

**IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT  
IN AND FOR PINELLAS COUNTY, FLORIDA  
CIVIL DIVISION**

STATE OF FLORIDA,  
OFFICE OF FINANCIAL REGULATION,

Plaintiff,

vs.

Case No.: 14-001695-CI

TRI-MED CORPORATION,  
TRI-MED ASSOCIATES INC., JEREMY  
ANDERSON, ANTHONY N. NICHOLAS,  
III, ERIC AGER, IRWIN AGER, TERESA  
SIMMONS BORDINAT a/k/a TERESA  
SIMMONS, and ANTHONY N.  
NICHOLAS, JR.,

Judge Cynthia J. Newton

Defendants.

vs.

TMFL HOLDINGS, LLC

Relief Defendant.

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**THE RECEIVER'S VERIFIED TENTH INTERIM REPORT  
AND INCORPORATED TENTH REPORT OF INVENTORY**

Receivership Information and Activity from November 16, 2016, through March 10, 2017.

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## INTRODUCTION

Burton W. Wiand, the Court-appointed Receiver for Tri-Med Corporation (“**Tri-Med**”), Tri-Med Associates Inc. (“**TMA**”), TMFL Holdings, LLC (“**TMFL**”), Interventional Pain Center, PLLC (“**IPC**”), Rejuva Medical and Wellness Center, L.L.C., and Rejuva Medical Center, L.L.C. (the two Rejuva entities are collectively referred to as “**Rejuva**”) (Tri-Med, TMA, TMFL, IPC, and Rejuva are collectively referred to as “**Receivership Entities**”), hereby files this Verified Tenth Interim Report and Incorporated Tenth Report of Inventory (“**Tenth Interim Report**”) to inform the Court, the investors, and others interested in the Receivership Entities of activities to date, as well as the proposed course of action.<sup>1</sup>

The Receiver was appointed on March 5, 2014. By March 7, 2014, the Receiver established an informational website, [www.trimedreceivership.com](http://www.trimedreceivership.com). The Receiver has updated this website periodically and continues to update it with the Receiver’s most significant actions to date, important court filings in this proceeding, and other news that might be of interest to the public. This Tenth Interim Report, as well as all previous and subsequent reports, will be posted on the Receiver’s website.

**THE RECEIVER AND THE STATE OF FLORIDA OFFICE OF FINANCIAL REGULATION (“OFR”) HAVE UNCOVERED EVIDENCE THAT DEFENDANTS JEREMY ANDERSON AND IRWIN AGER AND “SALES AGENTS” A.J. BRENT AND JOHN PARKER AND OTHERS HAVE CONTACTED INVESTORS AND LIED TO THEM ABOUT THE BENEFITS OF A BANKRUPTCY FILING, THE ASSETS HELD**

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<sup>1</sup> This Tenth Interim Report is intended to report on information and activity from November 16, 2016, through March 10, 2017. As directed by the Court, the Receiver will submit his next Interim Report to the Court 120 days from the date of this Report.

**BY THE RECEIVERSHIP, AND OTHER MATTERS. INVESTORS ARE STRONGLY CAUTIONED TO EXERCISE SIGNIFICANT CARE AND DILIGENCE IN ANY DEALINGS WITH THESE INDIVIDUALS AND SHOULD CONTACT THE OFR OR THE RECEIVER TO VERIFY ANY INFORMATION OR REPRESENTATIONS MADE BY THESE INDIVIDUALS.**

**Overview of Significant Activities During this Reporting Period**

During the time covered by this Tenth Interim Report, the Receiver and professionals he has retained have engaged in the following significant activities:

- Continued to pursue litigation against “sales agents” for the recovery of commissions and/or other payments these agents received for selling purported “investments” in Tri-Med in Florida;
- Continued to pursue litigation brought with several named defrauded investors on behalf of a putative class against Stoel Rives, LLP, Jodi Johnson, Esq., Charles Corces, P.A., and Charles Corces, seeking damages in excess of \$10 million based on their participation in the scheme orchestrated by Defendant Jeremy Anderson and others;
- Continued to pursue litigation against Hyon Chu Kwon a/k/a Holly Kwon to recover fraudulent transfers made to her in the total amount of \$224,550 which came from Tri-Med and its investors;
- Instituted litigation against Tim Patrick and Tim Patrick Enterprises to recover fraudulent transfers made to them in the amount of at least \$228,980 which came from Tri-Med and its investors and to recover damages;
- Instituted litigation against Richard Paul Williams, Kristine D. Williams, and APEX Chiropractic of Champlin, PLLC to recover fraudulent transfers made to them which originated from Tri-Med and its investors;
- Reached a compromise of claims brought in an adversary proceeding against Jodi Miller in the United States Bankruptcy Court for the Middle District of Florida regarding commissions Ms. Miller received in connection with Tri-Med wherein Ms. Miller agreed to the entry of a consent final judgment of \$72,164 which is not dischargeable through the bankruptcy proceeding;
- Prevailed on a motion to enforce the settlement agreement which was entered in a bankruptcy proceeding regarding the collection of certain LOPs;

- Recovered the total amount of approximately \$1,494,319.39 in payment of accounts receivable since the appointment of the Receiver through March 10, 2017;
- Assisted criminal authorities; as of the date of this motion, the U.S. Attorney’s Office for the Middle District of Florida has entered into guilty plea agreements with Defendants Eric Ager and Irwin Ager for their participation in this scheme (*see generally United States v. Eric L. Ager*, Case No. 6:16-cr-178-ORL-37TBS, and *United States v. Irwin C. Ager*, Case No. 6:16-176-ORL-18DAB);
- Continued work on the claims process by fielding calls from Claimants relating to the claims process; and
- Maintained an informational website for investors and other interested parties and continued to field numerous calls and correspondence from investors seeking information regarding the Receivership.

The above activities are discussed in more detail in the pertinent sections of this Tenth Interim Report.

## **BACKGROUND**

### **I. Procedure and Chronology.**

On March 4, 2014, the OFR filed a complaint in the Circuit Court for the Sixth Judicial Circuit in Pinellas County against Tri-Med, TMA, Jeremy Anderson, Anthony N. Nicholas, III, Eric Ager, Irwin Ager, and Teresa Simmons Bordinat, a/k/a Teresa Simmons (the individuals listed here and Anthony N. Nicholas, Jr. are collectively referred to as “**Defendants**”) charging them with violations of the Florida securities laws and seeking to enjoin their violations of these laws in connection with a fraudulent scheme to offer and sell unregistered securities. On March 26, 2014, the OFR amended the complaint to include Anthony N. Nicholas, Jr. as a defendant and on May 12, 2014, the OFR filed a second amended complaint to include TMFL as a relief defendant. The OFR alleged that the Defendants used the Receivership Entities to defraud approximately 232 investors from at least October 2011 forward by using false claims and purported above market rates of return to lure investors into purportedly investing in medical-

practice-related accounts receivable subject to Letters of Protection (“LOPs”).<sup>2</sup> The OFR also alleged that the Defendants raised more than \$13 million from these investors and misappropriated at least \$6.2 million of these investor funds.<sup>3</sup> On October 22, 2014, the OFR and Defendants Eric Ager, Irwin Ager, and Teresa Simmons Bordinat announced to the Court that the OFR’s claims against these individuals have been resolved in principal. As part of that settlement, these defendants have consented to (i) a permanent injunction against them and (ii) the Receiver’s appointment and agreed to make restitution to the Receivership in an amount to be determined by the Court at a later date. On May 2, 2014, Defendants Jeremy Anderson, Anthony N. Nicholas III, and Anthony Nicholas Jr. filed a motion for a more definite statement of the OFR’s complaint. The Court entered an order denying this motion on February 19, 2015. On June 29, 2015, these same Defendants filed a motion to dismiss or, in the alternative, for summary judgment. No hearing ever has been set on this motion.

