

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

In re:

LASER SPINE INSTITUTE, LLC,

Assignor,

Case No. 2019-CA-002762

to

SONEET KAPILA,

Assignee.

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**NOTICE OF FILING ASSIGNEE'S EXHIBIT LIST**  
**AND EXHIBITS FOR JUNE 27, 2019 OMNIBUS HEARING**

Assignee, Soneet Kapila of KapilaMukamal, by and through his undersigned attorneys, hereby gives notice of filing the attached Exhibit List and Exhibits for the July 27, 2019 Omnibus Hearing. These exhibits are being filed and submitted in the event evidence is needed and the Court permits the introduction of evidence at the hearing.

Dated: June 26, 2019

/s/ Matthew B. Hale

Harley E. Riedel (FBN 183628)

Edward J. Peterson (FBN 0014612)

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Counsel for Assignee

EVIDENCE DATA SHEET – CIVIL COURTS				Form No.	
<b>Assignor:</b> <b>Laser Spine Institute, LLC</b>		<b>Case No. 19-CA-002762</b>		<b>-CA-</b>	
		<b>Division:</b>		<b>L</b>	
<b>Assignor Attorney Name and Address:</b> Nicole L. Greenblatt, Esq. Kirland & Ellis LLP 601 Lexington Avenue New York, NY 10022		<b>Bar #</b>			
		<b>Trial Date(s): 6/27/19</b>			
<b>vs.</b>					
<b>Assignee:</b> <b>Soneet Kapila</b>		<b>Verdict Date:</b>			
		<b>Court Reporter:</b>			
<b>Assignee Attorney name and address:</b>  Harley E. Riedel, Esq. Edward J. Peterson, Esq. Matthew B. Hale, Esq. Stichter, Riedel, Blain & Postler, P.A. 110 E. Madison Street, Suite 200 Tampa, FL 33602		<b>Bar #:</b>  Harley E. Riedel – 183628  Edward J. Peterson – 14612  Matthew B. Hale – 110600			
<b>Judge:</b> <b>SCOTT S. STEPHENS</b>		<b>Bailiff:</b>			
<b>LIST OF ASSIGNEE'S EXHIBITS</b>					
<b>EXH #</b>	<b>DESCRIPTION OF EXHIBITS</b>	<b>MARKED</b>	<b>ADMITTED</b>	<b>W OR W/O OBJECTION</b>	<b>LOCATION</b>
<b>1.</b>	Affidavit of Assignee Soneet Kapila in Support of Motions Scheduled for Hearing on June 27, 2019				
<b>2.</b>	Proposed Cash Collateral Budget				
<b>3.</b>	Agreement for Services – HFD Advantage Program (dated 12/10/2015)				
<b>4.</b>	HFD - Surrender of Collateral and Consent to Strict Foreclosure Agreement (dated 6/3/2019)				

<b>5.</b>	Clary Agreement – Closing a Medical Practice - Medical Records Custodial Agreement				
<b>6.</b>	Gulf Coast Agreement – Third Party Collection Services Agreement				
<b>7.</b>	Infinitt – Service Level Agreement				
<b>8.</b>	Centurion – Inventory/Appraisal & Auction Agreement				
<b>9.</b>	Special Counsel Engagement Agreement (GJB & RMS)				
<b>Inventoried by:</b> _____			<b>Date:</b> _____		

**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 1

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.

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

In re:

Laser Spine Institute, LLC<sup>1</sup>  
CLM Aviation, LLC  
LSI HoldCo, LLC  
LSI Management Company, LLC  
Laser Spine Surgery Center of Arizona, LLC  
Laser Spine Surgery Center of Cincinnati, LLC  
Laser Spine Surgery Center of Cleveland, LLC  
Laser Spine Surgical Center, LLC  
Laser Spine Surgery Center of Pennsylvania, LLC  
Laser Spine Surgery Center of St. Louis, LLC  
Laser Spine Surgery Center of Warwick, LLC  
Medical Care Management Services, LLC  
Spine DME Solutions, LLC  
Total Spine Care, LLC  
Laser Spine Institute Consulting, LLC  
Laser Spine Surgery Center of Oklahoma, LLC

Case No. 2019-CA-2762  
Case No. 2019-CA-2764  
Case No. 2019-CA-2765  
Case No. 2019-CA-2766  
Case No. 2019-CA-2767  
Case No. 2019-CA-2768  
Case No. 2019-CA-2769  
Case No. 2019-CA-2770  
Case No. 2019-CA-2771  
Case No. 2019-CA-2772  
Case No. 2019-CA-2773  
Case No. 2019-CA-2774  
Case No. 2019-CA-2775  
Case No. 2019-CA-2776  
Case No. 2019-CA-2777  
Case No. 2019-CA-2780

Assignors,

Consolidated Case No.  
2019-CA-2762

to

Soneet Kapila,

Division L

Assignee.

**AFFIDAVIT OF ASSIGNEE SONEET KAPILA IN SUPPORT  
OF MOTIONS SCHEDULED FOR HEARING ON JUNE 27, 2019**

1. My name is Soneet Kapila. I am over the age of twenty-one (21) years and am competent to execute this Affidavit. All statements contained in this Affidavit are based on my personal knowledge and experience, except as noted.

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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.

2. I am a co-founding partner of KapilaMukamal LLP (“**KM**”), an insolvency and restructuring advisory firm specializing in serving as and advising estate fiduciaries in liquidation and reorganization proceedings. I have served as an estate fiduciary in numerous roles, including Chief Restructuring Officer, S.E.C. Corporate Monitor, Examiner, Chapter 11 Trustee, Chapter 7 Trustee, Liquidating Trustee, and Receiver. As an estate fiduciary, I have overseen the liquidation of businesses of many different sizes and across many different industries. I am a Certified Public Accountant (CPA), a Certified Insolvency and Restructuring Advisor (CIRA), a Certified Fraud Examiner (CFE), and I am certified in Financial Forensics (CFF). I am a Fellow of the American College of Bankruptcy.

3. I am familiar with Chapter 727 of the Florida Statutes, which governs assignments for the benefit of creditors. Chapter 727 provides a comprehensive framework for the administration of insolvent estates and the treatment of creditor claims.

4. On March 14, 2019, Laser Spine Institute, LLC (“**LSI**”) executed and delivered an assignment for the benefit of creditors to me, as Assignee. I accepted the assignment and, through counsel, filed a Petition with this Court on March 14, 2019, commencing an assignment for the benefit of creditors (the “**LSI Assignment Case**”).

5. Simultaneous with the filing of the LSI Assignment Case, I accepted assignments for 15 affiliates of LSI<sup>2</sup> and, through counsel, filed fifteen other Petitions commencing assignment for the benefit of creditors proceedings (the “**Affiliated Assignment Cases**,” and together with the LSI Assignment Case, the “**Assignment Cases**”).

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<sup>2</sup> 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 (collectively, together with LSI, the “**Assignors**”).

6. I am submitting this Affidavit in support of the following motions filed set for hearing before the Court on June 27, 2019 at 2:00 p.m. (collectively, the “**Motions**”):

- a. *Motion for Entry of an Order Pursuant to Fla. Stat. § 727.109(15): (I) Authorizing the Use of Cash Collateral; (II) Providing Adequate Protection to Lenders; (III) Establishing a Lien Challenge Deadline; and (IV) Granting Related Relief* (the “**Cash Collateral Motion**”);
- b. *Notice of and Motion to Abandon Certain Assets to Texas Capital Bank, as Administrative Agent* (the “**HFD Abandonment Motion**”);
- c. *Motion for Authority to Sell Furniture, Fixtures, and Equipment through Public Auctions and for Approval of Noticing Procedures* (the “**Auction Procedures Motion**”);
- d. *Assignee’s Motion for Order Approving Records Management Agreement with Clary Documents Management, Inc. and For Authority to Pay Related Fees and Costs* (the “**Clary Motion**”);
- e. *Assignee’s Motion to Employ Gulf Coast Collection Bureau for Collection of Certain Accounts Receivable, to Pay Fees, and For Authority to Compromise Accounts Receivable with the Consent of Texas Capital Bank as Administrative Agent* (the “**Gulf Coast Motion**”);
- f. *Assignee’s Motion for Order Approving Service Level Agreement with Infinitt North America and For Authority to Pay Related Fees and Costs* (the “**Infinitt Motion**”); and
- g. *Assignee’s Motion to Employ Genovese Joblove & Battista, P.A. and Rocke, McLean & Sbar. P.A. as Special Litigation Counsel and to Pay Fees on a Contingency Basis* (the “**Employment Motion**”).

7. Through this Affidavit, I am also submitting testimony in support of certain objections and responses I filed in response to motions filed by other parties, which have been cross-noticed for the June 27, 2019 hearing.

8. I have reviewed and am familiar with the Motions and the relief sought therein.

9. Although I had no involvement with any of the Assignors before March of 2019, since that time I have reviewed documents and conducted interviews as part of my duties in the Assignment Cases. From those sources, I understand that in the years leading up to the Assignment Cases, LSI and its affiliates comprised one of the nation's leaders in minimally invasive spine surgery, operating state-of-the-art outpatient surgery centers located in Tampa, Florida and in several other states with over 1,000 employees at its peak.<sup>3</sup>

10. I have also retained several professionals with different expertise relevant to the issues I encounter in my role to investigate the case administration.

#### ***Cash Collateral Motion***<sup>4</sup>

11. The Assignors' Schedule A reflects that the largest secured creditor of the Assignment Cases is Texas Capital Bank, N.A., as Administrative Agent (the "**Agent**" or "**TCB**") to the lender group (the "**Lenders**"). The Agent asserts properly perfected liens on substantially all personal property of the Assignors, including but not limited to accounts receivable and any proceeds generated from accounts receivable, under a Credit Agreement (or any related documents or agreements) dated as of July 2, 2015 by and between certain of the Assignors, as borrowers and/or guarantors, and TCB, as lender (as amended, the "**Credit Agreement**"). Pursuant to the Credit Agreement, and collectively with any other agreements and documents executed or delivered in connection therewith (each as may be amended, restated, supplemented, or otherwise modified from time to time, the "**Loan Documents**"), the Lenders and the Agent provided revolving and term loan credit and other financial accommodations to, and issued letters of credit for the account of, the Borrowers pursuant to the Loan Documents (the "**Loan Facility**").

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<sup>3</sup> The other locations were Cincinnati, Ohio; Scottsdale, Arizona; St. Louis, Missouri; Cleveland, Ohio; Oklahoma City, Oklahoma; Warwick, Rhode Island; and Philadelphia, Pennsylvania.

<sup>4</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed in the particular motion.



12. The Loan Facility provided the borrowers with, among other things, (i) \$15,000,000 in Revolving Loan Commitments, and (ii) \$131,250,000 in Term Loan Commitments. As of the filing of the LSI Assignment Case, the Agent asserts that principal amount of “Loans” outstanding under the Loan Facility is \$154,984,093.95. The Assignors’ Schedule A reflects approximately \$144 million owed to the Agent under the Loan Facility.

13. The Agent asserts that, as more fully set forth in the Loan Documents, prior to the filing of the Assignment Case, the obligors granted to the Agent and the Lenders a security interest in and continuing lien on (the “**Liens**”) substantially all of their assets and property, including, without limitation, a first-priority security interest in and continuing lien on the Collateral (as defined in the Loan Documents) (which, for the avoidance of doubt, includes Cash Collateral) and all proceeds, products, accessions, rents, and profits thereof, in each case whether then owned or existing or thereafter acquired or arising.

14. Immediately prior to the filing of the Assignment Cases, the Assignors maintained their funds in sixteen different bank accounts at Texas Capital Bank (the “**TCB Accounts**”). Most of the TCB Accounts were created to allow the appropriate Assignor to receive payments on accounts receivable payable to the specific Assignor, primarily insurance and Medicare reimbursements. All receipts flowed into the TCB Accounts. Through the Credit Agreement, TCB asserts a security interest in all funds held in the TCB Accounts.

15. I understand that prior to the commencement of these cases, as a result of the Assignors’ defaults under the loan documents, the Agent froze the funds in the TCB Accounts and asserted a lien on those funds. I was unable to immediately identify any unencumbered assets that would let me achieve an orderly liquidation process. Accordingly, I immediately engaged in

discussions with the Agent to obtain its consent for the use of funds in the Texas Capital Bank account to pay critical expenses.

16. After the filing of the Assignment Cases, I set up a separate account with Signature Bank (the “**Signature Account**”). Post-assignment, all medical receivable receipts have continued to flow directly to the appropriate TCB Accounts, which remain subject to the asserted liens of the Lenders. The Agent, however, has authorized certain transfers from the TCB Accounts to the Signature Account to fund approved costs of the Assignment Cases on an as-needed basis. The proceeds from asset sales (i.e. the Philadelphia sale and the van sales) were deposited directly into the Signature Accounts. Approval of the use of the Assignors’ assets that are or may become cash collateral of the Lenders (the “**Cash Collateral**”)<sup>5</sup> is required to fund the wind-down. The Agent has committed to allow the use of Cash Collateral to fund necessary wind-down expenses, including the professional fees (the “**Carveout**”) and expenses in accordance with the terms herein and subject to the Budget (as hereinafter defined). The Assignee will use Cash Collateral in accordance with the Budget, attached as **Exhibit A** to this Affidavit, subject to a ten percent variance in the aggregate.

17. In consideration for the Agent’s commitment to allow the use of its Cash Collateral to fund items set forth in a cash collateral budget (the “**Budget**”), including professional fees and expenses, I have agreed to seek the entry of an order (i) authorizing the use of Cash Collateral as provided in the Cash Collateral Motion, (ii) providing adequate protection to the Lenders, (iii) establishing a lien challenge deadline, upon expiration of which, the claims, liens, and security interests of the Agent granted in accordance with the Loan Documents shall be deemed valid, perfected, and enforceable as to all creditors and parties-in-interest, and shall be subject to no

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<sup>5</sup> In bankruptcy, cash collateral is defined as “cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents,” 11 U.S.C. § 363(a), in which a creditor has a lien.

further challenge, unless myself, as Assignee, or a party in interest: (x) shall have commenced a supplementary proceeding against the Agent for the purpose of challenging the validity, extent, priority, perfection, and enforceability of the Credit Agreement or Agent's claims, mortgages, and security interests or otherwise asserting any claims or causes of action against the Agent, no later than forty (40) days after entry of the order granting the Cash Collateral Motion (the "**Lien Challenge Review Period**"), and (y) the Court rules in favor of the plaintiff in any such timely filed supplementary proceeding.

18. As part of the adequate protection to be provided to the Lenders, I have agreed (subject to Court approval) to grant the Lenders a lien on certain unencumbered estate property, comprising all claims and causes of action of each Assignor or its respective estate (including, without limitation, all commercial tort claims of every kind and description) and any and all proceeds therefrom, and any and all proceeds arising from insurance policies. Importantly, the extent of the adequate protection liens will be limited to the extent of any diminution in the value of the Lenders' interests in their Collateral since the filing of the Assignment Cases as a result of the use of their Cash Collateral to fund expenses that benefit creditors as a whole. Put differently, the amount of the liens will be based on the Cash Collateral *used up* by the assignment cases to fund costs and expenses that benefit creditors as a whole, and not the amount of Cash Collateral used for costs and expenses that primarily benefitted Lenders. The Agent (on behalf of the Lenders) has indicated that it will not continue to fund these proceedings and allow for the continued use of its cash collateral absent the granting of the adequate protection liens described herein.

19. In the event that the Lenders decided to foreclose on and liquidate their Collateral themselves, they would themselves have to fund the legal costs associated with enforcing their

liens and the actual costs of securing and preserving, protecting and insuring, and collecting and liquidating their Collateral. Largely because the Assignment Cases offer a centralized forum to collect and dispose of assets, deal with landlords and other third parties, and identify prospective purchasers, the Agent has consented to my use of Cash Collateral to fund the costs associated with these Assignment Cases in accordance with the terms herein and the Budget. In turn, based upon the commitment of the Lenders to fund these costs, I undertook the duties as Assignee and, in addition, did not exercise my rights under Fla. Stat. § 727.108(11) to abandon the Collateral to the Lenders.

20. Since the filing of the Assignment Cases, I have made significant progress in my efforts to dispose of the Collateral in an orderly fashion. Because these efforts primarily benefit the Lenders, the liens sought in this Motion should be reduced by the costs benefiting the Lenders, although I recognize that there may be some overlap that will require pro-ration or other adjustment.

21. At the same time, I have undertaken efforts to identify sources of recovery, particularly litigation, that will benefit all creditors, not just the Lenders. To the extent that the Lenders' cash collateral is being used essentially as a litigation investigation and support credit facility, the Lenders should be entitled to a lien on the first funds recovered, just as any third party lender would require.

22. The relief sought in the Cash Collateral Motion and the liens proposed to be granted effectively provide the assignment estates with interest-free financing to pay necessary costs and expenses that benefit the general creditor body until I can recover sufficient unencumbered funds to use for such purposes. Importantly, the costs and expenses that benefit the general creditor body

would be entitled to senior priority distribution, before all other unsecured claims, under the priority scheme established by Section 727.114(b) of the Florida Statutes.

23. In my experience, no other third party lender would be willing to provide similar no-interest financing for the Assignment Cases. To the contrary, third party lenders in such arrangements often charge exorbitant fees and high interest rates, or contract to receive a significant share of litigation recoveries. Receiving interest-free financing through the relief afforded in the Cash Collateral Motion is a significant benefit to the estates, not to mention the potential erosion in the value of assets in the face of a time sensitive while securing alternative funding.

24. The Lien Challenge Deadline proposed in the Cash Collateral Motion also is part of the agreement I reached with the Agent. The proposed Lien Challenge Deadline is 40 days after entry of an order granting the Cash Collateral Motion. The Agent (on behalf of the Lenders) has indicated that it will not continue to fund these proceedings and allow use of its Cash Collateral unless it has certainty about the validity of its claims and liens. I have received the Agent's proof of claim, and with assistance from estate professionals, I have begun reviewing the Loan Documents of the Agent. In my experience, I believe forty days is sufficient time to analyze the Agent's secured status and evaluate the merit to any potential claims against the Agent. In addition, at my request, the Agent has agreed to a tolling of any applicable statute of limitations, statute of repose, or any other similar time limitations defense through and including the expiration date of the Lien Challenge Review Period.

25. In my business judgment, the relief requested in the Cash Collateral Motion is in the best interest of the estates because it is fair and reasonable and is proportional to the benefit

provided by allowing the estate's continued use of the Cash Collateral to fund the expenses of these proceedings.

### ***HFD Abandonment Motion***

26. In Schedule A, the Assignors listed that certain Agreement for Services – HFD Advantage Program (the “**Agreement for Services**”), dated December 10, 2015, by and between Healthcare Finance Direct, LLC (“**HFD**”), and LSI Management. The assets of LSI Management include all Accounts, Instruments, Collateral Notes, retail installment credit contracts and financial arrangements entered into or provided by it, including all proceeds thereof, and all documentation evidencing or related thereto under or pursuant to the Agreement for Services (collectively, the “**HFD Assets**”). In summary, the HFD Assets include amounts owed by patients who entered into payment agreements for the payment of services provided by LSI. Typically, these patients either did not have health insurance, or due to their credit profiles, were unable to obtain credit to pay for their portion of the service, and as such the patients that owe the monies related to these promissory notes were typically in the sub-prime credit category, with a higher risk of payment default.

27. I have determined, with assistance from estate professionals, that TCB appears to be a duly perfected secured creditor with respect to the HFD Assets. Further, I have determined that the estate has no equity in the HFD Assets over and above the asserted secured claims of TCB, and that it is appropriate to transfer the HFD Assets to TCB. To effectuate the abandonment, subject to Court approval, I have agreed to that certain Surrender of Collateral and Consent to Strict Foreclosure (the “**Surrender Agreement**”) with TCB, the proposed form of which is attached as Exhibit A to the HFD Abandonment Motion. As further set forth in the Surrender Agreement, in exchange for the abandonment, the assignment estate of LSI Management will receive a credit of \$10 million towards the indebtedness owed to TCB.

28. The value of the credit given in exchange for the abandonment of the HFD Assets is the product of significant diligence and analysis by me and my staff, independently of and in conjunction with HFD and the Agent. My staff considered, among other things, the portfolio as a whole, the constituent parts of the portfolio generally, the aging of the accounts currently, and the expected recurring principal and income payment streams on the active accounts over an extended time period, as well as the costs and time frame necessary to achieve those collections. The total amounts due from active promissory notes in the portfolio constituting the HFD Assets as of May 20 was approximately \$10.2 million, inclusive of interest, which includes active paying accounts, delinquent accounts, and late accounts. The amounts due are scheduled to be collected over the next seven years. Based on historical default experience (which was between 45% and 50%) and the discounted value of future cash collections, it can be assumed that the value of the active promissory notes is significantly less than \$10 million today. The \$10 million credit proposed in the HFD Abandonment Motion is based on the anticipated reduction in the portfolio as collections are made between that date and the time of the abandonment, and depending on the timing and the actual result of collections, is favorable to the assignment estates. Rather than face the collection risks inherent in the portfolio, the assignment estates are receiving the benefit of the face value of the surrendered collateral. The \$10 million value of the credit as requested in the Motion is beneficial to the estates.

29. The HFD Assets are burdensome to the estate in that there is no value above the liens asserted by TCB. In addition, collection of and accounting for the payments under the HFD Assets is burdensome, and of inconsequential value in light of the liens asserted by TCB.

30. In my business judgment, I believe it is in the best interest of the assignment estate and its creditors to abandon and transfer the HFD Assets to TCB in accordance with the Surrender Agreement.

***Auction Procedures Motion***

31. Since the filing of the Assignment Cases, the Assignee has been marshaling the physical assets of the Assignors, primarily consisting of furniture, fixtures, and equipment held at the Leased Facilities (the “**FF&E Assets**”). TCB asserts a lien on the FF&E Assets pursuant to the Credit Agreement and the Loan Documents.

32. I have contracted with Centurion Service Group LLC (“**Centurion**”) to sell the FF&E Assets through one or more public auctions, subject to Court approval. Centurion specializes in the disposition of medical equipment and related assets. The Inventory/Appraisal & Auction Agreement between myself, as Assignee, and Centurion provide for the payment of fees to Centurion from the sale proceeds of the auction(s), subject to Court approval, including (i) an appraisal fee of \$30,000; (ii) actual costs and expenses in connection with the auction sales; (iii) a commission of 10% of net proceeds, and (iv) a buyer’s premium of 10%, plus a 3% webcast fee, if applicable (collectively, the “**Centurion Fees**”).

