SC CODE § 15-48-10 ET SEQ. AS MODIFIED HEREIN**

PHYSICIAN EMPLOYMENT AGREEMENT

THIS PHYSICIAN EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of this 1st day of March, 2003, between **COLUMBIA HEART CLINIC, P.A.**, a South Carolina professional corporation ("Medical Group"), and **JENNIFER FELDMAN, M.D.** ("Physician").

PREMISES:

- A. Medical Group is a group medical practice providing medical services to its patients in the State of South Carolina.
- B. Physician is a physician duly licensed to practice medicine in the State of South Carolina.
- C. Medical Group desires to employ Physician, and Physician desires to be employed by Medical Group, on the terms set forth herein.

NOW, THEREFORE, in consideration of the promises herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

COMPENSATION AND BENEFITS

1.1. Compensation. Throughout the term of this Agreement, Medical Group shall pay to Physician compensation as provided in Exhibit A attached hereto and incorporated by reference herein.

1.2. Employee Benefits. To the extent eligible, Physician shall participate in all employee benefits as are provided by Medical Group and as established and modified from time to time by the Board of Directors of Medical Group as long as Physician is otherwise eligible to participate and desires to be covered and so participate. Nothing contained in this Section shall be construed to obligate Medical Group in any manner to provide special benefits to Physician.

1.3. Vacations and Professional Meetings. Physician shall be entitled each year to such time out of the office and away from Physician's professional duties for vacation and attendance at professional meetings as shall be consistent with policies established and modified from time to time by the Board of Directors of Medical Group. The policies for vacation and professional meetings in effect at the commencement of the initial term of this Agreement, which

may be amended from time to time by the Board of Directors, are set forth on Exhibit B attached hereto and incorporated by reference herein.

1.4. Disability. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning the benefits, if any, to be provided upon the temporary or permanent disability of physician employees of Medical Group. Physician shall comply with all such standards and provisions.

1.5. Malpractice Insurance; Tail Insurance Coverage.

(a) Medical Group shall carry malpractice insurance covering Physician with minimum limits of \$1,000,000 per incident and \$3,000,000 in the aggregate, or such higher limits and including such terms and conditions as the Board of Directors of Medical Group may from time to time determine to be reasonable and necessary. Physician shall at all times cooperate with the malpractice insurance carrier by providing in a timely manner any information, records or data reasonably requested.

(b) Upon the expiration or termination of this Agreement due to the death or total and permanent disability of Physician, in the event Medical Group has in force "claims made" insurance covering Physician at the time of the expiration or termination of this Agreement, Medical Group shall pay for the appropriate reporting endorsement (known as "Tail Coverage") for medical malpractice insurance carried by Medical Group on Physician if determined to be necessary by Medical Group.

1.6. Other Business Expenses. Medical Group shall pay all fees associated with Physician's obtaining and maintaining South Carolina licensure and hospital privileges at those hospital where Physician is required to maintain privileges under this Agreement. Medical Group shall also pay Physician's professional society dues, limited to the South Carolina Medical Association, Columbia Medical Society, NASPE, and the American College of Cardiology.

1.7 Relocation Expenses. [This paragraph intentionally left blank].

ARTICLE 2

DUTIES AND RESPONSIBILITIES

2.1. Physician Duties. Physician shall actively practice medicine on behalf of Medical Group and perform such other clinical, administrative and management duties as may be assigned to Physician from time to time by Medical Group. Physician acknowledges that certain rules and regulations must be established and maintained by the Board of Directors of Medical Group from time to time for the efficient operation of a quality group practice. Physician therefore agrees that:

(a) The Board of Directors of Medical Group shall have the authority to establish policies, procedures and operational guidelines regarding the acceptance and treatment

of patients of Medical Group. Physician shall perform services for those patients assigned to Physician and advise and assist any of the other physicians or employees of Medical Group in the diagnosis or treatment of any case as reasonably directed by the Board of Directors of Medical Group in accordance with such guidelines.

(b) The Board of Directors of Medical Group, or a subcommittee of physicians as delegated by the Board of Directors of Medical Group, shall establish quality assurance procedures for the Medical Group from time to time, and Physician agrees to comply with and be bound by the recommendations and requirements of any quality assurance program so established.

(c) The Board of Directors of Medical Group, in consultation with Physician, shall establish the office location(s) where and the schedule according to which Physician shall perform Physician's duties under this Agreement; provided, however, Physician shall devote fulltime efforts to the practice of medicine on behalf of Medical Group. "Fulltime" shall be defined from time to time by the Board of Directors of Medical Group.

(d) Physician shall adhere faithfully to all professional ethics and customs, shall avoid all acts, habits and usages which might injure in any way, directly or indirectly, the professional reputation of Medical Group or any of the physicians or other employees of Medical Group, and shall follow and abide by all federal, state and municipal ordinances and laws relating to or regulating the practice of medicine in the State of South Carolina and shall comply with all requirements of liability insurance policies of Medical Group insuring Physician.

2.2. Exclusive Service. Physician shall devote Physician's full, entire, and undivided professional time and attention to the practice of medicine with Medical Group. The parties acknowledge that beginning July 1, 2003, Physician shall assume a reduced work schedule of thirty (30) hours per week. Physician shall not engage in professional work in Physician's individual capacity or in association with others not employed by Medical Group, nor receive any compensation therefor, without the express written consent of the Board of Directors of Medical Group or as otherwise set forth on Exhibit C attached hereto and incorporated by reference herein. Medical Group, however, shall, from time to time, establish and/or modify policies regarding the treatment of honoraria, royalties, reasonable gifts, military reserve duty compensation, and all similar activities undertaken by physician employees.

2.3. Representations and Warranties of Physician. Physician represents and warrants to Medical Group that:

(a) Physician is a physician duly licensed to practice medicine in the State of South Carolina and is Board Certified in cardiology and electrophysiology in Australia, and Physician will maintain such licensure during the term of this Agreement. Physician has never had Physician's license to practice medicine in any state or Physician's State Drug Enforcement Agency number revoked, suspended (or otherwise restricted), or terminated, and Physician has never surrendered Physician's license to practice medicine in any state.

(b) Physician has, and will maintain during the term of this Agreement, all necessary staff privileges, permits and credentials necessary for Physician to practice medicine (including an unrestricted right to prescribe controlled substances and medication) in such ambulatory, acute and tertiary care settings within the State of South Carolina as may be designated from time to time by the Board of Directors of Medical Group, including during the term of this Agreement the maintenance of active staff privileges at Palmetto Richland Hospital, Palmetto Baptist Hospital, Providence Hospital, and Lexington Medical Center.

(c) Physician is not currently a party to any lawsuits involving Physician's medical practice, except as previously disclosed to Medical Group, and knows of no facts which would cause Physician reasonably to believe that such an action would be filed.

(d) Physician has never been censured, reprimanded or placed on probation for reasons relating to professional competence or conduct by any medical licensing board, any federal, state or local government agency, or any professional society or specialty board.

(e) Physician is not now and has never been the object of any investigation or other proceeding by any payor involving claims of fraudulent billing practices or any violation of the Medicare or Medicaid laws or regulations.

(f) Physician has not had Physician's clinical privileges at any hospital or other health care facility suspended, terminated, restricted or revoked (other than suspensions of thirty (30) days or less as a sanction for administrative infractions) or surrendered such clinical privileges while Physician was under an investigation relating to possible incompetence or improper professional conduct or in return for not concluding such investigation.

2.4. Compliance with Rules and Regulations. Physician shall comply with all resolutions, directives, rules and regulations as may be established and modified by Medical Group pertaining to the business operation and the medical practice of Medical Group. Physician further shall comply with all laws and regulatory requirements applicable to the practice of medicine. Physician agrees to provide medical services at least consistent with generally accepted professional standards for the practice of medicine in the community in which Physician practices.

2.5. Physician-Patient Relationships. Medical Group agrees that none of the terms of this Agreement shall interfere, or are intended to interfere, with the physician-patient relationship, or to interfere with the practice of medicine by Physician in accordance with applicable laws and professional medical standards.

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ARTICLE 3

ADMINISTRATIVE MATTERS

3.1. Fees, Collections and Billings. Medical Group shall establish, and modify from time to time, all professional fees for services rendered by Physician or any other physician employee of Medical Group, and Physician agrees to cooperate on all billing matters and assist in collection efforts as necessary. Medical Group shall own and control all collections and billings arising pursuant to the rendering of medical services by Physician or any other employee. All fees and compensation received or realized by Medical Group as a result of the rendering of services by Physician and other employees shall belong, be paid and be delivered to Medical Group.

3.2. Custodial Responsibility With Respect to Records and Accounts. Physician shall keep full and accurate medical records and accounts and records of all professional work performed by Physician or under Physician's supervision in a timely fashion in accordance with guidelines established by the Board of Directors of Medical Group. All such records are the exclusive property of Medical Group. Physician holds such records in trust for Medical Group and shall promptly relinquish any such records in Physician's control to the Medical Group on demand.

3.3. Provision of Office Space, Equipment, and Other Necessary Items. Medical Group shall furnish, as Medical Group deems necessary and appropriate, office space, equipment, instruments, supplies, medicines, and support personnel for the practice of Physician under the terms of this Agreement. The Board of Directors of Medical Group shall establish policies from time to time regarding payment for Physician's professional license fees for the State of South Carolina and related expenses.

3.4. Administration and Hiring of Personnel. Medical Group shall have full and complete authority and responsibility with respect to the administration of the business of the Medical Group and the hiring of personnel for the operation of Medical Group.

ARTICLE 4

TERM AND TERMINATION

4.1. Term. The term of this Agreement hereunder shall commence on March 1, 2003 and shall continue for a period of twenty-eight (28) months to expire at midnight on June 30, 2005, unless terminated sooner as provided in this Agreement.

4.2. Termination for Cause. This Agreement may be terminated for Cause (as hereinafter defined) by the party not providing such Cause, immediately upon written notice. "Cause" means:

(a) Failure of Physician to comply with reasonable directives of Medical Group, or the policies, standards and regulations established from time to time by Medical

Group, provided any such violation has continued uncured for a period of more than ten (10) days after Medical Group has given written notice of such violation to Physician;

(b) Willful misconduct of Physician resulting in damage to Medical Group;

(c) Determination by any entity or governmental agency of competent jurisdiction that Physician has committed any criminal, unethical or fraudulent act;

(d) Final determination of loss, suspension or restriction of the license of Physician to practice medicine in the State of South Carolina;

(e) Suspension, revocation, or restriction of Physician's license or permit to prescribe controlled drugs;

(f) Permanent loss, after all appeals, of any hospital staff privileges by Physician at any hospital for reasons of professional conduct and competence;

(g) Termination of active medical staff privileges for any reason, including resignation, at any hospital at which Physician is required by this Agreement to maintain active staff privileges;

(h) Inability to insure Physician against medical malpractice as provided in Section 1.5. hereof on reasonable financial terms; or

(i) Material breach or default of either party under the terms of this Agreement, which shall remain uncured ten (10) days after receipt of written notice of default from the non-defaulting party.

4.3. Termination upon Death or Disability of Physician.

(a) This Agreement shall terminate immediately upon the death of Physician.

(b) Medical Group may terminate this Agreement upon any disability of Physician in accordance with the standards and provisions concerning disability established from time to time by Medical Group pursuant to Section 1.4. of this Agreement. Disability, and the procedures for determining disability, shall be defined in the long term disability insurance policy insuring Physician, if any, or as otherwise defined by the Board of Directors of Medical Group. In the event this Agreement is terminated pursuant to this Section 4.3.(b), Physician shall continue to be entitled to all short term and long term disability benefits as provided in Physician's disability insurance policy. If Physician's disability should cease at any time after the termination of this Agreement, the rehiring of the Physician shall be consistent with all applicable state and federal laws and regulations.

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4.4. Termination Without Cause. Either party may terminate this Agreement without cause on one hundred twenty (120) days' prior written notice to the other party.

4.5. Effect of Termination or Expiration. Upon the termination or expiration of this Agreement, Physician shall have no right to any payment for services Physician renders or orders beyond that payable by Medical Group in its ordinary course of business as of the last regular pay period covering Physician's final period of employment or association. If Physician is terminated by Medical Group pursuant to Section 4.4 above, Physician shall be entitled to receive Physician's regular salary for the 120 day notice period or until such time as Physician obtains other full-time employment, whichever is sooner. Physician shall be required to continue to perform services under this Agreement during the 120 day period unless directed otherwise by Medical Group; provided, however, that if Physician is directed by Medical Group to cease performing services during the notice period, Physician shall still receive Physician's regular salary for the 120 day notice period or until such time as Physician obtains other employment, whichever is sooner.

ARTICLE 5

COVENANTS

5.1. Covenant Not to Disclose Confidential Information. Physician acknowledges and stipulates that: (A) during the term of this Agreement, Physician will be placed in a position by Medical Group to become acquainted with various aspects of the Confidential Information (defined below); (B) the use or disclosure of the Confidential Information by Physician except as expressly authorized by Medical Group is prohibited and would seriously damage Medical Group; and (C) in addition to being given access to the Confidential Information, Physician will receive material benefits as a result of this Agreement, including compensation and experience. Therefore, Physician agrees as follows:

(a) During the term of this Agreement and thereafter, Physician shall not, without the prior written consent of Medical Group, directly or indirectly:

(i) Divulge, furnish or make accessible to any Person or copy, take or use in any manner any of the Confidential Information; or

(ii) Take any action which might reasonably be foreseen to compromise the confidentiality or proprietary nature of any of the Confidential Information.

(b) "Confidential Information" means all of the materials, information and ideas of the Medical Group, including, without limitation: patient names, patient lists, patient records, patient information, operation methods and information, accounting and financial information, marketing and pricing information and materials, internal publications and memoranda, and other matters considered confidential by Medical Group.

(c) The provisions of this Section 5.1. shall survive the expiration or termination of this Agreement for any reason.

5.2. Covenant Not to Compete. During the term of Physician's employment hereunder, Physician shall not (i) engage in any business activity or employment related to the provision of health care services or products except as expressly permitted by this Agreement or (ii) take any action which would interfere with or prevent Physician's performance of the duties assigned to Physician by Medical Group or be inconsistent with or detrimental to Medical Group's business. In the event this Agreement is terminated pursuant to Section 4.2(i) upon a material breach by Medical Group, this Covenant Not to Compete shall not apply.

5.3. Remedies. Remedies shall be available to Medical Group in the event of a breach of the provisions of Section 5.1. and/or Section 5.2 according to the following provisions:

(a) The parties agree that a breach by Physician of any of the provisions of Section 5.1. and/or Section 5.2 of this Agreement would cause irreparable damage to Medical Group.

(b) The provisions of this Section 5.3. shall survive the expiration or termination for any reason of this Agreement.

(c) If either party attempts to enforce any of its rights under this Section 5 as against the other party, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, court costs and other expenses incurred by the prevailing party in connection with such enforcement or attempted enforcement of those rights.

5.4. Acknowledgment of Reasonableness. Physician has carefully read and considered the provisions of this Agreement and agrees that the restrictions set forth herein, particularly those in Sections 5.1. and 5.2., are fair and reasonably required for the protection of Medical Group.

ARTICLE 6

GENERAL PROVISIONS

6.1. Notices. Any notices, requests and other communications hereunder shall be in writing and shall be deemed duly given if hand delivered or mailed first class, postage prepaid, certified mail, return receipt requested, addressed as set forth hereinafter, or to such other address as any person or entity may designate in writing, and delivered as herein provided:

To Medical Group: Columbia Heart Clinic, P.A.
1655 Bernardin Avenue, Suite 220
Columbia, SC 29204
Attention: President

To Physician:

Jennifer Feldman, M.D.

6.2. Severability. The provisions of this Agreement are deemed by the parties to be severable, and the invalidity or unenforceability of any one or more of the provisions of this Agreement shall not affect the validity or enforceability of any other provision.

6.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

6.4. Entire Agreement/Prior Agreements. This Agreement sets forth the entire understanding between the parties with respect to the subject matter hereof and cannot be amended except by a writing signed by both parties. No waiver of any term or provision of this Agreement shall be deemed to be a waiver of any subsequent breach of such term or provision of this Agreement. This Agreement supersedes all prior agreements, oral or written, between the parties covering the same subject matter.

6.5. Assignment. Physician acknowledges that the services to be rendered by Physician are unique and personal, and Medical Group acknowledges that Physician is willing to sign this Agreement only if Physician's employment is with Medical Group. Accordingly, neither Medical Group nor Physician may assign any of that party's rights or delegate any of that party's duties or obligations under this Agreement. Any assignment or attempted assignment, transfer or pledge of this Agreement or of the interest of either party herein shall be null and void, and at the option of the other party, this Agreement may be terminated immediately upon the occurrence of such an event. The rights and obligations of the parties under this Agreement shall inure to the benefit of and shall be binding upon the successors, heirs and assigns of the parties hereto, whenever the context admits or requires.

6.6. Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel to a party in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulations, Medical Group and Physician shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between Medical Group and Physician.

6.7. Arbitration. Except as set forth in Section 5.3, for any other controversy or claim arising out of or relating to this Agreement (whether pre or post-termination), or the breach, termination or validity of this Agreement (a "Dispute"), the parties will attempt in good faith to resolve the Dispute. If the Dispute has not been resolved within sixty (60) days of the commencement of such discussions (which period may be extended by mutual agreement), then the parties hereby agree to immediately submit the Dispute to binding arbitration. The arbitration shall be conducted by a single arbitrator if the amount in controversy is \$100,000.00 or less or non-monetary in nature or by a panel of three arbitrators if the amount at issue is more than \$100,000.00, in accordance with the American Health Lawyers Association Alternative

Dispute Resolution Rules of Procedure for Arbitration. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. Each party shall bear its own expenses and attorneys' fees incurred in the arbitration, except that all expenses and attorneys' fees incurred in any appeal shall be borne by the party not prevailing on such appeal. The place of arbitration shall be Columbia, South Carolina.

6.8 No Expectation of Shareholder Status. Physician acknowledges that neither this Agreement nor Physician's employment by Medical Group for all or any portion of the term of this Agreement entitles Physician to be a shareholder of Medical Group and that any consideration for shareholder status is in the sole discretion of the Medical Group.

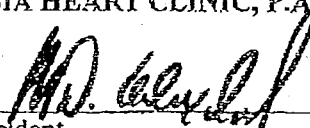
6.9. Captions. The captions or titles to the various sections of this Agreement are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content or intent of this Agreement or of any parts thereof.

6.10. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, Medical Group has caused this Agreement to be executed by its duly authorized officers, and Physician has executed this Agreement as of the day and year first above written.

MEDICAL GROUP:

COLUMBIA HEART CLINIC, P.A.

By: 
President

PHYSICIAN:

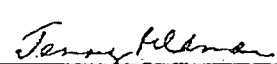

Jennifer Feldman, M.D.

EXHIBIT A

COMPENSATION

Physician shall be paid a salary equal to \$ 325,000 annually for the period March 1, 2003 through June 30, 2003. Beginning July 1, 2003 in anticipation of Physician's assuming a reduced work schedule of thirty (30) hours per week, Physician shall be paid a salary equal to \$265,000 per calendar year for the remainder of the term of this Agreement.

Physician may be eligible for such bonuses, to be based on productivity and performance, as may be awarded from time to time in the sole discretion of Medical Group.

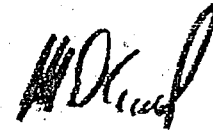


EXHIBIT B**VACATION AND PROFESSIONAL MEETINGS**

Physician may take a maximum of eight (8) weeks plus one week at Christmas/Passover off from Physician's duties each calendar year for vacation and continuing medical education, plus such legal holidays as Medical Group establishes from time to time. In addition, if Physician has 17 or more years of combined experience with Medical Group, Columbia Cardiovascular Clinic, P.A., or Columbia Cardiology Associates, P.A., then Physician is entitled to an additional week of vacation. Such time off may be taken at such times or from time to time in a manner most convenient to the business of Medical Group as determined by the Board of Directors of Medical Group. Physician may carry forward into the next calendar year a maximum of five days of unused vacation and professional meeting time. Except as described in the preceding sentence, unused vacation and professional meeting time may not be carried forward to the next calendar year.

Medical Group shall pay up to \$1500 yearly during the term of this Agreement to support Physician's attendance at professional meetings and continuing education seminars; provided, however, that Physician presents documentation of actual expenses incurred. Attendance at such professional meetings shall be counted against Physician's vacation time unless otherwise specified by Medical Group.

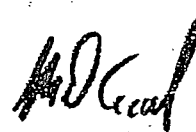


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EXHIBIT C

APPROVED OUTSIDE ACTIVITIES

1. Participation on medical-related boards and committees.
2. Proctoring activities related to interventional procedures peculiar to the practice of cardiology.
3. Educational speaking engagements.
4. Expert witness testimony.

A handwritten signature in black ink, appearing to read "H. D. Cecil", is located to the right of the list of activities.

SHAREHOLDER PHYSICIAN EMPLOYMENT AGREEMENT

THIS SHAREHOLDER PHYSICIAN EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of this 6th day of October, 1997, between **COLUMBIA HEART CLINIC, P.A.**, a South Carolina professional corporation ("Medical Group"), and **BARRY J. FELDMAN, M.D.**, a resident of Richland County, South Carolina ("Physician").

PREMISES:

- A. Medical Group is being formed as a group medical practice to provide medical and other health care services to its patients in the State of South Carolina.
- B. Physician is a physician duly licensed to practice medicine in the State of South Carolina.
- C. Medical Group desires to employ Physician, and Physician desires to accept employment with Medical Group pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the promises herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

COMPENSATION AND BENEFITS

1.1. Compensation. Throughout the term of this Agreement, Medical Group shall pay to Physician basic compensation and incentive compensation in accordance with the policies regarding physician compensation adopted by the Board of Directors of Medical Group from time to time. The policies for physician compensation in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit A attached hereto and incorporated by reference herein.

1.2. Employee Benefits. Physician shall participate in all employee benefits as are provided by Medical Group and as established and modified from time to time by the Board of Directors of Medical Group as long as Physician is otherwise eligible to participate and desires to be covered and so participate. Nothing contained in this Section shall be construed to obligate Medical Group in any manner to provide special benefits to Physician. Benefit plans in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit B attached hereto and incorporated by reference herein.