The OFR attempted to take the deposition of attorney Timothy Allen Patrick (“Patrick”) who was employed by Tri-Med beginning in early 2012 while Patrick was suspended from the

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<sup>2</sup> LOPs are typically provided by motor vehicle accident victims, and their attorneys, who are seeking damages from another party’s insurance company to medical clinics that agree to see them. These treating medical clinics agree to provide treatment in exchange for a LOP from the patient and the attorney, and not from any insurance company. The LOP is essentially a promise to pay a reasonable fee for necessary medical services from any settlement or judgment obtained by the patient in connection with the accident. Often due to cash flow constraints, these medical clinics sell these accounts receivable at a discount to other businesses. While there may be legitimate businesses engaged in purchasing such accounts receivable, as discussed in the Overview of Preliminary Findings below, the evidence shows that Tri-Med engaged in widespread fraud.

<sup>3</sup> The Receiver discovered that Defendants actually raised more than initially alleged by the OFR. Records reviewed by the Receiver indicate that more than \$17 million was raised from investors. This difference is attributable mainly to the fact that the OFR’s analysis stopped at a point in time which allowed them to prepare and file their initial complaint while the Receiver’s analysis runs up until the Court enjoined the Defendants.

Florida Bar. Patrick is also acting as local counsel for Minnesota attorney Douglas E. Nepp (“**Nepp**”) who is representing the Defendants in this proceeding.<sup>4</sup> After serving a subpoena on Patrick, on October 30, 2015, the OFR filed a notice of taking deposition of Patrick for November 11, 2015. On November 9, 2015, Defendants filed a motion for protective order to quash the subpoena to protect Patrick from “annoyance and embarrassment” and also because they contended that the subject matter of the deposition may be subject to attorney-client privilege. On November 10, 2015, the OFR moved to compel the deposition of Patrick. The matter was set for hearing on December 15, 2015. Prior to the hearing the parties reached a resolution that the deposition would occur. In accordance with the parties’ resolution, the Court granted the OFR’s motion to compel Patrick’s deposition. The deposition was scheduled to occur on February 10, 2016 and be continued on March 10, 2016. On February 5, 2016, both Patrick and Nepp moved to withdraw as counsel for the Defendants. On February 8, 2016, Patrick, on behalf of Defendants, filed a motion for protective order for his deposition to allow Defendants’ time to find new counsel and further to limit the timing of the deposition. No rulings have been issued on the motions to withdraw or the February 8, 2016 motion for protective order. On April 5, 2016, the Receiver served a subpoena for the production of documents on Patrick. As discussed in Section III.B.4 below, the Receiver has since instituted litigation against Patrick.

On March 5, 2014, the Honorable Anthony Rondolino issued an order appointing Burton W. Wiand as Receiver over Tri-Med and TMA, noting the imminent danger of the loss of investor funds (the “**Order Appointing Receiver**”). The Order also imposed a temporary

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<sup>4</sup> As discussed below, both attorneys have filed motions to withdraw as counsel for Defendants which are pending before the Court.

injunction and granted other relief as to all Defendants. Among other things, this Order enjoined Tri-Med, TMA, and other Defendants from further violations of the Florida securities laws, froze their assets, and required an accounting of all investor funds and other assets. Pursuant to the Order Appointing Receiver, the Receiver has the duty and authority to, among other things, take immediate possession of all assets and properties of the Receivership Entities and hold and manage them until further order of the Court; and marshal and safeguard all such properties and assets. (Order Appointing Receiver at 9.) After his appointment, the Receiver sought and successfully obtained the expansion of the Receivership to include: TMFL, IPC, and Rejuva. The expansion of the Receivership to include these additional entities is discussed in more detail in Section III.A.5 below.

Since the appointment of the Receiver, the Defendants have filed numerous motions in an effort to derail and impede the efforts of the Receiver and the Receivership. For instance, Defendants Jeremy Anderson, Anthony Nicholas, III, and Anthony Nicholas, Jr. have filed the following motions, among others: (1) motion for replacement or removal of the Receiver; (2) motion to allow Receiver and State exposure to liability; and (3) emergency motion to vacate and dissolve the Receivership and temporary injunction. These motions were noticed for a hearing before the Court on October 22, 2014. On October 22, 2014, the Court heard evidence for most of the day. At the conclusion of the hearing, the Court found “the evidence is clear and convincing and reaches a very high level that this was a fraudulent scheme to steal people’s money.” The Court added, “[t]he whole series of introduction of evidence and testimony in this case is highly suggestive of numerous criminal offenses that . . . [the Defendants] might be fearful of from tax evasion to securities violations to fraud and theft, et cetera et cetera.” As a result, on October 24, 2014, the Court entered an order denying the Defendants’ emergency



motion to vacate and dissolve the Receivership and temporary injunction. The Court tabled the other motions mentioned above for a later date.

In September 2016, Defendants Irwin Ager and Eric Ager entered into separate plea agreements with the U.S. Attorney's Office for the Middle District of Florida wherein they both pleaded guilty to conspiracy to commit mail fraud and wire fraud for their participation in this scheme. (*see generally United States v. Eric L. Ager*, Case No. 6:16-cr-178-ORL-37TBS, and *United States v. Irwin C. Ager*, Case No. 6:16-176-ORL-18DAB). In pleading guilty, the Agers admitted that they and co-conspirators perpetrated the fraudulent investment scheme alleged in this case. The U.S. Attorney's Office filed the plea agreements with the Court and the Agers are awaiting sentencing. Irwin Ager's sentencing hearing is set for April 3, 2017 and Eric Ager's sentencing hearing is set for April 24, 2017.

## **II. Overview of Preliminary Findings.**

The Receiver has reviewed voluminous records recovered by him and is also continuing to work on obtaining additional documents from third parties. The Defendants did not keep thorough customary books and records for the Receivership Entities, which complicated this review process. As a result of the Defendants' poor recordkeeping, the Receiver has had to retain the services of forensic accountants to review, reconstruct, and analyze the movement of investors' money, which was a significant expense for the Receivership. The Receiver has formed conclusions based on his review of the records received and interviews with employees, sales agents, doctors, and others.

As the Court also observed at the October 22nd hearing, there is abundant evidence that the Defendants, through the Receivership Entities, were operating a fraudulent investment scheme. The Defendants raised money mainly from elderly Florida investors through the promise of high interest rates from the purported purchase of medical accounts receivable

purportedly subject to LOPs which they represented were secured, guaranteed, and/or backed by major insurance companies. The Defendants fraudulently likened their “investment program” to bank CDs. While Defendants raised approximately \$17 million from investors, significantly less was used to purchase medical accounts receivable. The Receiver’s investigation has revealed that from 2011 until this case was filed, at most only approximately \$4 million of these investor funds were used to buy LOPs, although that figure overstates the true amount of money used to buy LOPs because it includes forged LOPs, other forged transactions, and money used to purportedly buy LOPs from an entity controlled by Defendant Jeremy Anderson that were never delivered. The Defendants guaranteed annual rates of return ranging from approximately 5% to 8% with purported interest payments paid monthly for a term of up to two years. They purportedly assigned different accounts receivable to different investors and guaranteed that if the receivable was not paid by the end of the two-year term, Tri-Med would still pay back to the investor the full principal amount or the investor could roll the investment amount over and continue receiving “interest payments” for another term.<sup>5</sup> The Defendants routinely represented that the LOPs were fully backed or paid by a major insurance company. In reality, the LOPs were not backed or paid by any insurance companies as there was no established right to collect from an insurance company; rather, the LOPs merely gave medical providers some right to collect for all or part of their services from any settlement money the patients might receive.

The above representations were false and are part of the many acts of securities fraud perpetrated by the Defendants that the Receiver has already uncovered and many of which were presented to the Court during the October 22nd hearing. For more examples of material facts

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<sup>5</sup> While there are some informal records indicating an allocation of portions of receivables to investors, there were no actual assignments and no security interests were recorded on behalf of any investor and many investors were not allocated receivables even informally.

that were not disclosed to investors or of material misrepresentations made by the Defendants, please refer to the Second Interim Report.

As shown by the above and in the Receiver's prior Interim Reports, and also by the evidence presented by the OFR during the October 22nd hearing, the Receiver has discovered significant evidence that investor funds were regularly used for purposes that are very different from the representations made to investors, that the Defendants made numerous material misrepresentations and omissions to investors, and that the Defendants knew full-well that they were violating federal and state securities laws. Indeed, as noted above, two Defendants have pled guilty to federal criminal charges to date.

### **III. Actions Taken By The Receiver And Inventory Of Property.**

Since his appointment on March 5, 2014, the Receiver has taken a number of steps to fulfill his mandates under the Order Appointing Receiver.