33. In my experience, the Centurion Fees are reasonable and are within the range of market rates.

34. Throughout the Assignment Cases, the estate professionals and I have sought to negotiate with landlords with respect to the disposition of the assets located at each facility. Indeed, I have executed a standstill agreement with the landlord at the Tampa location, and I have reached an agreement with the landlord at the Cincinnati location to leave the assets in place in Cincinnati without the further accrual of rent through July 24, 2019. I have been pursuing a



collaborative “turn-key” sale approach with the landlords and prospective purchasers who intend to use the premises as a medical facility. Rent will not accrue as an administrative expense claim under those agreements while I explore options for the sale of the FF&E Assets and the landlords explore similar options to re-lease the applicable premises. In addition, I have removed the FF&E Assets at the St. Louis location so that they can be sold.

35. Unfortunately, no acceptable offers currently exist for “turn-key” sales in-place at any of the Leased Facilities. However, the estate professionals and I are actively negotiating with potential purchasers and the Agent to reach acceptable agreements for the private sale of some portions of the FF&E Assets. If I am unable to reach acceptable terms with the potential purchasers, I may have no choice but to conduct auctions of the FF&E Assets located at each of the Leased Facilities.

36. Given that I have not yet received any acceptable offers for in-place sales, I have determined, in my business judgment, that the sale of the FF&E Assets through one or more public auctions may be necessary in the near future, as that may be the only way to dispose of the FF&E Assets. In the event the I decide to sell some or all of the FF&E Assets at public auction, I believe, in my business judgment, that conducting the auctions through Centurion is in the best interest of the estate. Centurion specializes in the auction and sale of medical equipment and I believe that the auction process employed by Centurion is designed to achieve the highest and best prices for the FF&E Assets under the circumstances.

37. I request, however, that this grant of authority to conduct the auctions be provided without prejudice to my ability to sell any of the FF&E Assets through private sale or in-place sales if, in my business judgment, I believe an offer received from a private purchaser is in the best

interest of the estate *vis a vis* selling such asset(s) at auction. Any such private sale shall be subject to notice and Court approval as required by Chapter 727 of the Florida Statutes.

38. I have also requested, through the Auction Procedures Motion, the ability to conduct the auctions with the filing of a Notice of Auction seven days in advance of the auction. This procedure will allow Centurion to conduct the auctions in an expedient and efficient manner in the event I decide that holding such auctions is in the best interest of the estates. I believe the notice procedures set forth in the Auction Procedures Motion, coupled with the advance notice and hearing on the Auction Procedures Motion itself, provides adequate notice to parties-in-interest of the proposed sales of the FF&E Assets.

#### ***Clary Motion***

39. The Assignors are required to retain the medical records of patients (the “**Records**”) in accordance with various regulations, including the Health Insurance Portability and Accountability Act of 1996. Part of my duties as Assignee include the retention and management of the Records. The Records are primarily located at the Tampa location. The Records located elsewhere are being or have already been moved to Tampa.

40. I will soon be vacating the Tampa premises and will need to provide substitute storage of the Records, while also allowing former patients the necessary access to their Records in compliance with applicable regulations. I have arranged with Clary Document Management, Inc. (“**Clary**”) to provide such services for the fee of \$37,000, as further summarized in the Clary Motion.

41. The services provided by Clary are beneficial to the estate and the former patients and allow me to satisfy my duties under applicable regulations. In my experience, the fee charged by Clary is reasonable and within the range of market rates.

### *Gulf Coast Motion*

42. A significant subset of LSI's asset base consists of accounts receivable generated from services performed by the Assignors prior to the filing of the Assignment Cases (the "**Accounts Receivable**"). The bulk of the Accounts Receivable, which now are held by the estate, relate to payments owed by consumers. Schedule B filed with the Assignment Cases reflects aggregate accounts receivable in the face amount of approximately \$33 million. However, the expected collectable value of accounts receivable is likely to be significantly less than the face amount.

43. Prior to the filing of the Assignment Cases, certain of the Assignors had engaged Gulf Coast Collections Bureau ("**GCCB**") for the purpose of collecting certain "bad debt receivables" that are generally 120 days or older. Through the Gulf Coast Motion, I am seeking to continue this arrangement.

44. I would employ GCCB for the purposes of collecting certain of the Assignors' stale receivables (the "**Services**") on the terms set forth in the Third Party Collection Services Agreement (the "**Agreement**") attached as Exhibit A to the Gulf Coast Motion. I selected GCCB because it has considerable experience in the collection of stale accounts receivable.

45. Under the Agreement, GCCB will be paid a contingent fee of 20% on any gross recovery for any account that has not been previously placed with a third party collection agency. Based on my experience and business judgment, the rates charged by GCCB are reasonable and within the range of market rates.

46. I am also seeking authority to settle and/or compromise amounts owed on a specific Account Receivable with the consent of TCB, the ostensible lienholder with respect to the

Accounts Receivable. It would be inefficient, indeed cost-prohibitive, to obtain Court approval to settle or compromise each receivable.

### ***Infinitt Motion***

47. Prior to the Assignment Cases, Infinitt North America (“**Infinitt**”) provided the Assignor with its Radiology PACS Software and Maintenance Services.

48. Although the Assignors have ceased normal business operations, continuity of services from Infinitt is integral to the preservation of patient records through provision of Read-Only Software Maintenance Services (the “**Services**”). The fee for the Services will be \$1,200.00 per month, as set forth in the Agreement attached as Exhibit A to the Infinitt Motion.

49. The Services provided by Infinitt are beneficial to the estates and the former patients and allow me to satisfy my duties under applicable regulations. In my experience, the fee charged by Infinitt is reasonable and within the range of market rates.

### ***The Employment Motion***

50. In the initial stages of the Assignment Cases, I have identified circumstances that could give rise to claims against former officers and directors of the Assignors. Additionally, I have learned that, in the years prior to the Assignment Cases, numerous parties received transfers of funds that may be avoidable under § 726 of the Florida Statutes, or other applicable law.

51. I seek authority to employ GJB and RMS, *nunc pro tunc* to May 1, 2019, for the purposes of pursuing litigation of Claims, to the extent designated and directed by me, (the “**Services**”) on a contingency fee basis.

52. GJB and RMS will work together to perform the Services on the terms set forth in the Contract attached as **Exhibit A** to the Employment Motion. As described in the Contract, GJB and RMS have agreed to work together to pursue the Claims and will split any contingency fees

earned on account of recoveries on a fifty-fifty basis. Thus, the assignment estates will receive the benefit of the collective expertise and experience of both GJB and RMS, but will only be responsible for one contingency fee, payable from any recoveries on account of the Claims. I will seek Court approval prior to any disbursement of earned contingency fees provided in the Contract. In addition, GJB and RMS shall advance the payment of costs incurred by the estates in the pursuit of the Claims as they determine appropriate, until such time as the estates have sufficient funds to pay such litigation costs directly. I agree to reimburse GJB and RMS for the litigation costs advanced by GJB and RMS once the estates have sufficient funds to reimburse such costs.

53. I have selected GJB and RMS because they have considerable combined experience in the area of insolvency and litigation, particularly in litigation involving officer and director liability, related insurance issues, and the avoidance and recovery of fraudulent transfers. I believe that GJB and RMS are well qualified to represent the assignment estates in pursuing the Claims.

54. I am currently negotiating with other potential counsel to handle certain causes of action other than the D&O Claims. GJB and RMS will be handling the D&O Claims as outlined above. I may also request that GJB and RMS handle certain other claims, including some or all of the estates' avoidance actions. However, I may engage other counsel to pursue some or all of the avoidance actions and will coordinate with GJB and RMS in connection therewith to ensure that the estates' interests are protected.

55. In the event GJB and RMS pursue some or all of the avoidance actions, and I later determine to involve other counsel in such matters, including to replace GJB and RMS, then GJB and RMS shall be entitled to compensation through a portion of the contingency fee in connection with such matters in an equitable fashion. I will work with GJB and RMS and such other counsel to reach an amicable resolution of such fee sharing or will bring the matter to the Court for a

determination. In no event shall the Assignment Estates or I be liable for more than a total contingency fee of 35 percent for each such matter.

***Testimony in Support of Objections filed to Various Motions from Other Parties***

56. Motions to Determine Self-Insurance Compliance were filed by (i) Shirley and John Langston; (ii) Jared William Headley; (iii) Terry and Sherry Legg; and (iv) a joinder was filed by Jonna Lemieux. These motions seek (i) to determine whether the Assignors established any letters of credit or escrow accounts in connection with any self-insurance programs, and (ii) to the extent that such assets exist, to require me, as Assignee, to identify and segregate any such assets from the assets of the Assignee's estates.

57. Since the commencement of the Assignment Cases, I have not conducted any business of the Assignors, and I have not identified any letters of credit or escrow accounts established in connection with any self-insurance programs.

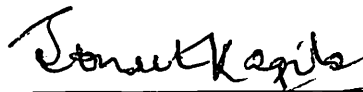
58. Shirley and John Langston also filed a Motion to Compel Assignee to Pursue or Assign All Claims Against Third Parties Relating to the Violation of Statutory Self-Insurance Requirements to Medical Malpractice Plaintiffs, with Joinders to the Motions filed by (i) Jared Headley, (ii) Timothy P. Farley and Marilyn Farley, (iii) Cherish Collins, and (iv) Terry and Sherry Legg. The motion alleges that certain claims may have arisen by virtue of the Assignors' alleged failure to comply with certain obligations in connection with programs of self-insurance. The motion also seeks to compel me, as Assignee, to pursue such claims or assign all claims relating to the alleged statutory violations to medical malpractice plaintiffs and/or defendant practitioners.

59. Together with estate professionals, I am in the process of investigating all claims and causes of action, including any claims related to the Assignor's self-insurance program. These

Assignment Cases are still in a relatively early stage, and I require additional time to review and evaluate potential causes of action.

60. Jonna Lemieux has filed a Motion for Relief From Stay in the Assignment Cases, seeking leave to continue prosecution of a state court medical malpractice lawsuit against certain Assignors and to pursue relief against the Assignors' insurance proceeds.

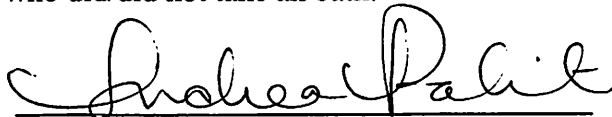
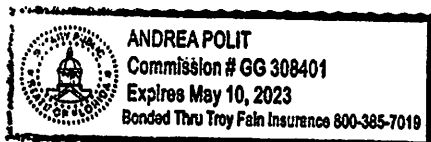
61. I have no objection to the relief sought, provided that the movant shall not be entitled to seek to satisfy any judgment obtained against the Assignors in the state court action through levy, execution, attachment, or the like against assets of the estate in my possession, custody, or control. Further, any judgment obtained against the Assignors would not have *res judicata* or collateral estoppel effect in these Assignment Cases.



Soneet Kapila  
Assignee for the Assignment Cases

STATE OF FLORIDA  
COUNTY OF HILLSBOROUGH

SWORN TO AND SUBSCRIBED BEFORE ME this 26 day of June 2019, by Soneet Kapila, who is personally known to me and who did/did not take an oath.



Notary Public  
My Commission Expires

**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 2

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.



Laser Spine Institute ("LSI")																
13-Week Wind Down Expense Budget																
For the Combined Locations: Tampa, Arizona, Cincinnati, Philadelphia and St. Louis																
PRELIMINARY DRAFT as of June 18, 2019:																
This is a preliminary draft. It has been prepared based on preliminary information and assumptions. No one may rely on this draft. It is subject to change as additional information becomes available or is clarified.																
Source: Discussions with LSI management and support																
	Notes	3/15-6/16/19 Actual	06/23/19 Budget	06/30/19 Budget	07/07/19 Budget	07/14/19 Budget	07/21/19 Budget	07/28/19 Budget	08/04/19 Budget	08/11/19 Budget	08/18/19 Budget	08/25/19 Budget	09/01/19 Budget	09/08/19 Budget	09/15/19 Budget	Total Budget
<b>Proceeds</b>	<b>1</b>															
Payer/Insurance Collections		\$5,516,677														\$5,516,677
HFD Deposits		\$940,488														\$940,488
Pharmacy Rebates		\$210,365	<b>Not projected. Only actual receipts are itemized in order to tie to ending actual cash balance per books.</b>													\$210,365
Other Receipts		\$173,929														\$173,929
Funds Recovered from First Home Bank		\$296,465														\$296,465
Liquidation proceeds		\$445,500														\$445,500
<b>Total proceeds</b>		<b>\$7,583,424</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,583,424</b>
<b>Wind down operating expenses</b>																
<b>Salaries, Wages &amp; Benefits</b>																
Wind Down Payroll & Payroll Taxes	<b>2</b>	(\$550,605)														(\$550,605)
On call - per diem contractors	<b>2</b>	(\$34,991)	(\$20,000)	(\$20,000)	(\$20,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$7,500)	(\$7,500)	(\$7,500)	(\$202,491)
Healthcare Claims	<b>3</b>	\$0		(\$202,000)												(\$202,000)
Employee Benefits from Payroll Deductions	<b>4</b>	(\$56,931)														(\$56,931)
ADP Payroll Processing Fees		(\$12,740)														(\$12,740)
401k Audit	<b>5</b>	\$0														\$0
<b>Total Salaries, Wages &amp; Benefits</b>		<b>(\$655,267)</b>	<b>(\$20,000)</b>	<b>(\$222,000)</b>	<b>(\$20,000)</b>	<b>(\$15,000)</b>	<b>(\$15,000)</b>	<b>(\$15,000)</b>	<b>(\$10,000)</b>	<b>(\$10,000)</b>	<b>(\$10,000)</b>	<b>(\$10,000)</b>	<b>(\$7,500)</b>	<b>(\$7,500)</b>	<b>(\$7,500)</b>	<b>(\$1,024,767)</b>
<b>Other Expenses</b>																
<b>Facilities</b>																
Rent, CAM, Taxes	<b>6</b>	(\$42,697)		(\$109,000)		(\$229,000)				(\$229,000)						(\$609,697)
Utilities	<b>7</b>	(\$228,015)	(\$65,000)			(\$65,000)				(\$65,000)				(\$65,000)		(\$488,015)
Maintenance & Cleaning		\$0	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)	(\$1,000)				(\$10,000)
Security		\$0	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)	(\$250)				(\$2,500)
Bio Waste Disposal		\$0														\$0
Shredding		(\$1,965)		\$3,000												\$1,035
MRI Ramp Down	<b>8</b>	(\$21,000)														(\$21,000)
C'Arms	<b>8</b>	\$0														\$0
Wipe X-Rays	<b>8</b>	(\$4,362)														(\$4,362)
<b>Regulatory</b>																
Pharmacy Audit		\$0														\$0
Insurance Premiums - Malpractice	<b>9</b>	\$0														\$0
Ins. - Malpractice/Claims Resolution	<b>9</b>	\$0														\$0
Insurance Premiums - CGL	<b>10</b>	(\$162,088)	(\$51,416)				(\$26,000)				(\$26,000)				(\$26,000)	(\$291,504)
D & O Insurance coverage		\$0														\$0
Terrorism Insurance Premium		\$0														\$0
<b>IT Related</b>	<b>11</b>															
Cytera		(\$62,096)			(\$22,000)				(\$22,000)				(\$22,000)			(\$128,096)
Level 3		(\$90,826)		(\$10,000)				(\$10,000)				(\$10,000)				(\$110,826)
CenturyLink		(\$45,494)	(\$25,000)		(\$25,000)				(\$25,000)				(\$25,000)			(\$145,494)
AWS		\$0	(\$1,100)			(\$1,100)					(\$1,100)					(\$3,300)
Iron Mountain	<b>12</b>	(\$36,397)	(\$5,000)			(\$5,000)				(\$5,000)					(\$75,000)	(\$126,397)
CenturyLink (installment agmt)		(\$58,078)														(\$58,078)
NextGen & other medical databases		(\$249,192)	(\$40,000)			(\$40,000)				(\$40,000)				(\$40,000)		(\$409,192)
Assignee Website		(\$362)	(\$500)				(\$500)				(\$500)				(\$500)	(\$2,362)
Domain Name/ Toll Free # Preservation		(\$7,330)	(\$594)	(\$2,000)	(\$594)				(\$594)				(\$594)			(\$11,706)
Contingency		(\$7,887)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$5,000)	(\$72,887)
<b>Other Expenses</b>																
Taxes		(\$185,626)														(\$185,626)
Office/Mailing Expenses	<b>13</b>	(\$11,529)	(\$7,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	(\$49,029)
Printers/Copiers	<b>13</b>	\$0	(\$1,000)	(\$1,000)												(\$2,000)
Contingency		(\$12,790)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$142,790)
<b>Total Other Expenses</b>		<b>(\$1,217,733)</b>	<b>(\$213,360)</b>	<b>(\$137,750)</b>	<b>(\$66,344)</b>	<b>(\$358,850)</b>	<b>(\$45,250)</b>	<b>(\$28,750)</b>	<b>(\$66,344)</b>	<b>(\$367,750)</b>	<b>(\$46,350)</b>	<b>(\$28,750)</b>	<b>(\$65,094)</b>	<b>(\$122,500)</b>	<b>(\$119,000)</b>	<b>(\$2,873,825)</b>
<b>Total Wind Down Op Expenses</b>		<b>(\$1,873,000)</b>	<b>(\$233,360)</b>	<b>(\$359,750)</b>	<b>(\$86,344)</b>	<b>(\$373,850)</b>	<b>(\$60,250)</b>	<b>(\$43,750)</b>	<b>(\$76,344)</b>	<b>(\$367,750)</b>	<b>(\$56,350)</b>	<b>(\$38,750)</b>	<b>(\$72,594)</b>	<b>(\$130,000)</b>	<b>(\$126,500)</b>	<b>(\$3,898,592)</b>
<b>Net cash flow (deficit) from Operations</b>		<b>\$5,710,423</b>	<b>(\$233,360)</b>	<b>(\$359,750)</b>	<b>(\$86,344)</b>	<b>(\$373,850)</b>	<b>(\$60,250)</b>	<b>(\$43,750)</b>	<b>(\$76,344)</b>	<b>(\$367,750)</b>	<b>(\$56,350)</b>	<b>(\$38,750)</b>	<b>(\$72,594)</b>	<b>(\$130,000)</b>	<b>(\$126,500)</b>	<b>\$3,684,831</b>

Laser Spine Institute ("LSI")																
13-Week Wind Down Expense Budget																
For the Combined Locations: Tampa, Arizona, Cincinnati, Philadelphia and St. Louis																
PRELIMINARY DRAFT as of June 18, 2019:																
This is a preliminary draft. It has been prepared based on preliminary information and assumptions. No one may rely on this draft. It is subject to change as additional information becomes available or is clarified.																
Source: Discussions with LSI management and suppo																
	Notes	3/15-6/16/19	06/23/19	06/30/19	07/07/19	07/14/19	07/21/19	07/28/19	08/04/19	08/11/19	08/18/19	08/25/19	09/01/19	09/08/19	09/15/19	Total
<b>Assignee fees and expenses</b>																
Soneet R Kapila, Assignee	14	\$0		(\$120,292)				(\$44,798)				(\$33,184)				(\$198,274)
Soneet R Kapila, Assignee pre-petition		(\$42,621)														(\$42,621)
KapilaMukamal et al		\$0		(\$560,310)				(\$219,225)				(\$147,464)				(\$926,999)
KapilaMukamal et al pre-petition		(\$76,891)														(\$76,891)
Stichter Riedel et al		\$0		(\$360,000)				(\$144,444)				(\$96,000)				(\$600,444)
Stichter Riedel, et al pre-petition		(\$78,131)														(\$78,131)
Healthcare attorney		\$0		(\$12,000)				(\$7,000)				(\$5,000)				(\$24,000)
ERISA counsel		\$0		(\$23,000)				(\$5,000)								(\$28,000)
Risk / Insurance consultant		\$0		(\$36,000)				(\$10,000)				(\$5,000)				(\$51,000)
LSI Officer/Director (Bill Maloney)	15	\$0														\$0
Liquidators / Appraisers	16	\$0														\$0
IT - data preservation (eHounds)		(\$25,000)	(\$30,000)					(\$15,000)								(\$70,000)
A/R Collections Outsourcing	17	(\$25,000)														(\$25,000)
Medical Records Custodian	18	\$0	(\$4,000)	(\$20,000)		(\$1,200)				(\$1,200)				(\$1,200)		(\$27,600)
Filing & Recording Fees & Notice to Creditors		(\$43,451)														(\$43,451)
Records Storage fees		(\$861)	(\$5,000)				(\$5,000)				(\$5,000)					(\$15,861)
Bond expense		(\$2,000)														(\$2,000)
Total Assignee fees and expenses		(\$293,954)	(\$39,000)	(\$1,131,602)	\$0	(\$1,200)	(\$5,000)	(\$445,468)	\$0	(\$1,200)	(\$5,000)	(\$286,648)	\$0	(\$1,200)	\$0	(\$2,210,272)
<b>Texas Capital Bank Expenses</b>																
Bank / Agent Expenses	19	(\$356,496)	(\$90,000)				(\$90,000)				(\$90,000)					(\$626,496)
Total Texas Capital Bank expenses		(\$356,496)	(\$90,000)	\$0	\$0	\$0	(\$90,000)	\$0	\$0	\$0	(\$90,000)	\$0	\$0	\$0	\$0	(\$626,496)
Net Cash Flow (Deficit) after Total Expenses		\$5,059,973	(\$362,360)	(\$1,491,352)	(\$86,344)	(\$375,050)	(\$155,250)	(\$489,218)	(\$76,344)	(\$368,950)	(\$151,350)	(\$325,398)	(\$72,594)	(\$131,200)	(\$126,500)	\$848,063
Beginning cash balance (deficit)	20	\$1,086,652	\$5,996,093	\$5,633,733	\$4,142,381	\$4,056,037	\$3,680,987	\$3,525,737	\$3,036,519	\$2,960,175	\$2,591,225	\$2,439,875	\$2,114,477	\$2,041,883	\$1,910,683	\$1,086,652
Net cash flow		\$5,059,973	(\$362,360)	(\$1,491,352)	(\$86,344)	(\$375,050)	(\$155,250)	(\$489,218)	(\$76,344)	(\$368,950)	(\$151,350)	(\$325,398)	(\$72,594)	(\$131,200)	(\$126,500)	\$848,063
Adjust for Miscellaneous Bank Activity	21	(\$150,532)														(\$150,532)
Ending cash balance (deficit)		\$5,996,093	\$5,633,733	\$4,142,381	\$4,056,037	\$3,680,987	\$3,525,737	\$3,036,519	\$2,960,175	\$2,591,225	\$2,439,875	\$2,114,477	\$2,041,883	\$1,910,683	\$1,784,183	\$1,784,183
SEE ACCOMPANYING NOTES																
The Assignee from time to time makes written or oral forward-looking statements concerning expectations, beliefs, plans, objectives, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are "forward-looking statements." Generally, the inclusion of the words "believe", "could", "should", "estimate", "expect", "intend", "anticipate", "will", "plan", "target", "forecast" and similar expressions identify statements that constitute "forward-looking statements." All statements addressing developments that the Assignee expects or anticipates will occur in the future, including statements relating to values, future financial condition, assets, real property and timing of their disposition, as well as statements expressing optimism or pessimism about future results, are forward-looking statements.																
The forward-looking statements are based upon the Assignee's then-current views and assumptions regarding future developments and are applicable only as of the dates of such statements. By their nature, all forward-looking statements involve risks and uncertainties. The Assignee assumes no obligation to update or review any forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, whether as a result of new information, future events or otherwise. There can be no assurance that the Assignee has correctly identified and appropriately assessed all factors affecting the Company and its assets. For these reasons, you are cautioned not to place undue reliance on any forward-looking statements.																

