

CIRCUIT COURT OF THE THIRTEENTH JUDICIAL CIRCUIT  
IN AND FOR HILLSBOROUGH COUNTY, FLORIDA  
CIVIL DIVISION

In re:

Laser Spine Institute, LLC <sup>1</sup>	Case No. 2019-CA-2762
CLM Aviation, LLC	Case No. 2019-CA-2764
LSI HoldCo, LLC	Case No. 2019-CA-2765
LSI Management Company, LLC	Case No. 2019-CA-2766
Laser Spine Surgery Center of Arizona, LLC	Case No. 2019-CA-2767
Laser Spine Surgery Center of Cincinnati, LLC	Case No. 2019-CA-2768
Laser Spine Surgery Center of Cleveland, LLC	Case No. 2019-CA-2769
Laser Spine Surgical Center, LLC	Case No. 2019-CA-2770
Laser Spine Surgery Center of Pennsylvania, LLC	Case No. 2019-CA-2771
Laser Spine Surgery Center of St. Louis, LLC	Case No. 2019-CA-2772
Laser Spine Surgery Center of Warwick, LLC	Case No. 2019-CA-2773
Medical Care Management Services, LLC	Case No. 2019-CA-2774
Spine DME Solutions, LLC	Case No. 2019-CA-2775
Total Spine Care, LLC	Case No. 2019-CA-2776
Laser Spine Institute Consulting, LLC	Case No. 2019-CA-2777
Laser Spine Surgery Center of Oklahoma, LLC	Case No. 2019-CA-2780

Assignors,

Consolidated Case No:  
2019-CA-2762

To:

Soneet Kapila,

Division L

Assignee.

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**NOTICE TO CREDITORS AND PARTIES IN INTEREST OF POSTING OF WEBSITE**

TO: ALL KNOWN CREDITORS OF THE ABOVE-CAPTIONED ENTITIES  
(COLLECTIVELY, THE “ASSIGNORS”)

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<sup>1</sup> On April 8, 2019, the Court entered an order administratively consolidating this case with the assignment cases of the following entities: LSI Management Company, LLC; Laser Spine Institute Consulting, LLC; CLM Aviation, LLC; Medical Care Management Services, LLC; LSI HoldCo, LLC; Laser Spine Surgical Center, LLC; Laser Spine Surgery Center of Arizona, LLC; Laser Spine Surgery Center of Cincinnati, LLC; Laser Spine Surgery Center of St. Louis, LLC; Laser Spine Surgery Center of Pennsylvania, LLC; Laser Spine Surgery Center of Oklahoma, LLC; Laser Spine Surgery Center of Warwick, LLC; Laser Spine Surgery Center of Cleveland, LLC; Total Spine Care, LLC; and Spine DME Solutions, LLC.

PLEASE TAKE NOTICE that a website dedicated to providing creditors up to date information regarding the the assignment proceedings has been created and can be accessed at <https://lsi-assignee.com>. This website provides access to pleadings and information filed in the assignment cases, a proof of claim form, and answers to frequently asked questions such as:

## **CONTACT INFORMATION**

### ***How do I contact the Assignee?***

If you have questions or concerns, you should write the Assignee at the following address: Soneet R. Kapila, Assignee, KapilaMukamal, LLP, PO Box 14213, Fort Lauderdale, FL 33302. You may also communicate with the Assignee via email at [LSI@kapilamukamal.com](mailto:LSI@kapilamukamal.com) or voicemail at (954) 761-4505.

Due to the volume of calls, and for cost efficiencies of the Assignment for the Benefit of Creditors, it may not be possible for the Assignee to return every call. This website will be the primary source for case information and will be updated to reflect significant events.

### ***Can we obtain more real-time updates on your website?***

The Assignee will file periodic reports with the Court and the reports will be uploaded to this website. This website will also be updated whenever there is something substantive to report. Website visitors may request an email when the website is updated by submitting their email address in the "Contact" field at the top of this page.

## **EMPLOYEE INFORMATION**

### ***What is the status of my health insurance?***

Please note that Texas Capital Bank (the "Bank") asserts a lien on all of the assets of the Laser Spine Institute, LLC ("LSI") and related entities. Accordingly, the Assignee has no access to funds, except for some funding provided by the Bank for the wind-down of the estates. LSI made the decision to be self-insured as to employee medical benefits. At the time of LSI's cessation of operations Cigna, the administrator of the plan, held approximately \$195,000 as a reserve but that money has been exhausted to pay claims.

In light of LSI's insolvency, there are no further funds available to pay health insurance claims. The plan has terminated as of March 31, 2019 (the "Termination Date.") In seeking new insurance, you may tell your new carrier that your coverage has ended no later than the Termination Date.

Because the plan is terminated, it has no COBRA obligations, so terminated employees will not be getting COBRA notices and those already on COBRA will no longer have COBRA coverage.

The filing of a proof of claim is the exclusive method of recovering from the assignment estates. A proof of claim form can be accessed on the website.