#### **A. Taking Possession of Receivership Property.**

##### **1. Physical Premises and Receivership Books and Records.**

On the day of his appointment, the Receiver took possession of an office at 34931 U.S. Hwy 19, Suite 104, Palm Harbor, Florida (the "**Office**"), which was leased to Tri-Med, but primarily used by Eric Ager for TMA. The Receiver secured the premises and inventoried and removed physical property that was at the premises. The office contained books and records of the Receivership Entities, office furniture, and computer equipment. On the same day of his appointment, the Receiver also seized five boxes of documents and two computers from the home of Teresa Simmons' home in Lake Mary, Florida which was being used for TMA.<sup>6</sup> The

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<sup>6</sup> TMA also was being operated out of a "virtual office," which was also in Lake Mary, Florida. The virtual office was leased from a Regus facility which provides a business address, call and  
(footnote cont'd)

Receiver also searched two office suites in Clearwater, Florida, which were leased to Tri-Med. These office suites were empty except for a desk and chair which had been provided by the landlord.

On March 7, 2014, the Receiver was notified that a principal of Tri-Med had delivered Tri-Med documents and computers to a former employee to try to evade the Receiver's efforts to recover them. An agent of the Receiver immediately went to the former employee's home and seized the documents and computers. The Receiver also learned of two storage units in a public storage facility on Gunn Highway in Tampa, Florida. One unit was being leased by Tri-Med and the other by Defendant Jeremy Anderson. The Receiver seized and secured the units and inventoried the contents, which consisted of exercise equipment, office furniture, and household items. None of the items in the storage units appear to have any significant value.

The Receiver has retained experienced forensic information technology experts with the firm of E-Hounds, Inc., to assist in securing and analyzing the electronic data on the computers. All of the computers seized have been delivered to E-Hounds and its personnel have secured the data and their forensic analysis is well underway. All documents have been moved to the Receiver's offices.

Since obtaining control of the Receivership Entities, the Receiver and his professionals have had discussions with a number of people associated with the Receivership Entities, including employees, sales agents, investors, medical providers, legal counsel, and real estate property managers. The Receiver's attorneys have participated in the depositions of 17 individuals, including all six Defendants. During the time covered by this Report, the Receiver

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mail handling, and very limited use of a private office. No documents or computers were kept at this virtual office.

served notices for the taking of the depositions of Thomas Tyrkala and Edward Wendol, individually and as corporate representative of Total Retirement Security Planning and Mentoring Group, LLC. These depositions are set to occur near the end of March, 2017. All of the Defendants invoked the Fifth Amendment privilege against self-incrimination and refused to answer any substantive questions. Since the Receiver's appointment, he has served 67 subpoenas for documents on various financial institutions, medical clinics, real estate companies, sales agents, and other entities which may have documents relevant to the Receivership.

## **2. Securing Receivership Funds.**

The Receiver coordinated with the OFR to move swiftly to freeze all funds of which they were aware. The Receiver and his attorneys engaged in a preliminary review of documents and other information for the purpose of identifying institutions that potentially held relevant financial accounts or lines of credit. The Receiver immediately provided copies of the asset freeze order to the pertinent institutions. Since the appointment of the Receiver, he has served the Order appointing the Receiver and freezing the assets of the Receivership Entities on 89 individuals and entities who possibly could have assets and/or records belonging to Receivership Entities.

As a result of these efforts, the Receiver successfully froze \$4,907,005.15 at various financial institutions, including Wells Fargo Bank, N.A., Regions Bank, and Bank of America. The Receiver opened two accounts for the Receivership at USAmeriBank, a money market account with a 0.45% interest rate and a non-interest bearing checking account. The Receiver has deposited \$4,856,166.06 of the frozen funds into these accounts and has earned \$2,980.84 in interest on these accounts during the time covered by this Report. As of March 10, 2017, the total balance of the Receivership accounts is \$1,933,482.70. Attached as **Exhibit A** to this Interim Report is a cash accounting report showing the amount of money on hand from

November 16, 2016 less expenses plus revenues through March 10, 2017. A cash accounting report showing the amount of money on hand less expenses plus revenues from the inception of the Receivership through March 10, 2017 is attached as **Exhibit B**. These cash accounting reports do not reflect non-cash or cash-equivalent assets. Thus, the value of all property, including real property and medical accounts receivable, discussed below is not included in the accounting reports.

Approximately \$44,942.44 in funds remain frozen and have not been transferred to the Receivership accounts yet. These funds are currently being held in various accounts in the names of individual Defendants and related entities. The Receiver will attempt to obtain as much of these funds as possible.

One of the Receiver's highest priorities is to locate and recover any additional funds. On March 25, 2014, the Receiver retained the experienced forensic accounting firm, Yip & Associates, Inc. to assist in tracing funds. This task has been extremely difficult because the Defendants failed to maintain adequate books and records or a customary accounting system. As a result, Yip & Associates has had to reconstruct the entire flow of funds through the Receivership Entities. The work of Yip & Associates is essentially complete. Maria Yip has reached the conclusion that the fraudulent scheme at issue was a Ponzi scheme and she gave testimony at the October 22, 2014 hearing regarding this conclusion. The work of Yip & Associates is a significant expense to the Receivership, but is necessary to (1) identify the Receivership's assets and liabilities, (2) identify individuals and entities who received diverted investor funds so that the Receiver may seek to recover those funds, and (3) ascertain the amounts owed, if any, to each investor so that the Receiver can administer the claims process and distribute funds to investors.

### **3. Medical Accounts Receivable.**

While Defendants operated a fraudulent investment scheme, records indicate that they used no more than approximately \$4 million, of the approximately \$17 million raised from investors to actually buy medical accounts receivable, although that figure overstates the true amount of money used to buy receivables because it includes forged receivables, other forged transactions, and money purportedly used to buy receivables from an entity controlled by Defendant Jeremy Anderson that were never delivered. The Receivership Entities kept very poor and incomplete records of the accounts receivables. As a result of this, the Receiver's efforts to identify all receivables actually purchased by the Receivership has been a time-intensive process involving forensic accountants and extensive communications with medical providers and attorneys for patients. Because no accurate and comprehensive records of purchased accounts receivables were maintained by the Defendants, this process has entailed gathering and reviewing documentation of every pertinent account receivable.

The Receiver has identified more than 3,500 accounts receivable which appear to have been purchased by Tri-Med since its inception although that figure includes forged transactions and receivables from an entity that Defendant Jeremy Anderson controlled and the proceeds of which have never been turned over to the Receiver. Despite the Defendants' representations that medical accounts receivable were being purchased from numerous hospitals and surgery centers, the vast majority of the receivables were purchased primarily from the following sources: (1) clinics owned by Dr. Groteke and/or Dr. Petterson;<sup>7</sup> (2) IPC, which was controlled by Defendant Jeremy Anderson before being included in this Receivership on September 30, 2015; and (3)

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<sup>7</sup> Drs. Groteke and Petterson had a very close relationship with Defendants which included other purported business ventures and they and/or their entities received Tri-Med investors' money for unauthorized purposes which were unrelated to the purchase of medical accounts receivable.

Florida Surgery Consultants, LLC (“FSC”). Because of the close relationship between Defendants and certain medical providers, there is substantial concern as to (1) the legitimacy of a number of receivables purportedly purchased by Tri-Med and (2) Defendant Jeremy Anderson’s prior control over a significant amount of receivables, and the Receiver’s investigation to date indicates that there are problems with a number of the receivables that were actually or purportedly purchased, and that a significant amount of those receivables may not exist or be collectible. For example, some of the LOPs are bogus and simply were fabricated to attempt to hide the diversion of investor funds; others were double sold by the medical provider so that both Tri-Med and other parties claim competing ownership of those receivables; others contain language barring their assignment; and others were purportedly bought from an entity controlled by Defendant Jeremy Anderson that were never delivered and Defendant Anderson has failed to provide financial information relating to these receivables.