## Laser Spine Institute ("LSI")

### Notes for the 13-Week Wind Down Budget For the Combined Locations: Tampa, Arizona, Cincinnati and St. Louis

**PRELIMINARY DRAFT as of June 18, 2019:**

This is a preliminary draft. It has been prepared based on preliminary information and assumptions. No one may rely on this draft. It is subject to change as additional information becomes available or is clarified.

**Source:** Discussions with LSI management and supporting schedules and records provided by management.

1	Actual receipts are reflected for purposes of tying actual results to the book/ledger balance at the end of a prior periods. Future collections are not budgeted. To the extent this results in a negative ending cash balance in any budgeted period, it demonstrates the need for minimum future collections to fund the estate.
2	KapilaMukamal ("KM") identified approximately 44 employees (of the approximately 67 employees that were retained as of March 1, 2019) that would remain on staff to assist the Assignee with the wind down ("Wind Down Staff") and taper off as services are no longer required (note: as of the date of this budget draft, 29 employees were remaining). The budget assumes that all employee benefits are eliminated and that compensation of the Wind Down Staff will be converted to an hourly rate + 20% fringe factor. Employees who stay on through the required end date (currently estimated at 5/31/19) will be paid a 10% stay bonus based on their base annual compensation prorated to the period 4/1/19 - 5/31/19. The Assignee is also considering paying PTO due to the Wind Down Staff, the total amount has not been determined, and is not included in the budget at this time. In addition to payroll, KM included an estimate for per diem contractors to assist with the wind down.
3	The employee health care plan is self funded by LSI and administered by Cigna and the current agreement expired on March 31, 2019. Cigna maintains a \$195,000 reserve to pay claims and LSI is responsible to replenish the reserve weekly based on claims paid from the previous week (note: it appears that the \$190,000 reserve may have been depleted by subsequent notifications from Cigna aggregating \$310,000). The claims payments have historically averaged approximately \$100,000 per week and it is estimated that the remaining liability will be approximately \$1 million. The company received a \$202,000 pharmacy rebate from Cigna. Cigna is arguing that this amount must be returned to them and be applied to amounts due them for the company's self insured plan. The ultimate resolution is TBD but the amount is reflected in the budget as being returned to Cigna.
4	Employee Benefits from Payroll Deductions are employee deductions taken from the March 1st payroll to pay for the employee benefits (dental, life, vision, disability, etc.). The amount in the budget represents the remaining unfunded balance from the March 1st payroll.
5	The estimated 401k Audit payment for the 2019 401(K) audit (\$14,000) may be offset by forfeitures to pay for the audit.
6	See separate "Status of Lease Negotiations" chart and Exhibit I (both attached hereto).
7	KM assumed utilities would be paid for Tampa, Arizona, Cincinnati and St Louis from March through facility closings.
8	The cost to ramp down and wipe PHI data from the MRI units is approximately \$12,000 for each location and the costs to wipe PHI data for the X-ray machines and C-Arms has been estimated based on discussions with the vendors.
9	The estimated malpractice insurance premiums for tail coverage and a new policy requiring installment payments have been removed from the budget given unsuccessful negotiation with the insurance provider.
10	Commercial and general liability policy, effective March 1, 2019, financed with a down payment of approximately \$124,927 to be followed by 10 monthly payments of \$51,416 and one payment of \$7,840. The risk consultant has worked to eliminate coverage no longer required, and the Assignee has reduced the month premium accordingly.
11	The IT expenses include data storage fees (CenturyLink, AWS and Iron Mountain) internet and phone connectivity (Level 3) and billing/collecting and medical record storage (NextGen). KM assumed the IT services would be required through May 2019.
12	Iron Mountain expenses include monthly storage charges as well as a \$74,000 charge for records destruction based on a quote provided by them.
13	There are, and will continue to be, a significant amount of medical record requests that require and the office, mailing and printer copier expenses are estimates for costs to respond.
14	The Assignee's costs and expenses include the costs to administer and manage the Assignment. Timing and amount of budgeted fees reflect the order for interim fee payments (i.e. 80% of budgeted fees and 100% of expenses). These estimates are a good faith estimate and will in all likelihood vary. They do not represent a fixed fee.
15	These costs were eliminated.
16	Includes estimated costs for inventory and appraisal only. Liquidation costs are not included in the budget at this time. Liquidation costs will include expenses for moving equipment, storage, restoration of real property for damage caused in removals (e.g. MRI's) and auctioneer's fees and expenses.
17	The Assignee has retained a third-party AR collection company, Accordias, to administer the AR recovery process with the continued assistance of four to five former LSI AR team members on a per diem basis to assist with the recovery efforts and provide institutional knowledge of the various payors and accounts. The contract with Accordias was approved by the Court and the terms include a \$25,000 initial set up fee plus 8.5% of collections.
18	The Assignee has identified a medical record custodian ("Custodian") to preserve and respond to patient and third-party medical record requests. The terms include a one-time set-up fee between \$10,000 to \$20,000 (depending on the format the records are provided) and the Custodian will preserve the records for the period of time required by law and produce records upon request. The Custodian will charge the requesting party a fee to produce the medical records and the LSI estate will not be responsible for any additional costs (except the one-time set up fee) plus a monthly servicing and licensing fee for the transfer of the required applications to the Custodian. The Assignee, with the assistance of the LSI IT team, are working on converting the records in an acceptable format for the Custodian and there may be additional costs required to convert the DICOM images (MRIs & X-Rays) and the legacy medical record application (Amkia) into an acceptable format.
19	The Assignee will pay the costs of Texas Capital Bank and it's professionals to administer the ABC arrangement. Costs are not fully budgeted but do include estimated legal fees.
20	Cash includes balances in Texas Capital Bank accounts plus amounts in Assignee's Signature Bank accounts.
21	Mostly ACH debits related to pre-petition liabilities which will be reversed in subsequent periods. There is a day or two lag from when the ACH debits are charged to the account and when they are reversed. As such, at any given time there is a negative balance which will be reversed prospectively.

## Laser Spine Institute ("LSI")

### Notes for the 13-Week Wind Down Budget For the Combined Locations: Tampa, Arizona, Cincinnati and St. Louis

**PRELIMINARY DRAFT as of June 18, 2019:**

**This is a preliminary draft. It has been prepared based on preliminary information and assumptions.**

**Source:** Estimated based on ongoing discussions with Landlords

Facility Location	May	June	July	August	September		
Cincinnati	\$42,697	\$0	\$0	\$0	\$0		
Cleveland	\$40,000	\$0	\$0	\$0	\$0		
Oklahoma	\$0	\$0	\$0	\$0	\$0		
Philadelphia	\$0	\$0	\$0	\$0	\$0		
Scottsdale		\$109,000	\$109,000	\$109,000	\$0		
St. Louis	\$0	\$0	\$0	\$0	\$0		
Tampa	\$0	\$0	\$120,000	\$120,000	\$0		
	<b>\$82,697</b>	<b>\$109,000</b>	<b>\$229,000</b>	<b>\$229,000</b>	<b>\$0</b>		

**Notes:**

**Cincinnati** - Amount payable per agreement with landlord

**Cleveland** - Amount payable per agreement with landlord

**Oklahoma** - Facility was vacated prior to assignee's appointment

**Philadelphia** - Facility was vacated prior to assignee's appointment

**Scottsdale** - The Assignee is working to resolve the landlord's assertion of a lien. Out of precaution the budget reflects regular rent payments to allow sufficient time for an orderly auction of the furniture and equipment.

**St. Louis** - Standstill through May 24th. All assets have been removed for auction.

**Tampa** - standstill agreement in place. Fair market storage rent is due after termination of standstill period. The amount budgeted for rent is the estimated FMV storage amount provided for in agreement.

**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 3

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.

**AGREEMENT FOR SERVICE**  
**HFD Advantage Program**

This AGREEMENT FOR SERVICE (the "Agreement") is entered into and shall be effective as of the 10<sup>th</sup> day of December, 2015 ("Effective Date"), by and among

Healthcare Finance Direct, LLC, a California limited liability company (the "Company"), LSI Management Company, LLC, a Florida limited liability company ("Service Provider").

The Company and the Service Provider are sometimes referred to individually as a "Party" and collectively as the "Parties."

**Recitals**

- I. The Company assists medical professionals with (a) a credit evaluation of Patient-Clients in need of financing for surgical procedures and (b) the servicing and management of financial arrangements entered into between the Service Provider and its Patient-Client, as more particularly detailed in this Agreement.
- II. The Service Provider wishes to engage the Services of the Company in exchange for payment of certain fees more particularly described in this Agreement.

NOW, THEREFORE, the Parties agree as follows:

**Agreement**

- A. **Services Provided.** The Service Provider hereby agrees to engage the Company to provide the Service Provider with certain contract Services (the "Services"). The Company will implement its *HFD Advantage Program* to be used at the locations specified by the Service Provider pursuant to Paragraph 4 below.

1. For each Account which the Company is servicing under this Agreement, the Company agrees to:

1. Provide credit applications and Patient-Client agreements to Service Provider through the *HFD Advantage Program*;
2. Provide credit approval recommendations;
3. Manage, accept and process payments from Patient-Clients of Service Providers on a monthly basis;
4. Pay Service Provider daily (banking day) for payments collected on their behalf; and
5. Provide reports to identify Patient-Client payment histories.
6. Set a minimum financed amount of \$500 or greater. (Minimum financed amounts may vary on a state to state basis.)
7. Set a maximum financed amount of \$15,000 or lower.

2. In addition to the above, the Company specifically agrees to:

1. Use its own funds, tools, supplies and equipment in the performance of the Services hereunder.
2. Provide API integration documentation for connectivity to the Company's application environment;
3. Send welcome correspondence to each Patient-Client named, with instructions to make payment(s) to the Company.
4. On a monthly basis, process ACH, direct draft, debit card and credit card payments and collect the monthly payment due. The Company will send reminders and make collection, telephone calls to the Patient-Client in accordance with its Collection Policy, if the payment is not received.
5. Post and deposit all payments received into a specified bank trust account.
6. Maintain Patient-Client account business records and all applicable documents (i.e. Patient-Client credit applications and agreements) in a commercially reasonable manner subject to the Confidentiality provisions contained herein and in accordance with all applicable state and federal laws.
7. Remit payments to the Service Provider based upon the following schedule:
  - i. All payments received from a Patient-Client will be remitted to the Service Provider daily following a minimum hold time of 5 business days, and in no instance to exceed 7 business days, allowing funding confirmation from the associated financial institution. If a payment date falls on a banking holiday, payment will be made the following business day.
8. The Company will remit each Patient-Client monthly payment to the Service Provider less the \$10.00 standard monthly service charge.
9. Provide Service Provider access to monthly Accounts Receivable reports through Web Portal Access.
10. Evaluate credit worthiness through use of a Credit Matrix developed by the Company and approved by the Service Provider with assigned ratings of A, B, C, D or E. This rating system helps the Service Provider understand the repayment risk associated with each transaction and tailor down payment requirements accordingly. The Company shall utilize the services of a third party credit bureau.
11. The Services may also include any other tasks which both Parties may agree to in it writing.
12. Provide on-line access to Patient-Clients for viewing account details.

- B. Term of Agreement. The term of this Agreement will begin on the Effective Date and shall remain in full force for a period of Six (6) Months (the "Term"). At the conclusion of the Term, the Agreement will automatically renew on a month to month basis. After the expiration of the Term, either Party may terminate this Agreement by giving written notice to the other Party not less than 30 days prior to the intended termination date. In the event that Service Provider terminates this Agreement during the month to month renewal phase, the Company will continue to manage the existing Patient-Client portfolio until the terms of the Patient-Client agreements have expired. The Company will continue to charge for its Services as called for in this Agreement for Service. If Service Provider determines, in its sole and absolute discretion, that Company is not maintaining minimum compliance standards as required by the Service Provider, Service Provider may terminate this Agreement by giving Company written notice specifying the nature of the non-compliance and Service Provider's intent to terminate this Agreement within ten (10) business days of the date of the notice ("Cure Period"). Unless the Company cures the breach to the reasonable satisfaction of the Service Provider within the Cure Period, this Agreement will terminate immediately without further action by the Service Provider. In the event that Service Provider terminates this Agreement as a result of Company's failure to maintain minimum compliance standards, Service Provider will assume management of the existing Patient-Client portfolio.
- C. Performance. The Parties hereby agree to use their best efforts to ensure that this Agreement and the terms contained herein are performed in a timely and professional manner.
- D. Price for Services. The Company will charge Service Provider a pass through fee of 2.25% of the payment amount whenever payment is made by credit or debit card. The Company will charge Service Provider a \$10.00 processing fee per payment received from the Patient Client for all payments processed and due under the Patient Client agreements. The processing fee of \$10.00 will be charged each month regardless of the amount paid by the Patient Client so long as that amount is more than the required minimum payment. The Service Provider shall require a minimum payment amount of \$50.00 as a minimum payment amount the Company will accept from a Patient Client. Those accounts falling into the Collections status and sent to an agency or returned to the Service Provider per Section F below will not be charged a fee once they have been returned and payment processing has been stopped by the Company.
- E. Rebate Program. The Company will provide a rebate program for processing fees collected by the Company from the Service Provider. The Rebate Program shall provide for a monthly rebate percentage based upon actual monthly processing fees collected from Service Provider based upon the following schedule; when the Company collects in excess of \$100,000 in processing fees in a single calendar month, the Service provider shall receive a 10% rebate on those fees in excess of the \$100,000 baseline; when the Company collects in excess of \$150,000 in a single calendar month the Service Provider shall receive a rebate equal to 15% on the fees in excess of the \$100,000 baseline; when the Company collects in excess of \$200,000 in a single calendar month the Service Provider shall receive a rebate equal to 20% on the fees in excess of the \$100,000 baseline; when the Company collects in excess of \$300,000 in a single calendar month the Service Provider shall receive a rebate equal to 30% on the fees in excess of the \$100,000 baseline. The rebate program is specific to the \$10.00 monthly processing fees only and shall be paid to the service provider via ACH on or before the 15<sup>th</sup> day of the calendar month following the month fees were paid in excess of the baseline.
- F. Collections. For any Patient-Client account which is classified as delinquent (less than four consecutive payments past due), the Service Provider authorizes the Company to use its reasonable best efforts to collect on the delinquent account in accordance with the Company's Delinquent Accounts Servicing Policy including extending payment terms or reducing payment amounts to bring the account current and/or ensure full repayment of the obligation owed to the Service Provider.

Any Patient-Client account which is classified as a defaulted account, (four consecutive payments or more past due), will be forwarded to the Company's elected third party collection agency upon all parties executing an agreement between the Provider and the Elected Agency. The Service Provider shall also have the option, to have defaulted accounts returned to use their own methods of collection. If the Service Provider elects to have accounts returned to them, the Company will transmit these defaulted accounts to the Service Provider within 30 days following the date that the Patient-Client Agreement becomes more than four consecutive payments past due.

☐ I elect to have defaulted accounts forwarded to the Company's elected third party collection agency.

☐ I elect to have defaulted accounts returned to us, the Service Provider.

- G. Confidentiality. The Parties agree that the terms of the Non-Disclosure and Non-Solicitation Agreement ("NDA") attached hereto as Exhibit B, or terms substantially similar thereto, shall apply to any confidential and proprietary information received, created, maintained or transmitted by COMPANY while providing the Services. The definition of "Confidential Information" used in the NDA shall apply to this Agreement.
- H. Ownership of Program Materials. All marketing and collateral materials developed, produced, or in the process of being so, under this Agreement, will be the property of the Company. The use of the above mentioned materials by the Service Provider are expressly provided by the Company for use in the Program. The Service Provider may retain and use said materials during the Term of this Agreement.

- I. Return of Property. Upon the expiration or termination of this Agreement, or in the event the Service Provider should cease business activity for any reason, including bankruptcy, the Service Provider will return to the Company any property, documentation, records, or confidential information that is the property of the Company. All documents, data and other tangible objects (in whatever media or format) containing or representing Confidential Information that has been disclosed by the Service Provider to the Company, and all copies or extracts thereof that are in the possession of the Company shall be and remain the property of the Service Provider. Automatically upon the termination or expiration of this Agreement, the Company shall return all Confidential Information and other applicable documents and other materials made available or supplied by the Service Provider to the Company hereunder, including any copies thereof and any applicable notes, summaries, analyses, and reports made by either Party's employees, agents and consultants containing same.
- J. Warranty. The Company warrants that (i) the Services hereunder shall be performed in a competent, diligent manner and with that degree of skill and judgment which is customarily exercised in the industry by recognized professional firms with respect to similar or like nature and shall be in accordance with all applicable federal, state and local laws and regulations; (ii) the materials provided by the Company hereunder (including all Patient-Client credit applications and agreements) are in compliance with the Federal Truth In Lending Act of 1968 and other applicable federal, state and local laws and regulations; (iii) the Patient-Client account records maintained by the Company are in compliance with all applicable federal state and local record retention laws and regulations; and (iv) it has the full right to allow it to provide the Service Provider with the rights provided for herein, Company shall indemnify and hold Service Provider harmless from and against any and all losses, claims, demands, liabilities, costs, fines, penalties, damages, or expenses that Service Provider may incur as a result of Company's failure to abide by the provisions of this Paragraph. Company further agrees to reimburse Service Provider for any and all fines, penalties, or taxes which Service Provider may be required to pay by ruling, regulation, court decision or otherwise as a result of Company's failure to comply with this Paragraph.

The Company shall have the right to modify this Agreement or the *HFD ADVANTAGE PROGRAM* upon written notice to the Service Provider if, either under existing law or due to a change in the law, the Company determines that this Agreement or the *HFD ADVANTAGE PROGRAM* may be deemed to be in violation of any applicable law. The Company shall also have the right to terminate this Agreement or the *HFD ADVANTAGE PROGRAM* if the Company determines that modifying this Agreement or its *HFD ADVANTAGE PROGRAM* in order to comply with applicable law would be unduly costly or burdensome.

The Service Provider agrees to immediately, upon written notice from the Company, implement and effect any changes to the program, policies or processes that the Company deems necessary to comply with any regulation, code or other laws governing the program for which the Company is managing on behalf of the Service Provider.

K. Assignment.

1. Restrictions on Transfers. Service Provider shall not voluntarily or by operation of any and all applicable ordinance, order, regulation, requirement, rule and statutes of federal, state, local or of other governmental authorities now in force or which may hereafter be enacted or promulgated (singularly "Law" and collectively "Laws" on a generic basis), assign or encumber its interest in this Agreement or the Services, or its license of the HFD Advantage Program, or allow any other person or entity to use the HFD Advantage Program, or assign, convey or otherwise Transfer, enter into franchise, license or concession agreements without obtaining Company's prior written consent, which shall not be unreasonably withheld pursuant to Section K(2). Any Transfer without Company's prior written consent shall be voidable, at Company's election, and shall constitute a material default entitling Company, among other remedies, to terminate this Agreement and all obligations of Company hereunder. No consent to any one Transfer shall constitute a further waiver of the provisions of this Section K (1). Service Provider shall notify Company in writing at least thirty (30) days prior to any intended Transfer, which notice shall include the name of the proposed assignee, information concerning the financial responsibility of the proposed assignee, information concerning the business reputation and experience of the proposed assignee in operating a business like that of Service Provider, and the terms of the proposed Transfer. Company shall, within ten (10) days' receipt of such written notice and additional information requested by Company concerning the proposed assignee's financial responsibility and/or business reputation and experience, elect one of the following: (i) consent to the proposed Transfer, (ii) refuse such consent, which refusal shall be for any reasonable reason; or (iii) elect to terminate this Agreement. Company's waiver or consent to any Transfer shall not relieve or release Service Provider from any duty, obligation or responsibility under this Agreement.
2. Further Transfers. The foregoing provisions of this Section K are personal to Service Provider. After the first Transfer, any such transferee or assignee may not enter into any further Transfers without the prior written consent of Company, which consent may be granted or withheld in Company's sole and absolute discretion.
3. Effect upon Existing Patient-Client Accounts. If other than a change of control or ownership within the Service Provider, the Transferor shall specifically direct the company on what will happen to then-existing Patient-Client accounts and shall do so in writing upon request for the Companies consent to transfer.
4. Purchased Account Transfers. The Company agrees to generate a report of eligible accounts for possible sale to a pre-approved purchaser on behalf of the Service Provider the first business day of each week. The Service Provider agrees to acknowledge the accuracy of each account and their intent to sell eligible accounts within 24 hours of receipt. The Company agrees upon confirmation from the Service Provider of their intent to sell and confirmation from purchaser that the funds have been transferred, that the Company will transfer accounts weekly from Service Provider to Purchaser.