1.3. Vacations and Professional Meetings. Physician shall be entitled each year to such time out of the office and away from Physician's professional duties for vacation and attendance at professional meetings as shall be consistent with policies established and modified from time to time by the Board of Directors of Medical Group. The policies for vacation and professional meetings in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit C attached hereto and incorporated by reference herein.

1.4. Retirement, Death and Disability. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning retirement from Medical Group, including notice requirements for retirement. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning the benefits, if any, to be provided upon the temporary or permanent disability or death of physician employees of Medical Group. Physician shall comply with all such standards and provisions. The policies for retirement, death and disability in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit D attached hereto and incorporated by reference herein.

1.5. Malpractice Insurance; Tail Insurance Coverage.

(a) Medical Group shall carry malpractice insurance covering Physician with minimum limits of \$1,000,000 per incident and \$3,000,000 in the aggregate, or such higher limits and including such terms and conditions as the Board of Directors of Medical Group may from time to time determine to be reasonable and necessary. Physician shall at all times cooperate with the malpractice insurance carrier by providing in a timely manner any information, records or data reasonably requested.

(b) Upon the expiration or termination of this Agreement due to the death, retirement or total and permanent disability of Physician, in the event Medical Group has in force "claims made" insurance covering Physician at the time of the expiration or termination of this Agreement, Medical Group shall pay for the appropriate reporting endorsement (known as "Tail Coverage") for medical malpractice insurance carried by Medical Group on Physician if determined to be necessary by Medical Group. Upon the expiration or termination of this Agreement for any other reason, Physician shall pay for any Tail Coverage deemed necessary by Medical Group and deliver to Medical Group a certificate evidencing same. In the event Physician fails to purchase such Tail Coverage, Medical Group may withhold from any funds due to Physician an amount sufficient to purchase such Tail Coverage.

ARTICLE 2

DUTIES AND RESPONSIBILITIES

2.1. Physician Duties. Physician shall actively practice medicine on behalf of Medical Group and perform such other clinical, administrative and management duties as may be assigned to Physician from time to time by Medical Group. Physician acknowledges that certain rules and regulations must be established and maintained by the Board of Directors of

Medical Group from time to time for the efficient operation of a quality group practice. Physician therefore agrees that:

(a) The Board of Directors of Medical Group shall have the authority to establish policies, procedures and operational guidelines regarding the acceptance and treatment of patients of Medical Group. Physician shall perform services for those patients assigned to Physician and advise and assist any of the other physicians or employees of Medical Group in the diagnosis or treatment of any case as reasonably directed by the Board of Directors of Medical Group in accordance with such guidelines.

(b) The Board of Directors of Medical Group, or a subcommittee of physicians as delegated by the Board of Directors of Medical Group, shall establish quality assurance procedures for the Medical Group from time to time, and Physician agrees to comply with and be bound by the recommendations and requirements of any quality assurance program so established.

(c) The Board of Directors of Medical Group, in consultation with Physician, shall establish the office location(s) where and the schedule, including the night and weekend "call" schedule, according to which Physician shall perform Physician's duties under this Agreement; provided, however, Physician shall devote fulltime efforts to the practice of medicine on behalf of Medical Group. A "fulltime" physician shall be defined from time to time by the Board of Directors of Medical Group.

(d) Physician shall adhere faithfully to all professional ethics and customs, shall avoid all acts, habits and usages which might injure in any way, directly or indirectly, the professional reputation of Medical Group or any of the physicians or other employees of Medical Group, and shall follow and abide by all federal, state and municipal ordinances and laws relating to or regulating the practice of medicine in the State of South Carolina and shall comply with all requirements of liability insurance policies of Medical Group insuring Physician.

2.2. Exclusive Service. Physician shall devote Physician's full, entire, and undivided professional time and attention to the practice of medicine with Medical Group. Physician shall not engage in professional work in Physician's individual capacity or in association with others not employed by Medical Group, nor receive any compensation therefor, without the express written consent of the Board of Directors of Medical Group or as otherwise set forth on Exhibit E attached hereto and incorporated by reference herein. Medical Group, however, shall, from time to time, establish and/or modify policies regarding the treatment of honoraria, royalties, reasonable gifts, military reserve duty compensation, and all similar activities undertaken by physician employees.

2.3. Representations and Warranties of Physician. Physician represents and warrants to Medical Group that:

(a) Physician is a physician duly licensed to practice medicine in the State of South Carolina and is board certified in cardiology, and Physician will maintain such board certification and licensure during the term of this Agreement. Physician has never had Physician's license to practice medicine in any state or Physician's State Drug Enforcement Agency number revoked, suspended (or otherwise restricted), or terminated, and Physician has never surrendered Physician's license to practice medicine in any state.

(b) Physician has, and will maintain during the term of this Agreement, all necessary staff privileges, permits and credentials necessary for Physician to practice medicine (including an unrestricted right to prescribe controlled substances and medication) in such ambulatory, acute and tertiary care settings within the State of South Carolina as may be designated from time to time by the Board of Directors of Medical Group.

(c) Physician is not currently a party to any lawsuits involving Physician's medical practice, except as previously disclosed to Medical Group, and knows of no facts which would cause Physician reasonably to believe that such an action would be filed.

(d) Physician has never been censured, reprimanded or placed on probation for reasons relating to professional competence or conduct by any medical licensing board, any federal, state or local government agency, or any professional society or specialty board.

(e) Physician is not now and has never been the object of any investigation or other proceeding by any payor involving claims of fraudulent billing practices or any violation of the Medicare or Medicaid laws or regulations.

(f) Physician has not had Physician's clinical privileges at any hospital or other health care facility suspended, terminated, restricted or revoked (other than suspensions of thirty (30) days or less as a sanction for administrative infractions) or surrendered such clinical privileges while Physician was under an investigation relating to possible incompetencies or improper professional conduct or in return for not concluding such investigation.

2.4. Compliance with Rules and Regulations. Physician shall comply with all resolutions, directives, rules and regulations as may be established and modified by Medical Group pertaining to the business operation and the medical practice of Medical Group. Physician further shall comply with all laws and regulatory requirements applicable to the practice of medicine. Physician agrees to provide medical services at least consistent with generally accepted professional standards for the practice of medicine in the community in which Physician practices.

2.5. Physician-Patient Relationships. Medical Group agrees that none of the terms of this Agreement shall interfere, or are intended to interfere, with the physician-patient relationship, or to interfere with the practice of medicine by Physician in accordance with applicable laws and professional medical standards.

ARTICLE 3

ADMINISTRATIVE MATTERS

3.1. Fees, Collections and Billings. Medical Group shall establish, and modify from time to time, all professional fees for services rendered by Physician or any other physician employee of Medical Group, and Physician agrees to cooperate on all billing matters and assist in collection efforts as necessary. Medical Group shall own and control all collections and billings arising pursuant to the rendering of medical services by Physician or any other employee. All fees and compensation received or realized by Medical Group as a result of the rendering of services by Physician and other employees shall belong, be paid and be delivered to Medical Group.

3.2. Custodial Responsibility With Respect to Records and Accounts. Physician shall keep full and accurate medical records and accounts and records of all professional work performed by Physician or under Physician's supervision in a timely fashion in accordance with guidelines established by the Board of Directors of Medical Group. All such records are the exclusive property of Medical Group. Physician holds such records in trust for Medical Group and shall promptly relinquish any such records in Physician's control to the Medical Group on demand.

3.3. Provision of Office Space, Equipment, and Other Necessary Items. Medical Group shall furnish, as Medical Group deems necessary and appropriate, office space, equipment, instruments, supplies, medicines, and support personnel for the practice of Physician under the terms of this Agreement. The Board of Directors of Medical Group shall establish policies from time to time regarding payment for Physician's professional license fees for the State of South Carolina and related expenses.

3.4. Administration and Hiring of Personnel. Medical Group shall have full and complete authority and responsibility with respect to the administration of the business of the Medical Group and the hiring of personnel for the operation of Medical Group.

ARTICLE 4

TERM AND TERMINATION

4.1. Term. The term of this Agreement hereunder shall commence on January 1, 1998 and shall continue for a period up to and including December 31, 1998, unless otherwise terminated as provided in this Agreement. This Agreement shall be automatically renewed for additional terms of one (1) year each, unless one of the parties hereto notifies the other in writing of the intention not to renew this Agreement no less than ninety (90) days prior to the expiration of the then current term.

4.2. Termination for Cause. This Agreement may be terminated for Cause (as hereinafter defined) by the party not providing such Cause, at any time without notice. "Cause" means:

- (a) Failure of Physician to comply with reasonable directives of Medical Group, or the policies, standards and regulations established from time to time by Medical Group, provided any such violation has continued uncured for a period of more than ten (10) days after Medical Group has given written notice of such violation to Physician;
- (b) Willful misconduct of Physician resulting in damage to Medical Group;
- (c) Physician is determined to have committed any criminal, unethical or fraudulent act by any entity or governmental agency of competent jurisdiction;
- (d) The final determination of loss, suspension or restriction of the license of Physician to practice medicine in the State of South Carolina;
- (e) Physician's license to prescribe controlled drugs is suspended, revoked or restricted in any manner;
- (f) Permanent loss, after all appeals, of any hospital staff privileges by Physician at any hospital for reasons of professional conduct and competence;
- (g) Inability to insure Physician against medical malpractice as provided in Section 1.5. hereof on reasonable financial terms; or
- (h) Material breach or default of either party under the terms of this Agreement, which shall remain uncured ten (10) days after receipt of written notice of default from the non-defaulting party.

4.3. Termination upon Death or Disability of Physician.

- (a) This Agreement shall terminate immediately upon the death of Physician.
- (b) Medical Group may terminate this Agreement upon any disability of Physician in accordance with the standards and provisions concerning disability established from time to time by Medical Group pursuant to Section 1.4. of this Agreement. Disability, and the procedures for determining disability, shall be defined in the long term disability insurance policy insuring Physician, if any, or as otherwise defined by the Board of Directors of Medical Group. In the event this Agreement is terminated pursuant to this Section 4.3.(b), Physician shall continue to be entitled to all short term and long term disability benefits as provided in Physician's disability insurance policy. If Physician's disability should cease at any time after the termination of this Agreement, the rehiring of the Physician shall be consistent with all applicable state and federal laws and regulations.

4.4. Termination Without Cause.

- (a) Physician may terminate this Agreement without Cause (other than as provided in Section 4.3.) upon ninety (90) days' prior written notice to Medical Group.
- (b) Medical Group may terminate this Agreement without Cause (other than as provided in Section 4.3.) upon thirty (30) days' prior written notice to Physician.

4.5. Effect of Termination or Expiration. Upon the termination or expiration of this Agreement, the parties agree as follows:

- (a) Except as provided in this Section 4.5., Physician shall have no right to any payment for services Physician renders or orders beyond that payable by Medical Group in its ordinary course of business as of the last regular pay period covering Physician's final period of employment or association.
- (b) In the event of the termination of this Agreement under Section 4.3.(a) as a result of the death of Physician, Medical Group shall pay to the Physician's estate:
- (i) All salary earned or accrued but unpaid as of the date of Physician's death; and
 - (ii) A death benefit equal to Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of Physician's death. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following Physician's death and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following Physician's death.
- (c) In the event of the termination of this Agreement under Section 4.3.(b) as a result of the disability of Physician, Medical Group shall pay to Physician Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the last day of Physician's employment by Medical Group. Medical Group shall pay Physician 1/24th of this benefit each month for twelve (12) months commencing with the month following the termination of this Agreement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following the termination of this Agreement. This benefit shall be in addition to any disability benefits payable to Physician pursuant to any other provision of this Agreement or pursuant to any disability insurance policy maintained for Physician's benefit.
- (d) In the event of the termination of this Agreement as a result of the retirement of Physician from the active practice of medicine after the attainment of fifty (50) years of age, Medical Group shall pay to Physician:

- (i) All salary earned or accrued but unpaid as of the date of Physician's retirement; and
- (ii) Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of Physician's retirement. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following Physician's retirement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following Physician's retirement.

(e) In the event of the termination of this Agreement by Medical Group for Cause as provided in Section 4.2., Medical Group shall pay to Physician the compensation provided in Section 4.5.(a) above as Physician's sole benefit.

(f) In the event of the termination of this Agreement (1) by Physician for Cause as provided in Section 4.2.(h), (2) by Physician without Cause under Section 4.4.(a) or (3) by Medical Group without Cause under Section 4.4.(b) other than for retirement, Medical Group shall pay to Physician:

- (i) All salary earned or accrued but unpaid as of the date of Physician's death; and
- (ii) Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of termination of this Agreement. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following the termination of this Agreement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following the termination of this Agreement.

(g) As used herein:

- (i) "Physician's Prorata Share" means that fraction, the numerator of which is the number of shares of stock in Medical Group which Physician owns and the denominator of which is the total number of shares of stock of Medical Group issued and outstanding at the time of the calculation.
- (ii) "Current Year's Actual Collection Percentage" means the amount determined as of the close of business on the last day of the fiscal year of Medical Group by dividing total payments of Medical Group by total charges of Medical Group to arrive at a percentage (rounded to the nearest whole percent). This percentage shall be the "Current Year's Actual Collection

Percentage" for purposes of this Section 4.5. for the next fiscal year. For example, if a shareholder dies in 1998, the collection percentage used will be that for 1997.

(h) Notwithstanding any other provision in this Agreement in the event Physician continues or commences the active practice of medicine in the field of cardiology within Richland or Lexington Counties, South Carolina at any time during the twelve (12) month period immediately following the termination (for any reason, whether with or without Cause) of this Agreement, then Physician shall forfeit any monies payable to Physician pursuant to this Section 4.5. following Physician's continuation or commencement of the practice of medicine in violation of this Section 4.5.(h). The provisions of this Section 4.5.(h) shall survive the expiration or termination of this Agreement for any reason.

(i) In the event Medical Group has in force "claims made" insurance covering Physician at the time of the termination or expiration of this Agreement, then in such event, the appropriate party shall pay the "tail coverage" for medical malpractice insurance as provided in Section 1.5. hereof.

(j) Upon the termination of this Agreement for any reason, with or without Cause, Physician shall sell, and Medical Group shall purchase Physician's Stock as provided in the Shareholders' Agreement for Medical Group.

4.6. Acknowledgment of Reasonableness. Physician acknowledges that the forfeiture described in Section 4.5.(h) is intended as restitution for the damages which Medical Group will suffer as a result of competition by Physician with Medical Group. Physician further acknowledges that such forfeiture is fair and reasonably required for the protection of Medical Group.

ARTICLE 5

CONFIDENTIAL INFORMATION

5.1. Covenant Not to Disclose Confidential Information. Physician acknowledges and stipulates that: (A) during the term of this Agreement, Physician will be placed in a position by Medical Group to become acquainted with various aspects of the Confidential Information (defined below); (B) the use or disclosure of the Confidential Information by Physician except as expressly authorized by Medical Group is prohibited and would seriously damage Medical Group; and (C) in addition to being given access to the Confidential Information, Physician will receive material benefits as a result of this Agreement, including compensation and experience. Therefore, Physician agrees as follows:

(a) During the term of this Agreement and thereafter, Physician shall not, without the prior written consent of Medical Group, directly or indirectly:

(i) Divulge, furnish or make accessible to any Person or copy, take or use in any manner any of the Confidential Information; or

- (ii) Take any action which might reasonably or foreseeably be expected to compromise the confidentiality or proprietary nature of any of the Confidential Information.

(b) "Confidential Information" means all of the materials, information and ideas of the Medical Group, including, without limitation: patient names, patient lists, patient records, patient information, operation methods and information, accounting and financial information, marketing and pricing information and materials, internal publications and memoranda, and other matters considered confidential by Medical Group.

(c) The provisions of this Section 5.1. shall survive the expiration or termination of this Agreement for any reason.

5.2. Remedies. Remedies shall be available to Medical Group in the event of a breach of the provisions of Section 5.1. according to the following provisions:

(a) The parties agree that a breach by Physician of any of the provisions of Section 5.1. of this Agreement would cause irreparable damage to Medical Group. Therefore, Medical Group shall be entitled to a temporary restraining order and/or preliminary and permanent injunctions restraining Physician from breaching or continuing any breach of any of the provisions of Section 5.1. The existence of any claim or cause of action on the part of Physician against Medical Group, whether arising from this Agreement or otherwise, shall not constitute a defense to the granting or enforcement of this injunctive relief.

(b) Physician expressly consents to entry of a temporary restraining order, preliminary injunction order, and permanent injunction order against Physician in the event that Physician violates the provisions of Section 5.1. above. Such order shall be in addition to any other remedies available to Medical Group at law or in equity.

(c) The provisions of this Paragraph 5.2. shall survive the expiration or termination for any reason of this Agreement.

5.3. Acknowledgment of Reasonableness. Physician has carefully read and considered the provisions of this Agreement and agrees that the restrictions set forth herein, particularly those in Sections 5.1. and 5.2., are fair and reasonably required for the protection of Medical Group.

ARTICLE 6

GENERAL PROVISIONS

6.1. Notices. Any notices, requests and other communications hereunder shall be in writing and shall be deemed duly given if hand delivered or mailed first class, postage prepaid, certified mail, return receipt requested, addressed as set forth hereinafter, or to such other address as any person or entity may designate in writing, and delivered as herein provided:

To Medical Group: Columbia Heart Clinic, P.A.
One Richland Medical Park, Suite 420
Columbia, SC 29203
Attention: President

To Physician: Barry J. Feldman, M.D.
One Richland Medical Park, Suite 420
Columbia, SC 29203

6.2. Severability. The provisions of this Agreement are deemed by the parties to be severable, and the invalidity or unenforceability of any one or more of the provisions of this Agreement shall not affect the validity or enforceability of any other provision.

6.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

6.4. Entire Agreement. This Agreement sets forth the entire understanding between the parties with respect to the subject matter hereof and cannot be amended except by a writing signed by both parties. No waiver of any term or provision of this Agreement shall be deemed to be a waiver of any subsequent breach of such term or provision of this Agreement. This Agreement supersedes and replaces in their entirety any and all other employment agreements, oral or written, if any, between the parties hereto.

6.5. Assignment. Physician acknowledges that the services to be rendered by Physician are unique and personal, and Medical Group acknowledges that Physician is willing to sign this Agreement only if Physician's employment is with Medical Group. Accordingly, neither Medical Group nor Physician may assign any of that party's rights or delegate any of that party's duties or obligations under this Agreement. Any assignment or attempted assignment, transfer or pledge of this Agreement or of the interest of either party herein shall be null and void, and at the option of the other party, this Agreement may be terminated immediately upon the occurrence of such an event. The rights and obligations of the parties under this Agreement shall inure to the benefit of and shall be binding upon the successors, heirs and assigns of the parties hereto, whenever the context admits or requires.

6.6. Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel to a party in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulations, Medical Group and Physician shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between Medical Group and Physician.

6.7. Attorney's Fees. If either party attempts to enforce any of its rights under this Agreement as against the other party, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, court costs and other expenses incurred by the prevailing party in connection with such enforcement or attempted enforcement of those rights.

6.8. Medicare Reporting and Access Requirement. If applicable, until the expiration of four (4) years after the furnishing of the services pursuant to this Agreement, Physician shall make available, upon written request to the secretary of the U.S. Department of Health and Social Services, or upon request to the Comptroller General, or any of their duly authorized representatives, this Agreement, and all books, documents and records of Physician that are necessary to certify the nature and extent of the costs of such services, and, if the Physician carries out any of the duties of this Agreement through a subcontract, with a value of or cost of \$10,000 or more over a twelve-month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or upon request to the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents and records of such organization that are necessary to verify the nature and extent of the costs of such services. The provisions of this Section 6.8. shall survive the expiration or termination for any reason of this Agreement.

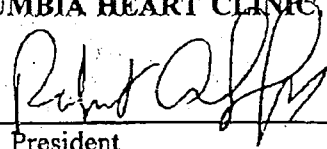
6.9. Captions. The captions or titles to the various sections of this Agreement are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content or intent of this Agreement or of any parts thereof.

6.10. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, Medical Group has caused this Agreement to be executed by its duly authorized officers, and Physician has executed this Agreement under seal, as of the day and year first above written.

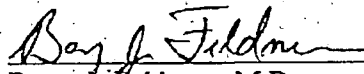
MEDICAL GROUP:

COLUMBIA HEART CLINIC, P.A.