From the Receiver’s investigation to this point, it appears that the Receivership Entities paid no more than approximately \$4 million for accounts receivable, although as previously noted that figure overstates the true amount of money used to buy receivables because it includes forged receivables, other forged transactions, and money purportedly used to buy receivables from an entity that was controlled by Defendant Anderson and the proceeds of which have never been turned over to the Receiver. The approximately \$4 million was purportedly used to buy accounts receivable with a total face value of amount of approximately \$14.8 million.<sup>8</sup>

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<sup>8</sup> These numbers may be modified as the Receiver continues his review and analysis of the accounts receivable and there is a strong likelihood that the numbers will decrease because, for example, this number likely includes receivables which were double sold by medical providers and ones which otherwise may not be valid.



**Importantly, however, the \$14.8 million face value does not represent the actual amount of money those receivables will generate for the following reasons:**

- 1. Many receivables were forged by Defendants and thus they do not actually exist.**
- 2. A significant amount of receivables were purchased from clinics owned by Drs. Groteke and/or Pettersen which are now in bankruptcy and consequently those receivables are at risk.**
- 3. Another significant amount of receivables were purportedly purchased from IPC, and prior to the expansion of the Receivership to include IPC, Defendant Anderson controlled both IPC and those receivables, and he has never turned over to the Receiver any proceeds from those purported receivables or any information relating to those proceeds.**
- 4. Another significant amount of receivables were purchased from Florida Surgery Consultants, and Tri-Med entered into an agreement with Florida Surgery Consultants prior to the Receivership regarding payment of those accounts receivable. Pursuant to this agreement, Tri-Med is to receive only either 50% or 55% of the face value of the receivable depending on the type of service provided.**
- 5. As noted above, the accounts receivable are based on a promise to pay a reasonable fee for medical services from any settlement or judgment obtained by a patient in connection with an accident. Once the dispute relating to the accident is resolved, the attorney representing the patient generally tries to negotiate the amount owed, and it is common practice for the receivables to be paid at significantly less than face value, if indeed they are ever paid, for a number of reasons. Those reasons include that the amount billed for the procedures conducted by the medical providers is excessive; that some of the procedures conducted were unnecessary; or that the patient did not recover sufficient (if any) money to pay the receivable owed.**
- 6. Some of the receivables were double sold by the medical provider so that both Tri-Med and other parties claim competing ownership interests of those receivables.**
- 7. Some of the receivables are subject to LOPs that contain language barring the medical provider from assigning the LOP to anyone else, such as to Tri-Med.**
- 8. Some of the receivables were paid before this Receivership was instituted, and thus this Receivership will not receive any more money**

**from those receivables. For example, before the appointment of the Receiver, evidence reviewed to date indicates that the Receivership Entities received \$451,381.71 in payment of accounts receivable purchased from medical providers other than Florida Surgery Consultants and they received \$744,472.56 from Florida Surgery Consultants for total payments of \$1,195,854.27. Those amounts are not subtracted from the figures set forth above.**

The Receiver's experience with collection efforts to date has been disappointing due to the aforementioned reasons. Unless the Receiver is able to obtain significant third party recoveries, there is little likelihood that investor Claimants will recover the full Allowed Amount of their claims. Since the appointment of the Receiver through March 10, 2017, the Receiver has recovered the total amount of approximately \$1,494,319.39 in payment of accounts receivable. Because of a number of variables, including the underlying validity of purported receivables, the Receiver cannot predict the amount of eventual recoveries, but that amount will be substantially less than the face value amount as explained above.

#### **4. Promissory Note and Funds Diverted Through Purported Loans.**

The Receiver discovered evidence of a \$500,000 loan made by Tri-Med to Spine Pain Management, Inc., in Texas. The loan was secured by a convertible promissory note with a maturity date of March 27, 2014, which was extended to March 27, 2015. The Receiver recovered \$568,000 in principal and interest on this promissory note. Defrauded investors' money also appears to have been used to make loans or other payments to various entities and individuals, including relatives or close acquaintances of Defendants. An "accounting" submitted by Defendant Anderson to the Court on March 14, 2014 purports to show that investor funds were used to make six outstanding loans: (1) \$10,000 to Jim Nicholas; (2) \$1,000 to Nick Nicholas; (3) \$36,000 to Ray's Car Service; (4) \$20,000 to Ray's Car Service; (5) \$20,000 to Dikson Rodriguez; and (6) \$50,000 to Dr. Meckerson.

The Receiver's investigation of these loans has revealed that the purported loans to Dr. Meckerson and Ray's Car Service appear to be a sham. As discussed in the Second Interim Report, the Receiver's investigation and review revealed that instead of lending any money to a Dr. Meckerson, Defendant Anderson withdrew the \$50,000 purportedly loaned to this doctor and diverted the money to a Georgia limited liability company which operated a restaurant and in which Defendant Anderson had a stake and also to himself. The restaurant is no longer in business and the Receiver was informed that the restaurant assigned all of its assets to its landlord pursuant to a security agreement with the landlord. Similarly, the Receiver's investigation to date has revealed that no loans likely were ever made to "Ray's Car Service." The Receiver is continuing to investigate these matters.

## **5. Expansion of the Receivership.**

### **a. TMFL Holdings**

On April 28, 2014, the Receiver filed a motion to expand the scope of the Receivership to include TMFL. TMFL was created on September 13, 2013 by Anthony Nicholas, III, a principal of Tri-Med and a defendant in this case, and was used to acquire real estate. TMFL was funded entirely with money from Tri-Med investors and held title to two residential properties that were purchased and renovated with that money. These residential properties are the following: (1) 11029 117th Street, Seminole, Florida and (2) 9035 St. Regis Lane, Port Richey, Florida. The Receiver also discovered that TMFL had two bank accounts at Wells Fargo Bank with a cumulative balance of \$10,500.64. The Receiver sought to expand the Receivership to include TMFL Holdings so that these assets bought with Tri-Med investors' money could be brought under the Receiver's control and protection. On May 14, 2014, the Court granted the Receiver's motion and expanded the Receivership to include TMFL Holdings. The Receiver obtained the balance of the Wells Fargo accounts mentioned above on May 22, 2014.

**b. IPC**

On August 6, 2015, the Receiver filed a motion to expand the scope of the Receivership to include IPC. IPC was formed on July 10, 2013, as a medical services provider in Minnesota. It was funded through the receipt of nearly \$1 million in money taken from Tri-Med investors. IPC was in the business of providing medical services, and a significant portion, if not all, of its business consisted of providing medical services to accident victims in exchange for LOPs or similar contractual commitments to pay for services. Most, if not all, of these accounts receivable were assigned to Tri-Med to try to justify part of the large amount of investors' money transferred from Tri-Med to IPC.

Defendant Jeremy Anderson created and was the *de facto* owner of IPC. Anderson controlled IPC, including its books and records and critical day-to-day operations. IPC ultimately received approximately \$1 million of Tri-Med investor funds – the majority of which purportedly served as consideration for the purchase of virtually all of the accounts receivable generated by IPC. IPC also received \$300,000 from Tri-Med shortly after this Court froze Tri-Med's assets. These stolen funds were then transferred to Defendant Anderson's close friend to evade the freeze and disbursed at Defendant Anderson's direction. IPC has also received at least \$150,000 in payments on medical accounts receivables that belong to Tri-Med, but have not been turned over to it. The Receiver sought to expand IPC so that additional assets bought with Tri-Med investors' money could be brought under the Receiver's control and protection. On September 30, 2015, the Court granted the Receiver's motion and expanded the Receivership to include IPC.

Immediately after his appointment as Receiver of IPC, the Receiver provided the order appointing him as Receiver and freezing the assets of IPC to financial institutions where he believed IPC maintained accounts. The Receiver discovered that IPC maintained two accounts

at Wings Financial with a total balance of \$327.26. This balance has been transferred to the Receivership accounts and the Wings Financial accounts have been closed. On October 16, 2015, the Receiver mailed 59 letters to Minnesota attorneys who represent clients who received services rendered by IPC. This letter informed these attorneys that communications regarding payment or settlement of amounts owed by their clients should be directed to the Receiver's collection agent and that any and all funds due constitute Receivership Property and must be paid to the Receiver.<sup>9</sup>

**c. REJUVA**

The same day the Court granted the Receiver's motion to expand the Receivership to include IPC, nearly all of the money in IPC's bank account was diverted to Rejuva to keep it out of the Receiver's reach. On December 10, 2015, the Receiver filed an emergency *ex parte* motion to expand the scope of the Receivership to include Rejuva Medical and Wellness L.L.C. and Rejuva Medical Center L.L.C. (as mentioned above, the two Rejuva entities are collectively referred to as "Rejuva"). The Receiver sought to expand the Receivership to include Rejuva because Rejuva is the alter ego and/or successor-in-interest of Receivership Entity IPC. Rejuva holds IPC's assets and books and records, operated out of the same office as IPC, and used the same equipment and staff as IPC.