- L. Capacity/Independent Contractor. It is expressly agreed that the Company as an independent contractor and not as an employee in providing the Services under this Agreement. The Company and the Service Provider acknowledge that this Agreement does not create a partnership or joint venture between them, and is exclusively a contract for service.



- M. Liability Insurance. During the term of this Agreement, COMPANY shall maintain liability insurance with the following minimum limits of liability with a financially rated insurer with a minimum AM Best rating of A-VII:
- i. General Liability: One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate;
  - ii. Professional Liability: One Million Dollars (\$1,000,000) each claim and Three Million Dollars (\$3,000,000) in the aggregate;
  - iii. Network Security /Privacy Liability: Five Million Dollar limit (\$5,000,000) each claim and in the aggregate;
  - iv. Employee Dishonesty Coverage: One Million limit (\$1,000,000) each claim and aggregate. This policy should include coverage for theft of SERVICE PROVIDER funds being held by COMPANY; and
  - v. Workers Compensation Coverage: Statutory coverage applicable in state and Employers liability limit of \$1,000,000/\$1,000,000/\$1,000,000.
- COMPANY shall name SERVICE PROVIDER and co-owned entities as additional insureds on all of its insurance policy or policies on a primary and non-contributory basis (except worker's compensation). Such insurance shall include an Insurer's waiver of subrogation in favor of the additional insured(s). (except worker's compensation) COMPANY shall provide SERVICE PROVIDER with a certificate or certificates of such insurance as Exhibit C of this Agreement reflecting requested coverage herein. The obligations under this Section will survive any termination (regardless of the cause of termination), non-renewal, or expiration of this Agreement. COMPANY shall provide thirty (30) days' notice to SERVICE PROVIDER of any non-renewal, termination, or lapse in coverage. Failure to notify SERVICE PROVIDER of any non-renewal, termination, or lapse in coverage will be considered a material breach of this Agreement. Company shall obtain Network Security/Privacy Liability coverage and Employee Dishonesty coverage no later than thirty (30) days from the Effective Date. Service Provider may terminate this Agreement in its sole and absolute discretion in the event Company fails to obtain such coverages within the allotted time frame.
- N. Indemnification. Each Party shall indemnify and hold the other Party harmless from and against any and all losses, claims, demands, liabilities, costs, damages or expenses (including attorneys' fees) that the other Party may incur by reason of any gross negligence or wrongful act of the other Party in the performance of its duties hereunder.
- O. Payment Disbursement Method. Upon execution of this Agreement, the Service Provider agrees to provide the Company with the banking information necessary to set up an ACH or electronic funds transfer account for disbursement of funds collected from the Service Provider's Patient-Clients directly to the Service Provider. It is understood and agreed by the Service Provider, that the Company will not mail checks or any other form of disbursement of funds to the Service Provider other than via ACH or electronic funds transfer.
- P. Patient-Client Verification. The Service Provider represents and warrants that it will take all steps necessary to properly verify the identification of its Patient-Clients prior to the execution of the Application for Credit and the Patient-Client Agreement, including review of photo identification. The Service Provider also represents and warrants that it will comply with the Company's policy pertaining to verifying the Patient-Client's procedure date, procedure amount, and banking or credit card information. The Company shall not be obligated to service any Patient-Client account of the Service Provider until the Service Provider has provided the verifications to the Company identified above.
- Q. Patient-Client Contested Payments. It is understood and agreed by the Service Provider, that the Company shall have the right to withhold disbursement of any funds collected from a Patient-Client to the Service Provider in any instances where the Patient-Client contests the collection of said payments. In any instance where the Patient-Client contests the collection of payments, the Company shall notify the Service Provider within 48 hours via electronic mail and the Service Provider shall forward any documentation requested by the Company to support the withdrawal of said payments within 48 hours. If the requested information is not provided to the Company within 48 hours, the Company shall have the right to refund the funds collected to the Patient-Client or net check any those funds from any future disbursement to the Service Provider for those funds which might have been previously disbursed to the Service Provider.
- R. Third Party Audits. The Company shall have the right to engage an independent third Party accounting firm to audit the performance of the Service Provider's account. The Company represents and warrants that the appropriate legal and confidentiality agreements will be in place prior to any audit and the Service Provider shall have 14 days' advance written notice of any audit to be performed on its account.
- S. Government Investigations. COMPANY shall notify SERVICE PROVIDER and SERVICE PROVIDER shall notify COMPANY promptly of any known or planned federal or state government audits, investigations or initiatives that relate in any way to COMPANY's provision of services to SERVICE PROVIDER or either party's general business operations; such notice shall include all relevant details.
- T. Right to Audit. COMPANY shall comply with annual and ad-hoc audit activities to assist SERVICE PROVIDER in ensuring its compliance with applicable laws, regulations and company policies and procedures. Such audit activities shall be scheduled during routine business hours at a time and date agreed upon between the Parties. Further, upon request, COMPANY shall furnish all relevant audit and compliance materials to SERVICE PROVIDER in the manner and timeframes agreed upon by the Parties. Consistent with Service Provider's right to audit, beginning thirty (30) days following the Effective Date, Company shall record all telephone calls Company conducts with a Patient-Client. Company shall provide Service Provider with any and all call recordings upon reasonable request by Service Provider.
- U. Entire Agreement. This Agreement represents the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. Any amendments to this agreement shall be made in writing with the mutual consent of the Parties.
- V. Licensing. Certain states may require the Service Provider to register in those states as a creditor and to report and pay fees based upon volume. In those cases, the Company may provide the Service Provider with the necessary forms and reports that may be mandated from time to time however

the Service Provider shall remain responsible for the completion and submission of reports, forms and mandated fees.

- W. Authority. If Service Provider is a corporation, a partnership, limited liability company or a limited liability partnership, each individual executing this Agreement on behalf of said corporation, partnership or limited liability company, as the case may be, represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said entity in accordance with the corporate bylaws, statement of partnership or certificate of limited partnership or articles of organization, as the case may be, that if Service Provider is an entity, such entity is duly qualified to do business in the state(s) where it was formed and in which it is operating, and that this Agreement is binding upon said entity in accordance with its terms. Company, at its option, may require a copy of such written authorization to enter into this Agreement. The failure of Service Provider to deliver the same to Company within fifteen (15) days of Company's request therefor shall be deemed a default under this Agreement.
- X. Notices. Any and all notices and other communications required or permitted by this Agreement to be served on or given to either Party to this Agreement by the other, shall be in writing and shall be deemed duly served and given on the earlier to occur of (a) receipt or (b) the date of delivery, refusal or non-delivery indicated on the return receipt, if deposited with the United States Postal Service, or (c) if given by a nationally recognized carrier or reputable overnight delivery service, within one (1) day after deposit with such delivery service and addressed to the Company or the Service Provider as set forth below. Either Party may change its address for purposes of this Section by giving written notice to the other.

**"COMPANY"**

HEALTHCARE FINANCE DIRECT, LLC  
1201 24<sup>th</sup> Street  
Suite B-200  
Bakersfield, CA 93301  
(661) 466-5334

**"SERVICE PROVIDER"**

LSI Management Company, LLC  
Attn: Legal Department  
3031 N Rocky Point Dr W, Suite 300  
Tampa, FL 33607  
(813) 289-9613

- Y. Severability. Each Party shall perform its obligations under this Agreement in accordance with all applicable laws, rules and regulations now or hereafter in effect. In the event any provision of this Agreement (or portion thereof) is determined to be invalid, illegal or otherwise unenforceable, then such provision will, to the extent permitted, not be voided but will instead be construed to give effect to its intent to the maximum extent permissible under applicable law and the remainder of this Agreement will remain in full force and effect according to its terms.
- Z. Counterparts. This Agreement may be executed in one or more counterparts, of each which shall be deemed an original, but all of which together shall constitute one and the same instrument. In addition, if any Party uses facsimile-transmitted signed documents, or signed documents which have been electronically scanned and transmitted by email, the Court and the other Party are authorized to rely upon such documents as if they bore original signatures.
- AA. Effective Date. For all purposes hereof, this Agreement shall be deemed effective as of the date first mentioned above.
- BB. Arbitration.
1. Disputes. This Agreement shall be governed by and construed under the laws of the State of Florida, notwithstanding its conflict of law provisions. All actions or proceedings arising in connection with, touching upon or relating to this Agreement, the breach thereof and/or the scope of the provisions of this Section shall be submitted to American Arbitration Association ("AAA") for binding arbitration under its Comprehensive Arbitration Rules and Procedures if the matter in dispute is over \$250,000, or under its Streamlined Arbitration Rules and Procedures if the matter in dispute is \$250,000 or less, to be held solely in Hillsborough County, Florida, United States, in the English language in accordance with the following provisions: (i) Each arbitration shall be conducted before a three-arbitrator panel which will be selected as follows: one arbitrator shall be selected by Company, one arbitrator shall be selected by Contractor, and one arbitrator shall be selected by AAA, which arbitrator shall control all discovery and evidentiary discovery; all judges shall be either retired judges or attorneys with at least ten years of practice; (ii) The Parties shall share the costs of the arbitration; and (iii) THE PARTIES HEREBY WAIVE THEIR RIGHT TO JURY TRIAL WITH RESPECT TO ALL CLAIMS AND ISSUES ARISING UNDER, IN CONNECTION WITH, TOUCHING UPON OR RELATING TO THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT OR TORT, AND INCLUDING ANY CLAIM FOR FRAUDULENT INDUCEMENT THEREOF.
  2. Consent to Personal Jurisdiction. The arbitrator(s) shall apply Florida law to the merits of any dispute or claim, without reference to conflicts of law rules. COMPANY and SERVICE PROVIDER hereby consent to the personal jurisdiction of the state and federal courts located in Florida for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the Parties are participants.
  3. Costs. COMPANY and SERVICE PROVIDER shall each pay one-half of the costs and expenses of such arbitration, and each shall separately pay its counsel fees and expenses unless otherwise required by law.

4. Equitable Relief. The Parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary, without breach of this arbitration agreement and without abridgment of the powers of the arbitrator.
5. Acknowledgment. COMPANY AND SERVICE PROVIDER HAVE READ AND UNDERSTAND THIS SECTION, WHICH DISCUSSES ARBITRATION. COMPANY AND SERVICE PROVIDER UNDERSTAND THAT BY SIGNING THIS AGREEMENT, COMPANY AND SERVICE PROVIDER AGREE TO SUBMIT ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF, TO BINDING ARBITRATION, EXCEPT AS PROVIDED IN THE PRECEDING PARAGRAPH AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF CONTRACTOR AND COMPANY'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE RELATIONSHIP BETWEEN THE PARTIES.

CC. Compliance with Policy Prohibiting Concessions. In accordance with Section 1128A (42 U.S.C. 1320a-7a), COMPANY acknowledges and agrees to comply with SERVICE PROVIDER's policies prohibiting any and all offers of concessions or inducements, solicitation and acceptance of gifts, or other remuneration. Such policies are available to COMPANY upon reasonable request.

DD. Business Associate Agreement. The Parties agree that the terms of the Business Associate Agreement ("BAA") attached hereto as Exhibit A, or terms substantially similar thereto, shall apply to any Protected Health Information received, created, maintained or transmitted by COMPANY while providing the Services.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

**"COMPANY"**


Healthcare Finance Direct, LLC,  
(a California limited liability  
company)



Eric J. Powers  
President

**"SERVICE PROVIDER":**

LSI Management Company, LLC (a Florida  
limited liability  
company)



Signature

DAVID PILLSBURY

Name

PRESIDENT

Title or Signing Authority

## EXHIBIT A

### **BUSINESS ASSOCIATE AGREEMENT**

This BUSINESS ASSOCIATE AGREEMENT (the "BAA") is entered into by and between the **LSI Management Company, LLC**, its commonly owned entities, owners, and affiliates ("Covered Entity") and **Healthcare Finance Direct, LLC**, ("Business Associate") (each a "Party," collectively the "Parties") effective as of the date listed below (the "Effective Date"); and is entered for the purpose of complying with the final privacy, security, enforcement and breach notification regulations issued by the Department of Health and Human Services ("HHS") as the Health Insurance Portability and Accountability Act Omnibus Final Rule (the "HIPAA Rules"). This Agreement is effective as of 10th day of December, 2015 (the "Effective Date") and shall replace any business associate agreement(s) previously entered by the parties that is still in effect as the Effective Date.

### **RECITALS**

WHEREAS, the Covered Entity is a "covered entity," as that term is defined under the HIPAA Rules, and as such, is required to comply with the requirements thereof regarding the confidentiality and privacy of Protected Health Information; and

WHEREAS, the Business Associate has entered into a service agreement with the Covered Entity (the "Service Agreement") and will have access to, create and/or receive certain Protected Health Information in conjunction with the services being provided to Covered Entity under the Service Agreement; and

WHEREAS, by providing the services under the Service Agreement, the Business Associate is considered a "business associate" of the Covered Entity, as that term is defined under the HIPAA Rules.

NOW THEREFORE, in consideration of the mutual covenants, promises and agreements contained herein, the Covered Entity and the Business Associate agree as follows:

1. **Definitions.** Terms used but not otherwise defined in this Agreement shall have the same meaning as set forth in the HIPAA Rules. For purposes of this Agreement, the following capitalized terms shall have the meanings ascribed to them below:
  - (a) "Breach" shall have the meaning given to such term under 45 CFR §164.402.
  - (b) "Designated Record Set" shall have the meaning given to such term under 45 CFR §164.501.
  - (c) "Electronic Protected Health Information" shall have the meaning given to such term under 45 CFR §160.103.
  - (d) "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder, as amended.
  - (e) "Individual" shall have the meaning given to such term under 45 CFR § 160.103, and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).
  - (f) "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.
  - (g) "Protected Health Information" shall have the meaning given to such term under 45 CFR §160.103, limited to the information created, received, maintained and/or transmitted by the Business Associate from or on behalf of the Covered Entity.
  - (h) "Required By Law" shall have the meaning given to such term under 45 CFR §164.103.
  - (i) "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
  - (j) "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 160 and Part 164, Subparts A and C.
  - (k) "Unsecured Protected Health Information" shall have the meaning given to such terms under 45 CFR §164.402.

### 2. Obligations and Activities of the Business Associate.

- (a) The Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by this Agreement or as Required by Law.
- (b) The Business Associate agrees to use appropriate safeguards, and to comply with the Security Rule with respect to Electronic Protected Health Information, to prevent the use or disclosure of Protected Health Information other than as provided for by this Agreement.

(c) The Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known or should be known to the Agreement for Service - HFD Advantage Program

Business Associate of a use or disclosure of Protected Health Information by the Business Associate in violation of the requirements of this Agreement.

(d) The Business Associate agrees to report promptly to the Covered Entity and in no case later than four business (4) days after any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware, after the Business Associate's discovery of such Security Incident, as defined by the Security Rule, of which it becomes aware.

(e) The Business Associate shall, following the discovery of a Breach of Unsecured Protected Health Information, notify the Covered Entity of such Breach without unreasonable delay, and in no case later than four business (4) days after the Business Associate's discovery of such Breach (subject to any extension permitted for a law enforcement delay under 45 CFR §164.412). Such notice shall include:

i. the identification of each Individual whose Unsecured Protected Health Information has been, or is reasonably believed to have been, accessed, acquired or disclosed during such Breach;

ii. the identification of each Individual and / or Entity receiving Unsecured Protected Health Information and the manner in which the breach was transmitted, if known, including but not limited to hard copy, email or facsimile.

iii. a brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;

iv. a description of the types of Unsecured Protected Health Information involved in the Breach (including but not limited to full name, Social Security number, date of birth, home address, email address(es), Covered Entity account number or phone number or any and all types potentially breached);

v. the steps Individuals should take to protect themselves from potential harm resulting from the Breach; and

vi. a brief description of what the Business Associate is doing to investigate the Breach, mitigate losses, and prevent further Breaches. Such description will include an offer by the Business Associate to notify the Individual as outlined above in subsection (2)(e) described under 45 CFR §164.404 in accordance with the requirements of the Covered Entity. Notification to the Individual will include an offer of a twelve-month service of identity theft protection and monitoring under the direction and approval of the Covered Entity, such approval shall not be unreasonably withheld by the Covered Entity. Promptly thereafter, as requested by the Covered Entity, the Business Associate shall provide contact procedures for Individuals to ask questions or learn additional information, which will include an e-mail address, Web site, postal address and toll-free phone number with a direct extension to a knowledgeable representative with access to such relevant details.

(f) The Business Associate agrees to ensure that its agents and/or subcontractors that create, receive, maintain and/or transmit Protected Health Information (which is Protected Health Information that the Business Associate creates, receives, maintains and/or transmits on behalf of the Covered Entity) agree to the same restrictions and conditions that apply through this Agreement to the Business Associate with respect to such information.

(g) The Business Associate agrees to provide access, at the request of the Covered Entity, within four (4) calendar days to Protected Health Information in a Designated Record Set, to the Covered Entity or, as directed by the Covered Entity, to an Individual in order to meet the requirements under 45 CFR §164.524.

(h) The Business Associate agrees to make amendment(s) to Protected Health Information in a Designated Record Set pursuant to 45 CFR §164.526, only as directed by the Covered Entity, within four (4) calendar days and in the manner reasonably designated by the Covered Entity; or within an alternative time period agreed to by the Covered Entity;

(i) The Business Associate agrees to make internal practices, books, and records, including policies and procedures, relating to the use and disclosure of Protected Health Information received from, or created or received by, the Business Associate on behalf of the Covered Entity available to the Covered Entity or the Secretary, in a time and manner reasonably designated by the Covered Entity or the Secretary, and within four (4) calendar days when required by the Covered Entity or Secretary; for purposes of having the Secretary determine the Covered Entity's compliance with the HIPAA Rules.

(ii) The Business Associate agrees to notify the Covered Entity upon receipt of such notification from the Secretary, and no later than within two (2) calendar days; providing all such requested materials to the Covered Entity ahead of or concurrently with such submission to the Secretary.

(j) The Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for the Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR §164.528.

(k) The Business Associate agrees to provide to the Covered Entity (or to an Individual, if directed by the Covered Entity), in the time and manner reasonably requested by the Covered Entity, information collected in accordance with Section 2(j) above, to permit the Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR §164.528.

(l) To the extent the Business Associate has been engaged to perform any obligation described in Subpart E of 45 CFR Part 164, the Business Associate agrees to comply directly with the requirements of Subpart E in performing such obligation.

### 3. Permitted Uses and Disclosures by the Business Associate.

(a) General Use and Disclosure Provisions. Except as otherwise limited in this Agreement, the Business Associate may use or disclose Protected Health Information to perform any and all necessary functions, activities, or services for, or on behalf of, the Covered Entity as specified in the Service Agreement, provided that such use or disclosure would not violate the Privacy Rule if done by the Covered Entity. When using or disclosing Protected Health Information or when requesting Protected Health Information from the Covered Entity, the Business Associate shall limit Protected

Health Information to the minimum necessary to accomplish the intended purpose of the use, disclosure or request.

(b) Specific Use and Disclosure Provisions.

(i) Except as otherwise limited in this Agreement, the Business Associate may use Protected Health Information for the proper management and administration of the Business Associate, or to carry out the legal responsibilities of the Business Associate.

(ii) Except as otherwise limited in this Agreement, the Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or the Business Associate obtains reasonable assurances from the person and/or entity to whom the information is disclosed that it will remain strictly confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person and/or entity, and the person and/or entity notifies the Business Associate of any instance(s) of which it is aware in which the confidentiality of the information has been breached.

(iii) Except as otherwise limited in this Agreement, the Business Associate may use Protected Health Information to provide Data Aggregation services to the Covered Entity as permitted by 45 CFR §164.504(e)(2)(i)(B).

4. Obligations of the Covered Entity.

(a) Provisions for the Covered Entity to Inform the Business Associate of Privacy Practices and Restrictions.

(i) The Covered Entity shall notify the Business Associate of any limitation(s) in its notice of privacy practices in accordance with 45 CFR §164.520, to the extent that such limitation may affect the Business Associate's use or disclosure of Protected Health Information.

(ii) The Covered Entity shall notify the Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information, to the extent that such changes may affect the Business Associate's use or disclosure of Protected Health Information within thirty (30) days of receiving knowledge of such event.

(iii) The Covered Entity shall notify the Business Associate of any restriction to the use or disclosure of Protected Health Information that the Covered Entity has agreed to in accordance with 45 CFR §164.522, to the extent that such restriction may affect the Business Associate's use or disclosure of Protected Health Information.

(b) Permissible Requests by the Covered Entity. The Covered Entity shall not request the Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by the Covered Entity, except as otherwise contemplated herein.

5. Electronic Data Interchange. The Business Associate agrees that if it (or any of its agents or subcontractors) conducts electronic transmissions on behalf of the Covered Entity for which the Secretary has established a "standard transaction," the Business Associate (and such agents and subcontractors) shall comply with the requirements of the Standards for Electronic Transactions under 45 CFR Parts 160 and 162.

6. Term and Termination.

(a) Term. The Term of this Agreement shall terminate when all Protected Health Information provided by the Covered Entity to the Business Associate, or created or received by the Business Associate on behalf of the Covered Entity, is destroyed or returned to the Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section 6.

(b) Termination for Cause. Without limiting the termination rights of the parties pursuant to the Service Agreement, upon the Covered Entity's knowledge of a material breach of the terms of this Agreement by the Business Associate, the Covered Entity shall either:

(i) Provide an opportunity for the Business Associate to cure the breach or end the violation, and shall terminate this Agreement and the Service Agreement if the Business Associate does not cure the breach or end the violation within the time specified by the Covered Entity; or

(ii) Immediately terminate this Agreement and the Service Agreement if the Business Associate has breached a material term of this Agreement and cure is not possible.

(c) Effect of Termination.

(i) Except as provided in paragraph (ii) of this subsection, upon termination of this Agreement, for any reason, the Business Associate shall return or destroy all Protected Health Information received from the Covered Entity, or created or received by the Business Associate on behalf of the Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of the Business Associate. The Business Associate shall retain no copies of Protected Health Information.

(ii) In the event that the Business Associate determines that returning or destroying Protected Health Information is infeasible (because such information is needed for its own management and administration or to carry out its legal responsibilities), the Business Associate shall provide to the Covered Entity notification of the conditions that make return or destruction infeasible, retain such Protected Health Information, and either return or destroy the remainder of the Protected Health Information. The Business Associate shall extend the protections of this Agreement to the retained Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as the Business Associate maintains such Protected Health Information.