By: 

President

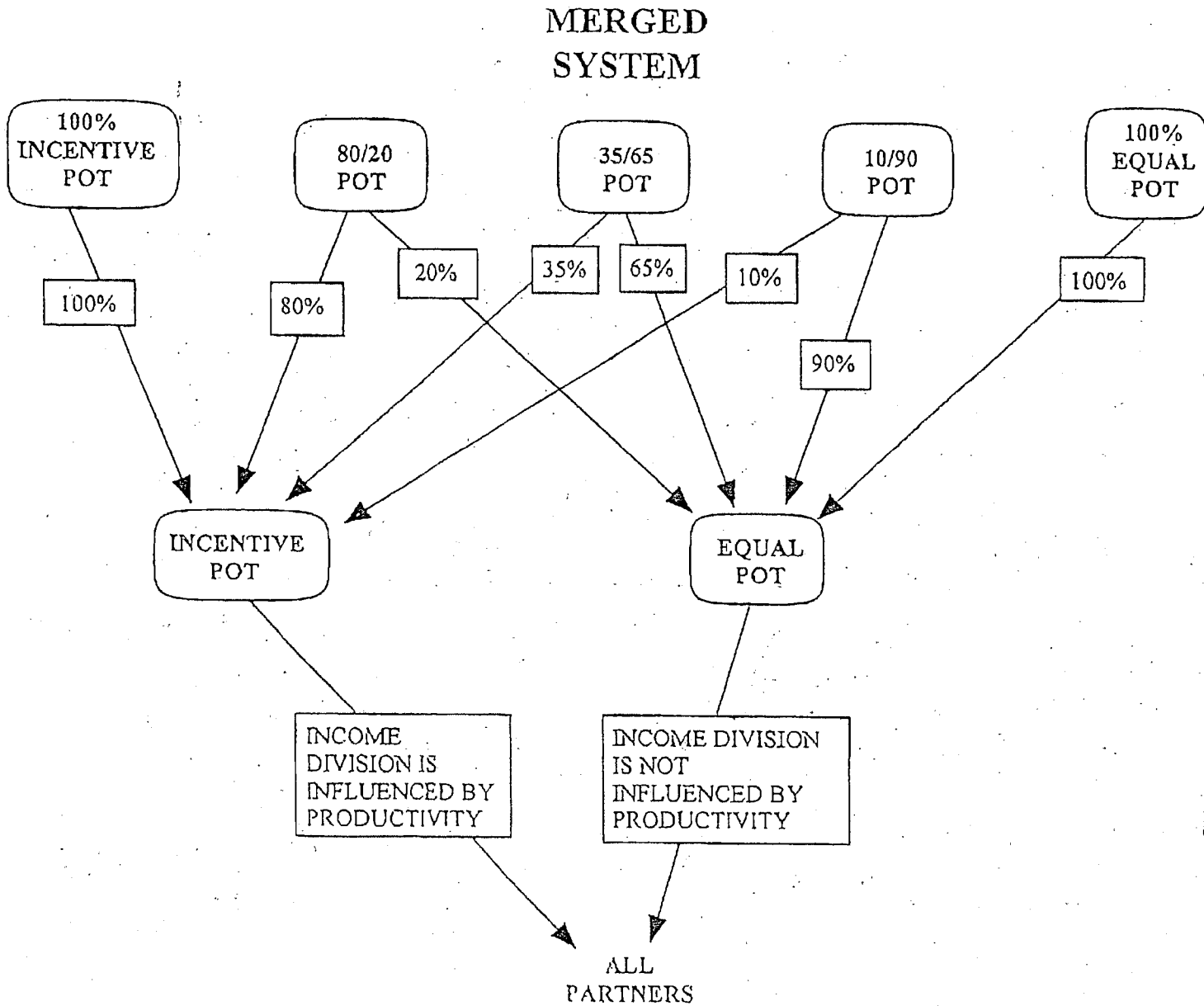
PHYSICIAN


Barry J. Feldman, M.D.

(SEAL)

EXHIBIT A

GUIDELINES FOR COMPENSATION OF PHYSICIANS



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incent98

INCENTIVE POT - MERGED GROUP

CPT	Description
90060A	Office Visit - No Charge
101	Disability Form Completion
32000	Thoracentesis
33010	Pericardiocentesis
33010	Pericardiocentesis
33011	Pericardiocentesis-Subsequent
7693026	Pericardiocentesis-Supv. & Int.
33210	Temp. Pacemaker - Single
36489	Central Venous Catheter
36620	Arterial Catheterization
92950	CPR
92960	Cardioversion
92977	Thrombolytic, IV Infusion
93018	Interp. & Report of Treadmill
93233	Holter - Interp only
93503	Swan Ganz
94656	Ventilation Assist. & Mgmt.
99199	Completion of Forms
99202	New Office Visit - 2
99203	New Office Visit - 3
99204	New Office Visit - 4
99205	New Office Visit - 5
99212	Office Visit - 2
99213	Office Visit - 3
99214	Office Visit - 4
99215	Office Visit - 5
99217	O/P Obser. D/C w Ovmight
99218	O/P Observation - 1
99219	O/P Observation - 2
99220	O/P Observation - 3
99221	Admission-1
99222	Admission - 2
99223	Admission - 3
99231	Hospital Visit - 1
99232	Hospital Visit - 2
99233	Hospital Visit - 3
99238	Hospital Discharge
99239	Hospital Discharge > 30 min.
99243	Office Consult - 3
99244	Office Consult - 4
99245	Office Consult - 5
99252	Hospital Consult - 2
99253	Hospital Consult - 3
99254	Hospital Consult - 4
99255	Hospital Consult - 5
99261	Hospital Reconsult - 1
99262	Hospital Reconsult - 2

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INCENTIVE POT - MERGED GROUP

99263	Hospital Reconsult - 3
99275	Confirmatory Consult
99284	Emerg. Room Visit - 4
99285	Emerg. Room Visit - 5
99291	Critical Care 1st 30 Min.
99292	Critical Care/Addtl. 30
99311	Nursing Home Visit - 1
99352	Home Visit - Est. Pt. Mod.
9330726	Echo Interp Only
9331226	Transesophageal Echo Interp.
9332026	Doppler Echo Interp.
9332526	Color Flow Interp.

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20-80_98

80% INCENTIVE 20% EQUAL POT - MERGED GROUP

CPT	Description
93731-DR	Pacemaker Check/Dual - Dr.
93732-DR	Pacemaker Reprog/Dual - Dr.
93734-DR	Pacemaker Check/Single - Dr.
93735-DR	Pacemaker Reprog/Single - Dr.
93737-DR	ICD Check - Dr.
93738-DR	ICD Check/Reprog - Dr.
G0004	King-of-Hearts Medicare
G0005	King-of-Hearts Medicare
33015	Tube Pericardiostomy
36620	Arterial Catheterization
71010	Chest X-Ray, PA
71020	Chest X-Ray, PA & Lat.
93000	EKG - Complete
93005	EKG Tracing Only
93010	EKG Interp & Report
93015	C.V. Stress Test
93016	Treadmill-Phys. Supv.
93040	Rhythm Strip
93224	Holter Monitor
93230	Holter Monitor
93268	King-of-Hearts
93270	Prince of Hearts Hookup
93272	Prince of Hearts Interp.
93278	Signal Averaged EKG
94010	Spirometry
94070	Multiple Spirometry w/Exercise
94150	Vital Capacity
94681	CO2/O2 Analysis
94761	Pulse Oximetry

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65-35_98

35% INCENTIVE 65% EQUAL - MERGED GROUP

CPT	Description
xxxxxx	All Non-Invasive PV Studies
93307	2-D , M-Mode Echo & Inter
93308	Echo Follow-Up Study
93320	Doppler Echocardiography
93321	Doppler Echo-Limited Study
93325	Color Flow Mapping
93350	Stress Echo

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10-90_98

10% INCENTIVE 90% EQUAL - MERGED GROUP

CPT	Description
78465	Spect., Multiple Studies
7846526	Spect, Interp. & Report
78472	MUGA
78473	Stress MUGA
78890	Generation/Interp. of Auto.Data
93015A	Treadmill w/ Spect Study
78471	MUGA

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equal-98

EQUAL POT - MERGED GROUP

CPT	Description
71020TC	Chest X-Ray Tech. Comp.
9330726A	Echo Interp - Lovelace
9332026A	Doppler Echo Interp - Lovelace
9332526A	Color Flow Interp - Lovelace
93737A	Ventritex/Cadence Tiered ICD
A4641	Provision/Diag. Radionuc.
A464176	Addnl. Provision/Diag. Radio.
A9500	Provision/Diag. Radionuc.
A950076	Addnl. Provision/Diag.
A9505	Thallous Chloride TL201
G0001	Venipuncture-Medicare
G0008	Admin flu vaccine Mcare
G0009	Admin Pneumon. Vac.
J1245	Persantine
J1940	Lasix - 20 mg
Q0022	Physician Review & Interp.
xxxxxx	All lab work done on-site
xxxxxx	All Peripheral Vascular Angioplasties
102	Copy of Records to Atty.
104	Richland Hospital Fees
105	Voc. Rehab. Medical Information
115	Fairfield Hospital Fees
134	Moncrief Fees
145	Providence Fees
148	Fishman EKG's
150	Lexington Fees
161	Baptist Fees
162	J. Robinson-Chester Fees
170	Byerly Fees
31500	Intubation
33206	Implant Pacemaker - Atrial
33207	Implant Pacemaker-Vent.
33208	Implant Pacemaker-AV Sequen.
33210	Transvenous Pacer Elec.
33212	Replace Pacemaker - Atrial/Vent.
33213	Replace Pacemaker - AV Sequen.
33214	Upgrade PM-Single to Dual
33216	Lead Change - Single
33217	Lead Change - Dual
33218	Repair Pmkr Electr. - Single
33219	Repair Pacemaker Generator
33220	Repair Pmkr Electr. - Dual
33222	Revision or Relocation of PM Pckt.
33232	Removal of Permanent PM
33233	Remove Pacemaker Generator
33234	Remove PM Generator& Elec.-Sngl

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33235	Remove PM Generator& Elec.-Dual
36415	Venipuncture.
37202	Transcatheter Infusion
71034	Flouro 4 view chest
75724	Angiography, Renal, Rad. S&I
75754	Supv. & Interp.
75756	Angiography. LIMA
75766	Supv./Interp. LC w/
78990	Provision/Diag. Radionuc.
80003	Automated Channel Test
80061	Lipid Panel
83718	HDL Cholesterol
86585	PPD Skin Test
90724	Flu vaccine
90732	Pneumon. Vac.
90746	Hepatitis Vaccine (3Inj.)
92975	Thrombolysis/Coronary w/Angio.
92978	Intravascular Ultrasound-Init.
92979	Intravascular Ultrasound-Addnl.
92980	Stent Placement
92981	Stent Placement-Each Addt'l Vessel
92982	PTCA/Single Vessel
92984	PTCA/Each Add. Vessel
92995	Coronary Atherectomy/Single
92996	Atherectomy-Each Addt'l Vessel
93017	C.V. Stress Test -Tech. Comp.
93024	Ergonovine Provocation Test
93227	Holter Monitor Interp.
93501	Right Heart Cath
93505	Endomyocardial Biopsy
93510	Left Heart Cath
93511	Left Heart Cath - CD
93526	Right & Left Heart Cath
93536	Insert.of Intra-Aortic Balloon
93539	Injection for Arterial Grafts
93540	Injection for Venous Grafts
93541	Pulmonary Angiogram
93542	Rt. Vent or Rt. Atrial Angiogram
93543	Left Vent. or Lft Atrial Angiogram
93544	Aortography/Aortogram
93545	Selective Coronary Angiogram
93555	S&I - Ventriculography
93556	S&I Coronary Angiography
93561	Dilution Studjes
93562	Dilution Studies w/ Output
93600	Bundle of HIS Recording
93602	Intra-Atrial Recording
93603	Right Ventricular Recording

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EQUAL POT - MERGED GROUP

93607	Left Ventricular Recording
93609	Intra-Vent Mapping of Tachy.
93610	Intr-Atrial Pacing
93612	Intraventricular Pacing
93618	Induction of Arrhythmia
93619	EPS w/o Induction of Arrhythmia
93620	Comprehensive EP w/ Induct. of Arrhyth.
93621	EPS w/ Left Atrial Recording
93622	EPS w/ Left Ventricular Recording
93623	EPS After Drug Infusion
93624	Follow-Up EPS
93640	EPS/ICD/Lead
93641	EPS/ICD/Generator
93642	EPS/ICD - Evaluation
93650	Ablation - AV Node
93651	Ablation - Atrial
93652	Ablation/Vent. Tachy
93660	EPS/Tilt Table Test
93724	Electronic Analysis-PM System
93731	Pacemaker Check/Dual
93732	Pacemaker Reprog/Dual
93733	Pacemaker Analysis - Phone/Dual
93734	Pacemaker Check/Single
93735	Pacemaker Reprog/Single
93736	Pacemaker Analysis - Phone/Single
93737	ICD Analysis w/o Reprog.
93738	ICD Analysis with Reprog.
93799	Unlisted Cardiovasc. Procedure
99211	EM w/o Phys.
7109026	Fluoroscopy S&SI
7847226	MUGA Interp.
7899076	Addtl. Provision/Radionucl.
7899076	Addnl. prov. - Radionuclide
9298222	PTCA Multiple Lesions
9302426	Ergonovine Provocation Test
9323326	Holter Monitor Interp.
9330026	M-Mode Echo Interp.
9352726	Rt. Heart Cath & Transeptal LC

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EXHIBIT B

BENEFIT PLANS

1. Profit Sharing Plan for Columbia Heart Clinic, P.A.
2. Medical insurance as provided by Medical Group from time to time.

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EXHIBIT C**VACATION AND PROFESSIONAL MEETINGS**

Physician may take a maximum of 8 weeks plus 1 week at Christmas/Passover off from Physician's duties each calendar year for vacation and continuing medical education, plus such legal holidays as Medical Group establishes from time to time. In addition, if Physician has 17 or more years of combined service with Medical Group, Columbia Cardiovascular Clinic, P.A. or Columbia Cardiology Associates, P.A., then Physician is entitled to an additional week of vacation. Such time off may be taken at such times or from time to time in a manner most convenient to the business of Medical Group as determined by the Board of Directors of Medical Group. Physician may carry forward into the next calendar year a maximum of five (5) days of unused vacation and professional meeting time, and Physician may borrow from the next calendar year up to a maximum of five (5) days of vacation and professional meeting time. Except as described in the preceding sentence, unused vacation and professional meeting time may not be carried forward to the next calendar year.

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EXHIBIT D**POLICIES REGARDING BENEFITS
FOR DEATH, DISABILITY AND RETIREMENT**

1. Upon Physician's disability as determined in accordance with Sections 1.4. and 4.3.(b) of this Agreement and such other policies as the Board of Directors of Medical Group may adopt, Physician shall continue to receive basic compensation under Section 1.1. of this Agreement for a maximum period of three (3) months during any one calendar year and a maximum of six (6) months during any five (5) consecutive year period; provided, however, the Board of Directors of Medical Group, in its discretion, may waive the five (5) year restriction. Upon termination of this Agreement under Section 4.3.(b), Physician shall be entitled to the benefits under Section 4.5.(c).
2. Physician must have attained the age of fifty (50) to be entitled to retire.

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EXHIBIT E

APPROVED OUTSIDE ACTIVITIES

1. Participation on medical-related boards and committees.
2. Proctoring activities related to interventional procedures peculiar to the practice of cardiology.
3. Educational speaking engagements.
4. Expert witness testimony.
5. Professional directorships at hospitals.

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**UNANIMOUS WRITTEN CONSENT
OF THE MEMBERS OF
LEXINGTON HEART CLINIC, LLC
IN LIEU OF
AN ORGANIZATIONAL MEETING**

Pursuant to the provisions of Section 33-44-404(d) of the South Carolina Uniform Limited Liability Company Act of 1996, the undersigned, being all the Members of *Lexington Heart Clinic, LLC*, a South Carolina limited liability company (the "Company"), sign this instrument, or a counterpart hereof, in lieu of holding an organizational meeting of the Members, and give their consent to the resolutions set forth below, with the same force and effect as if such resolutions were adopted by unanimous vote at a duly called meeting of the Members.

Articles of Organization

RESOLVED, that the form of Articles of Organization presented to the Members for review and attached hereto as Exhibit A, be, and it is, hereby approved and adopted as the Articles of Organization of the Company.

WHEREAS, the Articles of Organization are hereby approved, J. Kevin Baugh, M.D., as the initial Managing Member of the Company, is hereby authorized to file the same with the Secretary of State of the State of South Carolina.

Company Records

RESOLVED, that the Company shall maintain, as part of its company records, a minute book that shall include; but that shall not be limited to, records of the Company's Articles of Organization and amendments thereto, its Operating Agreement and amendments thereto, minutes of all meetings of its members, the time and the place of each such meeting, whether the meeting was regular or special, the manner in which the meeting was authorized, the notice given, the names of those present or represented at the meeting and the proceedings of each meeting;

RESOLVED FURTHER, that the initial Managing Member of the Company, is directed to procure such a minute book and such other books and records as may be required by the Company.

Adoption of Operating Agreement

RESOLVED, that the form of the Operating Agreement presented to the Members for review and attached hereto as Exhibit B be, and it hereby is, approved and adopted as the Operating Agreement of the Company;

RESOLVED FURTHER, that the initial Managing Member of the Company is directed to certify a copy of this Operating Agreement and insert it in the minute book of the Company, which shall be open for inspection by the Members at all reasonable times during office hours.

Election of Initial Managing Members

RESOLVED, that the following Member be, and hereby is, elected to be the initial Managing Member, to serve until his successor is duly elected and qualified:

J. Kevin Baugh, M.D.

RESOLVED FURTHER, that the initial Managing Member is empowered to carry out the day-to-day business of the Company as provided in the Operating Agreement.

Adoption of Company Seal

RESOLVED, that the seal, an impression of which is shown below, be, and it hereby is, adopted as the seal of the Company.

[SEAL]

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Adoption of Certificates of Membership Interest

RESOLVED, that the form of certificate of membership interest attached hereto as Exhibit C be, and it hereby is, approved and adopted as the form of certificate of membership interest of the Company;

RESOLVED FURTHER, that the certificates shall be consecutively numbered, beginning with the number 1; that the certificates shall bear all legends required by law to be placed on the Company's certificates of membership interest; and that the certificates shall only be issued in the manner and upon the conditions set forth in the Operating Agreement.

0011

Licenses and Tax Permits

RESOLVED, that the initial Managing Member of the Company be, and hereby is, authorized and directed to obtain, in the name of the Company, such licenses and tax permits as may be required by any applicable federal, state, county or municipal governmental statute, ordinance or regulation for the conduct of the business of the Company.

Payment of Organization Fees

RESOLVED, that the initial Managing Member is hereby authorized to pay all legal fees and expenses incident to and necessary for the organization of the Company.

Banking Authority

RESOLVED, that the initial Managing Member is hereby authorized and directed to execute and deliver such form resolutions of the bank of their choice to establish whatever checking accounts the Member shall deem necessary and appropriate;

RESOLVED FURTHER, that the form resolutions of the Bank be attached to this consent as Exhibit D, be incorporated herein for all purposes and be ratified and approved as the official banking resolutions of the Company; and further resolved that those persons designated as signatories of the accounts set out on the form resolutions are hereby approved;

RESOLVED FURTHER, that each Managing Member of the Company, be, and they hereby are, authorized to certify to the Bank that these resolutions have been duly adopted and to verify to the Bank the names and specimen signatures of the Managing Members authorized hereby to sign;

RESOLVED FURTHER, that this resolution and the form resolutions to which it is applicable shall continue in full force and effect until official written notice of the rescission thereof by the Members of the Company has been given to the Bank.

Authority to Issue Certificates of Membership Interest

RESOLVED, that the initial Managing Member of the Company, be, and he hereby is, directed to prepare or cause to be prepared, and to execute, seal and issue certificates of membership interest in the Company to the persons named below in the amounts set forth opposite their respective names in consideration of the payment by such persons of One Thousand and no/100s (\$1,000.00):

J. Kevin Baugh, M.D. 33.33% membership interest

Barry J. Feldman, M.D. 33.33% membership interest

Jennifer A. Feldman, M.D. 33.33% membership interest

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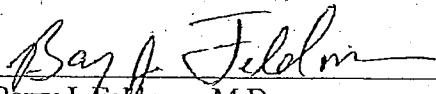
RESOLVED FURTHER, that the Members acknowledge receipt of an aggregate of \$1,000.00 in cash and/or other property from the persons listed above as consideration for the issuance of the Company's certificates of membership interest.

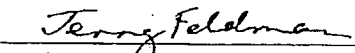
General Authority

RESOLVED, that the initial Managing Member of the Company be, and he hereby is, authorized to do any and all acts and things and to execute any and all agreements, consents and documents as in their opinion, or in the opinion of counsel to the Company, may be necessary or appropriate in order to carry out the purposes and intent of any of the foregoing organizational resolutions.

EXECUTED by each of the undersigned Members effective as of the 3rd day of January, 2006.


J. Kevin Baugh, M.D.


Barry J. Feldman, M.D.


Jennifer A. Feldman, M.D.

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5 Castle Hall Court
Columbia, South Carolina 29209

January 22, 2006

HAND DELIVERED

Benjamin R. Jones, M.D.
President
Columbia Heart Clinic, P.A.
Columbia, South Carolina 29203

RE: Resignation of Employment

Dear Ben:

This is to formally notify you of my decision to resign my employment with the Columbia Heart Clinic, P.A., pursuant to Section 4.4 of my Employment Agreement, effective ninety (90) days from today.

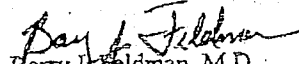
I have enjoyed my professional association with you and the other cardiologists affiliated with the Columbia Heart Clinic, P.A. but believe the time has come for me to pursue my chosen profession in a smaller organization.

It is my intent to fulfill all of my contractual and professional responsibilities over the next ninety (90) days. Similarly, I intend to do everything reasonably possible to make my transition as smooth as possible both for you and my colleagues at Columbia Heart Clinic, P.A. and for my patients.

As we move forward, I hope we can all work together, in good faith, to minimize the financial impact of my decision and keep quality patient care in the forefront of our discussions.

With kindest regards, I am

Sincerely,


Barry J. Feldman, M.D.

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SHAREHOLDER PHYSICIAN EMPLOYMENT AGREEMENT

THIS SHAREHOLDER PHYSICIAN EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of this 1st day of July, 1999, between COLUMBIA HEART CLINIC, P.A., a South Carolina professional corporation ("Medical Group"), and J. KEVIN BAUGH, M.D., a resident of Richland County, South Carolina ("Physician").

PREMISES:

A. Medical Group has been formed as a group medical practice to provide medical and other health care services to its patients in the State of South Carolina.

B. Physician is a physician duly licensed to practice medicine in the State of South Carolina and has been an employee of Medical Group or its predecessor since July 1, 1997.

C. Physician has become a shareholder in Medical Group as of the date hereof, and as a condition to becoming a shareholder, Physician and Medical Group have agreed to enter into this Agreement to replace and supersede all prior employment agreements.

NOW, THEREFORE, in consideration of the promises herein contained and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

COMPENSATION AND BENEFITS

1.1. Compensation. Throughout the term of this Agreement, Medical Group shall pay to Physician basic compensation and incentive compensation in accordance with the policies regarding physician compensation adopted by the Board of Directors of Medical Group from time to time. The policies for physician compensation in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit A attached hereto and incorporated by reference herein.