### ***What is the status of my Health FSA Account?***

Please note that Texas Capital Bank (the "Bank") asserts a lien on all the assets of the Assignors. Accordingly, the Assignee has no access to funds, except for some funding provided by the Bank for the wind-down of the estates.

We understand that some of the employees contributed to their FSA accounts. The Assignee has not been able to identify any funds related to your FSA account that were segregated by Laser Spine Institute. As is common for FSA

plans, it is my understanding that all of the funds were held in LSI's general operating accounts. Unfortunately, given LSI's insolvency, those funds are all subject to the Bank's lien and are not available to pay FSA benefits. The filing of a proof of claim is the exclusive method for you to share in any distribution from the assignment estates. A link to the proof of claim form can be found on this website in the [Creditors and Claims section](#)

**The deadline to file a proof of claim is July 12, 2019.**

## **GENERAL**

### ***What is an Assignment for the Benefit of Creditors?***

An assignment for the benefit of creditors (also known as an "ABC") is a formal, voluntary transfer of a business and its assets to a private fiduciary—an Assignee—under the framework provided by Chapter 727 of the Florida Statutes. An Assignee is similar to trustee in a bankruptcy case, with fiduciary duties to all creditors of the assignment estate. In an assignment for the benefit of creditors case, the Assignee works to sell the business's assets within his business judgment and wind down the businesses in an orderly fashion. In addition, the Assignee has the ability to pursue certain causes of action. After the business's assets are liquidated, the assignee will pay the proceeds to the business's creditors in accordance with their respective priorities after payment of the administrative costs.

### ***Is this a bankruptcy case?***

No. An assignment for the benefit of creditors is a statutory procedure authorized and prescribed by Chapter 727 of the Florida Statutes. It allows a business to transfer all of its assets to a fiduciary who will then liquidate the assets and use the proceeds to pay the creditors in accordance with their claims and the statutory priorities. Unlike bankruptcy cases, which are subject to federal bankruptcy law, assignment for the benefit of creditors proceedings take place in state courts and are subject to state law.

### ***Who is the Assignee?***

The Assignee is Soneet Kapila, an accounting and insolvency professional who has experience serving in several fiduciary capacities, including as bankruptcy trustee, receiver, liquidating trustee, and as assignee in other cases. An assignee typically is an individual who is qualified by reason of experience and education and, although not necessary, often has experience serving as an estate fiduciary.

### ***What are the qualifications for the Assignee?***

The assignee must be a neutral party free from conflicts of interest. He or she must be bonded in an amount determined by the assignment court. He or she must not be a creditor, an equity security holder of the assigning business, or have any interest adverse to the interest of the assignment estate.

### ***Who does the Assignee work for?***

The Assignee works as a fiduciary of the assignment estate, and has fiduciary duties to estate creditors.

### ***Will the Assignee pursue litigation claims, including fraudulent transfers claims?***

The Assignee has the right to pursue these actions to the extent allowed by Florida law. Further, Chapter 727 provides that one of the Assignee's duties is to prosecute any tort claims or causes of action previously held by the assignor business. State law will govern any litigation claims brought by the Assignee.

### ***What happens to the assignor company?***

Once an assignment for the benefit of creditors agreement is executed and delivered, the company is divested of its assets and the assignee takes on ownership and control of all of the assets, subject to existing and valid liens and

encumbrances. Following the assignment, the assignor company has no assets, and any claims against assets of the company must be pursued through the filing of a [proof of claim form](#).

## **INFORMATION FOR CLAIMANTS**

### ***Will I be receiving a distribution?***

To be eligible to receive a distribution, a creditor must file a proof of claim with the Assignee within the statutory period of 180 days ([July 12, 2019](#)). After liquidation of estate property and payment of administrative claims, the Assignee will distribute funds to creditors based on their relative priorities. The priority of creditor claims is set forth in Section 727.114 of the Florida Statutes.

Please note that Texas Capital Bank (the “Bank”) asserts a lien on all of the assets of Laser Spine Institute and related entities. Accordingly, the Assignee has no access to funds, except for some funding provided by the Bank for the wind-down of the estates. Distributions to unsecured creditors will depend on, among other things, the amount of money recovered by the Assignee from unencumbered assets and the amount of the claims entitled to priority status. It is simply too early in the case to estimate the availability and amount of any distribution. The Assignee will provide updates on potential recovery as the case evolves.

### ***How do I file a claim?***

All known creditors will receive a proof of claim form. The form is also available through this website in the Creditors and Claims section [[click for claim form](#)]. Please fill out the proof of claim form thoroughly and legibly and file the claim with the Assignee according to the directions prescribed in the claim form. If you fail to timely file a claim by the bar date of [July 12, 2019](#), your claim will be barred from any recovery from the assignment estate.

### ***Do you have an estimate of what percent of our original investment may be returned to us in the form of a distribution?***

It is simply too early to make such an estimate. The Assignee will provide updates on potential recovery as the case evolves.