(d) Termination of Agent or Subcontractor Relationship. The Business Associate agrees to include in its agreements with any agents or subcontractors that create, receive, maintain and/or transmit Protected Health Information (which is Protected Health Information that the Business Associate creates, receives, maintains and/or transmits on behalf of the Covered Entity) termination provisions that mirror the terms set forth in this Section 6.

7. Indemnification. Notwithstanding any limitation of liability provision or any other provision in the Service Agreement to the contrary, the Business Associate shall indemnify, defend and hold harmless the Covered Entity, its manager, officers, directors, employees, affiliates, agents, successors and assigns, from and against any and all liabilities, losses, costs, claims, suits, actions, proceedings, demands, judgments, settlements, and assessments brought or made by a third party, arising out of or relating to the acts or omissions of the Business Associate or any of its officers, directors, employees, affiliates, agents, subcontractors, successors or assigns in connection with the obligations set forth in this Agreement. The Business Associate shall maintain the appropriate amount of liability insurance to cover claims relating to violations of the HIPAA Rules and any other applicable patient privacy laws. The indemnification obligations set forth herein shall survive the termination of the Service Agreement and/or this Agreement.

8. Insurance. The Business Associate will maintain cyber/privacy liability insurance with limits of liability up to Five Million Dollars (\$5,000,000.00) per each claim and in the aggregate, or other amounts as may be required by applicable law with a financially rated insurer with a minimum AM Best rating of A. The Business Associate shall name Covered Entity as an additional insured on its insurance policy or policies on a primary and non-contributory basis. Such insurance shall include an Insurer's waiver of subrogation in favor of the additional insured(s). The Business Associate shall provide Covered Entity with a certificate or certificates of such insurance as Exhibit A of this Agreement reflecting requested coverage herein. The obligations under this Section will survive any termination (regardless of the cause of termination), non-renewal, or expiration of this Agreement. The Business Associate shall provide thirty (30) days' notice to Covered Entity of any material change, termination, or lapse in coverage. Failure to notify Covered Entity of any material change, termination, or lapse in coverage will be considered a material breach. This policy shall be in force prior to the Business Associate collecting payments from patients.

9. Miscellaneous.

(a) Regulatory References. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.

(b) Amendment. The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for the Covered Entity and the Business Associate to comply with the requirements of the HIPAA Rules.

(c) Survival. The respective rights and obligations of the Business Associate under Section 6(c) above of this Agreement shall survive the termination of this Agreement.

(d) Interpretation. Any ambiguity in this Agreement shall be resolved to permit the Covered Entity and the Business Associate to comply with the HIPAA Rules. In the event of any inconsistency or conflict between this Agreement and the Service Agreement, the terms, provisions and conditions of this Agreement shall govern and control.

(e) No Third Party Beneficiary. Nothing expressed or implied in this Agreement or in the Service Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and the respective successors or assigns of the parties, any rights, remedies, obligations, or liabilities whatsoever.

IN WITNESS WHEREOF, the parties hereto have caused this Business Associate Agreement to be executed by their respective duly authorized officers, effective as of the Effective Date set forth above.

For LSI Management Company, LLC

By: 

Printed Name: DAVID PLUSSBURY

Title: PRESIDENT

Date: 12/11/15

For Healthcare Finance Direct, LLC

By: 

Printed Name: Eric J. Powers

Title: President

Date: 12-9-15

EXHIBIT B

NON-DISCLOSURE AND NON-SOLICITATION AGREEMENT

THIS NON-DISCLOSURE AND NON-SOLICITATION AGREEMENT (the "Agreement") is entered into as of the last date of execution below by either party and is by and between LSI Management Company, LLC, together with its affiliated entities, commonly owned entities, and parent entity ("LSI") and Healthcare Finance Direct, LLC (the "Contracting Party") (collectively, LSI and the Contracting Party shall be referred to herein as the "Parties").

## RECITALS

WHEREAS the Parties by and through their duly authorized undersigned representatives have cooperated or will begin to cooperate, in the course of exploring, dealing and negotiating a mutually beneficial business relationship; and

WHEREAS during said cooperation, the Parties will be providing to one another information that is not generally known to third parties and which is important and confidential business information that may include information and knowledge concerning or related to financial performance and records, business plans and methods, marketing plans and methods, employees and contacts, and other proprietary information; and

WHEREAS the Parties are desirous of protecting the confidentiality of this information so that they can have free discussions on a possible business relationship and possibly going forward in that relationship;

NOW THEREFORE, in consideration of the promises mutually exchanged in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows:

## AGREEMENT

1. **Recitals Incorporated.** The recitals stated above are incorporated as if fully set forth herein.

2. **Nondisclosure.**

2.1 Neither Party, which for purposes of this Agreement shall specifically include their employees, agents, consultants, successors, assigns, heirs, subsidiary corporate entities and related corporate entities depending on context, shall disclose, reveal, or impart in any way any Confidential Information gained or provided about the other Party during their course of dealing with each other, to any third party.

2.2 For purposes of this Agreement, "Confidential Information" is defined to include, although is not limited to (a) all information generally provided by one Party to the other Party that does not fall into any other enumerated category; (b) all financial information that is provided to one Party by the other Party including, but not limited to, financial results, financial books and records and financial projections; (c) all information related to the business operations of either Party including, but not limited to, the business plan, the business model, the business methods, and the development plan; (d) all information relating to the promotion and the generation of revenue and sales of either Party including, but not limited to, marketing and advertising plans and also including advertising campaigns, advertising targets, marketing results, marketing plans, online marketing methods, keywords used in any marketing, marketing and advertising agreements, and advertising and marketing methods both specific and general; (e) the funding and capital sources for either Party; (f) any plans for future, including development and expansion plans; (g) any specific and general cost information, including, but not limited to, medical expense and product information, payroll information, real estate costs and all other costs of operation; (h) any intellectual property regardless of whether it is or is not registered; (i) the names, identities and contact information of all owners, members, lenders, purchasers and suppliers; (j) the names, identities and contact information for all persons employed; (k) any information which could or may give a competitive advantage to a competitor of either Party; and (l) any other information that one Party provides to the other Party that it designates as confidential. For the purpose of this paragraph, the word "information" shall be interpreted as broadly as possible and specifically includes any verbal, written or electronic communication or expression in any form.

2.3 Each Party agrees not to reveal, divulge, transfer, distribute or make known to any person, firm, or legal entity by any means any Confidential Information of the other Party. Each Party agrees and understands that if it discloses the Confidential Information to others, uses the Confidential Information for its own benefit, discloses the Confidential Information to any third party, or physically copies any Confidential Information, such conduct will constitute a breach of this Agreement and will result in damages accruing to the other Party. Each Party also agrees to protect the Confidential Information it is provided using a level of security equal to or exceeding that which the Party uses for its own highest level confidential information.

2.4 Notwithstanding the foregoing, any information: (a) that can be derived from a public source other than a disclosure by the other Party; (b) that can be obtained by a Party from a third party with no confidentiality obligations to the Company; or (c) which a Party had obtained prior to its contact with the other Party, shall not be considered Confidential Information.

2.5 For purposes of this Agreement, "information" specifically includes any document in any form, including, but not limited to electronic files. Each Party agrees not to copy, duplicate or distribute the confidential information except as is absolutely necessary for its performance of the business obligations it may owe to the other Party. The confidential information including all documents will be returned to the Party producing them on the earlier of (a) a request for their return or (b) the expiration of ten (10) days from the last communication between the parties. Any confidential information not capable of being returned to the Party providing it will be destroyed including wiping such information from any hard drive or other electronic storage device on which it has been placed.



3. **Application.** This Agreement and its terms shall apply to any and all transactions entertained by or entered into by the Parties, including the initial transaction and any subsequent, follow-up, repeat, extended, or renegotiated transactions, irrespective of the nature of the project, goods, or services involved, and independent of the success of the transaction. The Parties agree that the names and identities of the companies, corporations, partnerships, institutions, buyers, sellers, agents, brokers, or other individuals introduced by either Party or others participating or benefiting from the contemplated transaction, are to be kept in strict confidence for the duration of this Agreement.

4. **No Contact or Interference.** Neither Party, which for purposes of this Agreement shall specifically include their employees, agents, consultants, successors, assigns, heirs, subsidiary corporate entities and related corporate entities, depending on context, will approach, negotiate with, or enter into any business transaction with any employee, partner, independent contractor, or other such individual or entity of the other named Party, in a manner which interferes with that Parties rights or obligations therewith, without having first obtained prior written permission from such Party.

5. **Term.** This Agreement shall include all contact and contact between the parties, including that, if any, provided prior to the execution of this Agreement. In addition, this Agreement shall be effective for the duration of any business relationship between the Parties.

6. **General Provisions.**

6.1 In the event of a breach of any of the terms of this agreement by either of the Parties, the breaching Party shall be liable to the non-breaching Party for any and all resulting damages together with all fees, court costs and attorney's fees incurred in enforcing this agreement by the non-defaulting Party.

6.2 This Agreement constitutes the only agreement between the Parties as to its subject matter and no statement(s) promises or inducements made that is not contained herein shall be valid or binding, and this Agreement shall not be enlarged, modified or altered except in writing, signed by both Parties hereto.

6.3 This Agreement shall inure to the benefit of, and be binding upon the heirs, executors, administrators, assignees, and successors of the Parties.

6.4 The unenforceability, for any reason, of any term, condition, covenant, or provision of this Agreement shall neither limit nor impair the operation, enforceability, or validity of any other terms, conditions, provisions, or covenants of the Agreement.

6.5 This Agreement shall be governed in its enforcement, construction, and interpretation by the laws of the State of Florida, without reference to its doctrines of choice of laws, conflict of laws, or comity.

6.6 Any suit, action, or other legal proceeding arising out of this Agreement, including any action regarding the interpretation and enforcement of this Agreement, shall be brought in either the Florida or federal courts located in Hillsborough County, Florida. The Parties hereto, with respect to any action to enforce or interpret this Agreement, specifically (a) agree and consent to submit to the personal jurisdiction of the Florida or federal courts located in Hillsborough County, Florida and (b) waive any objection as to the venue of any such action or proceeding in the Florida and federal courts located in Hillsborough County, Florida.

IN WITNESS WHEREOF, the parties hereby execute this agreement by initialing each page and signing through their duly authorized agents, as set out below.

For LSI Management Company, LLC

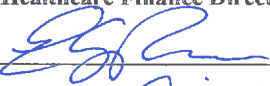
By: 

Printed Name: DAVID PILLSBURY

Title: PRESIDENT

Date: 12/11/15

For Healthcare Finance Direct, LLC

By: 

Printed Name: Eric J. Powers

Title: PRESIDENT

Date: 12-9-15

**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 4

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.

## **SURRENDER OF COLLATERAL AND CONSENT TO STRICT FORECLOSURE AGREEMENT**

This SURRENDER OF COLLATERAL AND CONSENT TO STRICT FORECLOSURE AGREEMENT (the "Agreement") is entered into as of June 3, 2019 by and between SONEET KAPILA, ASSIGNEE (the "Assignee") under Florida assignment for the benefit of creditors cases for the entities listed below (collectively, the "Assignors"),<sup>1</sup> the lenders party hereto, and TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined in this Agreement shall have the meanings given them in the Credit Agreement (defined below).

### **RECITALS**

A. LASER SPINE INSTITUTE, LLC, a Florida limited liability company, LSI MANAGEMENT COMPANY, LLC, a Florida limited liability company, LASER SPINE INSTITUTE CONSULTING, LLC, a Delaware limited liability company, and MEDICAL CARE MANAGEMENT SERVICES, LLC, a Delaware limited liability company (collectively, the "Borrowers" and each individually, a "Borrower"), the Lenders from time to time party thereto (the "Lenders") and Administrative Agent entered into that certain Credit Agreement dated as of July 2, 2015 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), which was guaranteed by certain of the Assignors (collectively, the "Guarantors");

B. The Lenders and the Administrative Agent have alleged that Events of Default occurred prior and after the Maturity Date of the Credit Agreement and are continuing, including under Section 10.1(a) of the Credit Agreement as a result of the Borrowers' failure to pay the Obligations when due on the Maturity Date (the "Existing Default");

C. As security for the performance of Borrowers' obligations under the Credit Agreement, the Lenders and the Administrative Agent assert that the Borrowers granted Lenders a security interest in all of Borrowers' personal property as more fully described in the Credit Agreement and the other Loan Documents (the "Collateral").

D. The Collateral includes that certain personal property of the Borrowers, including all Accounts, Instruments, Collateral Notes, retail installment credit contracts and financial arrangements entered into or provided by any Borrower, including all proceeds thereof, and all documentation evidencing or related thereto under or pursuant to that certain Agreement for Services – HFD Advantage Program (the "Agreement for Services"), dated December 10, 2015, by and between Healthcare Finance Direct, LLC ("HFD"), and LSI Management Company LLC ("LSMIC"), as the same may have been amended from time to time (the "HFD Collateral").

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<sup>1</sup> Laser Spine Institute, LLC; 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.

**E.** The Administrative Agent has demanded from Borrowers payment of all moneys due the Administrative Agent and Lenders and possession of the HFD Collateral.

**F.** Assignee is the assignee for the benefit of creditors of the Borrowers, as assignors, in assignment proceedings pending in the Circuit Court of the Thirteenth Judicial District in and for Hillsborough County (the "Assignment Court").

**G.** Subject to approval of the Assignment Court upon notice and opportunity for hearing, Assignee has agreed to turn over the HFD Collateral, including directing HFD to cooperate and assigning Assignee's interests in the Agreement for Services, and agrees that Administrative Agent and Lenders may retain the HFD Collateral in partial satisfaction of the Obligations under the Credit Agreement as provided for in Section 9.620 of the Texas Business & Commerce Code (the "UCC"). Subject to approval of the Assignment Court upon notice and opportunity for hearing, Assignee has agreed to waive and renounce, after default, all of the Assignee's rights to notice of any kind, including a Notification of Disposition of Collateral and the right to require Disposition of Collateral as provided for in Section 9.624 of the UCC.

**NOW, THEREFORE**, in consideration of the premises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

## **ARTICLE I**

### **Acknowledgments of Borrowers**

**1.01 Existing Defaults.** Assignee hereby acknowledge, confirm and agree that (a) the Existing Default has occurred and is continuing, (b) the Existing Default constitutes an Event of Default under and as defined in the Credit Agreement, and (c) as a result of the Existing Default, the Administrative Agent, at the direction of the Required Lenders, would be entitled to exercise certain rights and remedies in accordance with the Loan Documents.

**1.02 Debt Due and Payable.** Assignee acknowledges that the Borrowers are in default under the Credit Agreement. The Lenders assert that Borrowers are jointly and severally indebted to Lenders, in the amount asserted by Lenders to be at least \$154,000,000 as of March 4, 2019, including interest, costs, fees and expenses (the "Indebtedness"). Interest shall continue to accrue on the Indebtedness. In addition, Administrative Agent and Lenders are entitled to add to the Indebtedness all of Administrative Agent's and Lenders' costs, fees and expenses including reasonable attorneys' fees incurred in enforcing their rights. The Assignee reserves all rights with respect to the amount of the Indebtedness.

**1.03 Security Interest.** Assignee hereby acknowledges, confirms and agrees that (i) Administrative Agent and Lenders have been granted a security interest in the HFD Collateral, and (ii) Administrative Agent is entitled to immediately proceed to foreclose upon the HFD Collateral and to exercise Administrative Agent's other rights and remedies set forth in the Loan Agreement as provided by the UCC upon the HFD Collateral.

**1.04 Consent and Waivers.** (a) Assignee consents to Administrative Agent and Lenders retaining the HFD Collateral in partial satisfaction of the Indebtedness in accordance with the terms set forth herein and pursuant to the provisions of UCC Section 9.620; and

(b) Solely as to the HFD Collateral, Assignee irrevocably waives and renounces any and all rights to notice he has or may have under Sections 9.601, et seq., of the UCC, Part 6 of the UCC including, without limitation, all rights under Section 9.620 to receive notice of the proposed retention of the HFD Collateral or subsequent disposition of same, or to the full extent of the law, any other notice or right he may have arising under or pursuant to this or any other section of the UCC or otherwise.

## **ARTICLE II**

### **Acceptance of HFD Collateral by Administrative Agent and Lenders in Partial Satisfaction of Indebtedness**

**2.01** Pursuant to Section 9.620 of the UCC, upon satisfaction of the conditions precedent, this document shall constitute notice by the Administrative Agent and Lenders and receipt and consent by Assignee of Administrative Agent's proposal to retain the HFD Collateral in partial satisfaction of the Indebtedness. This Agreement shall also constitute Assignee's post-default waiver and renunciation of all of its rights under Article 9, subdivision 6, of the UCC (including, without limitation, Section 9.620).

**2.02** Assignee, subject to availability of funding, shall immediately assemble and make available to Administrative Agent for its immediate possession the HFD Collateral and all items relating thereto, including, but not limited to, computer disks, records as to the HFD Collateral, contracts, books and records and other information that may be of assistance to Administrative Agent in its management and liquidation of the HFD Collateral.

**2.03** For purposes of this Agreement, the location of the documents evidencing the HFD Collateral is the offices of Healthcare Finance Direct, LLC, 1201 24<sup>th</sup> Street, Suite B-200, Bakersfield, California 93301.

**2.04** Administrative Agent and Lenders agree to accept the HFD Collateral in partial satisfaction of the obligations constituting the Indebtedness in the amount of TEN MILLION DOLLARS (\$10,000,000.00), and such amount shall be credited against, and reduce the amount of, the Indebtedness. Assignee acknowledges that the credit being received for the HFD Collateral is fair and reasonable.

## **ARTICLE III**

### **No Waiver**

Nothing contained herein shall be construed as a waiver by the Administrative Agent or any Lender of any covenant or provision of the Credit Agreement, the other Loan Documents, this Agreement, or of any other contract or instrument between the Borrowers, on the one hand, and the Administrative Agent and the Lenders, on the other hand, and the failure by the Administrative Agent or the Lenders at any time or times hereafter to require strict performance of any provision thereof shall not waive, affect or diminish any right of the Administrative Agent or the Lenders to thereafter demand strict compliance therewith. The Administrative Agent and the Lenders hereby reserve all rights granted under the Credit Agreement, the other Loan Documents, this Agreement

and any other contract or instrument between the Borrowers, on the one hand, and the Administrative Agent and the Lenders, on the other hand. THIS AGREEMENT IS NOT TO BE CONSTRUED AS A CURE, WAIVER OR FORGIVENESS OF ANY DEFAULT OR EVENT OF DEFAULT UNDER AND AS DEFINED IN THE CREDIT AGREEMENT NOW EXISTING OR HEREAFTER ARISING.

## **ARTICLE IV**

### **No Other Modification**

**4.01 Ratifications.** Except as expressly modified and superseded by this Agreement, the terms and provisions of the Credit Agreement and the other Loan Documents, are ratified and confirmed and shall continue in full force and effect. The Assignee hereby agrees that the Credit Agreement and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms, except as limited by the Debtor Relief Laws, and subject to any rights, claims, or defenses that may exist other than those specifically waived in this Agreement.

## **ARTICLE V**

### **Miscellaneous Provisions**

**5.01 Approval by the Assignment Court.** The Assignee's entry into, and duties and obligations under, this Agreement are subject in their entirety to the approval of the Assignment Court, and this Agreement shall be null and void if such approval is not obtained within sixty days of the date first written above. The Parties agree to use their best efforts to request and obtain approval of this Agreement by the Assignment Court.

**5.02 Survival of Representations and Warranties.** All representations and warranties made in this Agreement, the Credit Agreement, or any other Loan Document, including, without limitation, any document furnished in connection with this Agreement, shall survive the execution and delivery of this Agreement, and no investigation by the Administrative Agent or any closing shall affect such representations and warranties or the right of the Administrative Agent to rely upon them; provided, however, that the Assignee makes no representation or warranty as to any such representation and warranties as to any Loan Document.

**5.03 Reference to Credit Agreement.** Each of the Loan Documents, including the Credit Agreement, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement, as amended hereby, are hereby amended so that any reference in such Loan Documents to the Credit Agreement shall mean a reference to the Credit Agreement, as amended hereby.

**5.04 Expenses of Administrative Agent.** In accordance with Section 12.1 of the Credit Agreement, the Assignee acknowledges that Borrowers have agreed to pay on demand all reasonable costs and expenses incurred by the Administrative Agent and Lenders in connection

with the preparation, negotiation and execution of this Agreement and the other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the reasonable and documented out-of-pocket costs and fees of the Administrative Agent's and Lenders' legal counsel, and all costs and expenses incurred by the Administrative Agent and Lenders in connection with the enforcement or preservation of any rights under the Credit Agreement or any other Loan Documents, including, without limitation, the costs and fees of the Administrative Agent's and Lenders' legal counsel and financial advisors.

**5.05 Severability.** Any provision of this Agreement held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Agreement and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

**5.06 Successors and Assigns; No Third Party Beneficiaries.** This Agreement is binding upon and shall inure to the benefit of each party hereto and their respective successors and assigns and upon execution by the Required Lenders shall be binding upon Administrative Agent and all Lenders, provided that the Assignee may not assign or transfer any of his rights or obligations hereunder without the prior written consent of the Administrative Agent and the Lenders. Except as expressly provided in the preceding sentence, neither this Agreement nor any of the provisions hereof shall inure to the benefit of any Person other than the parties hereto.

**5.07 Counterparts.** This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart to this Agreement by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart to this Agreement.

**5.08 Effect of Waiver.** No consent or waiver, express or implied, by the Administrative Agent or the Lenders to or for any breach of or deviation from any covenant or condition by any Borrower shall be deemed a consent to or waiver of any other breach of the same or any other covenant, condition or duty.

**5.09 Headings.** The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

**5.10 APPLICABLE LAW. THIS AGREEMENT AND ANY OTHER LOAN DOCUMENTS EXECUTED PURSUANT HERETO SHALL BE DEEMED TO HAVE BEEN MADE AND TO BE PERFORMABLE IN AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. ALL ACTIONS, SUITS, OR OTHER PROCEEDINGS WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN THE ASSIGNMENT COURT.**

**5.11 FINAL AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE ENTIRE AGREEMENT OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AGREEMENT IS EXECUTED. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS MAY**

**NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AGREEMENT OF ANY PROVISION OF THIS AGREEMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY ASSIGNEE, THE ADMINISTRATIVE AGENT AND THE REQUIRED LENDERS.**

**5.12 Loan Document.** This Agreement shall be deemed to constitute a Loan Document for all purposes and in all respects.