1.2. Employee Benefits. Physician shall participate in all employee benefits as are provided by Medical Group and as established and modified from time to time by the Board of Directors of Medical Group as long as Physician is otherwise eligible to participate and desires to be covered and so participate. Nothing contained in this Section shall be construed to obligate Medical Group in any manner to provide special benefits to Physician. Benefit plans in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit B attached hereto and incorporated by reference herein.

PPAB-CH1/265517.1

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1.3. Vacations and Professional Meetings. Physician shall be entitled each year to such time out of the office and away from Physician's professional duties for vacation and attendance at professional meetings as shall be consistent with policies established and modified from time to time by the Board of Directors of Medical Group. The policies for vacation and professional meetings in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit C attached hereto and incorporated by reference herein.

1.4. Retirement, Death and Disability. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning retirement from Medical Group, including notice requirements for retirement. The Board of Directors of Medical Group shall establish from time to time the standards for and provisions concerning the benefits, if any, to be provided upon the temporary or permanent disability or death of physician employees of Medical Group. Physician shall comply with all such standards and provisions. The policies for retirement, death and disability in effect at the commencement of the initial term of this Agreement, which may be amended from time to time by the Board of Directors, are set forth on Exhibit D attached hereto and incorporated by reference herein.

1.5. Malpractice Insurance; Tail Insurance Coverage.

(a) Medical Group shall carry malpractice insurance covering Physician with minimum limits of \$1,000,000 per incident and \$3,000,000 in the aggregate, or such higher limits and including such terms and conditions as the Board of Directors of Medical Group may from time to time determine to be reasonable and necessary. Physician shall at all times cooperate with the malpractice insurance carrier by providing in a timely manner any information, records or data reasonably requested.

(b) Upon the expiration or termination of this Agreement due to the death, retirement or total and permanent disability of Physician, in the event Medical Group has in force "claims made" insurance covering Physician at the time of the expiration or termination of this Agreement, Medical Group shall pay for the appropriate reporting endorsement (known as "Tail Coverage") for medical malpractice insurance carried by Medical Group on Physician if determined to be necessary by Medical Group. Upon the expiration or termination of this Agreement for any other reason, Physician shall pay for any Tail Coverage deemed necessary by Medical Group and deliver to Medical Group a certificate evidencing same. In the event Physician fails to purchase such Tail Coverage, Medical Group may withhold from any funds due to Physician an amount sufficient to purchase such Tail Coverage.

ARTICLE 2

DUTIES AND RESPONSIBILITIES

2.1. Physician Duties. Physician shall actively practice medicine on behalf of Medical Group and perform such other clinical, administrative and management duties as may

be assigned to Physician from time to time by Medical Group. Physician acknowledges that certain rules and regulations must be established and maintained by the Board of Directors of Medical Group from time to time for the efficient operation of a quality group practice. Physician therefore agrees that:

(a) The Board of Directors of Medical Group shall have the authority to establish policies, procedures and operational guidelines regarding the acceptance and treatment of patients of Medical Group. Physician shall perform services for those patients assigned to Physician and advise and assist any of the other physicians or employees of Medical Group in the diagnosis or treatment of any case as reasonably directed by the Board of Directors of Medical Group in accordance with such guidelines.

(b) The Board of Directors of Medical Group, or a subcommittee of physicians as delegated by the Board of Directors of Medical Group, shall establish quality assurance procedures for the Medical Group from time to time, and Physician agrees to comply with and be bound by the recommendations and requirements of any quality assurance program so established.

(c) The Board of Directors of Medical Group, in consultation with Physician, shall establish the office location(s) where and the schedule, including the night and weekend "call" schedule, according to which Physician shall perform Physician's duties under this Agreement; provided, however, Physician shall devote fulltime efforts to the practice of medicine on behalf of Medical Group. "Fulltime" shall be defined from time to time by the Board of Directors of Medical Group.

(d) Physician shall adhere faithfully to all professional ethics and customs, shall avoid all acts, habits and usages which might injure in any way, directly or indirectly, the professional reputation of Medical Group or any of the physicians or other employees of Medical Group, and shall follow and abide by all federal, state and municipal ordinances and laws relating to or regulating the practice of medicine in the State of South Carolina and shall comply with all requirements of liability insurance policies of Medical Group insuring Physician.

2.2. Exclusive Service. Physician shall devote Physician's full, entire, and undivided professional time and attention to the practice of medicine with Medical Group. Physician shall not engage in professional work in Physician's individual capacity or in association with others not employed by Medical Group, nor receive any compensation therefor, without the express written consent of the Board of Directors of Medical Group or as otherwise set forth on Exhibit E attached hereto and incorporated by reference herein. Medical Group, however, shall, from time to time, establish and/or modify policies regarding the treatment of honoraria, royalties, reasonable gifts, military reserve duty compensation, and all similar activities undertaken by physician employees.

2.3. Representations and Warranties of Physician. Physician represents and warrants to Medical Group that:

(a) Physician is a physician duly licensed to practice medicine in the State of South Carolina and is board certified in cardiology, and Physician will maintain such board certification and licensure during the term of this Agreement. Physician has never had Physician's license to practice medicine in any state or Physician's State Drug Enforcement Agency number revoked, suspended (or otherwise restricted), or terminated, and Physician has never surrendered Physician's license to practice medicine in any state.

(b) Physician has, and will maintain during the term of this Agreement, all necessary staff privileges, permits and credentials necessary for Physician to practice medicine (including an unrestricted right to prescribe controlled substances and medication) in such ambulatory, acute and tertiary care settings within the State of South Carolina as may be designated from time to time by the Board of Directors of Medical Group.

(c) Physician is not currently a party to any lawsuits involving Physician's medical practice, except as previously disclosed to Medical Group, and knows of no facts which would cause Physician reasonably to believe that such an action would be filed.

(d) Physician has never been censured, reprimanded or placed on probation for reasons relating to professional competence or conduct by any medical licensing board, any federal, state or local government agency, or any professional society or specialty board.

(e) Physician is not now and has never been the object of any investigation or other proceeding by any payor involving claims of fraudulent billing practices or any violation of the Medicare or Medicaid laws or regulations.

(f) Physician has not had Physician's clinical privileges at any hospital or other health care facility suspended, terminated, restricted or revoked (other than suspensions of thirty (30) days or less as a sanction for administrative infractions) or surrendered such clinical privileges while Physician was under an investigation relating to possible incompetencies or improper professional conduct or in return for not concluding such investigation.

2.4. Compliance with Rules and Regulations. Physician shall comply with all resolutions, directives, rules and regulations as may be established and modified by Medical Group pertaining to the business operation and the medical practice of Medical Group. Physician further shall comply with all laws and regulatory requirements applicable to the practice of medicine. Physician agrees to provide medical services at least consistent with generally accepted professional standards for the practice of medicine in the community in which Physician practices.

2.5. Physician-Patient Relationships. Medical Group agrees that none of the terms of this Agreement shall interfere, or are intended to interfere, with the physician-patient relationship, or to interfere with the practice of medicine by Physician in accordance with applicable laws and professional medical standards.

ARTICLE 3

ADMINISTRATIVE MATTERS

3.1. Fees, Collections and Billings. Medical Group shall establish, and modify from time to time, all professional fees for services rendered by Physician or any other physician employee of Medical Group, and Physician agrees to cooperate on all billing matters and assist in collection efforts as necessary. Medical Group shall own and control all collections and billings arising pursuant to the rendering of medical services by Physician or any other employee. All fees and compensation received or realized by Medical Group as a result of the rendering of services by Physician and other employees shall belong, be paid and be delivered to Medical Group.

3.2. Custodial Responsibility With Respect to Records and Accounts. Physician shall keep full and accurate medical records and accounts and records of all professional work performed by Physician or under Physician's supervision in a timely fashion in accordance with guidelines established by the Board of Directors of Medical Group. All such records are the exclusive property of Medical Group. Physician holds such records in trust for Medical Group and shall promptly relinquish any such records in Physician's control to the Medical Group on demand.

3.3. Provision of Office Space, Equipment, and Other Necessary Items. Medical Group shall furnish, as Medical Group deems necessary and appropriate, office space, equipment, instruments, supplies, medicines, and support personnel for the practice of Physician under the terms of this Agreement. The Board of Directors of Medical Group shall establish policies from time to time regarding payment for Physician's professional license fees for the State of South Carolina and related expenses.

3.4. Administration and Hiring of Personnel. Medical Group shall have full and complete authority and responsibility with respect to the administration of the business of the Medical Group and the hiring of personnel for the operation of Medical Group.

ARTICLE 4

TERM AND TERMINATION

4.1. Term. The term of this Agreement hereunder shall commence on July 1, 1999 and shall continue for a period up to and including December 31, 1999, unless otherwise terminated as provided in this Agreement. This Agreement shall be automatically renewed for additional

terms of one (1) year each, unless one of the parties hereto notifies the other in writing of the intention not to renew this Agreement no less than ninety (90) days prior to the expiration of the then current term.

4.2. Termination for Cause. This Agreement may be terminated for Cause (as hereinafter defined) by the party not providing such Cause, at any time without notice. "Cause" means:

- (a) Failure of Physician to comply with reasonable directives of Medical Group, or the policies, standards and regulations established from time to time by Medical Group, provided any such violation has continued uncured for a period of more than ten (10) days after Medical Group has given written notice of such violation to Physician;
- (b) Willful misconduct of Physician resulting in damage to Medical Group;
- (c) Physician is determined to have committed any criminal, unethical or fraudulent act by any entity or governmental agency of competent jurisdiction;
- (d) The final determination of loss, suspension or restriction of the license of Physician to practice medicine in the State of South Carolina;
- (e) Physician's license to prescribe controlled drugs is suspended, revoked or restricted in any manner;
- (f) Permanent loss, after all appeals, of any hospital staff privileges by Physician at any hospital for reasons of professional conduct and competence;
- (g) Inability to insure Physician against medical malpractice as provided in Section 1.5. hereof on reasonable financial terms; or
- (h) Material breach or default of either party under the terms of this Agreement, which shall remain uncured ten (10) days after receipt of written notice of default from the non-defaulting party.

4.3. Termination upon Death or Disability of Physician.

- (a) This Agreement shall terminate immediately upon the death of Physician.
- (b) Medical Group may terminate this Agreement upon any disability of Physician in accordance with the standards and provisions concerning disability established from time to time by Medical Group pursuant to Section 1.4. of this Agreement. Disability, and the procedures for determining disability, shall be defined in the long term disability

insurance policy insuring Physician, if any, or as otherwise defined by the Board of Directors of Medical Group. In the event this Agreement is terminated pursuant to this Section 4.3.(b), Physician shall continue to be entitled to all short term and long term disability benefits as provided in Physician's disability insurance policy. If Physician's disability should cease at any time after the termination of this Agreement, the rehiring of the Physician shall be consistent with all applicable state and federal laws and regulations.

4.4. Termination Without Cause.

(a) Physician may terminate this Agreement without Cause (other than as provided in Section 4.3.) upon ninety (90) days' prior written notice to Medical Group.

(b) Medical Group may terminate this Agreement without Cause (other than as provided in Section 4.3.) upon thirty (30) days' prior written notice to Physician.

4.5. Effect of Termination or Expiration. Upon the termination or expiration of this Agreement, the parties agree as follows:

(a) Except as provided in this Section 4.5., Physician shall have no right to any payment for services Physician renders or orders beyond that payable by Medical Group in its ordinary course of business as of the last regular pay period covering Physician's final period of employment or association.

(b) In the event of the termination of this Agreement under Section 4.3.(a) as a result of the death of Physician, Medical Group shall pay to the Physician's estate:

(i) All salary earned or accrued but unpaid as of the date of Physician's death; and

(ii) A death benefit equal to Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of Physician's death. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following Physician's death and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following Physician's death.

(c) In the event of the termination of this Agreement under Section 4.3.(b) as a result of the disability of Physician, Medical Group shall pay to Physician Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the last day of Physician's employment by Medical Group. Medical Group shall pay Physician 1/24th of this benefit each month for twelve (12) months commencing with the month following the termination of this Agreement and shall pay the

remaining 12/24ths of this benefit in the thirteenth (13th) month following the termination of this Agreement. This benefit shall be in addition to any disability benefits payable to Physician pursuant to any other provision of this Agreement or pursuant to any disability insurance policy maintained for Physician's benefit.

(d) In the event of the termination of this Agreement as a result of the retirement of Physician from the active practice of medicine after the attainment of fifty (50) years of age, Medical Group shall pay to Physician:

- (i) All salary earned or accrued but unpaid as of the date of Physician's retirement; and
- (ii) Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of Physician's retirement. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following Physician's retirement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following Physician's retirement.

(e) In the event of the termination of this Agreement by Medical Group for Cause as provided in Section 4.2., Medical Group shall pay to Physician the compensation provided in Section 4.5.(a) above as Physician's sole benefit.

(f) In the event of the termination of this Agreement (1) by Physician for Cause as provided in Section 4.2.(h), (2) by Physician without Cause under Section 4.4.(a) or (3) by Medical Group without Cause under Section 4.4.(b) other than for retirement, Medical Group shall pay to Physician:

- (i) All salary earned or accrued but unpaid as of the date of Physician's death; and
- (ii) Physician's Prorata Share of the Current Year's Actual Collection Percentage of the accounts receivable of Medical Group, computed on the date of termination of this Agreement. Medical Group shall pay 1/24th of this benefit each month for twelve (12) months commencing with the month following the termination of this Agreement and shall pay the remaining 12/24ths of this benefit in the thirteenth (13th) month following the termination of this Agreement.

(g) In the event that this Agreement is terminated for any reason prior to the payment in full by Physician of the Accounts Receivable Purchase Price (as defined in Section 6.9(b)), then there shall be deducted from the amounts due to Physician pursuant to

Sections 4.5 (a), (b), (c), (d), and (f) the remaining balance of such Accounts Receivable Purchase Price. In the event the remaining balance of the Accounts Receivable Purchase Price exceeds the amount owed by Medical Group to Physician under the provisions of this Agreement, then Physician shall pay the difference to Medical Group immediately upon termination of this Agreement.

(h) As used herein:

(i) "Physician's Prorata Share" means that fraction, the numerator of which is the number of shares of stock in Medical Group which Physician owns and the denominator of which is the total number of shares of stock of Medical Group issued and outstanding at the time of the calculation.

(ii) "Current Year's Actual Collection Percentage" means the amount determined as of the close of business on the last day of the fiscal year of Medical Group by dividing total payments of Medical Group by total charges of Medical Group to arrive at a percentage (rounded to the nearest whole percent). This percentage shall be the "Current Year's Actual Collection Percentage" for purposes of this Section 4.5, for the next fiscal year. For example, if a shareholder dies in 1998, the collection percentage used will be that for 1997.

(i) Notwithstanding any other provision in this Agreement in the event Physician continues or commences the active practice of medicine in the field of cardiology within Richland or Lexington Counties, South Carolina at any time during the twelve (12) month period immediately following the termination (for any reason, whether with or without Cause) of this Agreement, then Physician shall forfeit any monies payable to Physician pursuant to this Section 4.5. following Physician's continuation or commencement of the practice of medicine in violation of this Section 4.5.(i). The provisions of this Section 4.5.(i) shall survive the expiration or termination of this Agreement for any reason.

(j) In the event Medical Group has in force "claims made" insurance covering Physician at the time of the termination or expiration of this Agreement, then in such event, the appropriate party shall pay the "tail coverage" for medical malpractice insurance as provided in Section 1.5. hereof.

(k) Upon the termination of this Agreement for any reason, with or without Cause, Physician shall sell, and Medical Group shall purchase Physician's Stock as provided in the Shareholders' Agreement for Medical Group.

4.6. Acknowledgment of Reasonableness. Physician acknowledges that the forfeiture described in Section 4.5.(i) is intended as restitution for the damages which Medical Group will suffer as a result of competition by Physician with Medical Group. Physician further acknowledges that such forfeiture is fair and reasonably required for the protection of Medical Group.

ARTICLE 5

CONFIDENTIAL INFORMATION

5.1. Covenant Not to Disclose Confidential Information. Physician acknowledges and stipulates that: (A) during the term of this Agreement, Physician will be placed in a position by Medical Group to become acquainted with various aspects of the Confidential Information (defined below); (B) the use or disclosure of the Confidential Information by Physician except as expressly authorized by Medical Group is prohibited and would seriously damage Medical Group; and (C) in addition to being given access to the Confidential Information, Physician will receive material benefits as a result of this Agreement, including compensation and experience. Therefore, Physician agrees as follows:

(a) During the term of this Agreement and thereafter, Physician shall not, without the prior written consent of Medical Group, directly or indirectly:

- (i) Divulge, furnish or make accessible to any Person or copy, take or use in any manner any of the Confidential Information; or
- (ii) Take any action which might reasonably or foreseeably be expected to compromise the confidentiality or proprietary nature of any of the Confidential Information.

(b) "Confidential Information" means all of the materials, information and ideas of the Medical Group, including, without limitation: patient names, patient lists, patient records, patient information, operation methods and information, accounting and financial information, marketing and pricing information and materials, internal publications and memoranda, and other matters considered confidential by Medical Group.

(c) The provisions of this Section 5.1. shall survive the expiration or termination of this Agreement for any reason.

5.2. Remedies. Remedies shall be available to Medical Group in the event of a breach of the provisions of Section 5.1. according to the following provisions:

(a) The parties agree that a breach by Physician of any of the provisions of Section 5.1. of this Agreement would cause irreparable damage to Medical Group. Therefore,

Medical Group shall be entitled to a temporary restraining order and/or preliminary and permanent injunctions restraining Physician from breaching or continuing any breach of any of the provisions of Section 5.1. The existence of any claim or cause of action on the part of Physician against Medical Group, whether arising from this Agreement or otherwise, shall not constitute a defense to the granting or enforcement of this injunctive relief.

(b) Physician expressly consents to entry of a temporary restraining order, preliminary injunction order, and permanent injunction order against Physician in the event that Physician violates the provisions of Section 5.1. above. Such order shall be in addition to any other remedies available to Medical Group at law or in equity.

(c) The provisions of this Paragraph 5.2. shall survive the expiration or termination for any reason of this Agreement.

5.3. Acknowledgment of Reasonableness. Physician has carefully read and considered the provisions of this Agreement and agrees that the restrictions set forth herein, particularly those in Sections 5.1. and 5.2., are fair and reasonably required for the protection of Medical Group.

ARTICLE 6

GENERAL PROVISIONS

6.1. Notices. Any notices, requests and other communications hereunder shall be in writing and shall be deemed duly given if hand delivered or mailed first class, postage prepaid, certified mail, return receipt requested, addressed as set forth hereinafter, or to such other address as any person or entity may designate in writing, and delivered as herein provided:

To Medical Group:

Columbia Heart Clinic, P.A.
1655 Brabham Avenue, Suite 220
Columbia, SC 29204
Attention: President

To Physician:

J. Kevin Baugh, M.D.
209 Tombee Lane
Columbia, SC 29209

6.2. Severability. The provisions of this Agreement are deemed by the parties to be severable, and the invalidity or unenforceability of any one or more of the provisions of this Agreement shall not affect the validity or enforceability of any other provision.

6.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

6.4. Entire Agreement. This Agreement sets forth the entire understanding between the parties with respect to the subject matter hereof and cannot be amended except by a writing signed by both parties. No waiver of any term or provision of this Agreement shall be deemed to be a waiver of any subsequent breach of such term or provision of this Agreement. This Agreement supersedes and replaces in their entirety any and all other employment agreements, oral or written, if any, between the parties hereto, including but not limited to the employment agreement dated July 1, 1997.

6.5. Assignment. Physician acknowledges that the services to be rendered by Physician are unique and personal, and Medical Group acknowledges that Physician is willing to sign this Agreement only if Physician's employment is with Medical Group. Accordingly, neither Medical Group nor Physician may assign any of that party's rights or delegate any of that party's duties or obligations under this Agreement. Any assignment or attempted assignment, transfer or pledge of this Agreement or of the interest of either party herein shall be null and void, and at the option of the other party, this Agreement may be terminated immediately upon the occurrence of such an event. The rights and obligations of the parties under this Agreement shall inure to the benefit of and shall be binding upon the successors, heirs and assigns of the parties hereto, whenever the context admits or requires.

6.6. Contract Modifications for Prospective Legal Events. In the event any state or federal laws or regulations, now existing or enacted or promulgated after the effective date of this Agreement, are interpreted by judicial decision, a regulatory agency or legal counsel to a party in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulations, Medical Group and Physician shall amend this Agreement as necessary. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between Medical Group and Physician.

6.7. Attorney's Fees. If either party attempts to enforce any of its rights under this Agreement as against the other party, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, court costs and other expenses incurred by the prevailing party in connection with such enforcement or attempted enforcement of those rights.

6.8. Medicare Reporting and Access Requirement. If applicable, until the expiration of four (4) years after the furnishing of the services pursuant to this Agreement, Physician shall make available, upon written request to the secretary of the U.S. Department of Health and Social Services, or upon request to the Comptroller General, or any of their duly authorized representatives, this Agreement, and all books, documents and records of Physician that are necessary to certify the nature and extent of the costs of such services, and, if the Physician carries out any of the duties of this Agreement through a subcontract, with a value of or cost of \$10,000 or more over a twelve-month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary or upon request to the Comptroller General, or any of their duly authorized representatives, the subcontract and books, documents and records of such

organization that are necessary to verify the nature and extent of the costs of such services. The provisions of this Section 6.8. shall survive the expiration or termination for any reason of this Agreement.

6.9 Acquisition of Common Stock; Buy-in of Accounts Receivable

(a) Physician shall, purchase from the current shareholders of Medical Group (the "Current Shareholders") and own Ninety-Three and Three/Fourths (93 $\frac{3}{4}$) shares of the common stock of Medical Group (the "Shares") in accordance with the terms and provisions of that certain Stock Subscription Agreement executed contemporaneously herewith among the Current Shareholders and Physician.

(b) Physician shall purchase his pro-rata share of the accounts receivable of Medical Group at a purchase price of \$248,525.00 (the "Accounts Receivable Purchase Price"), which shall be paid to Medical Group over a period of not less than twelve (12) nor more than twenty-four (24) monthly installments commencing July 1, 1999, until the Accounts Receivable Purchase Price is paid in full. Medical Group may withhold such payments from any funds due Physician from Medical Group, including any sums due to Physician as basic or incentive compensation or due to Physician upon his death, disability or other termination of employment hereunder. Physician may prepay the outstanding balance of the Accounts Receivable Purchase Price or any portion thereof at any time.