Although Tri-Med purportedly purchased virtually all of IPC's accounts receivable and IPC subsequently recovered at least \$150,000 dollars in payments for those receivables, no money was ever turned over from IPC to Tri-Med and at least some of that money was diverted

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<sup>9</sup> Prior to the Receiver's appointment, IPC intervened in a number of workers' compensation cases pending in Minnesota. After the Receivership was expanded to include IPC, the Receiver's counsel appeared in these matters as needed to assist with the collection of outstanding accounts.

to Rejuva. Since Rejuva is merely IPC's alter ego and/or successor in interest, the Receiver sought to include Rejuva in this Receivership so that he could take possession and control of IPC's assets and books and records which the Court previously found belong to the Receivership estate.

The Court granted the Receiver's motion to expand the Receivership to include Rejuva on December 11, 2015. Immediately after his appointment as Receiver of Rejuva, the Receiver provided the order appointing him as Receiver and freezing the assets of Rejuva to financial institutions where he believed Rejuva maintained accounts. The Receiver discovered that Rejuva maintained an account at U.S. Bank with a balance of \$3,495.38. This balance was transferred to the Receivership accounts and the U.S. Bank account has been closed.

On December 13, 2015, the Receiver took possession of an office in Minnetonka, Minnesota (the "**IPC/Rejuva Office**") which was being used by Rejuva. The Receiver secured the premises and inventoried the physical property that was at the premises. The office contained limited records, office furniture, medical equipment, and computer equipment. The Receiver retained experienced forensic information technology experts with the firm of Computer Forensic Services, Inc. ("**CFS**") located in Minnetonka, Minnesota to assist in securing and analyzing the electronic data on the computers. CFS secured the data and subsequently transferred it to E-Hounds, which is the Receiver's primary forensic technology expert firm here in the Tampa Bay area. The Receiver secured the physical property in the premises in a storage unit in Minnetonka and the IPC/Rejuva Office was turned back over to the landlord. The Receiver later learned that Defendant Anderson had removed certain items from the IPC/Rejuva Office and given those items to Dr. Chad Hill. At the Receiver's request, Dr. Hill turned that property over to the Receiver.

Among the medical equipment located in the IPC/Rejuva Office was a 2012 Universal CMP DR Chiropractor X-Ray Suite (the “**X-Ray Machine**”). Defendant Anderson, whose control of IPC and Rejuva allowed him to dispose of company assets, was in the process of selling the X-Ray Machine when the Receiver took control of the IPC/Rejuva Office. On December 23, 2015, the Receiver filed an emergency motion to approve the sale of the X-Ray Machine for \$20,000. The Court approved the sale of the X-Ray Machine on December 29, 2015. The buyer, however, failed to complete the transaction. Due to continued technological advancements in equipment of this type, the X-Ray Machine’s value has depreciated since that time.

On August 3, 2016, the Receiver filed a motion for approval of the sale or other disposition of assets. This motion sought the Court’s approval to sell, liquidate, or otherwise dispose of the property recovered from the IPC/Rejuva Office, Dr. Hill, and the Tri-Med Office (the “**Office Contents**”) using commercially reasonable efforts. With the exception of certain pieces of medical equipment, initial indications suggest that the majority of this property is of little value because of its age and condition. The Court granted this motion on August 30, 2016.

On March 6, 2017, the Receiver filed an emergency motion to approve the sale of various assets, including the X-Ray Machine. While the Receiver previously received approval to sell the X-Ray Machine and the Office Contents, the Receiver seeks specific approval from the Court for the sale of these assets because they are being sold together pursuant to the terms of an Asset Purchase Agreement wherein the buyer has agreed to purchase these assets for the combined amount of \$25,000. The motion was filed on an emergency basis because the buyer indicated that time was of the essence. The Receiver believes that this agreement is in the best interests of the Receivership and that this sale represents the highest value that can be received for these

assets. A hearing on this motion has been set for March 21, 2017.

Since obtaining control of IPC and Rejuva, the Receiver and his professionals have participated in the depositions of five individuals associated with IPC and Rejuva and have had discussions with numerous others. The Receiver is also working with his forensics professionals to identify outstanding medical accounts receivable owned by IPC and Rejuva.

#### **6. Real Properties.**

As previously mentioned, the Receiver's investigation has revealed that investor funds were misappropriated for unauthorized uses, including the purchase of real estate and the transfer of funds to TMFL. Specifically, evidence shows that Defendants used investor funds to purchase five parcels of residential real estate. There did not appear to be any encumbrances on these properties. The Receiver has sold all of these properties. The addresses, sale prices, and the amount the Receiver received from each sale after payment of commissions and other costs associated with the sale are listed on the table below:

<b>Address</b>	<b>Sale Price</b>	<b>Net Amount Received by Receivership</b>
4202 Bay Club Circle, Tampa, Florida (" <b>Bay Club Property</b> ")	\$126,000.00	\$117,162.47
909 E. Cayuga Street, Tampa, Florida (" <b>Cayuga Property</b> ")	\$215,000.00	\$201,291.68
15316 Stonecreek Lane, Tampa, Florida (" <b>Stonecreek Property</b> ")	\$175,000.00	\$162,896.11
11029 117th Street, Seminole, Florida (" <b>Seminole Property</b> ")	\$225,000.00	\$209,891.79
9035 St. Regis Lane, Port Richey, Florida (" <b>St. Regis Property</b> ")	\$83,000.00	\$77,206.55

All of the above sales were approved by the Court. Please refer to prior interim reports for more information regarding these properties.



## **B. Litigation.**

During the time covered by this Interim Report, the Receiver has (1) continued litigation against “sales agents,” (2) continued litigation against Holly Kwon to recover fraudulent transfers made to her; (3) continued litigation brought along with several named defrauded investors on behalf of a putative class, against Stoel Rives, LLP, Jodi Johnson, Esq., Charles Corces, P.A., and Charles Corces seeking damages based on their participation in the scheme orchestrated by Defendant Jeremy Anderson and others, including the two Defendants who have pleaded guilty to federal criminal charges to date; (4) instituted litigation against Tim Patrick and Tim Patrick Enterprises; (5) instituted litigation against Richard Paul Williams, Kristine Williams, and APEX Chiropractic of Champlin PLLC; and (6) continued to evaluate claims he may have against other individuals and entities which may have liability in connection with the Defendants’ fraudulent scheme.<sup>10</sup> The Receiver previously resolved litigation relating to a bankruptcy proceeding initiated by medical services providers which sold medical accounts receivable to Receivership Entities. The Receiver will institute additional litigation if he deems it appropriate and in the best interests of the Receivership.

### **1. Litigation Against “Sales Agents.”**

On February 17, 2015, the Receiver initiated actions against “sales agents” seeking to recover commissions and/or other payments which were fraudulently transferred to them. These actions have been brought against the following: (1) Jodie and Jeffrey Miller, seeking recovery

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<sup>10</sup> The Receiver has resolved claims he intended to assert against Stephen Marlowe and his law firm, Marlowe McNabb Machnik, P.A. (f/k/a Marlowe McNabb, P.A.), and Brian Stayton and his law firm, The Stayton Law Group, P.A., for their roles in the scheme underlying this case. The Receiver resolved these claims for the payment of \$600,000 pursuant to the settlements. For more information regarding these settlements, please refer to the Receiver’s Ninth Interim Report.

of approximately \$134,589.00; (2) William Gross, seeking recovery of approximately \$142,200.02; (3) John Parker, seeking recovery of approximately \$56,452.70; (4) Elliot Simon, seeking recovery of approximately \$24,630.00; (5) A.J. Brent, seeking recovery of approximately \$114,642.40; (6) George Roe, seeking recovery of approximately \$6,350.00; (7) John Burns, seeking recovery of approximately \$1,850.00; (8) Barbara Ager, seeking recovery of approximately \$13,345.00; and (9) Total Retirement Security Planning and Mentoring Group, LLC, Lauren Lindsay, Donald Brothers, Scott S. Schultz, Lisa Schager-Smith, Edward Wendol, James Britain, Thomas Tyrkala, John Persico, Rosanna Okenquist, David Okenquist, and Joe Manassa, seeking recovery of approximately \$190,097.35. Service has been effectuated or waived for all defendants. All defendants have responded to the complaints and the parties are engaging in discovery.