**5.13 Additional Documents.** The Assignee, at the Administrative Agent's request, shall promptly execute or cause to be executed and shall deliver to the Administrative Agent, any and all documents, instruments and agreements reasonably requested by the Administrative Agent to give effect to or carry out the terms or intent of this Agreement, including without limitation facilitating assignment of Borrowers' interest in the Agreement for Services to the Administrative Agent.

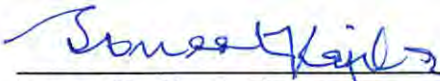
**[Signature Pages Follow]**



**IN WITNESS WHEREOF**, the parties have caused this Agreement to be duly executed as of the date first written above.

**ASSIGNEE:**

**SONEET KAPILA, ASSIGNEE ON BEHALF OF THE  
ASSIGNORS:**



\_\_\_\_\_  
Soneet Kapila, Assignee

**ADMINISTRATIVE AGENT:**

**TEXAS CAPITAL BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_

Name: Bruce Shilcutt

Title: Executive Vice President

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be duly executed as of the date first written above.

**ASSIGNEE:**

**SONEET KAPILA, ASSIGNEE ON BEHALF OF THE  
ASSIGNORS:**

---

Soneet Kapila, Assignee

**ADMINISTRATIVE AGENT:**

**TEXAS CAPITAL BANK, NATIONAL ASSOCIATION**

By: 

Name: Bruce Shilcutt

Title: Executive Vice President



**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 5

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.

CLARY DOCUMENT MANAGEMENT, INC.

CLOSING A MEDICAL PRACTICE – MEDICAL RECORDS CUSTODIAL  
AGREEMENT

Customer	Billing Address (If Different)
Street Address	Street or Box No.
City, State, Zip	City, State, Zip
Email/PH	Telephone, Fax

Soneet Kapila, solely as assignee for the entities listed in footnote one below (the "Customer"<sup>1</sup>) wishes to make provisions for the storage and servicing of electronic and/or paper health records ("Medical Records"). Clary Document Management, Inc. (the "Company") hereby agrees to accept for storage and/or to service under its management system as Customer requests. Customer filed petitions (the "Assignment Cases") commencing assignments for the benefit of creditors for the Assignors in the Circuit Court for Hillsborough County, Florida (the "Assignment Court"). Customer agrees to pay from the assignment estates the Company for storage and services according to the amounts and provisions specified in Schedule A; and Customer agrees that all services will be provided subject to the terms and conditions below. This Agreement is subject to the approval of the Assignment Court. **Notwithstanding anything herein to the contrary, neither Soneet Kapila nor KapilaMukamal, LLP shall be liable for any fees or costs hereunder.** Such amounts shall be paid from the assignment estates.

Clary Document Management, Inc.

Name SONEET KAPILA

Signature Soneet Kapila

Title Assignee

Date May 31, 2019

Name Chris A. Funke

Signature Chris A. Funke

Title President

Date May 30, 2019

<sup>1</sup> Laser Spine Institute, LLC; 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 (the "Assignors").

Agreement Effective Date \_\_\_\_\_

**CLARY DOCUMENT MANAGEMENT, INC.**  
**CLOSING A MEDICAL PRACTICE – MEDICAL RECORDS CUSTODIAL**  
**AGREEMENT**

The following terms and conditions will apply to this Medical Records Custodial Agreement (“Agreement”):

1. **Establishment of Custodianship.** Customer represents and warrants that it has the legal authority to execute this Agreement, designate Company as the custodian of Medical Records, and transfer the Medical Records as described herein to Company’s possession. Customer hereby designates Company as the custodian of the Medical Records, and by executing this Agreement is deemed to have transferred possession and control of the Medical Records to Company as of the Effective Date, subject to the Customer’s rights as described herein, for the maintenance, safekeeping, inspection and copying of the Medical Records.
2. **Acceptance of Medical Records.** Company hereby accepts the Medical Records, and agrees to maintain and retain all such Medical Records in conformance with all applicable federal and state statutes, rules and regulations, the requirements of any and all third party payors, and the provisions of this Agreement and shall at all times safeguard the safety of the Medical Records as required here.
3. **Access to Medical Records.** Subject to the terms and conditions set forth herein, Customer, upon reasonable advance notice, shall have the permanent and unrestricted right to inspect and obtain copies of any or all such Medical Records. Company additionally agrees to make the contents of the Medical Records available to all third party payors upon request, and to provide copies of the Medical Records to all third party payors without charge, consistent with state and federal statutory rules and regulations.
4. **Storage and Service Charges.** The total charges for storage and service under this Agreement will be as specified in Schedule A, attached hereto. Such charges will remain fixed for the term of this Agreement (excluding renewals) unless otherwise provided in Schedule A.
5. **Term.** The term of this Agreement will commence on the date of Customer’s signature or, if later, the Effective Date set forth on Page 1 (the “Term.”). The term will continue for the period set forth in Schedule A or until all Medical Records have been destroyed, transferred to a new provider or records custodian, returned to patients, or returned to Customer upon Customer’s written request, in accordance with the terms herein.
6. **Access; Procedures; Force Majeure.**
  - A. Prior to delivering Medical Records to Company, Customer will post on its website for the Assignment Cases and in newspaper advertisements a general notice to

patients and/or patient's legal representatives notifying them of the transfer of Medical Records to Company.

- B. Medical Records and information contained in the Medical Records may be delivered pursuant to Customer's written (including via electronic communication) direction. Authority granted by Customer to any person on Company's standard authorization forms will constitute Customer's representation that the identified persons have full authority to direct Company, on behalf of Customer to deliver, receive, and destroy such Medical Records. Such direction may be given to Company in person, by telephone, or in writing, provided, however, that all orders for destruction must be in writing (including via electronic communication).
- C. Upon execution of an authorization in substantially the same form as the attached Schedule B, Customer authorizes Company to provide Medical Records directly to patients and third parties on Customer's behalf pursuant to Company's procedure for obtaining patient authorizations (procedure attached as Schedule C). Customer's authorization is for the limited purpose of providing Medical Records to patients and third parties on Customer's behalf, and does not explicitly or implicitly authorize Company to independently create, amend, or destroy Medical Records. Company will respond promptly to requests for copies of Medical Records from patients, third party payors and other third parties when valid authorizations have been provided to Company.
- D. Company shall not be liable or responsible to Customer, nor be deemed to have defaulted or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement when and to the extent such failure or delay is caused by or results from acts or circumstances beyond the reasonable control of Company including, without limitation, acts of God, flood, fire, earthquake, explosion, governmental actions, war, invasion or hostilities (whether war is declared or not), terrorist threats or acts, riot, or other civil unrest, national emergency, revolution, insurrection, epidemic, lock-outs, strikes or other labor disputes (whether or not relating to either party's workforce), or restraints or delays affecting carriers or inability or delay in obtaining supplies of adequate or suitable materials, materials or telecommunication breakdown or power outage, provided that, if the event in question continues for a continuous period in excess of 120 days, Customer shall be entitled to give notice in writing to Company to terminate this Agreement.
- E. Notwithstanding anything herein to the contrary, Company shall not make the contents of the Medical Records available to any party except (i) as required herein, (ii) as part of the care of the patients including upon the appropriately documented request of patients, (iii) unless the transfer or release of the Medical Records is made pursuant to patient authorization, or (iv) pursuant to a valid court order, subpoena or similar legal process in accordance with applicable law.

7. **Response to Subpoena.** Company shall promptly respond to a subpoena request or other similar legal process for Medical Records, whether issued by a court, grand jury, attorney or another authorized person. Company acknowledges that it shall comply with applicable federal and state laws in its response and disclosure of such Medical Records. The Customer will not be responsible for any costs associated with responses to subpoenas.
8. **Confidentiality.** Company acknowledges that the Medical Records are confidential and agrees to comply with all provisions of federal and state laws, rules and regulations pertaining to the confidentiality of patient information. Without limiting the foregoing, the Company will comply with the Privacy Rule and Security Rule, as issued by the U.S. Department of Health and Human Services on Standards for Privacy of Individually Identifiable Health Information, which comprise 45 C.F.R. Parts 160 and 164 (the Privacy Rule), and Security Standards, which comprise 45 C.F.R. Parts 160, 162, and 164 (the Security Rule), promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996). The Customer and Company further agree to enter into a Business Associate Agreement to be executed on or before the date that Company receives the Medical Records from Customer.
9. **Value of Medical Records.** Customer declares that the value of the Medical Records is \$1.00 per carton, linear foot of open shelf files, container, disk pack or other Record item. Customer acknowledges that it has declined to declare an excess valuation, for which an excess valuation fee would have been charged.
10. **Payment.** Customer will prepay for services as a total payment based on the number of Medical Records stored, the number of months (or years) of storage, Medical Records management services required, and disposal charges for eligible expired records. Company will have, and may exercise, all rights granted to warehousemen by the Uniform Commercial Code as adopted in Minnesota, and Company will have such other rights and remedies as may be provided by law.
11. **Notices.** Any notice made pursuant to this Agreement may be given or made in writing to the addresses set out on the first page until written notice of a change of address has been received.
12. **Ownership Warranty.** Customer warrants that it is the legal custodian of the Medical Records and has full authority to direct disposition of the Medical Records in accordance with the terms of this Agreement.
13. **No Hazardous Substances or Conditions.** Customer will not, at any time, store with Company any material considered to be highly flammable, explosive, toxic, or otherwise dangerous or unsafe to store or handle, or any material which is regulated under any federal or state environmental or hazardous materials law or regulation.
14. **Modification; Assignment.** This Agreement may not be modified except through written amendment signed by both parties. This Agreement may not be assigned by Customer (other than to an affiliate which will assume the obligations of its assignor by written



instrument) without the written consent of the other, which consent will not be unreasonably withheld or delayed.

15. **Governing Law.** This Agreement will be governed by Florida law without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Florida.
16. **Entire Agreement.** This Agreement (together with any Schedules attached) constitutes the entire Agreement between the parties, and supersedes any and all prior agreements, arrangements and understandings, whether oral or written, between the parties.
17. **Independent Parties.** Nothing in this Agreement will be deemed or construed to constitute or create a partnership, association, joint venture, or agency between the parties.
18. **Severability.** If any provisions of this Agreement are held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of the Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed and enforced as so limited.
19. **Approval by Assignment Court.** This Agreement is subject to the approval of the Assignment Court.

## **SCHEDULE A**

### **Term:**

3-year retention schedule

### **Record Storage Service Fees:**

1. \$3,600 (\$1,800 per host) storage and management fee (One-time upfront fee)
2. \$1,800 additional risk due to removal of indemnification paragraph (One-time upfront fee)
3. \$1,000 fee for set-up of two hosts at Clary (One-time upfront fee)
4. \$25 for each outstanding record request as of the transition date transferred to Clary for production.

### **Scope of Service:**

Clary will maintain two hosts for Customer:

1. Host 1 containing approximately 15 terabytes of DICOM images and radiology reports stored within INFINITT Packs software.
2. Host 2 containing patient records exported from NextGen EMRs and patient records stored within the Amkai software application. The NextGen electronic records will be stored in PDF format.

Customer agrees to maintain a two-year license and support service agreement with DICOM vendor (Host 1)

The one-time fee includes all costs associated with storing, managing and, ultimately, deleting the records. Clary will make copies of medical records available to all HIPAA compliant requests submitted by patients and third-parties.

Medical records supplied by Customer will be stored for a period of three (3) years. Medical Records will be destroyed in accordance with all applicable regulations if no contact with the Customer after the retention periods expires. During the retention period, records will be made available in accordance with the terms of the Agreement and in accordance with all federal laws pertaining to disclosure of health information.

**SCHEDULE B  
AUTHORIZATION FOR PROVISION OF RECORDS**

Name of Customer:

[name]  
[address]  
[city, state, zip]

Customer hereby authorizes Company, to the extent indicated below, a portion of that authority to the Company (and its employees) listed below.

This authorization is effective until revoked in writing. Customer hereby authorizes:

Name: Clary Document Management, Inc.  
Address: 5600 Pioneer Creek Drive  
Minneapolis, Minnesota 55359

to release patient records to patients and third parties in accordance with the Company's procedures for releasing healthcare records and the Records Management Agreement executed by Customer and Company, and subject to applicable federal and state laws, rules and regulations pertaining to disclosure of patient information.

This authorization is effective until revoked in writing.

Signed:

Name:

Address:

Title:

## **SCHEDULE C**

### **CLARY DOCUMENT MANAGEMENT, INC. PROCEDURE FOR OBTAINING PATIENT AUTHORIZATION FOR RELEASE OF MEDICAL RECORDS**

Clary Document Management, Inc. ("Clary") will release health records ("Medical Records") stored by Clary for Customer, directly to patients and/or third parties if the following requirements are met.

1. Clary Document Management, Inc. ("Clary") will release Medical Records stored by Clary for Customer, directly to patients and/or third parties if the following requirements are met.

Patient or third party must submit a request on the Clary consent form or in a substantially similar form.

The request is vetted:

The Consent must be filled out completely and signed by the patient or the patient's legally authorized representative.

Clary may, at its discretion, require proof of the identity of the patient or the patient's legally authorized representative and/or documentation demonstrating the authority of the patient's legally authorized representative to act on the patient's behalf.

In the event a third party requests records, Clary will evaluate the request and respond pursuant to its standard operating procedure for responding to third party requests; a copy of which has been provided to Customer.

2. The request is entered into Clary's electronic status log that tracks all correspondence from the time of receipt to release of information.
3. Clary will retrieve, disassemble and duplicate Medical Records.
4. Clary will contact and deliver Medical Records to requestor.
5. Clary will ensure the Return of the Medical Records to its original storage location.

**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 6

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.



THIS THIRD PARTY COLLECTION SERVICES AGREEMENT ("Agreement") is made and entered into this 21 day of May 2019 by and between Gulf Coast Collection Bureau, Inc., a Florida corporation, ("GCCB") and the following, henceforth known as "Client":

Soneet Kapila, as assignee of the entities listed in footnote one.

WHEREAS, Client filed petitions commencing assignments for the benefit of creditors of the Assignors in Circuit Court in Hillsborough County, Florida (the "Assignment Court!").

WHEREAS, Client is desirous of obtaining services to assist in the collection of accounts receivable;

WHEREAS, GCCB wishes to provide third party accounts receivable collection services upon the terms and conditions herein stated.

NOW THEREFORE, in consideration of the foregoing covenants and promises, the adequacy and sufficiency of which is hereby acknowledged, the parties mutually agree to the following terms and conditions:

## **I. GENERAL TERMS AND CONDITIONS**

### **1.1 Description of Collection Services**

GCCB shall perform third party collection services on referred accounts receivable within the limits of the Fair Debt Collection Practices Act, 15 U.S.C. 1692 et. seq., State debt collection laws, and other applicable state, federal and local laws.

### **1.2 Customary and Standard Third Party Collection Procedures**

GCCB shall perform third party collections services on referred consumer accounts receivable on behalf of Client on debts that are in default as determined by Client.

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<sup>1</sup> Laser Spine Institute, LLC; 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 (the "Assignors").



THIS THIRD PARTY COLLECTION SERVICES AGREEMENT ("Agreement") is made and entered into this 21 day of May 2019 by and between Gulf Coast Collection Bureau, Inc., a Florida corporation, ("GCCB") and the following, henceforth known as "Client":

Soneet Kapila, as assignee of the entities listed in footnote one.

WHEREAS, Client filed petitions commencing assignments for the benefit of creditors of the Assignors in Circuit Court in Hillsborough County, Florida (the "Assignment Court<sup>1</sup>").

WHEREAS, Client is desirous of obtaining services to assist in the collection of accounts receivable;

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NOW THEREFORE, in consideration of the foregoing covenants and promises, the adequacy and sufficiency of which is hereby acknowledged, the parties mutually agree to the following terms and conditions:

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### **1.1 Description of Collection Services**

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<sup>1</sup> Laser Spine Institute, LLC; 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 (the "Assignors").

1. Mailing of collection notices;
2. Telephone requests for payment;
3. Establishment of repayment plan;
4. Performance of location information services;
5. Reporting accounts to Consumer Reporting Agencies (CRA).
6. Depositing of Checks on behalf of Client

### 1.3 Authorization and Representation

Client authorizes GCCB to commence customary and standard third party collection procedures to effectuate payment of a referred account when Client provides GCCB with the consumer/responsible party information and which pertains to a patient's account receivable.

GCCB is authorized and client hereby grants agency power of attorney to endorse all checks, money orders, draft bills of exchange, or other forms of instruments for the payment of money payable to the client for accounts placed for collection.

Client represents that, to the best of his knowledge, he is lawfully entitled to the balances stated on any accounts turned over for collection, including but not limited to principal charges, late fees, collection fees, and any other amounts claim due to Client. GCCB has not given any advice to Client regarding Client's policies and procedures and that Client has relied on advice of its own counsel in determining its fees schedule, billing, and collection policies and procedures.

To the best of the Client's knowledge, Client is not aware of any material inaccuracies in any representations made by any of the Assignors in any prior agreements between the Assignors and GCCB.

### 1.4 Account Referral

Client shall not refer to GCCB any accounts receivable valued at less than \$50.00, a bankrupt account, or a disputed account. Additionally, when Client becomes aware that an account has entered bankruptcy or has been disputed, it will notify GCCB within 2 business days of its receipt of said notification. Client may notify GCCB by sending an encrypted email or secure message, return receipt requested, to [bankruptcy@gulfcoastcollection.com](mailto:bankruptcy@gulfcoastcollection.com). Client shall not place any accounts wherein the balance is subject to a workers compensation claim.

GCCB may make a determination of the probability of collection on Client's portfolio and may modify its work effort to put additional efforts towards accounts that GCCB deems has a higher probability of recovery and less efforts towards accounts that GCCB deems has a lower probability of recovery.

Client shall not place the same account with multiple agencies. GCCB shall have the exclusive right to collect on accounts referred from Client until such time as the account is recalled or cancelled so as to avoid duplication of collection efforts and double credit reporting. Said exclusive right shall extend for 180 days from the date of placement of the



account by Client. \_\_\_\_\_

### 1.5 Right to Withdraw Accounts Receivable

Upon written notification to GCCB, Client shall be permitted to withdraw any consumer account receivable referred to GCCB. Client acknowledges that it may take thirty (30) days for GCCB to remove the account from its systems and databases. However, GCCB shall be entitled to any fees earned prior to such date of withdrawal by Client.

### 1.6 Right to Refuse to Perform Services

GCCB may, at its sole discretion, not perform services on certain accounts and return the account receivable to Client without penalty.

## II. **TERM OF AGREEMENT**

### 2.1 Primary Term

The Primary Term of this agreement shall be for 1 year and can thereafter be renewed on an annual basis upon mutual written agreement. Both parties agree that the Agreement will remain in effect until notice of cancellation is provided in writing by either party during the term of the agreement.

This Agreement is subject to the approval of the Assignment Court.

## III. **COMPENSATION AND REPORTING REQUIREMENTS**

### 3.1 Calculation of Commissions Earned

GCCB's commission shall be calculated according to the following formula:

Gulf Coast shall charge a contingent fee of ~~18~~20%  
on any gross recovery for any account that have not been previously placed with  
a third party collection agency.

The commission shall be deemed earned for purposes of this section when payment is received, whether paid to client or paid to GCCB on the account, regardless of the source of payment including any insurance payments. If there is a refund or insurance take back on an account paid while placed at GCCB, GCCB shall process the negative payment on the account within 10 business days of notification from Client and shall issue a credit to the Client on the current period's invoice.

### 3.2 Statement of Payments Collected and Commissions earned

On or before the fifteenth day of each month, GCCB shall submit a Statement of Payments Collected and Commissions earned on behalf of Client to Client's designated representative in accordance with the notice provisions set forth in this Agreement. The Statement of Commissions Earned shall set forth an itemization of the amount of commissions earned on each referred account that the GCCB earned during the preceding month as a result of its performance of collection services under this Agreement. Client shall pay said invoice within 30 days of statement closing; in the event that said client account receivable is not paid within 60 days, GCCB may offset

said fees from any current collections. The offset remedy is not an exclusive remedy and is in addition to any remedies normally available to collect an accounts receivable balance. Client shall be responsible for any reasonable attorney's fees and costs incurred by GCCB in collecting said past due accounts receivable. Should client withhold any disputed amounts, the dispute shall be resolved prior to the date of the following statement and accounted for on said statement.

### **3.3 Client's Continuing Reporting Requirements**

Client and GCCB must communicate to each other any and all disputes, payments, information changes or updates, and any other information relevant to the collection of an account that has been referred to GCCB for collection. Federal law requires GCCB to respond within 30 days to a consumer's request for validation, verification, or other information on their account; Client's failure to timely reply to a request from GCCB may result in the account be cancelled for lack of validation.

## **IV. INSURANCE AND BONDS**

### **4.1 General Liability Insurance**

Throughout the term of this Agreement, GCCB shall obtain and maintain comprehensive general liability insurance with minimum limits of \$1,000,000.00 per occurrence, and \$2,000,000.00 in the aggregate. GCCB shall obtain and maintain this insurance coverage at its own expense, without reimbursement from Client. Client may request a copy of said policy and GCCB will comply with all such requests.

## **V. INDEPENDENT CONTRACTOR**

### **5.1 Independent Contractor Status**

The parties expressly agree hereto that GCCB is an independent contractor. Nothing in this Agreement is intended, nor shall be construed to create, an employer-employee relationship or a joint venture relationship, or to allow Client to exercise direction or control over the manner or method by which GCCB performs the Services which are the subject matter of this Agreement.

## **VI. NOTICES**

All notices required under this Agreement shall be given in writing and shall be sent by U.S. Mail, first class postage pre-paid, to the following address:

If to GCCB:	Gulf Coast Collections Bureau, Inc.
	5630 Marquesas Circle
	Sarasota, FL 34233
	Attn: Jack Brown III

---

If to Client:

Soneet Kapila, Assignee  
KapilaMukamal, LLP  
1000 South Federal Highway, Suite 200  
Fort Lauderdale, Florida 33316

With a copy to:

Edward J. Peterson, Esq.  
Stichter, Riedel, Blain & Postler, P.A.  
110 E. Madison Street, Suite 200  
Tampa, Florida 33602

## **VII. MODIFICATIONS AND AMENDMENTS**

This Agreement, or any of its provisions may be modified or amended at any time during its term, but only by an agreement in writing, signed by both parties, stating which provisions of this Agreement are so amended and setting out such amendment or modification in full.