### ***When will the unsecured creditors receive their distributions?***

The Assignee has no estimate as to when or if there will be funds available to make distributions.

### ***How long can this process take?***

Each case is different. How long it may take to properly monetize the assets and make appropriate distributions depends on many factors such as the timing of potential litigation. Each claim form must also be reviewed.

### ***Is the Assignee under any time constraints by the Court?***

There are no specific time frames specified by the Court. The assignment is part of a state court insolvency proceeding. Litigation by its very nature takes time. Notwithstanding the foregoing, the Assignee intends to move as quickly as possible, given the circumstances, but respectfully requests creditors to be patient.

### ***I am a defendant in a medical malpractice action. Is LSI continuing to defend the lawsuit?***

LSI was self-insured for malpractice claims in most states up to the first \$1 million in claims and had multiple layers of insurance in excess of \$1 million. The Assignee understands that the insurance policies also covered the physicians and other employees at LSI. Consequently, LSI was providing a defense for itself and all co-defendants. Absent infusions from third parties, LSI has no funds to continue this defense, and the Assignee understands that counsel for LSI and the other defendants in those actions will seek leave to withdraw as counsel of record.

Section 727.105 of the Florida Statutes prohibits the commencement of proceedings against the Assignee. Stichter Riedel has filed a notice of the commencement of the assignment in the underlying litigation in which LSI was a defendant. To share in distributions, if any, from the ABC, claimants must timely file claims in the assignment case by the claims bar date. There is a link to the [proof of claim form](#) on this website. The bar date for filing proofs of claim is July 12, 2019.

Because the filing of a proof of claim is the exclusive method of sharing in any distribution, any further proceedings in an underlying law suit will have no impact on the Assignee or the assets he is administering. Plaintiffs and co-defendants in the underlying state court action should consult with their counsel as different courts may view the effect of the assignment differently and may or may not decide to stay the underlying action.

Counsel to the Assignee, Stichter Riedel, has advised the excess carrier, National Fire & Marine Insurance Company, as administered by a MedPro Group Company (“MedPro”), and representatives of LSI, of the filing of the ABC and have been advised that MedPro is evaluating the situation.

***I was a patient at Laser Spine Institute. How can I obtain copies of my medical records?***

Complete the attached Patient Authorization to Release Medical Information and either mail to:

Laser Spine Institute, LLC  
Attention: Medical Records Team  
5332 Avion Park Drive  
Tampa, FL 33607

or send via email to [MedicalRecordsHelpDesk@laserspineinstitute.com](mailto:MedicalRecordsHelpDesk@laserspineinstitute.com)

***I am a patient who paid a deposit for a procedure that never occurred. What is the status of my deposit?***

Please note that Texas Capital Bank (the “Bank”) asserts a lien on all of the assets of Laser Spine Institute (“LSI”) and related entities. Accordingly, the Assignee has no access to funds, except for some funding provided by the Bank for the wind-down of the estates.

Some patients may have paid deposits for procedures that were scheduled for dates after LSI ceased operations. The Assignee was not in place when the deposits were paid by the patients.

The filing of a proof of claim is the exclusive method for you to share in any distribution from the assignment estates. A link to the proof of claim form can be found on this website in the Creditors and Claims section.

***What priorities of payment apply?***

The priorities are prescribed by the [Florida Statute 727.114](#).

**SALE OF ASSETS**

***How will the Assignee conduct a sale of assets?***

Sales of assets must be done in a commercially reasonable manner.

***How does the Assignee take the assets of the company?***

An assignment for the benefit of creditors is commenced through a written assignment document that assigns and transfers all assets of the assignor to the assignee, who becomes the rightful party to liquidate the assets and wind-down the business. The assignee takes the assets of the assignor business subject to existing valid liens and

encumbrances. An assignee typically sets up a separate bank account through which he or she administers the estate, collects receipts, and makes approved disbursements.

*Are the assets of Laser Spine Institute available for sale?*

Yes, the assets of Laser Spine Institute are available for sale. If you are interested in purchasing any of the assets available for sale, please contact LSI@kapilamukamal.com. If you are interested in purchasing assets, you must first execute a Confidentiality and Non-Disclosure Agreement.

*What assets are available for sale?*

All assets of Laser Spine Institute, LLC and its affiliates, including the turnkey state of the art medical center in Tampa, Florida, along with medical equipment, sterilization equipment, furniture, and intangible property including trademarks, patents, copyrights, brand names and domain names. Laser Spine Institute also had surgical centers located in Scottsdale, Arizona, Cincinnati, Ohio, Cleveland, Ohio, St. Louis, Missouri, and Wayne, Pennsylvania. The Assignee is also working to sell assets in these locations.

Dated: April 9, 2019

/s/ Edward J. Peterson  
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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that the foregoing has been sent by electronic mail on this 9th day of April, 2019 to Avalon Document Services for service on all parties in interest on the mailing matrix. Upon service to such parties in interest, a certificate of service will be filed with the clerk of the Court.

/s/ Edward J. Peterson  
Edward J. Peterson