After the Receiver filed his action against Jodie Miller, she filed a bankruptcy proceeding seeking to discharge her liability to the Receiver. The Receiver filed an adversary action in the bankruptcy proceeding on January 29, 2016 seeking to recover and prevent the discharge of her liability for \$144,328 in unlawful commissions received by Jodie Miller. On December 15, 2016, the Receiver filed a motion to approve a compromise of the claims brought in the adversary proceeding. In pertinent part, the compromise provides that the parties agree to the entry of a consent final judgment in the bankruptcy court in the amount of \$72,164 which is non-dischargeable and represents 50% of the commissions Jodie Miller received. The Court granted this motion on December 14, 2016 after a hearing on the matter. On January 19, 2017, the United States Bankruptcy Court for the Middle District of Florida entered the Consent Final Judgment of Non-Dischargeability in the amount of \$72,164 which will accrue interest at the legal rate until paid.

The Receiver also has reached settlement agreements with the following eight sales agents for the recovery of 100% of the commissions received by these agents for the combined amount of approximately \$35,095: (1) John Burns, for \$1,850; (2) Joe Manassa, for \$1,200; (3) George Roe, for \$6,350 plus interest; (4) Lisa Schager-Smith, for \$9,000; (5) Donald Brothers, for \$6,975; (6) Rosanna Okenquist, for \$600; (7) James Britain, for \$3,795 plus interest; and (8) Scott Schultz, for \$5,325 plus interest. The Court has approved all of the settlement agreements. The Receiver will continue to consider other settlement offers and will make every effort to reach compromises that are in the best interests of the Receivership Entities and the investors.

## **2. Litigation Against Holly Kwon.**

On June 23, 2016, the Receiver instituted litigation against Holly Kwon to recover fraudulent transfers to her in the amount of \$224,550. These funds originated from Tri-Med and its investors and were wrongfully transferred to her. Kwon is/was Anderson's longtime girlfriend and resided with him for years. Although Kwon received hundreds of thousands of dollars from the Receivership Entities, she was not an investor and did not provide any services to the Receivership Entities. Pursuant to a stipulated order entered on October 4, 2016, the Receiver filed an amended complaint on October 19, 2016. On November 17, 2016, Kwon filed a motion to transfer venue, motion to dismiss, or alternatively, motion for a more definite statement. On January 25, 2017, Defendant Kwon's attorney filed a motion to withdraw as counsel. A hearing on this motion was held on March 2, 2017. The court granted the motion to withdraw, but declined to stay the action until Ms. Kwon could obtain other representation. As such, the Receiver is proceeding with discovery.

## **3. Litigation Against Stoel Rives and Charles Corces.**

On April 7, 2016, the Receiver, along with several named defrauded investors on behalf of a putative class, instituted litigation in this Court against Stoel Rives, LLP, Jodi Johnson, Esq.,

Charles Corces, P.A., and Charles Corces seeking to recover damages in excess of \$10 million for Tri-Med and its investors based on their participation in the fraudulent scheme orchestrated by, among others, Defendants Jeremy Anderson, Anthony Nicholas, Jr. and Anthony Nicholas III. The named investor plaintiffs seek certification of a plaintiff class consisting of all investors who made investments in Tri-Med. On May 6, 2016, Stoel Rives and Jodi Johnson (collectively “**Stoel Defendants**”) removed the action to the United States District Court for the Middle District of Florida, Tampa Division. On June 6, 2016, the Plaintiffs filed a joint motion to remand the action to this Court. On December 27, 2016, the Court denied the motion to remand. The Plaintiffs filed an amended complaint on February 7, 2017. The Defendants filed motions to dismiss the complaint on March 1, 2017. The Receiver will file oppositions to these motions.

#### **4. Litigation Against Tim Patrick and Tim Patrick Enterprises.**

On February 9, 2017, the Receiver instituted litigation against Tim Patrick and Tim Patrick Enterprises, Inc. (“**TPE**”) to recover fraudulent transfers to them in the amount of at least \$228,980 and to recover damages. Defendant Patrick was employed by Tri-Med as a “Risk Management Officer,” which required him to, among other things, purportedly evaluate and negotiate the proposed LOPs to be purchased by Tri-Med. He played an integral role in the scheme to defraud investors by approving and executing bogus “Assignment[s] of Interest” certificates that were sent to Tri-Med investors falsely indicating that LOPs had been assigned to them. Defendant Patrick also received loans from Tri-Med totaling at least \$55,000 which he used to fund the payment of attorney fees to his counsel in connection with his proceedings to be reinstated to the Florida Bar and pay other creditors. These funds originated from Tri-Med and its investors and were wrongfully loaned to him. TPE is an entity owned and controlled solely by Defendant Patrick and acted as Defendant Patrick’s alter ego. At Defendant Patrick’s

direction, TPE improperly received Tri-Med investors' money for Defendant Patrick or his benefit. The Defendants have been served with the complaint.

**5. Litigation Against Richard Paul Williams, Kristine D. Williams, and APEX Chiropractic of Champlin, PLLC.**

On December 5, 2016, the Receiver instituted litigation against Dr. Richard Paul Williams (“**P. Williams**”), Kristine D. Williams (“**K. Williams**”), and Apex Chiropractic of Champlin PLLC (“**Apex**” and, collectively with P. Williams and K. Williams, “**Williams Defendants**”) to recover fraudulent transfers which originated from Tri-Med and its investors and were wrongfully transferred to them. P. Williams is a chiropractic doctor and former business partner of Defendant Anderson in Minnetonka, Minnesota. Defendant Anderson was the owner of Tri-Med Management (“**TMM**”), which was also used by P. Williams and K. Williams. K. Williams is P. Williams' wife. She was the “Chief Financial Officer” of TMM. In connection with the fraudulent investment scheme, Defendant Anderson caused Tri-Med to transfer \$350,000 to P. Williams for the purported purpose of purchasing medical receivables from P. Williams and/or P. Williams' medical clinic, Apex. The medical receivables, however, did not exist and the supporting documentation was forged. These monies were used for improper purposes, including to operate TMM and to renovate P. Williams and K. Williams' home. The Williams Defendants filed an answer to the complaint on January 31, 2017. The parties filed a case management report on March 3, 2017, and are proceeding with the action.

**6. Bankruptcy Proceeding Involving Clinics Owned by Dr. Groteke and/or Dr. Pettersen.**

As mentioned above, one of the primary sources for the accounts receivable purchased by Tri-Med was clinics owned by Dr. Groteke and/or Dr. Pettersen. Dr. Groteke offered medical services through three different entities: Visum Management, LLC (“**Visum**”), Spine Injury Physicians, LLC (“**SIP**”), and Wellness Worx Center, PLLC (“**Wellness Worx**”) (Visum, SIP,

and Wellness Worx are collectively referred to as the “**Debtors**”). In January 2015, all three of these entities filed for protection under Chapter 11 of the United States Bankruptcy Code. The Receiver retained bankruptcy counsel to assist with this matter and filed claims in the bankruptcy proceedings to protect the Receivership’s interests. The Receiver discovered that the Receivership Entities provided start-up capital of \$450,000 for Visum. In exchange for this loan, the Receivership Entities received a note secured by the Debtors’ assets. The Receiver also learned that Receivership Entities used investor money to purchase medical equipment, a Siemens Compact L C-Arm, for Dr. Groteke in the amount of approximately \$79,000.<sup>11</sup>

The Receiver subsequently discovered that investor money also was used to purchase a 2012 Stryker RF MultiGen Radiofrequency Generator (“**Stryker Machine**”) for \$27,991.03. The Debtors’ bankruptcy counsel agreed that the Stryker Machine is owned by Tri-Med and thus not subject to inclusion in the bankruptcy proceeding, and that the Receiver could take possession of it. On March 14, 2016, the Receiver filed a motion to authorize the sale of Stryker Machine for \$10,000. The Court granted the motion on March 29, 2016 and the Receiver received full payment for the machine.

