

**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.

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

Receivership Information and Activity from July 11, 2017, through November 17, 2017.

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TABLE OF CONTENTS

INTRODUCTION 3

BACKGROUND 5

 I. Procedure and Chronology. 5

 II. Overview of Preliminary Findings..... 7

 III. Actions Taken By The Receiver And Inventory of Property. 9

 A. Taking Possession of Receivership Property..... 9

 1. Physical Premises and Receivership Books and Records.....9

 2. Securing Receivership Funds.....11

 3. Medical Accounts Receivable.....12

 4. Promissory Note and Funds Diverted Through Purported Loans..14

 5. Expansion of the Receivership.....15

 a. TMFL Holdings..... 15

 b. IPC.....15

 c. REJUVA.....21

 6. Real Properties..... 20

 B. Litigation..... 21

 1. Litigation Against "Sales Agents"22

 2. Litigation Against Holly Kwon.....24

 3. Litigation Against Stoel Rives and Charles Corces.....25

 4. Litigation Against Tim Patrick and Tim Patrick Enterprises.....27

 5. Litigation Against Richard Paul Williams, Kristine D. Williams,
 and APEX Chiropractic of Champlin, PLLC.....29

 6. Bankruptcy Proceeding Involving Clinics Owned by
 Dr. Groeteke and/or Dr. Pettersen.....29

 7. Potential Future Litigation.....32

 C. Claims Process 32

 D. Investors Committee..... 37

 IV. The Next 120 Days. 37

CONCLUSION.....38

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 Management, Inc. (“**TMM**”) n/k/a JA Management LLC (“**JA Management**”), and JRAM, LLC (“**JRAM**”) (Tri-Med, TMA, TMFL, IPC, Rejuva, TMM, JA Management, and JRAM are collectively referred to as “**Receivership Entities**”), hereby files this Verified Twelfth Interim Report and Incorporated Twelfth Report of Inventory (“**Twelfth 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.¹

The Receiver was appointed on March 5, 2014. By March 7, 2014, the Receiver established an informational website, 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 Twelfth Interim Report, as well as all previous and subsequent reports, will be posted on the Receiver’s website.

Overview of Significant Activities During this Reporting Period

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

¹ This Twelfth Interim Report is intended to report on information and activity from July 11, 2017, through November 17, 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.

- Took steps toward completing the provisions of a settlement agreement with Stoel Rives, LLP, Jodi Johnson, Esq., and several named defrauded investors in connection with litigation brought against Stoel Rives, Jodi Johnson, 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. The settlement agreement provides, among other things, that Stoel Rives and Johnson will pay **\$3,700,000.00** in exchange for a broad release of claims;
- 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;
- Obtained approval of a settlement agreement to resolve litigation against Total Retirement Security Planning and Mentoring Group, LLC, Edward Wendol, Thomas Tyrkala, and John Persico for payment of **\$110,000.00** in set payments to the Receiver and waiver of any claims in connection with the claims process, specifically including the waiver of the Wendols’ objection to the denial of their claim;
- Obtained approval of a settlement agreement to resolve litigation against Barbara Ager for payment of **\$8,250.00**;
- 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;
- Continued to pursue 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;
- Continued to pursue 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;
- Secured **\$25,009.97** from a bank account held by Tri-Med Management, Inc. n/k/a JA Management, LLC;
- Recovered the total amount of approximately \$1,600,298.30 in payment of accounts receivable since the appointment of the Receiver through November 17, 2017;
- Began preparing a motion to approve a second interim distribution in anticipation of receipt of settlement funds from Stoel Rives and Jodi Johnson; 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 and claims process.

The above activities are discussed in more detail in the pertinent sections of this Twelfth 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. The OFR subsequently amended the complaint to include Anthony N. Nicholas, Jr. as a defendant and 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**”).² 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. On October 22, 2014, the OFR and

² 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.

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 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 June 29, 2015, Defendants Jeremy Anderson, Anthony N. Nicholas III, and Anthony Nicholas Jr. filed a motion to dismiss or, in the alternative, for summary judgment. No hearing ever has been set on this motion.

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 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, Rejuva, TMM, JA Management, and JRAM. 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. On October 22, 2014, the Court heard evidence for most of the day on these motions. 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. In April 2017, the Agers each were sentenced to two years in prison and two years of supervised release after their incarceration. They also were ordered to joint and severally pay restitution of \$11,296,714.57. On May 8, 2017, Eric Ager filed a notice of appeal of this judgment. The appeal is still pending.