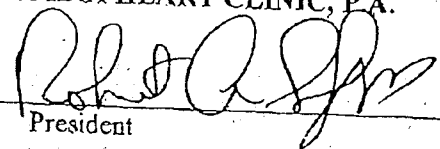
6.10. Captions. The captions or titles to the various sections of this Agreement are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content or intent of this Agreement or of any parts thereof.

6.11. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, Medical Group has caused this Agreement to be executed by its duly authorized officers, and Physician has executed this Agreement under seal, as of the day and year first above written.

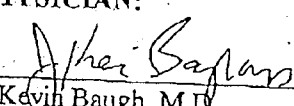
MEDICAL GROUP:

COLUMBIA HEART CLINIC, P.A.

By: 

President

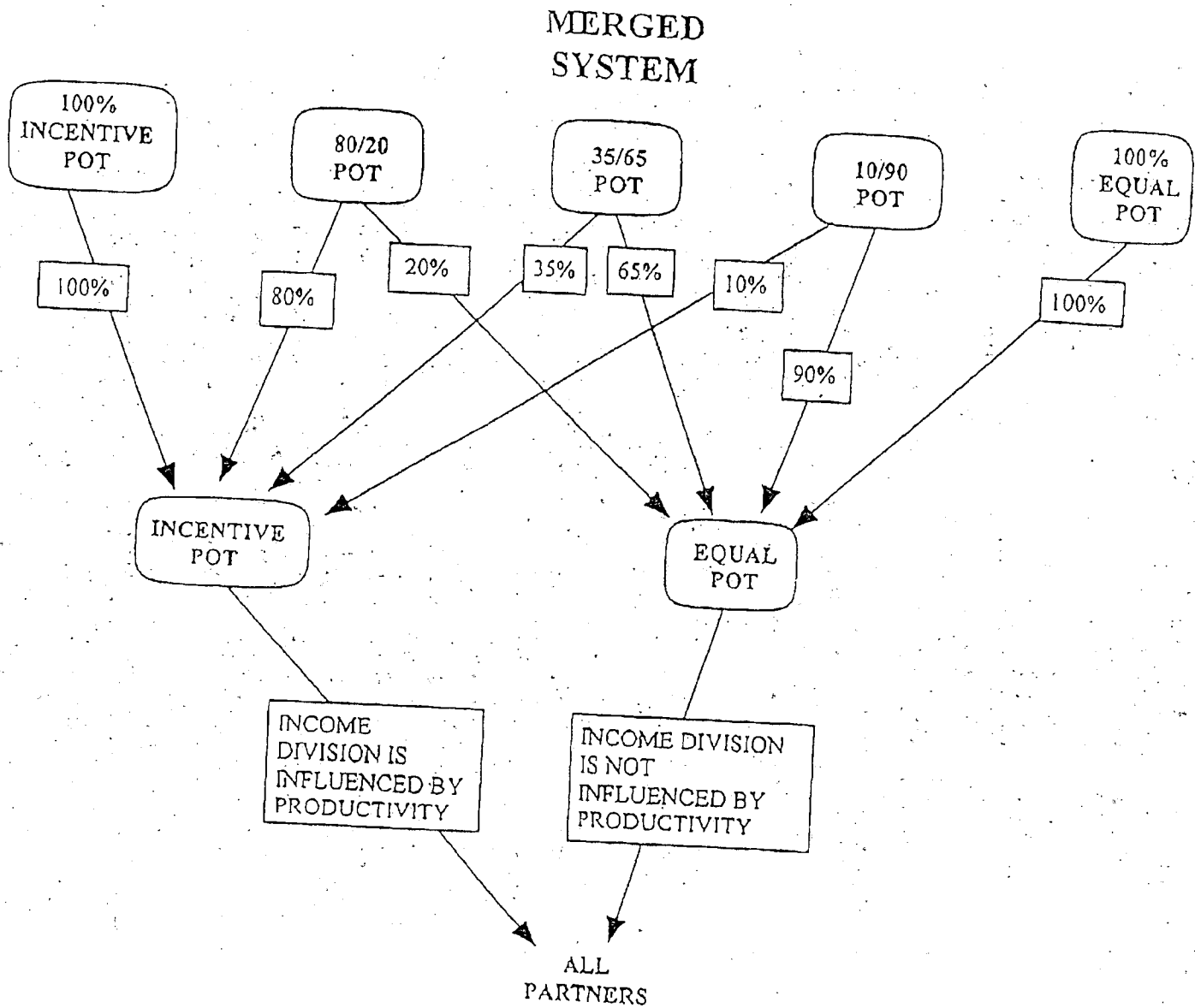
PHYSICIAN:


J. Kevin Baugh, M.D.

(SEAL)

EXHIBIT A

GUIDELINES FOR COMPENSATION OF PHYSICIANS



incent98

INCENTIVE POT - MERGED GROUP

CPT	Description
90060A	Office Visit - No Charge
101	Disability Form Completion
32000	Thoracentesis
33010	Pericardiocentesis
33010	Pericardiocentesis
33011	Pericardiocentesis-Subsequent
7693026	Pericardiocentesis-Supv. & Int.
33210	Temp. Pacemaker - Single
36489	Central Venous Catheter
36620	Arterial Catheterization
92950	CPR
92960	Cardioversion
92977	Thrombolytic, IV Infusion
93018	Interp. & Report of Treadmill
93233	Holter - Interp only
93503	Swan Ganz
94656	Ventilation Assist. & Mgmt.
99199	Completion of Forms
99202	New Office Visit - 2
99203	New Office Visit - 3
99204	New Office Visit - 4
99205	New Office Visit - 5
99212	Office Visit - 2
99213	Office Visit - 3
99214	Office Visit - 4
99215	Office Visit - 5
99217	O/P Obser. D/C w Overnight
99218	O/P Observation - 1
99219	O/P Observation - 2
99220	O/P Observation - 3
99221	Admission-1
99222	Admission - 2
99223	Admission - 3
99231	Hospital Visit - 1
99232	Hospital Visit - 2
99233	Hospital Visit - 3
99238	Hospital Discharge
99239	Hospital Discharge > 30 min.
99243	Office Consult - 3
99244	Office Consult - 4
99245	Office Consult - 5
99252	Hospital Consult - 2
99253	Hospital Consult - 3
99254	Hospital Consult - 4
99255	Hospital Consult - 5
99261	Hospital Reconsult - 1
99262	Hospital Reconsult - 2

00334

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INCENTIVE POT - MERGED GROUP

99263	Hospital Reconsult - 3
99275	Confirmatory Consult
99284	Emerg. Room Visit - 4
99285	Emerg. Room Visit - 5
99291	Critical Care 1st 30 Min.
99292	Critical Care/Addtl. 30
99311	Nursing Home Visit - 1
99352	Home Visit - Est. Pt. Mod.
9330726	Echo Interp Only
9331226	Transesophageal Echo Interp.
9332026	Doppler Echo Interp.
9332526	Color Flow Interp.

00335

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20-80_98

80% INCENTIVE 20% EQUAL POT - MERGED GROUP

CPT	Description
93731-DR	Pacemaker Check/Dual - Dr.
93732-DR	Pacemaker Reprog/Dual - Dr.
93734-DR	Pacemaker Check/Single - Dr.
93735-DR	Pacemaker Reprog/Single - Dr.
93737-DR	ICD Check - Dr.
93738-DR	ICD Check/Reprog - Dr.
G0004	King-of-Hearts Medicare
G0005	King-of-Hearts Medicare
33015	Tube Pericardiostomy
36620	Arterial Catheterization
71010	Chest X-Ray, PA
71020	Chest X-Ray, PA & Lat
93000	EKG - Complete
93005	EKG Tracing Only
93010	EKG Interp & Report
93015	C.V. Stress Test
93016	Treadmill-Phys. Supv.
93040	Rhythm Strip
93224	Holter Monitor
93230	Holter Monitor
93268	King-of-Hearts
93270	Prince of Hearts Hookup
93272	Prince of Hearts Interp.
93278	Signal Averaged EKG
94010	Spirometry
94070	Multiple Spirometry w/Exercise
94150	Vital Capacity
94681	CO2/O2 Analysis
94761	Pulse Oximetry

00336
Confidential

65-35_98

35% INCENTIVE 65% EQUAL - MERGED GROUP.

CPT	Description
xxxxxx	All Non-Invasive PV Studies
93307	2-D, M-Mode Echo & Inter
93308	Echo Follow-Up Study
93320	Doppler Echocardiography
93321	Doppler Echo-Limited Study
93325	Color Flow Mapping
93350	Stress Echo

00337
Confidential

10-90_9S

10% INCENTIVE 90% EQUAL - MERGED GROUP

CPT	Description
78465	Spect., Multiple Studies
7846526	Spect, Interp. & Report
78472	MUGA
78473	Stress MUGA
78890	Generation/Interp. of Auto.Data
93015A	Treadmill w/ Spect Study
78471	MUGA

00338
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equal-98

EQUAL POT - MERGED GROUP

CPT	Description
71020TC	Chest X-Ray Tech. Comp.
9330726A	Echo Interp - Lovelace
9332026A	Doppler Echo Interp - Lovelace
9332526A	Color Flow Interp - Lovelace
93737A	Ventritex/Cadence Tiered ICD
A4641	Provision/Diag. Radionuc.
A464176	Addnl. Provision/Diag. Radio.
A9500	Provision/Diag. Radionuc.
A950076	Addnl. Provision/Diag.
A9505	Thallous Chloride TL201
G0001	Venipuncture-Medicare
G0008	Admin flu vaccine Mcare
G0009	Admin Pneumon. Vac.
J1245	Persantine
J1940	Lasix - 20 mg
Q0022	Physician Review & Interp.
xxxxxx	All lab work done on-site
xxxxxx	All Peripheral Vascular Angioplasties
102	Copy of Records to Atty.
104	Richland Hospital Fees
105	Voc. Rehab. Medical Information
115	Fairfield Hospital Fees
134	Moncrief Fees
145	Providence Fees
148	Fishman EKG's
150	Lexington Fees
161	Baptist Fees
162	J. Robinson-Chester Fees
170	Byerly Fees
31500	Intubation
33206	Implant Pacemaker - Atrial
33207	Implant Pacemaker-Vent.
33208	Implant Pacemaker-AV Sequen.
33210	Transvenous Pacer Elec.
33212	Replace Pacemaker - Atrial/Vent.
33213	Replace Pacemaker - AV Sequen.
33214	Upgrade PM-Single to Dual
33216	Lead Change - Single
33217	Lead Change - Dual
33218	Repair Pmkr Electr. - Single
33219	Repair Pacemaker Generator
33220	Repair Pmkr Electr. - Dual
33222	Revision or Relocation of PM Pckt.
33232	Removal of Permanent PM
33233	Remove Pacemaker Generator
33234	Remove PM Generator& Elec.-Sngl

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EQUAL POT - MERGED GROUP

33235	Remove PM Generator& Elec.-Dual
36415	Venipuncture
37202	Transcatheter Infusion
71034	Flouro 4 view chest
75724	Angiography, Renal, Rad. S&I
75754	Supv. & Interp.
75756	Angiography. LIMA
75766	Supv./Interp. LC w/
78990	Provision/Diag. Radionuc.
80003	Automated Channel Test
80061	Lipid Panel
83718	HDL Cholesterol
86585	PPD Skin Test
90724	Flu vaccine
90732	Pneumon. Vac.
90746	Hepatitis Vaccine (3Inj.)
92975	Thrombolysis/Coronary w/Angio.
92978	Intravascular Ultrasound-Init.
92979	Intravascular Ultrasound-Addnl.
92980	Stent Placement
92981	Stent Placement-Each Add'l Vessel
92982	PTCA/Single Vessel
92984	PTCA/Each Add. Vessel
92995	Coronary Atherectomy/Single
92996	Atherectomy-Each Add'l Vessel
93017	C.V. Stress Test -Tech. Comp.
93024	Ergonovine Provocation Test
93227	Holter Monitor Interp.
93501	Right Heart Cath
93505	Endomyocardial Biopsy
93510	Left Heart Cath
93511	Left Heart Cath - CD
93526	Right & Left Heart Cath
93536	Insert.of Intra-Aortic Balloon
93539	Injection for Arterial Grafts
93540	Injection for Venous Grafts
93541	Pulmonary Angiogram
93542	Rt. Vent or Rt. Atrial Angiogram
93543	Left Vent. or Lft Atrial Angiogram
93544	Aortography/Aortogram
93545	Selective Coronary Angiogram
93555	S&I - Ventriculography
93556	S&I Coronary Angiography
93561	Dilution Studies
93562	Dilution Studies w/ Output
93600	Bundle of HIS Recording
93602	Intra-Atrial Recording
93603	Right Ventricular Recording

00340
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EQUAL POT - MERGED GROUP

93607 Left Ventricular Recording
93609 Intra-Vent Mapping of Tachy.
93610 Intr-Atrial Pacing
93612 Intraventricular Pacing
93618 Induction of Arrhythmia
93619 EPS w/o Induction of Arrhythmia
93620 Comprehensive EP w/ Induct. of Arrhyth.
93621 EPS w/ Left Atrial Recording
93622 EPS w/ Left Ventricular Recording
93623 EPS After Drug Infusion
93624 Follow-Up EPS
93640 EPS/ICD/Lead
93641 EPS/ICD/Generator
93642 EPS/ICD - Evaluation
93650 Ablation - AV Node
93651 Ablation - Atrial
93652 Ablation/Vent. Tachy
93660 EPS/Tilt Table Test
93724 Electronic Analysis-PM System
93731 Pacemaker Check/Dual
93732 Pacemaker Reprog/Dual
93733 Pacemaker Analysis - Phone/Dual
93734 Pacemaker Check/Single
93735 Pacemaker Reprog/Single
93736 Pacemaker Analysis - Phone/Single
93737 ICD Analysis w/o Reprog.
93738 ICD Analysis with Reprog.
93799 Unlisted Cardiovasc. Procedure
99211 EM w/o Phys.
7109026 Fluoroscopy S&SI
7847226 MUGA Interp.
7899076 Addtl. Provision/Radionucl.
7899076 Addnl. prov. - Radionuclide
9298222 PTCA Multiple Lesions
9302426 Ergonovine Provocation Test
9323326 Holter Monitor Interp.
9330026 M-Mode Echo Interp.
9352726 Rt. Heart Cath & Transeptal LC

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EXHIBIT B

BENEFIT PLANS

1. Profit Sharing Plan for Columbia Heart Clinic, P.A.
2. Medical insurance as provided by Medical Group from time to time.

PPAB-CH1/365547.1

00342
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EXHIBIT C**VACATION AND PROFESSIONAL MEETINGS**

Physician may take a maximum of 8 weeks plus 1 week at Christmas/Passover off from Physician's duties each calendar year for vacation and continuing medical education, plus such legal holidays as Medical Group establishes from time to time. In addition, if Physician has 17 or more years of combined service with Medical Group, Columbia Cardiovascular Clinic, P.A. or Columbia Cardiology Associates, P.A., then Physician is entitled to an additional week of vacation. Such time off may be taken at such times or from time to time in a manner most convenient to the business of Medical Group as determined by the Board of Directors of Medical Group. Physician may carry forward into the next calendar year a maximum of five (5) days of unused vacation and professional meeting time, and Physician may borrow from the next calendar year up to a maximum of five (5) days of vacation and professional meeting time. Except as described in the preceding sentence, unused vacation and professional meeting time may not be carried forward to the next calendar year.

PPAD-CH1/366547.1

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EXHIBIT D**POLICIES REGARDING BENEFITS
FOR DEATH, DISABILITY AND RETIREMENT**

1. Upon Physician's disability as determined in accordance with Sections 1.4. and 4.3.(b) of this Agreement and such other policies as the Board of Directors of Medical Group may adopt, Physician shall continue to receive basic compensation under Section 1.1. of this Agreement for a maximum period of three (3) months during any one calendar year and a maximum of six (6) months during any five (5) consecutive year period; provided, however, the Board of Directors of Medical Group, in its discretion, may waive the five (5) year restriction. Upon termination of this Agreement under Section 4.3.(b), Physician shall be entitled to the benefits under Section 4.5.(c).
2. Physician must have attained the age of fifty (50) to be entitled to retire.

PPAR-CH1/265547.1

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EXHIBIT E

APPROVED OUTSIDE ACTIVITIES

1. Participation on medical-related boards and committees.
2. Proctoring activities related to interventional procedures peculiar to the practice of cardiology.
3. Educational speaking engagements.
4. Expert witness testimony.
5. Professional directorships at hospitals.

PPAR-CH1/065547.1

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10 Cotton Hope Lane
Columbia, South Carolina 29209

January 22, 2006

HAND DELIVERED

Benjamin R. Jones, M.D.
President
Columbia Heart Clinic, P.A.
Columbia, South Carolina 29203

RE: Resignation of Employment

Dear Ben:

This is to formally notify you of my decision to resign my employment with the Columbia Heart Clinic, P.A., pursuant to Section 4.4 of my Employment Agreement, effective ninety (90) days from today.

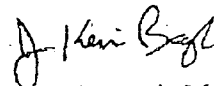
I have enjoyed my professional association with you and the other cardiologists affiliated with the Columbia Heart Clinic, P.A. but believe the time has come for me to pursue my chosen profession in a smaller organization.

It is my intent to fulfill all of my contractual and professional responsibilities over the next ninety (90) days. Similarly, I intend to do everything reasonably possible to make my transition as smooth as possible both for you and my colleagues at Columbia Heart Clinic, P.A. and for my patients.

As we move forward, I hope we can all work together, in good faith, to minimize the financial impact of my decision and keep quality patient care in the forefront of our discussions.

With kindest regards, I am

Sincerely,



J. Kevin Baugh, M.D.

00046

**OPERATING AGREEMENT
CHC MOB Manager, LLC**

THIS OPERATING AGREEMENT ("Agreement") is made and entered into as of the 24th day of October, 2003, by and among the Members (as hereinafter defined).

RECITAL: The parties are all licensed physicians practicing with and owning an interest in the Medical Group (as hereinafter defined). The parties desire to form an limited liability company under South Carolina law for the purposes set forth herein and in particularly to develop and own a medical office building. It is desired that the Members be limited to owners of the Medical Group to the extent practicable.

NOW, THEREFORE, the parties hereto have agreed and do hereby agree as follows:

**ARTICLE I
Formation, Purposes and Powers**

1.1 Formation. The parties to this Agreement hereby form a limited liability company under the laws of the State of South Carolina, and agree to and adopt the terms and conditions set forth in this Agreement. The limited liability company ("Company") shall exist under and be governed by the provisions of the South Carolina Uniform Limited Liability Company Act of 1996, Sections 33-44-101 et. seq. of the Code of Laws of South Carolina (1976), as amended (the "Act"), except as otherwise provided or modified by this Agreement. The Company shall exist only for the purposes specified in this Agreement and shall not be deemed to create a partnership, joint venture, or any other relationship between the Members.

1.2 Name. The name of the Company shall be CHC MOB Manager, LLC.

1.3 Articles of Organization. The Company shall file Articles of Organization with the South Carolina Secretary of State, and shall remain in compliance with all applicable provisions of the Act necessary to maintain its existence as a South Carolina limited liability company.

1.4 Annual Report. Beginning with the first full calendar year following the year in which the Company is organized, between January 1 and April 1 of each year during the Company's existence, the Members shall prepare and file with the South Carolina Secretary of State an annual report as required by Section 33-44-211 of the Act.

1.5 Designated Office. The Company shall maintain a designated office in South Carolina in accordance with Section 33-44-108(a) of the Act. The initial designated office shall be at 1655 Bernardin Avenue, Suite 220, Columbia, SC 29204. The Members may from time to time change the location of the Company's designated office.

1.6 Registered Agent and Address. The registered agent for service of process on the

Company shall be M. Donald Alexander, Jr. The street address of the registered agent for service of process on the Company shall be One Richland Medical Park, Suite 420, Columbia, SC 29203. The Members may change the registered agent's street address or designate a new agent for service of process by filing with the Secretary of State a Statement of Change, in compliance with Section 33-44-109 of the Act.

1.7 Term Company. The Company shall be a term company within the meaning of the Act. The Company's term of existence and business shall commence on the date Articles of Organization are filed with the South Carolina Secretary of State, unless a later effective date is specified in said Articles of Organization, and the existence of the Company shall terminate upon the expiration of its term on December 31, 2077, unless extended or sooner terminated by law or pursuant to the provisions of this Agreement. The Members agree to remain Members until expiration of the Company's term of existence.

1.8 Statement of Company; Fictitious Name Certificates. The Members shall execute and file in the proper offices such statement of the Company and such assumed or fictitious name certificates as may be required by law.

1.9 Income Tax Election. The Company shall be taxed as a partnership for state and federal income tax purposes, and the Members shall make all elections necessary and file all documents and forms required to obtain and maintain such income tax treatment for the Company and the Members.

1.10 Purposes. The character of business and purposes of the Company shall be real estate investment and development and all services ancillary to such business, including but not limited to managing, improving, operating, leasing, mortgaging, refinancing, pledging, selling or otherwise dealing with the Project and engaging in such other activities as the Members deem necessary or appropriate to the foregoing purposes. The Company may own the Project or own a part of another entity which, in turn, owns the Project.