## **VIII. GOVERNING LAW**

This Agreement shall be governed by the laws of the State of Florida.

## **IX. TERMINATION**

### **10.1 Termination**

This Agreement may be terminated by either party in whole or in part with thirty (30) days written notice. Upon termination of this Agreement, GCCB shall cease all collection activity for Client at the end of the thirty (30) days and return all consumer account information and related documents to Client. Upon termination, GCCB shall, within thirty (30) days, remit to Client outstanding collections received by GCCB on behalf of Client.

### **10.2 Post Termination Events**

Upon termination of this Agreement for breach, GCCB shall immediately cease all collection activity for Client and shall return all consumer account information and related documents to Client. Upon termination, GCCB shall, within thirty (30) days, remit to Client outstanding collections received by GCCB on behalf of Client.

**[SIGNATURE PAGES TO FOLLOW]**

IN WITNESS WHEREOF, the parties acknowledge that the terms of this Agreement have been explained fully and that they enter into this Agreement freely and without coercion this 21<sup>st</sup> day of May, 2019.

GCCB

By:



Dick MacMillan  
Senior VP of Sales  
Gulf Coast Collection Bureau, Inc.

CLIENT

By:



Soneet Kapila, as Assignee  
Printed Name

**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 7

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.

**SERVICE LEVEL AGREEMENT**

**CONTRACT NUMBER:** Laser.Spine-EL-SLA(ReadOnly)-052119-A  
LSI Management Company, LLC  
("CUSTOMER")

<b>Customer's Primary Contact for this Agreement:</b>		<b>Infinit's Primary Contact for this Agreement:</b>	
<b>Name:</b>	Soneet R. Kapila	<b>Name:</b>	David O. Smarro
<b>Title:</b>	Assignee	<b>Title:</b>	President & CEO
<b>Address:</b>	1000 S. Federal Highway, Suite 200 Fort Lauderdale, FL. 33316	<b>Address:</b>	Hillcrest Professional Plaza 755 Memorial Parkway, Suite 304 Phillipsburg, New Jersey 08865
<b>Telephone:</b>	954-761-1011	<b>Telephone:</b>	908-387-6960
<b>Fax:</b>	954-761-1033	<b>Fax:</b>	908-387-6965
<b>Email:</b>	kapila@kapilamukamal.com	<b>Email:</b>	dsmarro@infinitna.com

This Service Level Agreement (the "Agreement") prescribes the terms under which Infinit North America, Inc. ("Infinit") agrees to provide Soneet Kapila, as assignee of LSI Management Company, LLC ("Customer") with software support services. Each of Infinit and Customer are a "Party" hereto, and collectively, they are the "Parties".

**RECITALS**

**WHEREAS**, on October 15, 2014 the Parties entered into a Sales Agreement ("Original Agreement") wherein Infinit agreed to provide Customer with Infinit Radiology PACS Software, and Maintenance Services.

**WHEREAS**, LSI Management Company, LLC has ceased normal business operations.

**WHEREAS**, the Customer is the assignee for the benefit of creditors of LSI Management Company, LLC and related entities in assignment proceedings pending in Circuit Court in Hillsborough County, Florida (the "Assignment Court").

**WHEREAS**, the Customer has ceased normal business operations.

**WHEREAS**, the Parties desire to enter into a new Service Level Agreement wherein Infinit will provide to Customer Read-Only Software Maintenance Service.

**WHEREAS**, upon the Effective Date of this Agreement, the Parties agree to terminate the Original Agreement and any addenda or other agreements, signed proposals or quotations made between the Parties with no further force or effect.

**NOW THEREFORE**, for valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

This Agreement includes the following exhibits:

- A. Description of the System supported by Infinit on behalf of Customer is specified in **Exhibit A**.
- B. Charges are specified in **Exhibit B**.
- C. Terms of Maintenance Services provided by Infinit are specified in **Exhibit C**.

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<http://www.infinitna.com>



**1. Definitions**

- 1.1 "InfinitT Materials" shall mean any InfinitT Software code, or other materials transmitted to Customer under the terms of this Agreement or any previous agreement between the Parties.
- 1.2 "Third Party Software" shall mean any software provided to Customer under the terms of this Agreement or any previous sale agreement between the Parties that is not wholly owned and supported by InfinitT.
- 1.3 "System" shall have the meaning of both InfinitT Materials and Third Party Software and is described in Exhibit A.
- 1.4 "Maintenance Services" shall mean the support services to be provided by InfinitT to Customer under this Agreement as defined in Exhibit C, attached hereto.
- 1.5 "Authorized User" means any individual Customer permits to use the System.
- 1.6 "Charges" means the amount to be paid by Customer to InfinitT for the Maintenance Services. Charges are defined in Exhibit B, attached hereto.
- 1.7 "Effective Date" as used in this Agreement shall be April 7, 2019.

**2. Licenses**

- 2.1 From InfinitT to Customer. Subject to this Agreement, InfinitT hereby grants to Customer, including to all Authorized Users, a non-exclusive, non-transferable, non-sub-licensable, non-assignable, terminable, and worldwide license to access and use the System listed in Exhibit A. Customer shall have the right to use System for Customer's internal business operations only.
- 2.2 InfinitT agrees to provide Customer with maintenance service according to Maintenance Services outlined in Exhibit C. InfinitT will maintain the System for the term of this Agreement and will provide Maintenance Services within platform according to Customer's level of support.
- 2.3 Except as expressly stated in this Agreement, no other rights, express, implied or otherwise are granted to either Party.
- 2.4 Nothing in this Agreement will be deemed to convey any title or ownership interest in the System to Customer. Customer will not sell, disclose, lease, sublease, lend or otherwise make the System available to anyone who does not need access for Customer to use the System to accomplish its intended purpose.

**3. Term and Termination**

- 3.1 Customer agrees to month to month contractual term of Maintenance Service beginning the Effective Date.
- 3.2 Either Party may terminate this Agreement upon sixty (60) days advanced written notice.
- 3.3 Upon the Effective Date of this Agreement, Original Agreement and any addenda or other agreements, signed proposals or quotations made between the Parties shall be terminated with no further force or effect.
- 3.4 System may be used by Customer only so long as Customer is not otherwise in default under this Agreement or any other agreement with InfinitT.
- 3.5 Return of Confidential Information. Upon termination of this Agreement for any reason, each Party will return to the other Party all Confidential Information (as defined in paragraph 6.1) and equipment or property (if any) received from the other Party pursuant to or in contemplation of this Agreement.
- 3.6 Data Upon Termination. Upon termination of this Agreement, and at Customer's option, InfinitT will provide Customer with reasonable assistance for Customer to transfer Customer's image Data to an alternate system. Such transition will be at Customer's expense, conditioned on fully curing all payment defaults to InfinitT, and the costs of



Infinitt's transition assistance will be charged to Customer at Infinitt's then current standard rates.

#### 4. Terms of Use

- 4.1 Any Infinitt supplied hardware located at Customer's site required by Infinitt for performance of the System, or any component thereof, (i) shall not be modified, reconfigured, or removed from the site without Infinitt's prior written consent (ii) and Customer shall only use the Infinitt supplied hardware for internal use, while Infinitt is providing Maintenance Service for System or all of Infinitt's obligations under this Agreement shall be void.
- 4.2 Infinitt reserves the right to modify or replace any onsite hardware if any component that is no longer supported (End-Of-Life) and does not permit the System to perform as specified in this Agreement at Customer's expense.
- 4.3 Customer agrees not to (i) modify, reconfigure, reinstall, or otherwise reverse engineer any Infinitt program, code, or technology installed or delivered to Customer or any portion thereof; (ii) transmit or allow to be transmitted any Infinitt Materials to any third party except as necessary for the fulfillment of this Agreement; (iii) sublicense or allow use of the System, including but not limited to Infinitt Materials, to any third party other than Authorized Users without written permission from Infinitt; (iv) copy or reproduce the System (v) probe, scan, test the vulnerability of, or circumvent any security mechanisms used by, the sites, servers, or networks connected to the System, (vi) upload or distribute of any files that contain viruses, corrupted files, or any other similar software or programs that may damage the operation of the System, (vii) use the System in any way not intended or expressly provided for by this Agreement.

#### 5. Charges and Payment Terms

- 5.1 Customer agrees to pay Infinitt from the assignment estates the Charges in the amounts and at the times set forth in **Exhibit B**. Invoices are payable net thirty (30) days after invoice date. Thereafter, any outstanding balance will bear simple interest at the lower of 12% per annum or the highest interest rate permitted by law. In no event shall Soneet Kapila or KapilaMukamal, LLP be liable for fees or costs.
- 5.2 Additional Hardware, Services, and/or Software Licenses required by Customer during the Initial Term not described in the attached **Exhibit A**, such as add-on functionality, will require additional charges and will be quoted separately.
- 5.3 In the event that Customer fails to make payment in accordance with the terms set forth above, Infinitt is authorized by Customer to employ alternative collection measures to obtain payment from Customer of past due amounts including but not limited to suspending the Maintenance Services outlined in **Exhibit C**. Customer further agrees that any costs, expenses and fees (including but not limited to attorneys' fees) incurred by Infinitt in attempting to collect such past due amounts owed by Customer shall be added to the past due amount owed, and shall be paid by Customer to Infinitt.
- 5.4 Taxes. The Charges set forth in this Agreement do not include any taxes. Where applicable, these shall be added to such Charges and Customer shall pay amounts equal to any taxes (however designated, levied, or based) on such Charges including, but not limited to, state and local sales, privilege, property, use or excise taxes, but not including taxes based on the net income of Infinitt or other sole Infinitt-related taxes.

#### 6. Confidentiality

- 6.1 "Confidential Information" of a Party means all confidential or proprietary information, including but not limited to all, information not generally known to the public. Confidential Information includes all data and information that is submitted to or learned by either Party in connection with this Agreement and including information

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relating to either Party's customers, patients, technology, operations, facilities, products, systems, procedures, practices, research, development, employees, pricing, business affairs and financial information. Without limiting the foregoing, Confidential Information includes all such information provided to each Party by the other Party both before and after the date of this Agreement.

- 6.2 All Confidential Information relating to a Party will be held in confidence by the other Party to the same extent and with at least the same degree of care as such Party protects its own Confidential Information of like kind, but in no event using less than a reasonable degree of care and in accordance with all applicable laws. Neither Party may disclose, duplicate, publish, release, transfer or otherwise make available Confidential Information of the other Party in any form to, or for the use or benefit of, any person or entity without the other Party's prior written consent.

## 7. Data

- 7.1 Nothing in this Agreement will be deemed to convey any title or ownership interest in Customer's Data to Infinit. Customer shall be solely responsible for the content of the Data.
- 7.2 Data Backup. Customer shall be solely responsible for the backup and recovery of the Data. Infinit will, at Customer's written request, create a backup export of the database to a local share. It will be the responsibility of the Customer to backup and protect this database export in addition to the image archive. Infinit disclaims any responsibility or liability for any data backups unless Customer has chosen to purchase disaster recovery backup and recovery services from Infinit.
- 7.3 Ownership of Intellectual Property. Infinit will retain all interest in all documentation, modifications, improvements, upgrades, derivative works, all other Intellectual Property rights in connection with the System, including Infinit's name, logos, and trademarks reproduced through the Service.

## 8. Warranties.

- 8.1 Infinit represents and warrants that it is authorized to provide the Maintenance Service to Customer under the terms of this Agreement.
- 8.2 Infinit warrants that the Infinit Materials will perform according to the Maintenance Services specified in Exhibit C and any requirements set forth in this Agreement. Infinit shall use commercially reasonable efforts to remedy nonconformities, if Customer promptly so requests, by providing changes to the operational procedures to avoid the effect of nonconformities. Infinit does not warrant that the System, will meet Customer's requirements, operate without error or interruption, or operate at all if used in violation of Infinit's instructions on use.
- 8.3 Infinit takes no responsibility and has no liability for or in respect of the information provided by Customer. Infinit reserves the right to make changes to the System and/or the pricing if, at any time information provided by Customer proves to be incorrect, inaccurate or incomplete. All images of products and services are for illustration purposes only and the actual product(s) may vary.
- 8.4 Any hardware or devices purchased from or through Infinit shall carry the warranty directly and exclusively from and by their original manufacturers. All hardware and devices obtained by Customer (i) through a third party or (ii) for from Infinit under the terms of a previous agreement between the Parties ("Customer Hardware") will be Customer's sole responsibility and Infinit disclaims all liability and responsibility for same. Should the System not perform as specified in this Agreement caused by limitations, defects, deficiencies of or in Customer Hardware Infinit reserves the right to modify or replace Customer Hardware at Customer's expense or all Infinit's obligations under the terms of the Maintenance Services shall be void.

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- 8.5 Infinitt Materials shall be free from defects in materials and workmanship for the life of this Agreement. Infinitt reserves the right to remedy any known or unknown errors in the system provided to Customer.
- 8.6 Any Third Party Software purchased from or through Infinitt shall carry the warranty directly and exclusively from and by their original manufacturers.
- 8.7 **Except for the warranties stated in this Agreement, Infinitt hereby disclaims all warranties, whether express or implied, including but not limited to any warranties of merchantability, fitness for a particular purpose, or non-infringement. No warranty shall be created or increased in scope by other oral or written communication from Infinitt or its employees, agents, or other representatives.**

## 9. Indemnification

- 9.1 Indemnification by Infinitt. Infinitt will defend, indemnify and hold Customer harmless from and against any third party claims, suits or actions against Customer arising out of any claim that the Infinitt Materials infringes any United States patent or copyright, or misappropriates any trade secret, of any third party. Infinitt will have no liability for any claim of infringement based on: (i) modifications of the System by Customer or third parties; (ii) use of System with non-Infinitt software or equipment; (iii) or use of the System other than as expressly allowed under the terms of this Agreement and Applicable Law. Such indemnification, defense, and hold harmless obligations require that Customer notifies Infinitt promptly upon learning of such claim and any delay to provide said notification does not adversely prejudice or impact Infinitt's ability to defend against said claim, and Customer gives Infinitt authority, information and assistance to defend or settle the claim. This Section states the entire liability of Infinitt and the exclusive remedies of Customer with respect to infringement.
- 9.2 Indemnification by Customer. Customer, and not Infinitt, will be fully responsible for any uses made of the System by Customer, its agents, employees, Authorized Users, and representatives and for the consequences of any decisions made or actions taken or not taken based in whole or in part thereon.

## 10. Limitation of Liability

- 10.1 **Under no circumstances will either Party or their respective employees, agents, suppliers, or other representatives be liable for any special, indirect, incidental, consequential, punitive, or exemplary damages. Even if such Party knew or should have known about such damages, from any act or failure to act or arising out of or related to this agreement, including but not limited to damages from lost use, lost business, lost revenues, lost profits, lost goodwill, lost savings, lost productivity, lost or damaged images or data, lost or damaged property (whether real or personal, tangible or intangible, corporeal or incorporeal), cost of replacement products or services, cost of downtime, cost of capital, or claims of third parties (including but not limited to claims related to medical malpractice, medical diagnosis, or other liabilities from use of the System).**
- 10.2 **Except as set forth in Section 9 of this Agreement, and for breach due to Infinitt's gross negligence or willful misconduct, the cumulative liability of Infinitt to Customer for any actual or alleged damages arising out of, based on or relating to breach of this Agreement will not exceed the amount of charges paid to Infinitt under the terms of this Agreement.**

## 11. Force Majeure

- 11.1 Infinitt shall not be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control of Infinitt and without fault or negligence. Such events shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, acts of government, fire, nuclear accidents, earthquakes, acts of

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terrorism, other disasters, acts of Customer or its Authorized Users, or acts of other approved third parties outside of Infinit's reasonable control.

- 11.2 Infinit shall be not be liable or responsible for delays or failures in performance resulting from interruption of or delay in transportation, unavailability of or interruption or delay in telecommunications (including but not limited to Internet connectivity) or third party services, virus attacks or hackers, failure or downtime of any third party software (including, without limitation, web server software, FTP Servers, or statistics), network issues relating to Customer's site or network, or inability to obtain supplies, or power used in or equipment needed for provision of services. Infinit will guarantee only those areas considered under the control of Infinit.

## **12. Equipment, Protocols & User Obligations**

- 12.1 Customers Site. Infinit shall provide Maintenance Services at Customer's Site based on the information proposed, reviewed and approved by Infinit and Customer. Customer shall ensure the Site meets and maintains adequate hardware and environmental specifications, or all of Infinit's obligations under this Agreement shall be void. The Customer is responsible for all network connectivity, connections, and for adequate bandwidth for data transfer. Infinit may, at its sole election, require a physical inspection of Customer's site(s) by Infinit representatives.
- 12.2 Access. Customer must provide the appropriate access (including remote access) so that Infinit can deliver the Maintenance Services or all of Infinit's obligations under the terms of this Agreement shall be void.
- 12.3 Support for Third Party Software. Third Party Software, including software purchased from Infinit, is not supported by default by Infinit. Infinit will, however, investigate the issue and contact the Vendor of software supplied by Infinit or integrated into Infinit software if a quick resolution cannot be procured by Infinit technical support. Operating System support on Customer PC's (or workstations) is not covered except if it relates to any modification required to the Operating System from a standard Microsoft factory install to support Infinit Materials.
- 12.4 No Medical Advice. Although some content available through the System may be clinical or related to medical treatment ("Content"), Customer acknowledges that the availability of such Content does not constitute an opinion, medical advice, diagnosis, procedure or treatment of any particular condition, and is provided for informational or educational purposes only. Content is provided on an AS-IS basis, and Customer's use of any Content is at Customer's own risk.
- 12.5 Introduction of Viruses and Malwares. In using the System hereunder, Customer shall not introduce into Infinit's computer systems, operating systems, datacenter, applications or other equipment or software any program routine, device, comprising a trap door, time bomb, trojan horse, worm, spyware, bot, cookie; malicious logic, viruses, malware, ransomware, usage locks, physical or electronic license keys or disabling mechanisms or other routine, file or feature, whether such disabling mechanisms are based on calendar date or elapsed time, that is designed to track, monitor or capture computer or user files, information or data, or to delete, disable, deactivate or otherwise render the System or any other of Infinit's software, hardware or network inoperable. Customer shall reimburse Infinit for its costs incurred as a result of Customer not performing its obligations as set forth in this section.
- 12.6 Anti-Virus Obligations. Customer shall be responsible for implementing, maintaining, and updating all necessary and proper procedures and software for safeguarding against computer infection, viruses, worms, Trojan horses, and other code that manifest contaminating or destructive properties (collectively "Viruses") and Infinit disclaims any responsibility for same.



### 13. General Provisions

- 13.1 Trademarks. Customer warrants that it has the right to use any applicable trademarks or copyrighted materials that Customer integrates or uses in connection with this System.
- 13.2 Publicity. InfinitT may include Customer's trademarks, name, and logos in its customer lists. Customer may require InfinitT to withdraw any use of Customer's trademarks, name, and logos if Customer reasonably considers that InfinitT's use of the trademark, name, and logo is derogatory, defamatory, or detrimental to Customer or in any way damages Customer's business or reputation.
- 13.3 Authority and Capacity. The Parties warrant they have the authority and capacity to enter into this Agreement, subject to the approval of the Assignment Court.
- 13.4 Disputes. If legal proceedings are commenced to resolve a dispute arising out of or relating to this Agreement each Party shall pay its own costs, legal fees, and expert witness fees as well as any costs or legal fees in connection with any appeals.
- 13.5 Entire Agreement. This document is the complete and entire Agreement except to the extent that another document is expressly incorporated herein by reference. InfinitT and the Customer agree that the provisions of this Agreement may not be modified unless the modification is (i) in writing; (ii) specifically references this Agreement; and (iii) is signed by authorized representatives of both Parties.
- 13.6 Relationship of the Parties. The relationship of Customer and InfinitT under this Agreement is that of independent contractors. Nothing in this Agreement will be deemed to create any form of partnership, principal-agent relationship, employer-employee relationship, or joint venture between the Parties hereto. Nothing in this Agreement authorizes either Party to bind the other, to incur any liability on behalf of the other, or to act as an agent for the other.
- 13.7 Survival. Notwithstanding any termination of this Agreement for any reason, the terms and conditions set forth in the following Sections of this Agreement will survive and will be binding on the representatives, successors, heirs and assignees of the Parties:
- i.) Section 3 "Term and Termination"
  - ii.) Section 5.5 "Taxes"
  - iii.) Section 6 "Confidentiality"
  - iv.) Section 7 "Data"
  - v.) Section 9 "Indemnification"
  - vi.) Section 10 "Limitations of Liabilities"
  - vii.) Section 13 "General Provisions"
- 13.8 Transfer of Agreement. Customer may not assign or transfer this Agreement, in whole or in part, without the prior written consent of InfinitT. In the event that Customer contemplates whole or partial sale of Customer's business, Customer shall notify InfinitT by mail, facsimile, or email no less than sixty (60) days prior to the effective date of the event.
- 13.9 Assignment. InfinitT may upon written notice to Customer assign this Agreement to any entity that succeeds to some or all of the business of InfinitT through merger, consolidation, a sale of some or all of the assets of InfinitT, or any other similar transaction. None of the rights, interests or obligations of Customer under this Agreement may be assigned by Customer without the prior written consent of InfinitT.
- 13.10 Successors and Assigns. Subject to the above Assignment Section, this Agreement shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective successors and permitted assigns.
- 13.11 Waiver. A waiver of a breach or default under this Agreement or a delay or failure in exercising a right or enforcing a provision of the Agreement will not be a waiver of any subsequent breach or default. Failure of either Party to enforce compliance with any term or condition of this Agreement will not constitute a waiver of such term or condition.