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 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 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.³ 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 uncovered.

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 and have been sentenced to time in prison.

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

³ 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.

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. The Receiver also searched two office suites in Clearwater, Florida and a "virtual office" in Lake Mary, Florida. There were no documents or assets to obtain at these locations.

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 19 individuals, including all six Defendants. All of the Defendants invoked the Fifth Amendment privilege against self-incrimination and refused to answer any substantive questions. The Receiver also has served a notice for taking the deposition of Holly Kwon. This deposition is set to take place on December 6, 2017. Since the Receiver's appointment, he has served 69 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 deposited \$4,856,166.06 of the frozen funds into these accounts and has earned \$3,009.10 in interest on these accounts during the time covered by this Report. As of November 17, 2017, the total balance of the Receivership accounts is \$1,883,298.99. Attached as **Exhibit A** to this Interim Report is a cash accounting report showing the amount of money on hand from July 11,

2017 less expenses plus revenues through November 17, 2017. A cash accounting report showing the amount of money on hand less expenses plus revenues from the inception of the Receivership through November 17, 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 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.

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.

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;⁴ (2) IPC, which was controlled by Defendant Jeremy Anderson before being included in this Receivership on September 30, 2015; and (3) Florida Surgery Consultants, LLC ("FSC"). Because of the close relationship between Defendants and certain medical providers, there is substantial concern as to the legitimacy of a number of receivables purportedly purchased by Tri-Med. 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

⁴ 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.

by Defendant Jeremy Anderson that were never delivered and Defendant Anderson has failed to provide financial information relating to these receivables. Further, even if the receivable is legitimate and is paid, it is common practice for the receivables to be paid at significantly less than face value for a number of reasons, such as the patient did not recover sufficient money to pay the receivable.

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 November 17, 2017, the Receiver has recovered the total amount of approximately \$1,600,298.30 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. For more information regarding the accounts receivable, please refer to the Receiver's Tenth Interim Report and earlier reports.

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. and subsequently 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 were a sham. For more information regarding these purported loans, please refer to the Tenth Interim Report and earlier reports. The Receiver is continuing to investigate the other purported loans.

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 also has 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.⁵

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 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

⁵ 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.

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 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.

On March 6, 2017, the Receiver filed an emergency motion to approve the sale of various assets, including a 2012 Universal CMP DR Chiropractor X-Ray Suite (the “**X-Ray Machine**”). The Receiver previously had received approval to sell the X-Ray Machine and the property recovered from the IPC/Rejuva Office, Dr. Hill, and the Tri-Med Office; however, the Receiver sought specific approval from the Court for the sale of these assets because they were being sold

together pursuant to the terms of an Asset Purchase Agreement wherein the buyer agreed to purchase these assets for the combined amount of \$25,000. A hearing on this motion was held on March 21, 2017 and the Court granted the motion the same day. The Receiver has completed this sale and released the storage unit in Minnetonka, Minnesota.

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.

d. Tri-Med Management, Inc. n/k/a JA Management, LLC and JRAM, LLC

On February 28, 2017, the Receiver filed a motion to expand the scope of the Receivership to include two additional Minnesota entities funded with stolen Tri-Med investor funds and controlled by Defendant Jeremy Anderson: (1) Tri-Med Management, Inc. n/k/a JA Management, LLC (“TMM”); and (2) JRAM, LLC (“JRAM”). TMM is a Minnesota corporation formed on December 11, 2012. It was created and controlled by Defendant Jeremy Anderson and it received over \$600,000 of Tri-Med’s defrauded investors’ funds. Defendant Anderson used TMM for a variety of unauthorized purposes, including as his personal bank account until its accounts were frozen in March 2014. Through TMM, Anderson misappropriated and stole Tri-Med’s and its investors’ funds by selling to Tri-Med non-existent accounts receivable purportedly generated from TMM. The Receiver discovered that TMM had a checking account at Associated Bank in Minnesota with a balance of \$25,009.97. On August 25, 2017, the Receiver received a wire for the balance of the account from Associated Bank. JA Management, LLC (“JA Management”) was created on July 17, 2013 and was controlled by Defendant Anderson for the purpose of serving as the successor-in-interest to TMM. The

transition was never completed because of this Receivership. JA Management was administratively dissolved on June 10, 2015, for failure to file an annual report.