1.11 Powers. Subject to the provisions of this Agreement, the Company shall have the same powers as an individual to do all things necessary or convenient to carry on its business and affairs, including the power to:

- (a) Sue and be sued, and defend in its name;
- (b) Purchase, receive, lease, or otherwise acquire, and own, hold, improve, use, maintain, manage, operate and otherwise deal with property of any kind, real, personal, tangible and intangible, or any legal or equitable interest in property, wherever located;
- (c) Sell, convey, mortgage, grant a security interest in, lease, exchange, and otherwise encumber or dispose of all or any part of its Property;
- (d) Purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, grant a security interest in, or otherwise dispose of and deal in and with, shares or other interests in or obligations of any other entity;

(e) Make contracts and guarantees, incur liabilities, borrow money, issue its notes, bonds, and other obligations, which may be convertible into or include the option to purchase other securities of the limited liability company, and secure any of its obligations by a mortgage on or a security interest in any of its property, franchises, or income;

(f) Lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;

(g) Be a promoter, partner, member, associate, or manager of any partnership, joint venture, trust, or other entity;

(h) Conduct its business, locate offices, and exercise the powers granted by this Agreement and the Act within or without the State of South Carolina;

(i) Appoint officers, employees, and agents of the Company, define their duties, fix their compensation, and lend them money and credit;

(j) Pay pensions and establish pension plans, pension trusts, profit sharing plans, bonus plans, option plans, and benefit or incentive plans for any or all of its current or former Members, officers, employees, and agents;

(k) Make donations for the public welfare or for charitable, scientific, or educational purposes;

(l) Make payments or donations, or do any other act, not inconsistent with law, that furthers the business of the Company;

(m) Perform any act and execute and deliver any documents required by any governmental authority; and

(n) Perform any and all other acts or activities customary, incidental, necessary or convenient to the purposes and powers enumerated herein.

1.12 Company Accounts. The Company shall maintain such separate bank accounts as appropriate for the conduct of the Company's business, in the name of the Company, at such bank or banks as from time to time may be designated by the Members.

1.13 Foreign Qualification. Prior to the Company doing any business in a state other than South Carolina, the Members shall determine if the Company is required to "qualify to do business" in that state, and if so, the Members shall take all steps necessary to qualify the Company in that state before conducting any business there.

1.14 Construction. If and to the extent the provisions of this Agreement conflict with the Act, this Agreement shall control. If and to the extent the provisions of this Agreement do not conflict with the Act, the Act shall control.

1.15 Minimum Insurance Requirements. Unless otherwise determined by the

Members, the Company shall carry and maintain in force, or cause to be carried and maintained in force, insurance insuring the Company for the fair market value of the Company Property (other than land), including without limitation, insurance for all insurable improvements owned or leased by the Company against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, and public liability insurance against claims for bodily injury, death or property damage. All such insurance shall be effected under policies issued by insurers and be in forms and for amounts approved by the Members. If the Company renders professional services within the meaning of Section 33-19-103(7) of the Code of Laws of South Carolina (1976), as amended, the Company shall acquire and maintain such additional insurance or segregated funds as may be required by the applicable licensing authority.

ARTICLE II Definitions

2.1 Definitions. Whenever used in this Agreement, or any amendment hereof, the following terms shall have the meanings set forth below:

(a) "Act" shall mean the South Carolina Uniform Limited Liability Company Act of 1996, Sections 33-44-101 et. seq. of the Code of Laws of South Carolina (1976), as amended, and any corresponding provisions of future laws.

(b) "Action of the Company" and any reference to an action taken, or to be taken, by the Company shall mean any action properly approved by the Members in accordance with this Agreement.

(c) "Agreement" shall mean this Operating Agreement and any amendments made thereto from time to time.

(d) "Articles of Organization" shall mean the Articles of Organization filed with the South Carolina Secretary of State by which the Company was organized as a South Carolina limited liability company pursuant to the Act.

(e) "Capital Account" shall mean the account established and maintained for each Member on the books of the Company pursuant to ARTICLES VII and VIII hereof.

(f) "Capital Contribution" or "Contribution to Capital" shall mean the amount of cash and net fair market value (at the time of the contribution) of any property contributed to the Company by or on behalf of each Member.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any corresponding provisions of future laws.

(h) "Company" shall mean CHC MOB Manager, LLC, a South Carolina limited liability company.

(i) "Company Liability" shall mean any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

(j) "Company Property" shall mean any and all property, real, personal, tangible and intangible, either contributed by a Member as capital, transferred to, or otherwise acquired by the Company, including, but not limited to, the Project.

(k) "Disinterested" shall mean with respect to any Member, a Member who (1) is not a party to a particular transaction or other undertaking, (2) has no material financial interest in any organization that is a party to that undertaking, and (3) is not a Family member of any person who is either a party to that undertaking or has a material financial interest in any organization that is a party to that undertaking.

(l) "Family" shall mean the spouse, lineal descendants and ancestors of a Member.

(m) "Financial Rights" shall mean the right of a Member, or any other person, to share in the Profits and Losses of the Company and the right to share in distributions. The phrase "Financial Rights" shall have the same meaning, and describe the same rights, as the phrase "Distributional Interest" as used in the Act.

(n) "Losses" shall mean the losses of the Company as determined under SECTION 8.3 hereof.

(o) "Medical Group" shall mean the Columbia Heart Clinic, P.A., including successors by merger or corporate reorganization.

(p) "Member" shall mean the parties to this Agreement from time to time. For purposes of ARTICLES IX, X and XI, the term "Member" includes any Member who has withdrawn or otherwise dissociated from the Company.

(q) "Membership Share" shall mean all of the rights of a Member under this Agreement and under the Act, including, but not limited to, a Member's Financial Rights and Voting Rights.

(r) "Person" shall mean an individual, general partnership, limited liability company, limited liability partnership, limited partnership, trust, estate, corporation, custodian, trustee, executor, personal representative, legal representative, administrator, nominee or any other entity or person, and any individual or entity acting in a representative capacity.

(s) "Profits" shall mean the profits of the Company as determined under SECTION 8.3 hereof.

(t) "Project" shall mean the real property (including a medical office building to be constructed thereon) located in Columbia, South Carolina, on the Palmetto Richland Hospital Campus adjacent to the proposed heart hospital.

(u) "S.C. Code" shall mean the Code of Laws of South Carolina (1976), as amended, and any corresponding provisions of future laws.

(v) "Voting Rights" shall mean the right of a Member to vote on any matter as provided in this Agreement or under the Act. Any reference to a Member's Voting Rights shall mean the percentage of Voting Rights in the Company held by the Member.

(w) "Voting Rights in the Company" shall mean the Voting Rights held by the Members, collectively. Unless otherwise specifically provided for herein, reference to a percentage of Voting Rights in the Company shall mean a percentage of the total Voting Rights held by all the Members, or the total Voting Rights represented at a meeting of the Members at which a quorum exists.

ARTICLE III Membership and Capitalization

3.1 Initial Members. Upon transfer of the Property and/or cash constituting each Member's initial Capital Contribution to the Company, the Financial Rights and Voting Rights of the Members shall be in the percentages set forth on the attached Exhibit "A".

3.2 Admission of New Members. Except in the case of transferees of all or any part of a Membership Share, who shall be subject to SECTION 3.3, additional Members may be admitted to the Company only with the consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company. Members shall indicate their consent to the admission of a new Member by executing a memorandum to be attached to this Agreement setting forth the names and addresses of all the Members, the amount of cash or fair market value of property being contributed by the new Member (if applicable), and the percentage ownership of Financial Rights and Voting Rights of all the Members as a result of the new Member's admission. In addition, no Person shall become a Member unless such Person:

(a) Agrees in writing to assume and to be bound by all the obligations and subject to all the restrictions of this Agreement and any further agreement with respect to the Company;

(b) Executes and acknowledges, as required, a certificate amending the fictitious name certificate or assumed name certificate of the Company in order to reflect the Member's admittance and to take any other action that may be required in connection therewith;

(c) Provides the Company with a current address, federal and state tax identification numbers, and such other information as the Members may deem appropriate.

(d) Contributes capital to the Company in an amount established by the Members, which amount shall be the percentage Membership Share to be issued to the prospective new Member times the sum of the value of the Company (as determined by the Members) plus the amount to be contributed by the new Member.

3.3 Effect of Transfer of Membership Share - Transferee Admitted as a Member. A transferee of all or any part of a Membership Share who is not already a Member may only become a Member if (a) the Members who own the percentage of Voting Rights in the Company

required by SECTION 3.2 consent to the transferee's admission (without regard to the Voting Rights of the transferor or transferee) and (b) such transferee meets all the qualification requirements for Members contained in this Agreement, including, but not limited to, all requirements of SECTION 3.2. A transferee who becomes a Member, shall be entitled to all rights and powers and subject to all restrictions and liabilities of a Member, including the transferor's obligations to make contributions to the Company.

Notwithstanding anything herein to the contrary, no creditor of a Member who obtains any portion of a Membership Share, including any Financial Rights, by charging order pursuant to Section 33-44-504 of the Act, or otherwise, or any person or entity, including any creditor, receiver, or bankruptcy estate that obtains any rights in the Company by reason of a security interest, pledge or the filing of an action for foreclosure, bankruptcy, receivership, divorce, or any similar proceeding may become a full Member in the Company without the unanimous written consent of the Members, obtained after the transfer.

3.4 Transferee not Admitted as a Member. A transferee of all or any part of a Member's Membership Share who is not admitted as a Member, shall be entitled to receive only the distributions to which the transferor would otherwise be entitled. The transferee shall not have any Voting Rights and shall not be entitled to participate in the management of the Company or to exercise any rights of a Member. The transferee takes all Financial Rights subject to any claims or offsets the Company has against the transferor, regardless of whether those claims or offsets exist at the time of the transfer or arise afterwards. An amendment to this Agreement may change a Member's rights and consequently affect the rights of a transferee, even if the amendment is made after the transfer. A transferee who is not admitted as a Member shall not have the right to seek a judicial determination that it is equitable to dissolve and wind up the Company's business under Section 33-44-801(b)(6) of the Act. The transferor continues to be a Member, entitled to all rights of a Member, other than the rights transferred.

Notwithstanding anything herein to the contrary, a transferee who is not admitted as a Member shall not be entitled to receive any distributions from the Company until such transferee delivers to the Company written notice of the transfer, proof of the transfer deemed sufficient by the Members, the transferee's federal and state tax identification numbers, current legal address and telephone number, and such other information as the Members may reasonably require.

3.5 Redemption of Member's Financial Rights Subjected to Charging Order. In the event a Member's Financial Rights are subjected to a charging order under Section 33-44-504 of the Act, the Members may cause the Company to redeem the Member's Financial Rights so charged, with Company Property, at any time prior to foreclosure of said Financial Rights in accordance with Section 33-44-504(c) of the Act. Nothing in this SECTION 3.5 shall be construed as affecting or limiting the rights of the judgment debtor and the other Members to redeem any Financial Rights subjected to a charging order with their own property in accordance with Section 33-44-504(c) of the Act.

3.6 Ceasing to be a Member. A Member shall cease to be a Member and shall have no power to exercise any rights of a Member if such Member:

- (a) Transfers his entire Membership Share; or

(b) Is expelled from the Company by judicial determination under Section 33-44-601(6) of the Act.

3.7 Power of Attorney. Any Member may give another Member power of attorney to act for or to execute documents in the name of such Member and any action taken pursuant to such power of attorney shall be valid for all purposes as if done or executed by the Member giving such a power of attorney, provided the Member giving such power of attorney delivers a copy of the power of attorney to the Company. Any such power of attorney may be general or may be limited to certain acts or instruments, may contain conditions and restrictions, and may be changed or revoked at any time by the Member who gave such power giving notice of its change or revocation to the Company.

3.8 Capital Calls - Deficit Loans. The Company, upon a majority vote of the Members, may require that the Members make additional Contributions to Capital by delivering notice of the requirement to each Member. Any additional capital shall be contributed by the Members in the same ratio as each Member's Financial Rights bears to the total of all the Financial Rights in the Company. Solely for purposes of this SECTION 3.8, a Member who has transferred his Financial Rights, but whose transferee has not become a Member, shall be deemed to hold the Financial Rights so transferred.

If a Member fails to make a proportionate Capital Contribution within thirty (30) days after receiving notice of a mandatory capital call ("Defaulting Member"), each Member who has made the required Capital Contribution pursuant to this SECTION 3.8 may make an additional Contribution to Capital equal to such Member's proportionate share of the Defaulting Member's required contribution. If any Member fails to make any such additional Capital Contributions within thirty (30) days after expiration of the original thirty (30) day period, the other Members may make further contributions in proportion to their Financial Rights until either the entire amount of the Defaulting Member's obligation is paid, or until no Member wishes to make any additional Capital Contributions. The Members shall have thirty (30) days to make such additional Contributions to Capital. Any Member who contributes additional capital to the Company shall have his Membership Share increased so that it is equal to a fraction, the numerator of which is the sum of all such Member's Capital Contributions to the Company and the denominator of which is the sum of all Capital Contributions to the Company made by each Member. The Financial Rights and Voting Rights of the Defaulting Member and each Member that elects not to make an additional Capital Contribution to the Company shall be reduced accordingly. To the extent a Defaulting Member's obligation to make Capital Contributions remains unsatisfied, such obligation of the Defaulting Member shall be a personal debt obligation of the Defaulting Member enforceable by the Company and the other Members as provided herein.

ARTICLE IV Member Meetings

4.1 Place of Meetings. All meetings of the Members shall be held at the Company's principal place of business, or at such other place as shall be agreed upon by those Members who own fifty-one percent (51%) of the Voting Rights in the Company.

4.2 Time of Meeting. Meetings of the Members may be called at any time by any Member by delivery to all Members of written notice at least seven (7) days in advance of the proposed meeting date. The notice shall contain the time, date and place of the meeting.

4.3 Quorum; Voting Requirement. Each Member shall be entitled to vote in proportion to his Voting Rights in the Company. One-half (1/2) of the Voting Rights in the Company constitutes a quorum. In order for any vote of the Members to be valid, a quorum must be represented at the meeting either in person or by proxy. The affirmative vote of those Members who own the lesser of seventy-five percent (75%) of the Voting Rights represented at the meeting or fifty-one percent (51%) of the Voting Rights in the Company shall constitute a valid decision of the Members, unless the matter being voted on is one which requires a different vote pursuant to the Act or this Agreement.

4.4 Proxies. Members may vote by proxy appointed by an instrument in writing.

4.5 Action without Meeting. The Members may take action without notice and a meeting if all the Members consent to such action by signing a Consent of the Members which sets forth the action to be taken and contains the signature of each Member.

4.6 Waiver of Notice. A Member may waive notice of any meeting by a signed writing. In addition, a Member who attends a meeting waives his right to assert any lack of notice, or defect in notice, of the meeting unless he states such objection at the outset of the meeting.

ARTICLE V Management and Control

5.1 General Authority. The Company shall be member managed, as defined in the Act. Except as otherwise expressly provided by this Agreement, any matter relating to the business and affairs of the Company shall be decided by those Members who own fifty-one percent (51%) of the Voting Rights in the Company. Such Members, or their authorized delegates, shall have full and complete authority, power, and discretion to manage and control the business, affairs, and properties of the Company, to make all decisions regarding those matters, and to perform any and all other acts or activities customary or incident to the management of the Company's business. Without limiting the generality of the foregoing, the Members shall have the power and authority on behalf of the Company to:

- (a) Acquire property, real, personal, tangible and intangible;
- (b) Borrow money for the Company from banks, other lending institutions, and other persons on such terms as the Company deems appropriate and to hypothecate, encumber and grant security interests in the assets of the Company to secure payment of the borrowed sums;
- (c) Purchase liability and other insurance to protect the Company Property and business;

(d) Hold and own any property, real, personal, tangible and intangible, in the name of the Company, including, but not limited to, deeds, mortgages, leasehold interests, interests in general partnerships, limited partnerships, limited liability companies, common trust funds, mutual funds, stocks, options, warrants, rights, puts, calls, contracts, futures, bonds, debentures, securities (public and private), and other debt and equity interests of any kind or nature;

(e) Invest and reinvest any Company funds in time deposits, short-term governmental obligations, commercial paper or other investments including real estate, stocks, options, general and limited partnerships, limited liability companies, common trust funds, mutual funds, futures, rights, warrants, puts, calls, contracts, public and private bonds, debentures, securities, and other debt and equity interests and to actively trade, speculate on and manage the same;

(f) Enter into, make, and perform contracts, agreements, and other undertakings binding on the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and make all decisions and waivers thereunder;

(g) Employ accountants, legal counsel, managing agents money managers, property managers, investment advisors and other advisors to perform services for the Company and to compensate them from Company funds;

(h) Screen, interview, and examine staff and personnel to be employed by the Company;

(i) Open and maintain bank and investment accounts and arrangements, draw checks, letters of credit, and other orders for payment of money and designate individuals with authority to sign or give instructions with respect to those accounts and arrangements;

(j) Maintain the assets of the Company in good order;

(k) Collect sums due the Company;

(l) Pay debts and obligations of the Company to the extent that Company funds are available;

(m) Sell, purchase, lease, loan, borrow, rent, repair, partition, mortgage, pledge, encumber, develop, improve, subdivide or otherwise deal with any property, including Company Property;

(n) Bring suit on the Company's behalf or defend the Company in any such action, and compromise, settle, collect, and otherwise represent, prosecute and defend the legal rights and interests of the Company;

(o) File on behalf of the Company a voluntary petition for bankruptcy, or to bring an action on behalf of the Company for receivership, insolvency or other similar relief in

any court of competent jurisdiction, and to defend, answer, respond and otherwise represent the Company in any such action or proceeding;

(p) Invest and reinvest in any kind of property, real, personal, tangible and intangible, including, but not limited to, common trust funds, stocks, bonds, notes, mortgages, general or limited partnerships, limited liability companies, savings accounts and certificates of deposit, mutual funds, and real estate; and

(q) Perform all other acts as may be necessary or appropriate to the conduct of the Company's business, and to execute, acknowledge, verify and deliver any or all instruments desirable to effectuate any of the foregoing.

5.2 Additional Voting Requirements for Certain Major Decisions. Notwithstanding anything herein to the contrary, the following major decisions shall require approval of the Members in the percentages designated:

(a) Any amendment to this Agreement or the Articles of Organization shall require the approval of those Members who own two-thirds (2/3) of the Voting Rights in the Company.

(b) The Company shall not compromise, settle, waive or limit the obligation of any Member to make a Capital Contribution to the Company without the consent of those Disinterested Members in the Company who own two-thirds (2/3) of the Voting Rights of all Disinterested Members in the Company.

(c) The Company shall not sell, or contract to sell, or otherwise dispose of substantially all of the Company Property without the approval of those Members who own two-thirds (2/3) of the Voting Rights in the Company. For purposes of this paragraph, all or substantially all of the Company Property shall mean more than one-half (1/2) of such property by value.

(d) The Company shall not enter into any merger, or any profit sharing, joint venture, or other such arrangement without the approval of those Members who own two-thirds (2/3) of the Voting Rights in the Company.

5.3 Officers. The Company shall have a President, Vice President, Secretary, and Treasurer who shall, from time to time, be elected by the Members. If the Members fail to elect officers the officers shall be the corresponding officers who have been elected by the Medical Group to serve as officers of the Medical Group.

5.4 Execution of Documents. Unless provided otherwise in a resolution or other instrument executed by those Members who own fifty-one percent (51%) of the Voting Rights, only the President and Vice President shall execute documents on behalf of the Company. Accordingly, all documents including, without limitation, leases, loan documents, and agreements may be executed by either one (1) of the President or Vice President on behalf of the Company.

ARTICLE VI
Fiduciary Duties; Right to Rely; Indemnification.

6.1 Duty of Loyalty. A Member's duty of loyalty to the Company is limited to the following:

(a) To account to the Company and to hold as trustee for the Company any property, profit or benefit derived by the Member in the conduct or winding up of the Company's business or derived from a use by the Member of the Company's Property, including the appropriation of a Company opportunity;

(b) To refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company; and

(c) To refrain from competing with the Company in the conduct of the Company's business before dissolution of the Company, provided that ownership of other office buildings or interests therein shall not be deemed to be competing.

All of the Disinterested Members may identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable. All of the Disinterested Members may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

6.2 Duty of Care. A Member's duty of care to the Company and the Members in the conduct of and winding up of the Company's business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law.

6.3 Fiduciary Duties. Each Member shall discharge his duties and exercise any of his rights consistently with the obligation of good faith and fair dealing which he owes to the Company and the Members. A Member does not violate a duty or obligation to the Company merely because the Member's conduct furthers the Member's own interest. A Member may lend money to and transact other business with the Company. As to each loan or transaction, the rights and obligations of the Member are the same as those of a Person who is not a Member, subject to other applicable law.

6.4 Duty of Confidentiality. Each Member hereby warrants, covenants and agrees that he will not furnish, divulge, communicate, use to the detriment of the Company or use for the business of any other Person, any of the Company's confidential information, including but not limited to pricing information, data, sales methods, know how, processes, licenses, trade secrets, names of customers, customer lists, names of Members, or the partners, shareholders, members or other principals of any Member, future plans, accounting, marketing, financial data, or contract information.

ARTICLE VII
Capital Accounts and Accounting

7.1 Capital Accounts. The Company shall establish for each Member a Capital Account, which shall be maintained in accordance with Section 704 of the Code and the capital account rules set forth in Treasury Regulations Section 1.704-1(b).

- (a) Each Member's Capital Account shall be credited with the following:
 - (i) Such Member's Capital Contributions;
 - (ii) Such Member's distributive share of Profits;
 - (iii) The amount of any Company Liabilities that are assumed by such Member or that are secured by any property distributed to such Member; and
 - (iv) With respect to a transferee Member, a prorata portion of the Capital Account of the transferor Member.

- (b) Each Member's Capital Account shall be debited by the following:
 - (i) The amount of cash and the net fair market value of any property distributed to such Member (as of the date of the distribution);
 - (ii) Such Member's distributive share of Losses;
 - (iii) The amount of any liabilities of such Member assumed by the Company or that are secured by any property contributed by such Member to the Company; and
 - (iv) With respect to a transferor Member, a prorata portion of the Capital Account of the transferee Member.

7.2 Accounting Decisions. All decisions as to accounting matters, except as specifically provided to the contrary herein, shall be made by the Members.

7.3 Taxable Year and Tax Accounting Methods. Unless otherwise required by the Code, Treasury Regulations or the Internal Revenue Service, the Company's taxable and fiscal years shall be the calendar year, and the books of account of the Company shall be maintained on a cash basis consistently applied and shall show all items of income and expense. Subject to SECTION 7.6 hereof, all elections required or permitted to be made by the Company under the Code shall be made by the Members.