As noted above, the Receivership Entities purchased accounts receivable from the Debtors in the approximate face value amount of \$4 million (see Section III.A.3 above for a discussion of why these receivables will generate significantly less money for the Receivership estate). The Debtors also sold accounts receivable to other companies, including Preferred Physicians Funding (“**PPF**”). PPF purchased approximately \$2.3 million in receivables from the Debtors. A portion of these receivables may have been double sold to both Tri-Med and PPF.

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<sup>11</sup> The Receiver sold the C-Arm for \$24,000 on March 6, 2015. The Receiver received full payment of this amount and transferred the C-Arm to the buyer.

Based upon the incomplete records maintained by the Debtors, the Receiver and PPF do not know the extent of the double sales at this time, but it is believed to be a small amount. The receivables PPF purchased are subject to the Receivership Entities' security interest on their loan to the debtors (in the amount of \$513,194.13).

On January 20, 2015, the Court approved a settlement agreement between the Debtors, the Receiver, and PPF. Pursuant to the settlement agreement, the Receiver and PPF will cross-reference their records to determine any double sold receivables and create a master list of receivables. It was agreed that 100% of the amount collected on receivables Tri-Med owns will be paid to the Receiver or an account controlled by the Receiver. The Receiver and PPF also have agreed that 50% of the amount collected on receivables held by PPF will be paid to the Receiver until the Receiver has received a total amount of \$513,000. Once the Receiver has collected the \$513,000, PPF will be entitled to retain 100% of its remaining receivables. Upon payment of the \$513,000, the Receiver will withdraw his claims in the bankruptcy. With respect to any double sold receivables, the Receiver and PPF have agreed to evenly split any collections. Also pursuant to the settlement agreement all documentation relating to approximately \$4.7 million in face value of receivables that are believed to be owned by the Receivership Entities but were being administered by the Debtors will be delivered to the Receiver and will be subject to the Receiver's ongoing collection efforts.

On October 7, 2016, the Receiver filed an agreed motion to enforce his settlement agreement with the debtors and PPF. The Receiver filed this motion because up through the date of filing of the motion, he had not received any payment from PPF on account of the settlement. Accordingly, the Receiver sought an order enforcing the settlement agreement, allowing him to take over collections of the receivables, and requiring PPF to provide an accounting of funds

collected. A hearing was held on this motion on November 10, 2016. The Court entered an order granting the relief requested by the Receiver on January 10, 2017. Pursuant to this order, the Receiver's professionals have taken over the collections of these receivables. However, PPF has not provided an accounting of funds collected as required by the order. The Receiver intends to file a motion for an order to show cause as to why this accounting has not been produced.

#### **7. Potential Future Litigation.**

As set forth above, the Receiver has initiated several actions and is continuing to evaluate potential claims against other individuals and entities. Potential actions the Receiver is considering may include, but are not limited to the following: (1) Kingery & Crouse, P.A., accountants; (2) Dr. Groteke; (3) Spine Pain Management; and (4) Dr. Chad Hill. The Receiver will also evaluate and bring claims against the Defendants/perpetrators of this scheme when he deems appropriate.

#### **C. Claims Process**

On February 9, 2015, the Receiver filed a motion to initiate the claims process. The motion sought the Court's approval of (1) a Proof of Claim Form and procedure to administer claims, (2) a deadline for the filing of proofs of claim, and (3) notice by mail and publication ("**Claims Motion**"). On March 27, 2015, the Court granted the Receiver's Claims Motion in its entirety. The Court established a Claim Bar Date of the later of either 90 days from the entry of the Order requested herein or 90 days from the mailing of the Proof of Claim Form to known potential Claimants (as the term Claim Bar Date is defined in the Receiver's motion). Pursuant to the Court's Order, any person or entity who failed to submit a proof of claim to the Receiver so that it is received by the Receiver on or before the Claim Bar Date is barred and precluded from asserting any claim against the Receivership or any Receivership Entity.



The Court's Order further provided that sufficient and reasonable notice was given by the Receiver if made (1) by mail to the last known addresses of all known potential claimants, (2) by publication on one day in The Tampa Bay Times, The Tampa Tribune, The Miami Herald, The Sun Sentinel, The Orlando Sentinel, The Ocala Star Banner, The Florida Times Union, and The Daytona Beach News-Journal, and (3) on the Receiver's website ([www.trimedreceivership.com](http://www.trimedreceivership.com)).

In compliance with the Court's Order, on April 1, 2015, the Receiver mailed 377 packages to known investors and their attorneys, if any, and any other known potential creditors of the Receivership Estate thereby establishing **June 30, 2015 as the Claim Bar Date**. Each package included a cover letter, the Claims Process Instructions, and a Proof of Claim Form. The Receiver also published notice of the claims process in the form approved by the Court in each of the eight newspapers on the following days: The Tampa Bay Times, April 15, 2015; The Tampa Tribune, April 16, 2015; The Miami Herald, April 13, 2015; The Sun Sentinel, April 15, 2015; The Orlando Sentinel, April 13, 2015; The Ocala Star Banner, April 14, 2015; The Florida Times Union, April 16, 2015; and The Daytona Beach News-Journal, April 14, 2015; and provided all pertinent documents for the claims process on his website.

The Receiver received 289 Proof of Claim Forms from investors and 11 Proof of Claim Forms from other possible creditors, for a total of 300 submitted claims.<sup>12</sup> The Receiver has received claims from investors in the amount of approximately \$15,560,784.29 and claims from

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<sup>12</sup> The Receiver received a claim from the IRS on October 16, 2015, after the Claim Bar Date, in the amount of \$4,140.00. This claim is not reflected in the numbers above. The Receiver will contest this claim.

other creditors in the amount of approximately \$650,828.06, for a total claim amount of approximately \$16,211,612.35.<sup>13</sup>

The Receiver has reviewed all submitted claims and finalized his determinations regarding these claims. On September 9, 2015, the Receiver filed a Motion to (1) Approve Determinations And Priority Of Claims, (2) Pool Receivership Assets And Liabilities, (3) Approve Plan Of Distribution And A First Interim Distribution And (4) Establish Objection Procedure. (“**Claims Determination Motion**”). In the Claims Determination Motion, the Receiver set forth his recommended determination and priority of each claim. The Receiver attached detailed exhibits to the Claims Determination Motion addressing each claim. In an effort to minimize the disclosure of the Claimants’ financial affairs, the Receiver assigned each claim a number and, except where the Claimant’s identity was important to the determination of a claim, did not include the Claimant’s name(s) in the Motion or exhibits. The Receiver also proposed a procedure for a Claimant to object to the Receiver’s determination of his or her pertinent claim or the Receiver’s plan of distribution.

The Receiver also requested the Court’s approval to make a first interim distribution of **26%** of the Allowed Amounts of Claimants with Class 1 claims on a *pro rata* basis, resulting in a total distribution to defrauded investors of nearly \$4 million.<sup>14</sup> The Receiver requested leave to

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<sup>13</sup> The amount set forth above does not include unspecified claims for interest, fees, or penalties which may be sought by some Claimants. Further, these numbers reflect the amount to which the Claimants are claiming they are entitled, and not how much the Receiver has determined is the value of proper and allowable claims.

<sup>14</sup> The Receiver proposed that the first interim distribution (and any subsequent distributions) be made on a *pro rata* basis subject to applicable exceptions, priorities, and other parameters discussed in the Claims Determination Motion. The amount each Class 1 claim was to receive as part of a first interim distribution is specified in **Exhibits B** and **C** to the Claims Determination Motion.

make the first interim distribution as soon as practicable after the period for objections expired and he had reviewed any objections.

On September 15, 2015, the Receiver mailed 321 letters to all Claimants and their attorneys, if any, notifying them that the Claims Determination Motion had been filed and was available on the Receiver's website and, by request, from the Receiver's office. Each letter specified the claim number assigned to that pertinent claim. Each Claimant was then able to cross-reference their claim number with the exhibits attached to the Claims Determination Motion to determine the Receiver's determination of his or her claim.