JRAM is a Minnesota limited liability company that was formed on May 30, 2013 and also was created and controlled by Defendant Anderson. JRAM was ostensibly created by Anderson to develop software to manage purchased LOPs, in reality the software was never developed. Instead, JRAM was used to defraud Tri-Med and its investors through the fraudulent sale of medical accounts receivable and theft of investor funds. The Receiver sought to expand the Receivership to include these additional entities so that additional assets diverted from and bought with Tri-Med investors' money can be brought under the Receiver's control and protection. The Court granted the Receiver's motion to expand the Receivership to include TMM, JRAM, and JA Management on March 24, 2017. Immediately after his appointment as Receiver of these entities, the Receiver provided the order appointing him as Receiver and freezing their assets to financial institutions where he believed they maintained accounts.

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:

| Address | Sale Price | Net Amount Received by Receivership |
|---|-------------------|--|
| 4202 Bay Club Circle, Tampa, Florida (“ Bay Club Property ”) | \$126,000.00 | \$117,162.47 |
| 909 E. Cayuga Street, Tampa, Florida (“ Cayuga Property ”) | \$215,000.00 | \$201,291.68 |
| 15316 Stonecreek Lane, Tampa, Florida (“ Stonecreek Property ”) | \$175,000.00 | \$162,896.11 |
| 11029 117th Street, Seminole, Florida (“ Seminole Property ”) | \$225,000.00 | \$209,891.79 |
| 9035 St. Regis Lane, Port Richey, Florida (“ St. Regis Property ”) | \$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 taking steps to complete the provisions of the settlement agreement reached with several named defrauded investors, Stoel Rives, LLP, and Jodi Johnson, Esq., in connection with litigation brought by the Receiver and the named investors against Stoel Rives, Jodi Johnson, Charles Corces, P.A., and Charles Corces seeking damages based on their participation in the scheme orchestrated by Defendant Jeremy Anderson and others; and engaged in settlement negotiations with Charles Corces; (4) continued litigation against Tim Patrick and Tim Patrick Enterprises; (5) continued 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.⁶ 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 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 \$190,097.35.⁷

⁶ 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.

⁷ On April 5, 2017, the OFR filed Administrative Complaints against various sales agents including, A.J. Brent, Eliot Simon, John Parker, John Burns, and William Gross for violations of the Florida securities laws.

On April 27, 2017, the Receiver filed a motion to approve the settlement of litigation against Jeffrey Miller seeking the return of \$22,854.00 he received in unlawful “commissions.” The Court entered an order approving this settlement on May 17, 2017. In pertinent part, the settlement agreement provides that Jeffrey Miller will pay the Receiver \$10,000.00 in set payments according to an agreed payment schedule. Jeffrey Miller also agreed to waive his objection to the Receiver’s denial of his claim for \$23,831.00 which he submitted in connection with the claims process.

On May 22, 2017, the Receiver filed a motion to approve the settlement of litigation against Total Retirement Security Planning and Mentoring Group, LLC (“**TRSPM**”), Edward Wendol, Thomas Tyrkala, and John Persico (collectively the “**TRSPM Defendants**”) seeking the return of \$190,097.35 in unlawful “commissions” or other “transaction-based compensation.”⁸ In pertinent part, the settlement agreement provides that, subject to Court approval, the TRSPM Defendants will pay the Receiver \$110,000.00 in set payments according to an agreed payment schedule. They also agreed to waive any claim that they have, had, or hereafter may have against the Receiver and/or the Receivership Entities, including but not limited to any claim they may have relating to any investment in Tri-Med. Specifically, Wendol and his wife waived their objection to the Receiver’s denial of their claim for \$44,273.00 which they submitted in connection with the claims process. On July 24, 2017, the Court held a hearing on this motion and entered an order granting the motion.

⁸ As noted below, the Receiver previously settled with other TRSPM agents, including Joe Manassa, James Britain, Lisa Schager-Smith, Scott Schultz, Rosanna Okenquist, and Donald Brothers. As a result, the Receiver already recovered approximately \$20,000 of the commissions that were originally paid to TRSPM. Settlements with these agents were previously approved by the Court and the respective claims were dismissed.

On June 22, 2017, the Receiver filed a motion to approve the settlement of litigation against Barbara Ager seeking the return of unlawful “commissions” of \$13,345.00. In pertinent part, the settlement agreement provides that Barbara Ager will pay the Receiver \$8,250.00 within thirty days of signing the settlement agreement. On July 24, 2017, the Court held a hearing on this motion and entered an order granting the motion. The Receiver has received full payment of the agreed settlement amount.