7.4 Tax Returns. Not later than the time required by law, the Members shall prepare and file or cause to be prepared and filed for each fiscal year, all federal, state, and local income tax returns required of the Company.

7.5 Tax Elections.

- (a) The Company shall make the following elections for federal income tax purposes:

(i) To treat as an expense for federal income tax purposes all amounts incurred for real estate taxes, interest and other charges that may, in accordance with applicable law and regulations, be considered as an expense; and

(ii) To deduct expenses incurred in organizing the Company ratably over a sixty (60) month period as provided in Section 709 of the Code.

(b) In the event of a distribution of Company Property to a Member or a transfer, whether during life or at death, by a Member of all or any part of his Membership Share, the Company shall determine whether to elect pursuant to Section 754 of the Code, and in accordance with applicable law and regulations, to adjust the basis of the assets of the Company pursuant to Sections 734 and 743 of the Code.

7.6 Compliance with Section 704(b) of the Code. The provisions of this Agreement as they relate to the maintenance of Capital Accounts are intended, and shall be construed, and, if necessary, modified to cause the allocations of Profits, Losses, income, gain, deductions, credit and other items pursuant to ARTICLE VIII to have substantial economic effect within the meaning of the Treasury Regulations promulgated under Section 704(b) of the Code. Notwithstanding anything herein to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation.

7.7 Tax Matters Partner. M. Donald Alexander, Jr. is designated the tax matters partner of the Company, as defined in Section 6231(a)(7) of the Code. The Members may designate a new tax matters partner from time to time. Unless otherwise determined by the Members to the contrary, the tax matters partner shall automatically be the then presiding president of the Company.

ARTICLE VIII Interim Distributions and Allocations

8.1 Interim Distributions. From time to time the Members shall determine to what extent, if any, the Company's cash on hand ("Company Cash") exceeds the current and anticipated needs of the business, including, but not limited to, operating expenses, debt service, acquisitions, reserves, amounts owed as payments under Section 707(c) of the Code, and all amounts necessary to preserve, maintain and repair any Company Property. Company Cash shall be applied first to payment of all Company Liabilities and expenses that are due and owing, retention of all amounts necessary for the aforementioned Company Liabilities, expenses or reserves, and the Company shall retain all amounts deemed necessary for the conduct of the Company's business. Subject to SECTION 8.2, any remaining Company Cash may be distributed to the Members. All such distributions to the Members must be made simultaneously to each of the Members and must be made in proportion to the Members' Financial Rights. Such distributions may be in cash or Company Property or partly in both. Items of Company Property need not be distributed proportionately, provided the Members agree upon the value of the property being distributed and the value of the property and the cash received by each Member is proportionate to his Financial Rights with respect to the property and cash distributed to all the Members. Any Person who holds Financial Rights in the Company but who is not otherwise a

Member shall be allocated distributions only if such Person has provided a current address to the Company, and has given notice and proof of his Financial Rights satisfactory to the Members.

8.2 Restrictions on Distributions. Notwithstanding anything herein to the contrary, no distribution to any Member may be made if after giving effect to the distribution either (a) the Company would not be able to pay its debts as they become due in the ordinary course of business, or (b) the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed if the Company were to be dissolved, wound up and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up and termination of Members whose preferential rights are superior to those receiving the distribution. The provisions of Section 33-44-406 of the Act shall apply in construing this SECTION 8.2.

8.3 Calculation of Profits and Losses. The Profits and Losses of the Company for each fiscal year or other period shall be the taxable income or loss of the Company for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be separately stated pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any Company income which is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this subsection shall be added to such taxable income or loss.

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) (expenditures of the Company not deductible in computing its taxable income and not properly chargeable to a capital account) or treated as such expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i) (organizational expenditures which the Company elects not to amortize under Code Section 709(b)) and not otherwise taken into account in computing Profits and Losses pursuant to this subsection shall be subtracted from such taxable income or loss.

(c) Gain or loss with respect to the disposition of Company Property, with respect to which gain or loss is recognized for federal income tax purposes, shall be computed based upon the "adjusted book value" (as determined in the Treasury Regulations promulgated under Code Section 704) of such property without regard to the adjusted basis.

(d) Depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss shall, for purposes of this subsection, be based upon the "adjusted book value" (as determined in the Treasury Regulations promulgated under Section 704) of Company Property.

8.4 Allocation of Profits and Losses. The Profits and Losses of the Company for any fiscal year of the Company shall be allocated among the Members in accordance with their Financial Rights. Upon termination of the Company or upon liquidation of any Member's Membership Share, distributions shall be made in accordance with the positive Capital Account balances of the Members after taking into account all Capital Account adjustments for the year during which such termination or liquidation occurs. Prior to the distribution of the Company's assets upon termination or the liquidation of any Member's Membership Share, the Capital Accounts will be adjusted to reflect the ratio of the Members' Financial Rights. Once all

contributions have been returned and the Capital Accounts are in proportion to the Members' Financial Rights, the Company's Profits and Losses shall be distributed in accordance with the Members' Financial Rights.

8.5 Refinancing. If the Capital Account balances of the Members are not in proportion to the Financial Rights percentages, any excess proceeds of mortgage financing of the Project shall be distributed to the Member whose Capital Account is disproportionately high until all Capital Accounts are in proportion.

8.6 Tax Item Allocation. Unless otherwise specially allocated herein, whenever a proportionate part of Profits or Losses is charged or credited to the Capital Account of a Member, every item of income, gain, loss, deduction, credit, allowance or tax preference entering into the computation of such Profits or Losses or applicable to the period during which such Profits or Losses were realized shall be considered credited or charged, as the case may be, to such Capital Account in the same proportion. In the event of a transfer of Financial Rights in the Company at any time other than at the end of the Company's tax year, the distributive share of Profits and Losses and any items of Company income, gain, loss, deduction, credit or tax preference attributable to the transferred Financial Rights shall be apportioned for income tax purposes between the transferor and transferee in accordance with the number of days in the taxable year of the Company that each was the owner of such Financial Rights.

8.7 Code Section 704(c). In accordance with the provisions of Code Section 704(c), income, gain, loss and deductions with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated to the Members so as to take account of any variation between the adjusted basis of such property and the fair market value at the time of contribution. In the event the Company uses the "Traditional Method with Curative Allocations" under Treasury Regulations Section 1.704-3(c) to correct for distortions caused by the "ceiling rule" (as defined therein) in making allocations pursuant to Section 704(c) of the Code, the Company may make curative allocations in any given year to offset the effects of the "ceiling rule" for prior taxable years. Any such allocations shall be made over a reasonable period of time, such as over the property's economic life, in compliance with Treasury Regulations Section 1.704-3(c)(3)(ii). If cost recovery deductions with respect to an item of contributed property have been limited by the "ceiling rule", the general limitation on the character of any curative allocation, contained in Treasury Regulations Section 1.704-3(c)(3)(iii)(A), shall not apply to income from disposition of the contributed property.

8.8 Non-recourse Deductions. Notwithstanding anything herein to the contrary, beginning in the first taxable year of the Company in which there are non-recourse deductions, all non-recourse deductions and distributions of proceeds attributable to non-recourse borrowing (as defined in Treasury Regulations Section 1.704-2) shall be allocated in accordance with the Members' Financial Rights or in any other manner that is reasonably consistent with allocations that have substantial economic effect of some other significant Company item attributable to the property securing the non-recourse liabilities. Items attributable to a particular Member's Non-recourse Liability (as defined in Treasury Regulations Section 1.704-2(b)(4)) shall be allocated to the Member that bears the economic risk of loss for the liability.

8.9 Minimum Gain Chargeback Requirements. Except as otherwise provided in

Treasury Regulations Section 1.704-2(f), if there is a net decrease in Company Minimum Gain (as determined under Treasury Regulations Section 1.704-2(d)) for the Company's taxable year, each Member must be allocated items of income and gain for that taxable year equal to that Member's share of the net decrease in Company Minimum Gain. A Member's share of the net decrease in Company Minimum Gain is the amount of the total net decrease multiplied by the Member's percentage share of Company Minimum Gain at the end of the immediately preceding taxable year (as determined in Treasury Regulations Section 1.704-2(g)). A Member is not subject to this minimum gain chargeback requirement to the extent the Member's share of the net decrease in Company Minimum Gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly a recourse liability or a Member Non-recourse Liability, and the Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced, or otherwise changed liability.

If during a taxable year there is a net decrease in Member Non-recourse Debt Minimum Gain (as determined under Treasury Regulations Section 1.704-2(i)(2)), any Member with a share of that Member Non-recourse Debt Minimum Gain (as determined under Treasury Regulations Section 1.704-2(i)(5)) as of the beginning of that taxable year must be allocated items of income and gain for that taxable year (and, if necessary, for succeeding taxable years) equal to that Member's share of the net decrease in the Member Non-recourse Debt Minimum Gain. A Member's share of the net decrease in Member Non-recourse Debt Minimum Gain is determined in a manner consistent with the provisions of Treasury Regulations Section 1.704-2(g)(2). A Member is not subject to this minimum gain chargeback requirement, however, to the extent the net decrease in Member Non-recourse Debt Minimum Gain arises because the liability ceases to be Member Non-recourse Debt due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a non-recourse liability. The amount that would otherwise be subject to the Member Non-recourse Minimum Gain chargeback is added to the Member's share of Company Minimum Gain under Treasury Regulations Section 1.704-2(g)(3).

8.10 Qualified Income Offset. Unless otherwise agreed, a Member is not required to fund any deficit in the Member's Capital Account at any time. However, if a Member unexpectedly receives an adjustment, allocation, or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), and the unexpected adjustment, allocation, or distribution results in a deficit balance in the Capital Account for the Member (or a deficit balance in excess of any limited dollar amount the Member is obligated to restore), the Member will be allocated items of income and gain consisting of a prorata portion of each item of Company income and gain for such year in an amount and manner sufficient to eliminate the deficit balance or the increase in the deficit balance as quickly as possible. This SECTION 8.9 will be interpreted, applied, and if necessary modified to constitute a "qualified income offset" as defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(d).

8.11 Distributions Subject to Set-Off. Subject to SECTIONS 3.3 and 3.4, all distributions are subject to set-off by the Company for any past-due obligation of a Member to the Company.

ARTICLE IX

Dissolution, Winding Up, and Termination

9.1 Dissolution. The Company shall dissolve, its affairs shall be wound up, and the Company shall terminate upon the first to occur of the following:

(a) The written consent of the Members who own two-thirds (2/3) of the Voting Rights in the Company;

(b) Any event occurs that makes it unlawful for all or substantially all of the business of the Company to be continued, but any cure of illegality within ninety (90) days after notice to the Company of the event is effective retroactively to the date of the event for purposes of this section;

(c) On application by a Member or a dissociated Member, upon entry of a judicial decree that:

(i) The economic purpose of the Company is likely to be unreasonably frustrated;

(ii) Another Member has engaged in conduct relating to the Company's business that makes it not reasonably practicable to carry on the Company's business with that Member;

(iii) It is not otherwise reasonably practical to carry on the Company's business in conformity with the Articles of Organization and this Agreement;

(iv) The Company failed to purchase the petitioner's Financial Rights as required by Section 33-44-701 of the Act; or

(v) The Members in control of the Company have acted, are acting, or will act in a manner that is illegal, oppressive, fraudulent or unfairly prejudicial the petitioner.

(d) The filing by the Secretary of State of a certificate administratively dissolving the Company pursuant to Section 33-44-810 of the Act.

(e) The expiration of the period fixed for the duration of the Company, as set forth in the Articles of Organization, unless those Members who own two-thirds (2/3) of the Voting Rights in the Company extend the term of the Company.

9.2 Waiver of Right to Wind Up. Notwithstanding anything herein to the contrary, at any time after the dissolution of the Company and before the winding up of its business is completed, the Members, including a dissociated Member whose dissociation caused the dissolution, may unanimously waive the right to have the Company's business wound up and the Company terminated. In that case, (a) the Company shall resume carrying on its business as if dissolution had never occurred and any liability incurred by the Company or a Member after the dissolution and before the waiver is determined as if the dissolution had never occurred, and (b) the rights of a third party accruing under Section 33-44-804(a) of the Act or arising out of

conduct in reliance on the dissolution before the third party knew or received a notification of the waiver shall not be adversely affected.

9.3 Winding Up: Powers and Duties of Liquidator. Following the dissolution of the Company, if the Members do not continue the Company's business under SECTION 9.1 or SECTION 9.2, the Members shall appoint one or more Members or an independent third party to serve as liquidator. The liquidator shall have full authority in winding up the Company's affairs, and may preserve the Company's business or property as a going concern for a reasonable time, prosecute and defend actions and proceedings, whether civil, criminal, or administrative, settle and close the Company's business, dispose of and transfer the Company's property, discharge the Company's liabilities, distribute the assets of the Company pursuant to SECTION 9.6, settle disputes by mediation or arbitration, and perform other necessary acts. In winding up the Company's affairs, the liquidator shall:

(a) Deliver notice of the Company's dissolution to all of the Company's known claimants and creditors in the form and manner described in Section 33-44-807 of the Act;

(b) Publish notice of the Company's dissolution as provided in Section 33-44-808 of the Act;

(c) Make final liquidating distributions as provided in SECTION 9.6, and distribute any Company Property discovered after any such final liquidating distributions in accordance with SECTION 9.6; and

(d) After dissolution and the completion of winding up, file Articles of Termination with the South Carolina Secretary of State to terminate the legal existence of the Company in accordance with Section 33-44-805 of the Act.

9.4 Sale of Company Property. Unless otherwise determined by the Members, the liquidator shall first attempt to sell all or any part of the Company's business as a going concern. If any such sale or partial sale is not consummated within six (6) months after the date of the dissolution, or such other period of time determined by the Members, the liquidator shall publish notice that all unsold Company assets are for sale and solicit bids for such assets. Any Company assets which remain unsold six (6) months after the date of the first publication of such notice shall be marshaled and auctioned by the liquidator. All assets unsold after the auction shall be distributed in kind in accordance with SECTION 9.5.

9.5 Distribution In Kind. The Company may distribute assets in kind to satisfy any or all of its obligations. If the Company will distribute assets in kind, the Members shall have thirty (30) days to agree upon the fair market value of such assets. If the Members cannot agree on the fair market value of any asset, the liquidator shall hire two (2) independent appraisers to appraise the asset(s) in question. The fair market value of each asset or group of assets appraised shall be the average of the two appraisals. Any property distributed in kind shall be treated in accordance with Sections 721, 736, 737 and 751 of the Code. The liquidator shall adjust the Members' Capital Accounts to reflect any gain or loss which would have been allocated had such property been sold for its fair market value.

9.6 Final Liquidating Distributions. After the sale of all Company assets, or the determination of fair market value for distribution in kind of Company assets, the liquidator shall apply the proceeds of the sale or the Company assets as follows:

(a) Payment or adequate provision for payment shall be made to creditors including the liquidator if the liquidator is not a Member for reimbursement for out-of-pocket expenses incurred and reasonable compensation for services rendered in connection with winding up the Company, and to the extent permitted by law, Members who are creditors in satisfaction of liabilities of the Company;

(b) If the liquidator is a Member, to the liquidator for reimbursement for out-of-pocket expenses incurred and reasonable compensation for services rendered in connection with winding up the Company;

(c) If the Capital Account balances of the Members are not in proportion to the Financial Rights percentages, payment shall be made to the Member whose Capital Account is disproportionately high until all Capital Accounts are in proportion. Thereafter, all remaining cash and other assets shall be distributed to the Members in accordance with their positive Capital Account balances, determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the distribution occurs, including adjustments for distributions made under this SECTION 9.6.

9.7 Deficit Capital Account Balances. Notwithstanding anything herein to the contrary, and notwithstanding any custom or rule of law to the contrary, any deficit in a Member's Capital Account upon dissolution of the Company shall not be an asset of the Company and such Member shall not be obligated to contribute any amount to the Company in excess of any limited dollar amount the Member has otherwise agreed to restore..

9.8 Final and Complete Distribution. The distributions provided for in this ARTICLE IX shall constitute a complete return of the Members' Contributions to Capital, and a final and complete distribution to the Members in satisfaction of all of their rights in the Company.

ARTICLE X Dissociation

10.1 Events of Proper Dissociation. If a Member dissociates in any one or more of the following ways, such shall be deemed to be a proper dissociation:

(a) The death of the Member (which, however, shall not cause a dissolution);

(b) Entry of an order by a court of competent jurisdiction adjudicating the Member to be insane, the appointment of a guardian or general conservator for the Member, or a judicial determination that the Member has otherwise become incapable of performing his duties under this Agreement;

(c) If the Member files a voluntary petition for bankruptcy, is adjudicated a bankrupt or has a bankruptcy petition filed against him which is not dismissed within ninety (90) days; and

(d) Withdrawing, retiring or resigning from the Company with the consent of those Members who own two-thirds (2/3) of the Voting Rights in the Company (without regard to the Voting Rights of the withdrawing, retiring or resigning Member).

10.2 Effect of Member's Proper Dissociation. Unless otherwise agreed between the Company and the other Members, the rights of a properly dissociating Member shall be governed by ARTICLE XI.

10.3 Events of Wrongful Dissociation. If a Member dissociates in any one or more of the following ways, such shall be deemed to be a wrongful dissociation:

(a) The voluntary withdrawal, retirement or resignation of any Member other than as permitted in SECTION 10.1; or

(b) On application by the Company or another Member, the Member's expulsion by judicial determination under Section 33-44-601(6) of the Act because the Member:

(i) Engaged in wrongful conduct that adversely and materially affected the Company's business; or

(ii) Wilfully or persistently committed a material breach of this Agreement or of a duty owed to the Company or the other Members under Section 33-44-409 of the Act; or

(iii) Engaged in conduct relating to the Company's business which makes it not reasonably practicable to carry on the business with the Member.

10.4 Effect of Member's Wrongful Dissociation. A wrongfully dissociating Member is liable to the Company and to the other Members for all costs, expenses (including reasonable attorneys' fees) and damages caused by the wrongful dissociation, including the reasonable costs of obtaining replacement of the services the wrongfully dissociating Member was obligated to perform. The Company may offset such costs, expenses and damages against any distributions to which the wrongfully dissociating Member may be entitled in addition to pursuing any remedies provided for in this Agreement or otherwise available under applicable law. The parties to this Agreement agree that a wrongfully dissociating Member's sole entitlement upon wrongfully dissociating from the Company shall be receipt of the purchase price for his Membership Share, as determined in SECTION 11.2(a) and SECTION 11.3 upon the terms set forth in SECTION 11.4. The parties to this Agreement agree that the purchase price as so determined and reduced shall constitute fair value for the Membership Share of a wrongfully dissociating Member within the meaning of Sections 33-44-701 and 33-44-702 of the Act, and that payment of the purchase price upon the terms contained in SECTION 11.4 is permissible, authorized and in compliance with all provisions of the Act. The parties waive any right they may have to assert that the provisions of this Agreement regarding the rights of a wrongfully dissociating Member are inconsistent with, or in contravention of the Act.

10.5 Character of Payments. To the extent permitted by the Code and all applicable Treasury Regulations, all payments made to any dissociating Member (whether proper or wrongful), including those which relate to unrealized receivables and the goodwill of the Company, shall be treated as payments described in Section 736(a) of the Code.

10.6 Statement of Dissociation. A dissociated Member or the Company may file a Statement of Dissociation in accordance with Section 33-44-704 of the Act.

10.7 Special Early Withdrawal Provision. The Members recognize that there is insufficient information to commit to the development of the Project as of the date hereof. In order to complete due diligence the Company must incur expenses and, therefore, each Member agrees to initially contribute capital from time to time as reasonably determined by the Member in a total amount not to exceed Fifteen Thousand Dollars (\$15,000.00) per Member. Once due diligence has been completed the Company shall provide the Members with the results of the due diligence including, without limitation, Project cost and income estimates. Thereafter each Member shall have a period of fifteen (15) days in which to elect to withdraw from the Company by giving written notice of the Member's election to withdraw. Such notice shall be delivered to the then president of the Medical Group. If a Member withdraws from the Company pursuant to this provision such Member shall be entitled to a reimbursement of all capital contributed by such Member (without interest); which reimbursement shall be due upon the closing of the construction loan for the Project.

ARTICLE XI

Restrictions on Transfer and Buy-Sell Provisions

11.1 Restrictions on Transfer. No Member may voluntarily or involuntarily sell, transfer, gift, assign, pledge, mortgage, hypothecate, or otherwise convey or encumber any portion or all of his Membership Share to any Person without the prior written consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company (without regard to the transferor Member). If such consent is obtained, no provision of this ARTICLE XI shall apply, and the provisions of ARTICLE III shall govern the rights of the transferor and transferee. With regard to all other transfers, ARTICLE XI shall control, and any attempted conveyance or encumbrance of all or a portion of a Membership Share in contravention of this ARTICLE XI shall be null, void and without effect.

11.2 Right to Buy.

(a) Wrongful Dissociation of a Member. If a Member wrongfully dissociates from the Company within the meaning of SECTION 10.3 (the "Withdrawing Member"), he shall be deemed to have immediately offered to sell, and the Company shall be deemed to have the option to purchase all of the Withdrawing Member's Membership Share at the price determined under SECTION 11.3, and on the terms contained in SECTION 11.4, except that the purchase price shall be reduced by the amount of all costs, expenses (including reasonable attorneys' fees) and damages incurred by the Company as a result of the Withdrawing Member's wrongful dissociation from the Company. Notwithstanding anything in this Agreement or the Act to the contrary, in no event will the purchase price to be paid for a wrongfully dissociating Member's

Membership Share exceed ninety percent (90%) of the "Appraised Value" of such Member's Membership Share as determined pursuant to SECTION 11.3. No amount of the purchase price shall be due to the Withdrawing Member, however, unless and until he gives written notice of his dissociation to the Company.