A hearing on the Claims Determination Motion was held on December 15, 2015. On December 17, 2015, the Court entered an order granting the Claims Determination Motion ("**December 17 Order**"). The objection procedure proposed by the Receiver in the Claims Determination Motion and adopted by the Court allowed each Claimant 20 days from receipt of notice of the December 17 Order to serve the Receiver with a written objection to the determination of the Claimant's claim and/or claim priority and to object to the plan of distribution. Failure to properly and timely object to the Receiver's claim determination, claim priority, or plan of distribution permanently waived and barred the Claimant's right to object to or contest the Receiver's claim determination, claim priority, and plan of distribution, and fixed the final claim amount as the Allowed Amount determined by the Receiver and approved by the Court as set forth in the Exhibits attached to the Claims Determination Motion. On December 24, 2015, the Receiver mailed each Claimant and the Claimant's attorneys, if any, a letter informing the Claimant of the December 17 Order and the procedure to serve a written objection. Claimants had until January 13, 2016, to serve any objections.

The Receiver received objections relating to 10 claims. Five of these objections were made by sales agents and the spouse of a sales agent. The Receiver is in the process of addressing the objections. The Receiver did not receive any objections that warranted a delay in the first interim distribution. Thus, on January 22, 2016, the Receiver mailed 281 checks totaling \$3,914,193.38 to Claimants holding claims which were entitled to receive a first interim distribution.<sup>15</sup> The first interim distribution represents a recovery of 26% of the Allowed Amounts of Class 1 claims which received a first interim distribution. All first interim distribution checks have negotiated. While it is necessary to retain funds in reserve, as soon as the Receiver has amassed sufficient additional assets to make further distributions efficient and practical he will apply to the Court for permission to do so.

#### **D. Investors Committee**

The Receiver has established an Investors Committee which consists of nine defrauded investors. Collectively, these investors invested approximately \$2.7 million in this fraudulent investment scheme.<sup>16</sup> The purpose of the Investors Committee is to provide the Receiver the ability to confer in an efficient manner with interested investors who can provide views with respect to the actions of the Receivership and provide information to other defrauded investors. The Receiver also has communicated with highly experienced securities attorney Robert Pearce who represents the interests of the Investors Committee. Mr. Pearce has over 30 years of

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<sup>15</sup> As set forth in the Claims Determination Motion and approved by the Court, the Receiver retained \$47,915.92 in distributions from four claims held by Claimants who initiated an involuntary bankruptcy proceeding. (*See* Claim Nos. 256, 257, 260, and 261.) This amount represents 50% of the first interim distribution for these claims. The Receiver is retaining these funds subject to a set-off for expenses incurred by the Receivership in connection with the involuntary bankruptcy proceeding.

<sup>16</sup> These amounts include investments made by the investors individually, jointly with a spouse, on behalf of an entity, and as a trustee of a trust.

experience in representing investor victims and previously worked for the United States Securities and Exchange Commission. Mr. Pearce is representing the investor plaintiffs in the action brought against Stoel Rives, Jodi Johnson, Charles Corces, P.A. and Charles Corces discussed in Section III.B.3 above. He is available to provide counsel to all victims and can be reached at (561) 338-0037. Investors also can view his website at [www.secatty.com](http://www.secatty.com). Information about the Investors Committee can be obtained from Mr. Pearce or the Receiver.

#### **IV. The Next 120 Days.**

The Receiver is still receiving documents from subpoenas he has issued to third parties. He will continue to review documents as they are received and will issue additional subpoenas for information as necessary. The Receiver also will proceed with the pending cases and will continue to thoroughly consider and review any settlement offers for pending cases and engage in settlement negotiations. The Receiver will make every effort to reach compromises that are in the best interests of the Receivership Entities and the investors.

The Receiver will address the claims objections received and will continue to assist Claimants with their inquiries.

The Receiver will continue his investigation and analysis of the accounts receivable which were purchased and remain outstanding. He will use his best business judgment and make every reasonable effort to maximize the value he receives from these receivables.

The Receiver will continue to attempt to locate additional funds and other assets and will likely institute additional proceedings to recover assets on behalf of the Receivership Entities. In an effort to more fully understand the conduct at issue and in an attempt to locate more assets, the Receiver will continue to conduct interviews and/or depositions of parties and third parties who may have knowledge of the fraudulent scheme.

The Receiver will continue to review information to determine if any other third parties have liability either to the Receivership estate or investors. The Receiver may institute additional litigation against individuals, including professionals, and entities which may have liability in connection with the Defendants' fraudulent scheme.

### **CONCLUSION**

Creditors and investors in the Receivership Entities are encouraged to periodically check the informational website, [www.trimedreceivership.com](http://www.trimedreceivership.com), for information concerning this Receivership. To minimize expenses, creditors and investors are encouraged to consult the Receiver's website before contacting the Receiver or his counsel. However, the Receiver encourages individuals or attorneys representing investors who may have information that may be helpful in securing further assets for the Receivership estate or identifying other potential parties who may have liability to either the Receivership estate or investors to either email [jrizzo@wiandlaw.com](mailto:jrizzo@wiandlaw.com), or call Jeffrey Rizzo at (813) 347-5100.

Dated this 10th day of March, 2017.

Respectfully submitted,

**s/Gianluca Morello**

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on March 10, 2017, I electronically filed a true and correct copy of the foregoing with the Clerk of the Court by using the Florida Courts E-Filing Portal, which served the following parties:

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**s/Gianluca Morello**

Gianluca Morello, FBN 034997

### **RECEIVER'S VERIFICATION**

I declare and affirm under the penalties of perjury that the foregoing facts are true and correct to the best of my knowledge and belief.

**s/Burton W. Wiand**

Burton W. Wiand, as Receiver



# **EXHIBIT A**

**RECEIVERSHIP CASH ACCOUNTING REPORT**  
**From November 16, 2016 to March 10, 2017**

<b>Beginning Balance on November 16, 2016</b>		<b>\$ 2,220,205.47</b>
<b>Increases In Fund Balance</b>		
Interest Income	2,980.84	
LOP Settlements	70,080.75	
Litigation Settlements	1,270.71	
Funds Received from US Bank and Wings Financial for IPC and Rejuva accounts	18,746.53	
Income from medical records copies	347.50	
<b>Total Increase in Fund Balance</b>	<u>93,426.33</u>	
<b>Decreases In Fund Balance</b>		
Professional fees	3,510.03	
Professional fees - court ordered	373,894.84	
Storage	1,835.48	
Office Expense	758.75	
Licenses	150.00	
<b>Total Decrease In Fund Balance</b>	<u>380,149.10</u>	
<b>Net Fund Increase from November 16, 2016 through March 10, 2017</b>	<b>(\$286,722.77)</b>	
<b>Claimant Distributions</b>	<u>0.00</u>	
<b>Total Cash on Hand as of March 10, 2017</b>		<b><u>\$ 1,933,482.70</u></b>

# EXHIBIT B

**RECEIVERSHIP CASH ACCOUNTING REPORT**  
**From Inception to March 10, 2017**

<b>Beginning Balance</b>		<b>\$ 4,828,966.97</b>
<b>Increases In Fund Balance</b>		
Interest Income	57,901.14	
Promissory note interest	68,600.00	
Promissory note principal payments	500,000.00	
LOP Settlements	1,494,319.39	
Litigation Settlements	630,266.34	
Funds Received from US Bank and Wings Financial for IPC and Rejuva accounts	39,853.69	
Other Income	994,464.54	
<b>Total Increase In Fund Balance</b>	<u>3,785,405.10</u>	
<b>Decreases In Fund Balance</b>		
HOA dues	252.97	
Professional fees	62,798.90	
Professional fees - court ordered	2,641,012.89	
Insurance	8,556.44	
Licenses	339.00	
Storage	12,648.05	
Settlement Payout	5,896.65	
Repairs & Main.	6,482.60	
Taxes	17,006.99	
Utilities	5,075.09	
Office Expense	3,667.82	
<b>Total Decrease In Fund Balance</b>	<u>2,763,737.40</u>	
<b>Net Increase From Inception to March 10, 2017</b>	<b>\$1,021,667.70</b>	
<b>Total Claimant Distributions</b>	<u>3,917,151.97</u>	
<b>Total Cash on Hand as of March 10, 2017</b>		<u><u>\$ 1,933,482.70</u></u>