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 these settlement agreements. The Receiver also reached a settlement agreement with Jodie Miller after she initiated a bankruptcy proceeding. The parties agreed to a consent judgment in the amount of \$72,164 which was entered by the bankruptcy court and is non-dischargeable and will accrue interest at the legal rate until paid.

On March 6, 2017, the Receiver filed a motion for summary judgment in the action against A.J. Brent. On May 15, 2017, after a hearing, the Court granted the Receiver’s motion for summary judgment and entered an order and final judgment in favor of the Receiver for \$139,599.98 with interest accruing from the date of the judgment at the applicable statutory rate. The Receiver is engaging in post-judgment discovery and collection efforts.

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, which was denied by an agreed order on May 12, 2017. Kwon filed an answer and affirmative defenses on June 29, 2017. On July 19, 2017, the Receiver filed a motion to strike her affirmative defenses. No ruling has been issued on this motion yet. The Receiver has served a notice for taking the deposition of Holly Kwon. This deposition is set to take place on December 6, 2017.

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 (the "**Named Investors**"), 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.

Stoel Rives and Johnson removed the case to the United States District Court for the Middle District of Florida, Tampa Division on May 6, 2016, and on December 27, 2016, the court denied the plaintiffs' motion to remand. The plaintiffs filed an amended complaint on February 7, 2017, which the defendants' moved to dismiss. The Named Investors also filed a motion for class certification on March 27, 2017. The motions to dismiss and the motion for class certification were pending when the Receiver, the Named Investors, Stoel Rives, and

Johnson (the “**Settling Parties**”) entered into the settlement agreement discussed below. As such, a class has not been certified in this action.

On April 24, 2017, the Settling Parties mediated their dispute and reached an agreement to settle. Pursuant to the settlement agreement, Stoel Rives and Johnson will pay the Receiver \$3,700,000.00 in exchange for a broad release of all claims and entry of an order barring future claims against them. On June 5, 2017, the Receiver filed a motion to approve the settlement agreement and a motion to approve proposed notice of the settlement (the “**Notice Motion**”). The Notice Motion asked the Court to continue a decision on the motion to approve the settlement until the Receiver had provided notice of the settlement and contemplated bar order to proposed class members, claimants, and others. On June 7, 2017, the Court preliminarily approved the settlement agreement, granted the Notice Motion, and directed the Receiver to carry out the notice procedures.

On June 12, 2017, the Receiver mailed notice of the settlement to 370 addresses, which included known Tri-Med investors and other claimants as well as certain potentially interested third parties. The Receiver also published notice of the settlement in the national edition of the New York Times on June 15, 2017, and locally in the Tampa Bay Times on June 15, 2017. In addition, the Receiver published the notice and related documents on the Receivership website, www.trimedreceivership.com. The notice advised recipients of their right to object to the settlement, the procedure for objecting, and the deadline for filing objections. Any and all objections to the settlement agreement were required to be served on the Receiver and filed with the Court on or before July 12, 2017. No objections were served on the Receiver or filed with the Court.

On July 18, 2017, the Settling Parties filed a joint motion for approval of the settlement in the United States District Court. On September 7, 2017, the Magistrate Judge entered a Report and Recommendation recommending that the Court grant the motion to approve the settlement and conditionally certify a class for the settlement. On September 27, 2017, the Settling Parties filed a joint motion to withdraw the joint motion to approve the settlement. United States District Judge Charlene Honeywell granted this motion on November 2, 2017. On November 7, 2017, the Receiver filed a notice of voluntary dismissal of Stoel Rives and Johnson with prejudice. The Court entered an order approving this dismissal on November 9, 2017. The Receiver expects to receive the settlement payment of \$3,700,000 by mid-December, 2017. As discussed in Section III.C. below, the Receiver intends to distribute the net proceeds from this settlement as soon as practicable.

On May 4, 2017, the Court entered an order temporarily staying the action for ninety (90) days. The Receiver and Charles Corces have had preliminary discussions regarding settlement, but have not come to an agreement. In the Court's November 2, 2017 Order mentioned above, the Court also lifted the stay of this case and ordered a status conference with the remaining parties. The status conference is scheduled to occur on November 21, 2017.

4. Litigation Against Timothy Patrick and Tim Patrick Enterprises.

On February 9, 2017, the Receiver instituted litigation against attorney Timothy Patrick (“**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. 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. 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.⁹ TPE is an entity owned and controlled solely by Patrick and acted as Patrick's alter ego. At Patrick's direction, TPE improperly received Tri-Med investors' money for Patrick or his benefit.