(b) Transfers Other Than Death or Disability. If a Member attempts to transfer all or a portion of his Membership Share without obtaining the other Members' consent as required in SECTION 11.1, or if a Member ceases to be employed by the Medical Group, or if a Member properly dissociates, including dissociation by reason of death or disability, from the Company within the meaning of ARTICLE X (the "Dissolving Member"), such Member (or his estate) is deemed to have offered to the Company all of his Membership Share at the price determined in accordance with SECTION 11.3 and upon the terms contained in SECTION 11.4. If the Company does not accept said offer within the later of sixty (60) days after receiving notice of the attempted transfer or dissociation by the Dissolving Member (or his estate) or the cessation of the Dissolving Member's employment with the Medical Group, and the determination of the purchase price, the Dissolving Member's Membership Share shall be offered in writing to the other Members (the "Remaining Members"). If the Company and/or the Remaining Members accept the offer, then all of the Membership Share offered for sale must be purchased by the Company and/or said Remaining Members. In the event more than one offeree accepts the offer, those accepting shall purchase in proportion to their Membership Shares; unless they agree otherwise.

For purposes of this SECTION 11.2, the term "Completion Date" shall mean the date on which the Medical Group commences the payment of rent for its space within the Project and the term "Tenth Anniversary" shall mean the last day of the tenth (10th) year following the Completion Date. Notwithstanding anything herein to the contrary, if a Member ceases to be employed by the Medical Group prior to the Tenth Anniversary such Member shall not be deemed to have offered to the Company his Membership Share until the earlier of the Tenth Anniversary or the date the Company receives notice that such Member is practicing medicine in the specialty of cardiology within one hundred (100) miles of the City of Columbia.

If the Remaining Members do not purchase the Dissolving Member's Membership Share within sixty (60) days after receipt of such offer in writing, then a Dissolving Member may offer his Membership Share for sale to any other Person, provided that such Membership Share shall be sold for at least the same price and upon the same terms at which it was offered to the Company and the Remaining Members. The rights of the transferee of such Membership Share shall be determined in accordance with ARTICLE III.

In the event any sale of a Membership Share to a third person shall not be consummated within sixty (60) days after the expiration of the Remaining Members' option to purchase, the Dissolving Member shall have no right to sell said Membership Share or any portion thereof unless the same shall be offered again to the Company and the Remaining Members in the manner and in accordance with the terms herein provided.

11.3 Purchase Price. Subject to SECTION 11.2(a), the price to be paid for a Withdrawing or Dissolving Member's Membership Share shall be the purchase price agreed upon by the Withdrawing or Dissolving Member (or his estate, as the case may be) and the

Company, or the Remaining Members who have elected to buy, as the case may be. If the parties do not agree upon the purchase price of the Membership Share within thirty (30) days following the attempted transfer or the event of dissociation, then the purchase price shall be the "Appraised Value" (as defined in the next sentence) of the Membership Share. Appraised Value shall mean the value obtained, taking into account all applicable minority, lack of marketability and other discounts, by agreement of two (2) appraisers, one appointed by a majority of the Remaining Members who wish to purchase the offered Membership Share and who have not previously agreed upon the purchase price, and one appointed by the Withdrawing or Dissolving Member. Both appraisers must have at least five (5) years experience valuing businesses similar to the business of the Company. If the two (2) appraisers cannot agree on an Appraised Value within thirty (30) days after they have both been selected, they shall appoint a third appraiser. The third appraiser shall determine the Appraised Value within thirty (30) days after his appointment. Appraised Value shall be the average of all three (3) appraisals. The seller and the purchaser(s) shall each pay the costs of the appraisers appointed by them, and one-half of the cost of the third appraiser. The purchase price as determined herein shall be conclusive and binding on the parties, their personal representatives, legal representatives, heirs, successors and assigns. If any party fails to appoint an appraiser within the time required herein, the purchase price determined by the appraiser appointed by the other party shall be conclusive and binding upon the seller and purchaser(s), their personal representatives, legal representatives, heirs, successors, and assigns.

11.4 Payment of Purchase Price. The closing of the purchase shall take place at the principal place of business of the Company, or at such other place as the parties may agree, and at a time and date designated by the parties. Unless the parties mutually agree otherwise, the purchase price shall be paid in full at closing. Upon payment of the purchase price, the Withdrawing or Dissolving Member's Membership Share (or any portion thereof) shall be conveyed to the purchaser(s).

Any closing adjustments which are then usual and customary shall be made between the seller and the purchaser(s) on and as of the date of closing. The seller shall pay any transfer, gains or similar taxes arising out of or in connection with the sale and transfer of his Membership Share. Except as specifically provided in this Agreement, such sale shall be subject to all liabilities and obligations of the Company, matured and unmatured, absolute or contingent. All Members agree to execute and deliver all certificates and other instruments reasonably necessary to effectuate any transaction contemplated herein. Without limiting the foregoing, any Member transferring his Membership Share shall transfer such interest free and clear of any liens, encumbrances or any interests of any third party and shall execute or cause to be executed any and all documents required to fully transfer good and clear title to such Membership Share to the purchaser(s), including, but not limited to, any documents required to release any interest of a Member's spouse or any other party who may claim an interest in such Member's Membership Share.

ARTICLE XII

Miscellaneous Provisions

12.1 Members' Rights To Receive Information.

(a) The Company shall provide Members and their agents and attorneys access to its records, if any, at the Company's principal office. The Company shall provide former Members and their agents and attorneys access for proper purposes to records pertaining to the period during which they were Members. The right of access provides the opportunity to inspect and copy records during ordinary business hours. The Company may impose a reasonable charge, limited to the costs of labor and material, for copies of records furnished.

(b) The Company shall furnish to a Member, and to the legal representative of a deceased Member or Member under legal disability:

(i) Without demand, information concerning the Company's business or affairs reasonably required for the proper exercise of the Member's rights and performance of the Member's duties under this Agreement and the Act; and

(ii) On demand, other information concerning the Company's business or affairs, except to the extent the demand or the information is unreasonable or otherwise improper under the circumstances.

(c) A Member has the right upon written demand given to the Company to obtain at the Company's expense a copy of this Agreement.

12.2 Notices. All notices, consents, requests, demands, offers, reports or other communications required or permitted hereunder shall be in writing and hand delivered or sent by certified or registered mail, postage prepaid, and return receipt requested, to the Company, at the Company's principal place of business, and to a Member at the address on Exhibit "A", or to such other address as may hereafter be designated by any amendment or addendum to this Agreement. All notices, consents or other communications shall be deemed given when actually hand delivered, or three (3) days after mailing in accordance with this Section.

12.3 Time of Essence. Time is of the essence of this Agreement.

12.4 Governing Law. This Agreement shall be governed by and construed in accordance with the South Carolina Uniform Limited Liability Company Act of 1996, as amended, any corresponding provisions of future laws, and other applicable laws of the State of South Carolina.

12.5 Consent to Jurisdiction. The parties to this Agreement hereby agree that the courts of the State of South Carolina shall have sole and exclusive jurisdiction over any matter arising from the interpretation, purpose, effect, or operation of this Agreement, and with regard to all matters associated with operation of the Company's business, regardless of the residence, now or in the future, of any party hereto. The parties consent to venue in Richland County, South Carolina, and waive any rights they may have to assert jurisdiction or venue in any other court, administrative forum, or other adjudicative body.

12.6 Waiver. No waiver of any breach of any covenant, agreement or undertaking contained herein shall operate as a waiver of any subsequent breach of the same covenant, agreement or undertaking or as a waiver of any breach of any other covenant, agreement or

undertaking. In the case of a breach by any party of any covenant, agreement or undertaking, the non-breaching party may nevertheless accept from the other, any payment or performance without waiving its right to exercise any right or remedy provided herein or otherwise, with respect to any such breach which was in existence at the time such payment or performance was accepted by it. No failure of any party to exercise any power given herein or to insist upon strict compliance with any covenant, agreement or undertaking contained herein, or to object to any custom or practice which varies from the terms hereof, shall constitute a waiver of such party's right to demand exact compliance with the terms of this Agreement. The waiver by any party of a breach of any covenant, agreement or undertaking contained herein shall be made only by a written waiver in each case, and no such waiver shall operate or be construed as a waiver of any prior or subsequent breach.

12.7 Severability. If any provision of this Agreement shall, to any extent, be held invalid, illegal or unenforceable, in whole or in part, the validity, legality, and enforceability of the remaining part of such provision, and the validity, legality and enforceability of the other provisions hereof, shall not be affected thereby and each term, covenant or condition shall be valid and enforced to the fullest extent permitted by law. If any such invalidity shall be caused by the length of any period of time, the size of any area or the scope of activities set forth in any provision hereof, such period of time, such area or scope or all, shall be considered to be reduced to a period, area, or scope which would cure such invalidity. Any provision of this Agreement which is held invalid, illegal or unenforceable in any jurisdiction shall not be deemed invalid, illegal or unenforceable in any other jurisdiction.

12.8 Counterparts. This Agreement may be executed in more than one counterpart, each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same agreement. This Agreement shall be effective when executed by all parties, but all parties need not execute the original or the same counterpart.

12.9 Captions. The headings, titles and captions of the Articles and Sections of this Agreement are inserted only to facilitate reference. They shall not define, limit, extend or describe the scope or intent of this Agreement or any provision hereof, and they shall not constitute a part hereof or affect the meaning or interpretation of this Agreement or any part hereof.

12.10 Entire Agreement. This Agreement embodies the entire understanding and agreement among the parties pertaining to the subject matter hereof, and all prior agreements and understandings of the parties, whether written or oral, are terminated and superseded by this Agreement and shall be deemed merged herein.

12.11 Remedies Cumulative. Except as otherwise expressly provided herein, all rights, powers and privileges conferred hereunder upon any party shall be cumulative and not restrictive of those given by law. No remedy herein conferred is exclusive of any other available remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given by agreement or now or hereafter existing at law or in equity or by statute.

12.12 Binding Effect. This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by and against all the parties and their respective heirs, legal

representatives, personal representatives, successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to or shall confer upon any person other than the parties, and their respective heirs, legal representatives, personal representatives, successors and permitted assigns, any rights, remedies, obligations or liabilities.

12.13 Use of Terms. Use of the terms "herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter", and other equivalent words refer to this Agreement in its entirety and not solely to the particular portion of the Agreement in which such word is used. Reference to "this Article", "this Section", or a similar reference to a specific part of this Agreement shall refer to the particular Article, Section or specific part in which such reference appears. Whenever used herein, any pronoun shall be deemed to include both the singular and plural and all genders.

12.14 Further Assurances. Each of the parties will execute, deliver, acknowledge or supply such further documents, instruments and assurances as shall be reasonably necessary or appropriate to carry out the full intent and purposes of this Agreement.

12.15 Equitable Remedies. The rights and remedies of the Members and the Company shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. The parties confirm that damages at law may be an inadequate remedy for a breach or threatened breach of this Agreement and agree that in the event of a breach or threatened breach of any provision hereof, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction (temporary and/or permanent), without posting bond, or other equitable remedy, but nothing herein contained is limited to, nor shall it limit or affect any right or rights at law or by statute or otherwise of any party aggrieved against any other party for a breach or threatened breach of any provision hereof, it being the intention of this Section to make clear the agreement of the parties that the respective rights and obligations of the parties hereunder shall be enforceable in equity as well as at law or otherwise.

12.16 Memorandum of Company. If the Members deem it appropriate, they shall cause the Company to file and record either a copy of this Agreement or a Memorandum of this Agreement with the applicable government authorities.

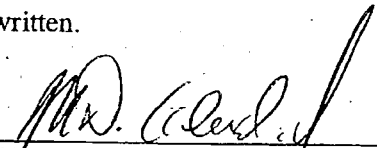
12.17 Exhibits. The exhibits attached to this Agreement are hereby made a part hereof and incorporated herein by reference. All such exhibits read as of the date of this Agreement or, as to any of the exhibits bearing a particular date, as of any other date specified therein.

12.18 Effective Date. This Agreement shall become effective upon the later of the execution of this Agreement by all the Members or the filing of Articles of Organization with the South Carolina Secretary of State.

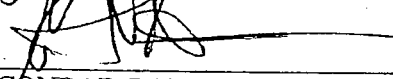
12.19 Attorney's Representations. The parties all acknowledge that the law firm of Gottlieb & Smith, P.A. prepared this Agreement on behalf of and in the course of its representation of the Company and that: (a) the parties have been advised by Gottlieb & Smith, P.A. that a conflict exists among their individual interests; and (b) the parties have been advised by Gottlieb & Smith, P.A. to seek the advice of independent counsel; and (c) the parties have

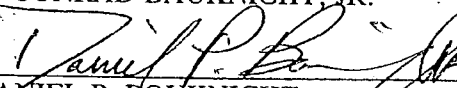
had the opportunity to seek the advice of independent counsel.

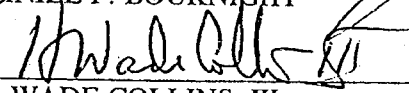
EXECUTED and sealed as of the date first above written.

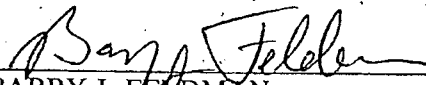
 (SEAL)
M. DONALD ALEXANDER, JR.

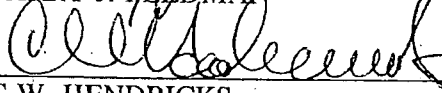
 (SEAL)
J. KEVIN BAUGH

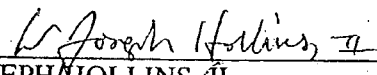
 (SEAL)
G. CONRAD BAUKNIGHT, JR.

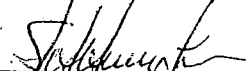
 (SEAL)
DANIEL P. BOUKNIGHT

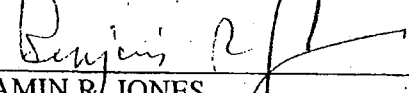
 (SEAL)
H. WADE COLLINS, III

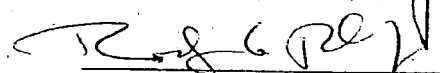
 (SEAL)
BARRY J. FELDMAN

 (SEAL)
C.W. HENDRICKS

 (SEAL)
W. JOSEPH HOLLINS, II

 (SEAL)
STEPHEN H. HUMPHREY

 (SEAL)
BENJAMIN R. JONES

 (SEAL)
RODNEY G. RHINEHART

 (SEAL)
ROBERT A. SCHULZE, JR.

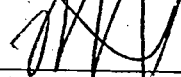
 (SEAL)
WILLIAM W. STUCK

EXHIBIT "A"

<u>Member's Name and Address</u>	<u>Capital Contribution</u>	<u>Voting and Financial Rights</u>
M. Donald Alexander, Jr. 1815 Senate Street Columbia, SC 29201	\$ 10.00	7.6923 %
J. Kevin Baugh 10 Cotton Hope Lane Columbia, SC 29209	\$ 10.00	7.6923 %
G. Conrad Bauknight, Jr. 240 Tombee Lane Columbia, SC 29209	\$ 10.00	7.6923 %
Daniel P. Bouknight 228 Birch Glenn Court Columbia, SC 29209	\$ 10.00	7.6923 %
H. Wade Collins, III 11 Heathwood Circle Columbia, SC 29205	\$ 10.00	7.6923 %
Barry J. Feldman 5 Castle Hall Court Columbia, SC 29209	\$ 10.00	7.6923 %
C.W. Hendricks 1160 Chester Road Blythewood, SC 29016	\$ 10.00	7.6923 %
W. Joseph Hollins, II 20 Heathwood Circle Columbia, SC 29205	\$ 10.00	7.6923 %

Stephen H. Humphrey 30 Dill Court Columbia, SC 29204	\$ 10.00	7.6923 %

Benjamin R. Jones 305 Oak Brook Drive Columbia, SC 29223	\$ 10.00	7.6923 %

Rodney G. Rhinehart 413 Saluda Avenue Columbia, SC 29205	\$ 10.00	7.6923 %

Robert A. Schulze, Jr. 524 Congaree Avenue Columbia, SC 29205	\$ 10.00	7.6923 %

William W. Stuck 500 Edgerton Court Columbia, SC 29205	\$ 10.00	7.6923 %

**COLUMBIA HEART CLINIC
PRO-RATA SHARE OF ACCOUNTS RECEIVABLE**

ACCOUNTS RECEIVABLE BALANCE AT 4/30/06	\$ 5,350,464.00
PRECEDING TWELVE MONTH AVERAGE COLLECTION PERCENTAGE	42.87%
ESTIMATED COLLECTIBLE ACCOUNTS RECEIVABLE	<u>\$ 2,293,565.57</u>
PRO - RATA AMOUNT (ABOVE DIVIDED BY 12)	<u>\$ 191,130.46</u>

	<u>COLLECTION %</u>
APRIL 2006	47.10%
MARCH 2006	37.30%
FEBRUARY 2006	37.30%
JANUARY 2006	39.50%
DECEMBER 2005	41.60%
NOVEMBER 2005	46.00%
OCTOBER 2005	46.80%
SEPTEMBER 2005	38.70%
AUGUST 2005	47.30%
JULY 2005	42.00%
JUNE 2005	48.70%
MAY 2005	<u>42.10%</u>
TWELVE MONTH AVERAGE	<u>42.87%</u>

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON

IN THE FAMILY COURT
ELEVENTH JUDICIAL CIRCUIT
CIVIL ACTION NO. 06-CP-32-0371

J. Kevin Baugh, M.D. and Barry J.
Feldman, M.D.

Plaintiffs,

vs.

Columbia Heart Clinic, P.A.,

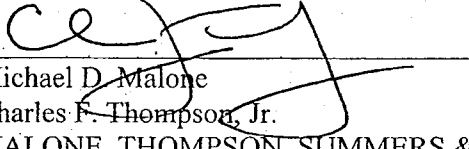
Defendant.

**STIPULATION CONCERNING
SECTION 5.4(a) OF THE SHAREHOLDER
PHYSICIAN EMPLOYMENT AGREEMENT**

The Plaintiffs hereby stipulate as follows:

1. On July 15, 2004, Plaintiff J. Kevin Baugh, M.D. signed a Shareholder Physician Employment Agreement with Defendant Columbia Heart Clinic, P.A., a copy of which is attached as Exhibit A.
2. On July 15, 2004, Plaintiff Barry J. Feldman, M.D. signed a Shareholder Physician Employment Agreement with Defendant Columbia Heart Clinic, P.A., a copy of which is attached as Exhibit B.
3. The substance of Exhibits A and B are identical.
4. One issue in this case involves enforceability of Section 5.4(a) of each of the Shareholder Physician Employment Agreements, attached as Exhibits A and B.
5. The Plaintiffs reserve their right to contest the validity of Section 5.4(a) of the Shareholder Physician Employment Agreements, attached as Exhibits A and B.
6. However, the Plaintiffs J. Kevin Baugh, M.D. and Barry J. Feldman, M.D. hereby

stipulate that they will not assert their inability or of lack of resources to make payment of the amount set forth in Section 5.4(a) of the each of the Shareholder Physician Employment Agreements, should Section 5.4(a) of the Shareholder Physician Employment Agreements be upheld by the Court, and they are able to make payment to the Defendant in the amount set forth in Section 5.4(a) of the agreements.



Michael D. Malone
Charles F. Thompson, Jr.
MALONE, THOMPSON, SUMMERS & OTT
339 Heyward Street
Columbia, South Carolina 29201
(803) 254-3300

Attorney for Plaintiffs

Columbia, South Carolina

5/4, 2009

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM LEXINGTON COUNTY
Court of Common Pleas

William P. Keesley. Circuit Court Judge

Case No. 06-CP-32-0371

J. Kevin Baugh, M.D., and Barry J.
Feldman, M.D., ... Respondents.

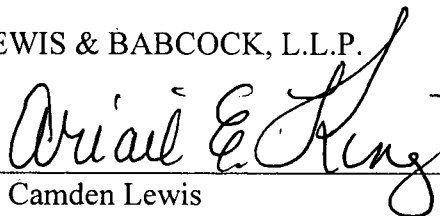
V.

Columbia Heart Clinic, P.A., ... Appellant.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that this Record on Appeal complies with Rule 210 SCACR and with the August 13, 2007 Order of the South Carolina Supreme Court, and contains material designated by the parties but no other material.

LEWIS & BABCOCK, L.L.P.



A. Camden Lewis
Keith M. Babcock
Ariail E. King
1513 Hampton Street
Post Office Box 11208
Columbia, South Carolina 29211
(803) 771-8000

Attorneys for Appellant

Columbia, South Carolina
March 16, 2011

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM LEXINGTON COUNTY
Court of Common Pleas

William P. Keesley. Circuit Court Judge

Case No. 06-CP-32-0371

J. Kevin Baugh, M.D., and Barry J.
Feldman, M.D., ... Respondents.

V.

Columbia Heart Clinic, P.A., ... Appellant.

CERTIFICATE OF SERVICE

I, Adam Goodman, employee of the law firm of Lewis & Babcock, L.L.P., hereby
certify that I have served the Record on Appeal by hand delivering a copy of same to
opposing counsel as follows:

Michael D. Malone, Esquire
Charles F. Thompson, Jr., Esquire
Malone Thompson & Summers, LLC
339 Heyward Street, Suite 200
Columbia, South Carolina 29201


Adam Goodman

This 9th day of March, 2011.

RECEIVED

MAR 11 2011

SC Court of Appeals

ORIGINAL

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM LEXINGTON COUNTY
Court of Common Pleas

William P. Keesley. Circuit Court Judge

Case No. 06-CP-32-0371

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MAR 21 2011

SC Court of Appeals

J. Kevin Baugh, M.D., and Barry J.
Feldman, M.D., ... Respondents.

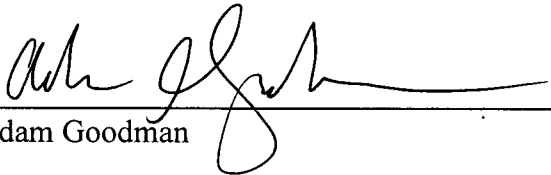
V.

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Michael D. Malone, Esquire
Charles F. Thompson, Jr., Esquire
Malone Thompson & Summers, LLC
339 Heyward Street, Suite 200
Columbia, South Carolina 29201


Adam Goodman

This 17th day of March, 2011.

ORIGINAL