On April 5, 2017, the Defendants filed a motion to stay the proceeding, motion to dismiss, motion to strike, and motion for enlargement of time to respond to discovery. A hearing on this motion was held on August 22, 2017, and the Court entered an order denying the motion. The Court ordered the defendants to serve an answer to the Complaint and respond to the Receiver's discovery requests within twenty-one days. The defendants filed an untimely answer to the Complaint on September 25, 2017, but have not responded to the Receiver's discovery requests despite the Order requiring the defendants to respond. Accordingly, on October 3, 2017, the Receiver filed a motion to compel production of documents and information and request for sanctions. A hearing on this motion is scheduled for December 11, 2017.

⁹ The OFR attempted to take Patrick's deposition. Patrick is acting as local counsel for Minnesota attorney Douglas E. Nepp ("**Nepp**") who is representing the Defendants in this proceeding. After serving a subpoena on Patrick, 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. The parties reached a resolution that the deposition would occur beginning on February 10, 2016. Before the scheduled date, both Patrick and Nepp moved to withdraw as counsel for the Defendants and, Patrick, on behalf of Defendants, filed a motion for protective order 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.

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 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. On April 6, 2017, the court entered a pretrial order which set a settlement conference for September 8, 2017. The parties attended the settlement conference and have an agreement in principle. After the agreement is finalized, the Receiver will seek the Court’s approval of the settlement.

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 approximately \$79,000 and a 2012 Stryker RF MultiGen Radiofrequency Generator (“**Stryker Machine**”) for \$27,991.03.¹⁰

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. 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-

¹⁰ The Receiver sold the C-Arm for \$24,000 on March 6, 2015 and the Stryker Machine for \$10,000 on March 29, 2016. The Receiver received full payment for these sales and transferred the equipment to the respective buyers.

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 proceeding. 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.¹¹ However, PPF did not provide an accounting of funds collected as required by the

¹¹ In connection with these collection efforts, on June 15, 2017, the Receiver filed a statement of claim against the Estate of Todd Perkins for the recovery of some medical accounts receivable (footnote cont'd)

order. Thus, on March 7, 2017, the Receiver filed a motion for an order to show cause as to why this accounting had not been produced. After the motion was filed, PPF provided an accounting; however, the accounting did not provide sufficient detail. A hearing on this motion was held on July 20, 2017. The Court granted the motion for order to show cause, with assistance from the U.S. Marshall if necessary, and ordered PPF to provide a more detailed accounting, specifically including detail on the disposition of proceeds.

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 also will 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

related to patients who were represented by the Todd R. Perkins' law practice before his death. The statement of claim includes accounts receivable for 18 patients in the amount of \$112,901.66.

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).

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.¹² The Receiver has received claims from investors in the amount of approximately \$15,560,784.29 and claims from

¹² 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.

other creditors in the amount of approximately \$650,828.06, for a total claim amount of approximately \$16,211,612.35.¹³

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 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.¹⁴ The Receiver requested leave to make the first interim distribution as soon as practicable after the period for objections expired and he had reviewed any objections.

¹³ 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.

¹⁴ 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
(footnote cont’d)

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.

part of a first interim distribution is specified in **Exhibits B** and **C** to the Claims Determination Motion.

The Receiver received objections relating to 10 claims. Five of these objections were made by sales agents and the spouse of a sales agent. In connection with the settlement of litigation, two objections which were made by sales agents have been waived. The Receiver is in the process of addressing the remaining objections. On February 15, 2017, more than a year after the objection deadline, Mary Ann Nicholas, the daughter of Defendant Anthony Nicholas, Jr. and the sister of Defendant Anthony Nicholas, III, filed a motion with the Court to disburse funds that are the subject of her claim submitted in this claims process. The Receiver recommended the denial of Ms. Nicholas' claim for various reasons. The Court approved this denial and Ms. Nicholas failed to object to the denial of her claims. On April 21, 2017, the Receiver filed an opposition to the motion to disburse. A hearing on this motion was held on April 28, 2017. The Court entered an order denying the motion on May 2, 2017.

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.¹⁵ 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.

The Receiver is preparing a motion for a second interim distribution in anticipation of the receipt of the Settlement Funds discussed in Section III.B.3 above. The Receiver anticipates seeking the Court's approval to distribute approximately 24% of the Allowed Amounts of Class

¹⁵ 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 held these funds in the event he determined to seek a set-off for expenses incurred by the Receivership in connection with the involuntary bankruptcy proceeding.

1 claims which will result in a distribution of approximately \$3.6 million. This proposed distribution would bring the total recovery for these Claimants to approximately 50% of their losses. The Receiver plans to file this motion in the near future and, with the Court's approval, intends to conduct the distribution soon after he has received the Settlement Funds.

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.¹⁶ 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 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. Information about the Investors Committee can be obtained from Mr. Pearce or the Receiver.

IV. The Next 120 Days.

The Receiver will proceed with the pending cases and continue to thoroughly consider and review any settlement offers and engage in settlement negotiations. The Receiver will make

¹⁶ 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.

every effort to reach compromises that are in the best interests of the Receivership Entities and the investors.

The Receiver will file a motion to approve a second interim distribution and, with the Court's approval, will promptly distribute the approved amounts to Claimants holding claims entitled to participate in the second interim distribution. The Receiver also will continue to address the claims objections received and 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 may 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 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 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

As discussed in Section III.C. above, the Receiver anticipates filing a motion seeking the approval of a second interim distribution of approximately 24% of the Allowed Amounts of

Class 1 claims, which will result in a distribution of approximately \$3.6 million and bring the total recovery for these Claimants to approximately 50% of their losses. With this second interim distribution the Receiver believes that the majority of the funds he will be able to recover in this Receivership will have been distributed. While the Receiver will continue to try to collect and maximize the amount he can recover from the accounts receivable, the collection efforts to date have been disappointing due to the reasons discussed in Section III.A.3 above. The Receiver also will continue to pursue ongoing litigation, which is he hopeful will bring in additional funds; however, he anticipates that any future distribution will be modest.

Creditors and investors in the Receivership Entities are encouraged to periodically check the informational website, 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, or call Jeffrey Rizzo at (813) 347-5100.

Respectfully submitted,

s/Michael Lamont

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on November 17, 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/Michael Lamont

Michael Lamont, FBN 0527122

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 July 11 to November 17, 2017

| | | |
|--|---------------------|--------------------------------------|
| Beginning Balance on July 11, 2017 | | \$ 1,756,064.42 |
| Increases In Fund Balance | | |
| Interest Income | 3,009.10 | |
| LOP Settlements | 20,811.75 | |
| Litigation Settlements | 73,057.08 | |
| Income from bank account that was frozen | 25,009.97 | |
| Income from medical records copies | 648.50 | |
| Funds Received from US Bank and Wings Financial for IPC and Rejuva accounts | 6,500.00 | |
| Total Increase in Fund Balance | <u>129,036.40</u> | |
| Decreases In Fund Balance | | |
| Professional fees | 854.95 | |
| Storage | 946.88 | |
| Total Decrease In Fund Balance | <u>1,801.83</u> | |
| Net Fund Increase from July 11, 2017 through November 17, 2017 | \$127,234.57 | |
| Claimant Distributions | <u>0.00</u> | |
| Total Cash on Hand as of November 17, 2017 | | <u><u>\$ 1,883,298.99</u></u> |

EXHIBIT B

RECEIVERSHIP CASH ACCOUNTING REPORT
From Inception to November 17, 2017

| | | |
|--|---------------------|--------------------------------------|
| Beginning Balance | | \$ 4,828,966.97 |
| Increases In Fund Balance | | |
| Interest Income | 63,776.73 | |
| Promissory note interest | 68,600.00 | |
| Promissory note principal payments | 500,000.00 | |
| LOP Settlements | 1,600,298.30 | |
| Litigation Settlements | 707,358.82 | |
| Funds Received from US Bank and Wings Financial for IPC and Rejuva accounts | 46,353.69 | |
| Other Income | 1,045,175.26 | |
| Total Increase In Fund Balance | <u>4,031,562.80</u> | |
| Decreases In Fund Balance | | |
| Bank Charges | 15.00 | |
| HOA dues | 252.97 | |
| Professional fees | 65,612.63 | |
| Professional fees - court ordered | 2,935,448.64 | |
| Insurance | 5,556.44 | |
| Licenses | 339.00 | |
| Storage | 14,724.98 | |
| Settlement Payout | 5,896.65 | |
| Repairs & Main. | 6,482.60 | |
| Taxes | 17,006.99 | |
| Utilities | 5,075.09 | |
| Office Expense | 3,667.82 | |
| Total Decrease In Fund Balance | <u>3,060,078.81</u> | |
| Net Increase From Inception to November 17, 2017 | 971,483.99 | |
| Total Claimant Distributions | <u>3,917,151.97</u> | |
| Total Cash on Hand as of November 17, 2017 | | <u><u>\$ 1,883,298.99</u></u> |