- 13.12 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.
- 13.13 Equitable Relief. It is specifically agreed that the breach of this Agreement may result in irreparable injury and the Party who claims such a breach will be entitled to seek specific performance and injunctive relief to correct and enjoin such breach in addition to all other remedies which might be available.
- 13.14 Governing Law; Jurisdiction; Attorney's Fees. This Agreement will be construed in accordance with the laws of the State of Florida, without giving effect to the conflict of law rules thereof. Any legal action or proceeding with respect to this Agreement must be brought in a state court in the Assignment Court, and each of the Parties hereby consents to the jurisdiction of such court and irrevocably waives, to the maximum extent permitted by law, any objection or defense of lack of jurisdiction or inconvenient forum. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.
- 13.15 Counterparts. This Agreement may be executed by facsimile signature and by either of the Parties in counterparts, each of which will be deemed to be an original, but all such counterparts will constitute a single instrument.
- 13.16 Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given (a) when delivered if personally delivered by hand, (b) when received if sent by a nationally recognized overnight courier service (receipt requested), (c) upon receipt, if sent by first class mail, return receipt requested, or (d) when receipt is acknowledged by an affirmative act of the Party receiving notice, if sent by facsimile, telecopy or other electronic transmission device (provided that such an acknowledgment does not include an acknowledgment generated automatically by a facsimile or telecopy or other electronic transmission device). Notices, demands and communications to each Party will, unless another address is specified in writing, be sent to the addresses indicated on the signature page to this Agreement.
- 13.17 No Third Party Beneficiaries. Nothing in this Agreement is intended or will be construed to confer upon any person, firm or entity other than the Parties hereto and their respective successors or assigns, any remedy or claim under or by reason of this Agreement or any term, covenant or condition hereof, as a third party beneficiary or otherwise. All of the terms, covenants and conditions hereof are for the sole and exclusive benefit of the Parties hereto and their permitted successors and assigns.
- 13.18 Approval of the Assignment Court: This Agreement is subject to the approval of the Assignment Court.

IN WITNESS WHEREOF, The Parties represent and warrant that, on the date first written above, they are authorized to enter into this Agreement in its entirety, and duly bind their respective principals by their signatures below.

**Soneet Kapila, as Assignee**

Name: Soneet R. Kapila

Title: Assignee

**Infinitt North America**

Name: David O. Smarro

Title: President & CEO





**INFINITT**  
North America

Date:  
Contract No.:

May 28, 2019  
Laser.Spine-EL-SLA(ReadOnly)-052119-A

Signature [Signature]

Date signed 6/10/2019

Signature [Signature]

Date signed 6/10/19

### **EXHIBIT A.** **System**

#### **Read Only System & Service**

- Read only system license, no new data to be added
- 2 Admin User Licenses
- Includes image viewing and CD burning Licenses
- Infinitt shall include System relocation service at no additional charge.
  - Customer will be responsible all the hardware relocation
  - Infinitt will check the software and license and reconfigure if needed

#### **INFINITT-Results VR reporting package**

Integrated Voice Recognition within the Infinitt PACS viewer

- Completely integrated Voice Recognition (VR) system
- Completely web-based so the advanced functionality is not limited the LAN or WAN
- Fast workflow for the ultimate in productivity and result turnaround
- Combines VR and transcription as needed on the fly

#### **Interfaces**

- Maintain Current Interfaces

**EXHIBIT B.**  
**Charges**

**Monthly Fee:** \$1,200.00/ month

**Invoices:** Invoices are payable net thirty (30) days after invoice date. Thereafter, any outstanding balance will bear simple interest at the lower of 12% per annum or the highest interest rate permitted by law.

**Taxes:** The Charges do not include any taxes these shall be added to the above Charges including, but not limited to, state and local sales, privilege, property, and use or excise taxes. If Customer is a tax-exempt entity Customer must supply InfinitT with the appropriate documentation indicating same.

**Effective Date:** April 7, 2019



**EXHIBIT C.**  
**Terms of Maintenance Services**

InfinitT agrees to provide Customer with Maintenance Service (as defined below) for the according to the roles and responsibilities included below.

**1. CUSTOMER HELP DESK SERVICE**

- A. InfinitT's Customer Helpdesk will be available from 7:00AM – 7:30PM EST/EDT Monday-Friday excluding Holidays outlined in InfinitT's stated holiday schedule, described below. After hours support is offered outside of the hours of 7:00AM – 7:30PM EST/EDT by a live technical representative through a rotation of tech support personnel. Real time support is offered when calling into the InfinitT Customer Helpdesk during regular hours of operation, however, if this is not the case during after hour support.
- B. INFINITT HOLIDAY SCHEDULE
  - o New Year's Day
  - o Memorial Day
  - o Independence Day
  - o Labor Day
  - o Thanksgiving Day
  - o Christmas Day

**2. NOTIFICATION**

- A. InfinitT will notify the appropriate Customer representative in advance of any planned scheduled maintenance, updates, and/or planned outages prior to performing such work. Lead time for such notifications will be as set forth in the bullet points below. Customer will specifically notify InfinitT with a detailed list of Customer contacts who must be notified. Upon Customer approval based on successful testing in test system InfinitT will make every reasonable attempt to provide as much lead-time as possible, provided that such notice will not be later than as set forth below.
  - o Maintenance Release Installations - 5 Work Days in advance
  - o Major Software Updates - 21 Work Days in advance

**3. TRACKING AND REPORTING**

- A. Customer will report to InfinitT any System outage or potential outage of which it is or becomes aware. This notification will be via telephone, email, or other verbal reporting and may be changed by the Parties to include other notification technologies.
- B. InfinitT will report to Customer any System outage or potential outage of which it is or becomes aware. This notification will be via telephone, email, or other verbal reporting and may be changed by the Parties to include other notification technologies.

**4. UPDATES**

An update is defined by a change of the bug fix number as defined followed: A.B.C.D, where A is the main product number, B is the major version number/update, C is the minor version number/update, and D is the bug fix number.

- A. Update installation necessary to maintain the System in its contracted state shall be agreed upon by InfinitT and Customer on a timely basis with all Updates made generally available by InfinitT.
- B. Updates shall be the responsibility of InfinitT and shall be scheduled according to the terms outlined above for such notification, as approved by Customer. Updates shall be implemented during InfinitT's regular business hours only. Any updates





requested by Customer to be implemented after Infinit's regular business hours are subject to an additional charge.

- C. Infinit may perform patches and minor updates. Any non-critical patch, which would require downtime, will be scheduled according to the terms defined above.
- D. Both Parties will have the right to request additions to the contracted services. In the event that Customer specifically requested additions necessitate additional capital investment on the part of Infinit, Infinit will present a quote within 7 business days to the Customer stating the additional-charges involved with the specific addition requested only by Customer.
- E. In the case that Infinit announces the discontinuation of a product, the product will be maintained with bug fixes and supported for at least three years after such announcement.

**5. CUSTOMER RESPONSIBILITIES [KEVIN, PLEASE VERIFY WE CAN DO THIS?]**

- A. Provide and maintain a suitable, safe and hazard-free location and environment for the Infinit products and services in material compliance with any written requirements provided by Infinit, ensure that any non-Infinit provided service is performed by, and Infinit products are used by, qualified personnel including rack with sufficient space, adequate power (multiple power), UPS, air conditioning, network etc.
- B. Customer is responsible for all network connectivity, connections, and for adequate bandwidth for data transfer.
- C. Provide Infinit prompt and unencumbered access to the products, network cabling and communications equipment necessary to perform services. This access includes providing and maintaining connectivity to the products (internet connections, VPN persistent access, broadband internet connection, or other secure remote access reasonably requested by Infinit) to permit Infinit to perform support services and meet service levels, including remote diagnostic, monitoring and repair services.
- D. Provide a secure area reasonably near the products for Infinit's proprietary service materials. Customer shall not have any right, title or interest in or to these materials or any license or other right to access, use, or decompile these materials. Customer agrees to use reasonable efforts to protect this Infinit property against damage, loss or unauthorized access or use.
- E. Promptly place service calls in accordance with any reasonable Infinit protocols provided to Customer and designate a Customer representative and alternate as Infinit's support contacts with the necessary skills to assist Infinit with Customer related issues
- F. Customer shall be responsible for performing all end-user activities related to the normal operation and administration of the System, including but not limited to security, and data administration (for example, adding new users and privileges, adding new user groups and user-group privileges, changing user-access rights, updating the physician list, updating any data in the database).
- G. This responsibility includes maintaining secure network and network security components, firewalls and security-related hardware or software, preventing unauthorized access to the product and preventing interception of communications between Infinit's service center and the products.
- H. The Customer shall maintain physical security and for the System. The Customer shall ensure the Sites meets and maintains the adequate hardware environmental specifications, or all of Infinit's obligations under this Agreement shall be void.
- I. Customer is responsible for all MS Service Packs and Security Patches
- J. Customer is responsible for anti-virus software.

**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 8

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.

## INVENTORY/APPRaisal & AUCTION AGREEMENT

THIS AGREEMENT is made on this 15<sup>th</sup> day of March, 2019 by and between Soneet Kapila, as Assignee in the Assignment for the Benefit of Creditors proceedings of the Assignors listed on Exhibit A, ("Seller"), and Centurion Service Group LLC, an Illinois limited liability corporation ("CENTURION").

### WITNESSTH:

WHEREAS, SELLER owns certain items of medical, hospital, furniture and other equipment ("Equipment") and wishes to have a physical inventory, In-Place value appraisal, and Liquidation Value Appraisal ("Services") and sell the Equipment by auction ("Auction Sale"). All Equipment is located at the premises (the "Premises") a list of which is attached hereto as exhibit "B" and wishes to appoint CENTURION as its exclusive agent for purposes of providing the Services and selling the Equipment by Auction Sale to be held on or off the Premises.

WHEREAS, SELLER is the assignee of the assets of the Assignors listed on Exhibit A in the assignment for the benefit of creditors proceedings pending in Hillsborough County, Florida, Case No. 2019-CA-2762 (the "Assignment Court").

NOW, THEREFORE, in mutual consideration of the premises and of the covenants and agreements as heretofore and hereafter set forth, the parties agree as follows:

1. **Appointment of Exclusive Agency.** SELLER hereby agrees to employ CENTURION as its exclusive independent agent for providing the Services and selling the Equipment at the Auction Sale and CENTURION hereby accepts such appointment on the terms and conditions hereinafter set forth. The Equipment will be more fully described in Exhibit "B" that will be attached hereto, and shall neither include items presently being leased, of which CENTURION is made aware by SELLER, nor fixtures. It is further understood that an "exclusion" list will be given to CENTURION, if any of the Premises are sold "turn key" to a company or person on the exclusion list then CENTURION will not be entitled to receive an auction commission, nor a Buyer's Premium. If CENTURION brings forward a company or person to purchase a facility "turn key" then CENTURION will be entitled to receive its auction commission.
2. **Inventory.** CENTURION will do a barcoded inventory of all items with a salable value of more than \$100.00.  
CENTURION will capture the information on the assets such as Make, Model, Description and location.

CENTURION will charge actual expenses plus a markup of Twenty percent (20%).

Expenses will include:

Cost of Centurion Employee \$500.00/Day

Hotel Capped at \$125/night

Car Rental Mid-Size Car

Per Diem \$65.00

Travel Coach tickets for each Centurion Employee

Temporary labor expensed at rate charged by labor service

Fees will be accrued and will be deducted from Seller's portion of net proceeds.

3. **Appraisal** CENTURION will build an In-Place Value Appraisal and a Liquidation Value appraisal listing all inventoried pieces. This value is based on the assumption that all items will be sold in place, where they are located and not moved to one of Centurion's warehouses.

Centurion will complete this appraisal for the cost of \$30,000.00. Appraisal service will be performed by an ASA-accredited appraiser.

Fees will be accrued and will be deducted from the Seller's portion of net proceeds.

4. **Division of Proceeds of Auction Sale.** The net proceeds from the Auction Sale specifically exclude **amounts** collected by CENTURION as and for any applicable sales or use tax, and any "Buyer's Premium" [as **defined** below] charged by CENTURION (the "Net Proceeds"). The following amounts shall be disbursed by CENTURION within twenty (20) days of the Auction Sale in the following order of priority:

- (a) All costs and fees of Services named above and all actual expenses, to be prepared as an estimate prior to commencing work, for the Auction Sales of CENTURION are to be reimbursed to CENTURION from the seller's portion of Net Proceeds; If the Services and actual expenses exceed the amount of SELLER's portion of the Net Proceeds, then SELLER is responsible to pay CENTURION the amount owed within Ten (10) days of the completion of the project
- (b) ten percent (10%) of the Net Proceeds to CENTURION;
- (c) the remainder of the Net Proceeds to SELLER.

It is specifically understood and agreed that CENTURION may charge a "Buyer's Premium" of Ten Percent (10%) plus additional Three percent (3%) webcast fee if applicable, on the amount of the purchase price for a given item of the Auction Assets sold at the Auction Sale to be paid by the purchaser's price for a given item of the Auction Sale. Such Buyer's Premium shall accrue exclusively to the interest of CENTURION and shall not be included in the division of proceeds described above.

It is specifically understood that payments of the Commissions and Buyers' Premium is subject

to approval of the Assignment Court. In addition, the sales are subject to the approval of the Assignment Court.

5. **CENTURION's Obligations.** CENTURION agrees that it shall:

- (a) Perform a bar coded inventory of the Equipment valued at \$100.00 or more using Excel Software describing items by bar code #, make, model, description and location
- (b) Complete an In-Place and Liquidation value Appraisal of the Equipment
- (c) Determine whether an Auction Sale should be held on-site or items be removed off-site to hold the Auction Sale, if off-site arrange for proper transport and loading of all Equipment to be sent to Centurion
- (e) hold the Auction Sale in its usual and customary manner and shall determine the manner of advertising the same.
- (f) arrange and number the Auction Assets in lots, catalog same and deliver to SELLER a copy of such catalog; items to be sold in accordance with exhibit "B" as attached
- (g) advertise the Auction Sale by email and website, in CENTURION's best opinion, where customers will be found who are willing to pay the highest prices for the Equipment;
- (h) sell the Equipment to purchasers at the Auction Sale for cash;
- (i) provide adequate personnel to supervise the removal of Equipment sold at the Auction Sale; And or load out Equipment to be shipped to a Centurion Warehouse for sale;
- (j) sell the Auction Assets "as is where is" irrespective of condition, wear or damage and without guarantee or warranty of any nature, kind or description; and
- (k) keep accurate records of the Auction Sale, and provide SELLER a copy of said records, within ten (10) days of completion of the Auction Sale.
- (l) Notwithstanding anything else herein contained, it is expressly agreed and understood by SELLER that CENTURION is not responsible for, nor obligated to, remove or dispose of, any Toxic Substances, bio-hazardous, sharp or FDA controlled substances or other pharmaceuticals, or other hazardous garbage, materials, debris, or waste from the Premises. Nor for the disconnection or capping of any wiring or plumbing that may be exposed after removal of equipment. In



the event a buyer at the Auction Sale wants to de-install the Equipment it purchases, CENTURION will require such buyer to be an experienced, knowledgeable, de-installer, or have other such qualifications as necessary and to provide insurance and bond to CENTURION and SELLER prior to performing such work. Further, CENTURION is not responsible for the removal or disposal of any hospital or patient files or, or records except to help coordinate the timing of their removal by and at the exclusive direction, expense and control of SELLER. CENTURION reserves the right of abandonment for all Equipment not sold in the Auction Sale.

6. **Use of Premises.** To facilitate the Services and Auction Sale and subsequent orderly removal of **the** Equipment by purchasers thereof, SELLER hereby agrees to supply electric power service, heat and/or air conditioning to the Premises. Further, SELLER grants to CENTURION the non-exclusive use of the Premises rent-free for the duration of the project to allow CENTURION to conduct the Services and the Auction Sale and supervise removal of the Equipment. It shall also be SELLER's sole responsibility to provide and maintain adequate property casualty and liability insurance covering the Premises, invitees, employees, and the Equipment during the period covered by this Agreement. CENTURION acknowledges the license herein granted to it and shall use the Premises subject to the following general terms and conditions.
  - (a) CENTURION will use the Premises solely for the purposes of providing the Services, storing, exhibiting and selling the Equipment, including the Auction Sale thereof, and for any legal purpose reasonably related thereto, including without limitation, photographing the Equipment, repairing the same, compiling information pertaining thereto and inviting to the Premises prospective purchasers and their agents.
  - (b) CENTURION shall not alter the Premises or in any way assign its rights to the use of the Premises; provided, however, CENTURION, its employees or agents, shall not be responsible for the repair or restoration of any portion of the Premises from which the Auction Assets are removed, unless damaged by the gross negligence of CENTURION, its officers, agents, employees or invitees.
7. **Representations and Warranties of SELLER** SELLER hereby represents and **warrants** to CENTURION as follows, to the best of his information and belief:
  - (a) SELLER owns the Auction Assets;
  - (b) SELLER has paid all taxes (whether arising pursuant to federal state, city or local taxation statutes or ordinances, or otherwise) which have been levied against it and/or the Auction Assets which were heretofore due, and has made provision for the payment of all taxes (whether arising pursuant to federal, state, city or

local taxation statutes or ordinances, or otherwise) which in the future may be levied against it and/or the Auction Assets.

- (c) SELLER has received no notice from any government agency or other authority that it is in violation of any existing federal or state environmental law or regulation pertaining to the Auction Assets.

8. **Representations and Warranties of CENTURION.** CENTURION hereby represents and warrants to SELLER that it has all requisite power and authority to operate its business as it is now being conducted and has complete and **unrestricted** power to enter this Agreement and to perform the acts it is to perform under this Agreement. All necessary action has been taken to authorize the execution and performance of this Agreement by CENTURION.

9. **Entire Agreement Modification.** This Agreement shall not be changed, modified, altered or amended except by written agreement duly executed by all parties.

10. **Choice of Law.** It is the intention of the parties that the laws of the State of Florida shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties. The parties further agree that, in the event of a dispute arising hereunder, they shall submit themselves to the jurisdiction of the Assignment Court.

11. **Cooperation by SELLER:**

SELLER shall in all respects reasonably cooperate with and further the interests of CENTURION in discharging SELLER'S duties under this Agreement as required by any applicable statute or regulation, and by this Agreement, and shall refrain from all acts that would reasonably tend to interfere with CENTURION in discharging CENTURION'S duties under this Agreement or as required by statute or regulation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the day and year first above written.

**CENTURION SERVICE GROUP LLC**

By: \_\_\_\_\_  
Its Authorized Agent



By: Soneet Kapila, as Assignee in the Assignment for the Benefit of Creditors proceedings of the Assignors listed on Exhibit A



**EXHIBIT A**  
**List of Assignors**

CLM, Aviation, LLC
LSI Hold Co, LLC
LSI Management Company, LLC
Laser Spine Surgery Center of Arizona, LLC
Laser Spine Surgery Center of Cincinnati, LLC
Laser Spine Surgery Center of Cleveland, LLC
Laser Spine Surgical Center, LLC
Laser Spine Surgery Center of Pennsylvania, LLC
Laser Spine Surgery Center of St. Louis, LLC
Laser Spine Surgery Center of Warwick, LLC
Laser Spine Institute, LLC
Medical Care Management Services, LLC
Spine DME Solutions, LLC
Total Spine Care, LLC
Laser Spine Institute Consulting, LLC
Laser Spine Surgery Center of Oklahoma, LLC

**Exhibit Cover Sheet**

**Party submitting:** Assignee

**Ex. #** 9

**Admitted:** Yes or No (circle one)

**Case Style:** Laser Spine Institute, LLC (Assignor) vs. Soneet Kapila (Assignee)

**Case No.:** 19-CA-26762

**Nature of Hearing:** Omnibus Hearing on Various Matters Scheduled for  
June 27, 2019 at 2:00 p.m.

GENOVESE  
JOBLOVE &  
BATTISTA  
P.A.  
ATTORNEYS AT LAW

Paul J. Battista, Esq.  
Telephone: 305-372-2457  
email: [pbattista@gjb-law.com](mailto:pbattista@gjb-law.com)

June 17, 2019

Via Email

[skapila@kapilamukamal.com](mailto:skapila@kapilamukamal.com)

Soneet Kapila, as Assignee for the Benefit of Creditors for  
Laser Spine Institute, and other related entities (the "Assignee")  
KAPILAMUKAMAL, LLP  
1000 S. Federal Hwy, Suite 200  
Ft. Lauderdale, FL 33316

Re: Terms of Engagement—Special Counsel

Dear Soneet:

Thank you for again for the opportunity for Genovese Joblove & Battista, P.A. ("GJB") and Rocke, McLean & Sbar P.A. ("RMS") (collectively, GJB and RMS shall be referred to as the "Firms"), to represent you as the statutory assignee for Laser Spine Institute, LLC and related entities ("LSI") as special counsel in the proceedings pending in the Circuit Court of the Thirteenth Judicial Circuit in and for Hillsborough County, Florida (the "ABC Case"). This proposed retention and its terms are subject to the approval of the Court in the ABC Case.

Based on our discussions, the Firms shall represent the Assignee in all causes of action designated by the Assignee, including avoidance actions (the "Avoidance Actions") and breach of fiduciary duty and other claims arising from the errors and omissions of the LSI officers and directors (the "D&O Claims")(collectively, "Litigation Claims"), on the terms set forth herein.

GJB and RMS shall advance the payment of costs incurred by the estate in the pursuit of the Litigation Claims as they determine appropriate, until such time as the Assignee has sufficient funds to pay such litigation costs directly. Assignee agrees to reimburse GJB and RMS for the litigation costs advanced by GJB and RMS once the Assignee has sufficient funds to reimburse such costs.

To the extent that the Firms provide services to the Assignee which result in the pre-suit resolution of one or more of the Avoidance Actions, then the Firms shall be paid on a blended hourly rate for their services. The blended hourly rate for GJB is \$350 per hour and the blended hourly rate for RMS is \$350 per hour.

Subject to any pre-suit settlement of the Avoidance Actions, the Firms will pursue the prosecution of one or more of the Litigation Claims under the following contingency fee with respect to each Litigation Claim (the "Contingency Fee").

For Litigation Claims based upon any Avoidance Action, the Firms would collectively be entitled to the following Contingency Fee for each such Avoidance Action:

- 1) An amount equal to seventeen and one-half (17.5%) percent of any gross amounts collected or recovered from any source whatsoever after a lawsuit is filed in respect of each such Avoidance Action;
- 2) An amount equal to twenty-two and one-half (22.5%) percent of any amounts recovered from any source whatsoever after an answer is filed by any defendant in each such Avoidance Action but before trial commences against any defendant in respect of such Avoidance Action;
- 3) An amount equal to thirty (30%) percent of any gross amounts recovered from any source whatsoever after a trial commences against any defendant in respect of each such Avoidance Action; and
- 4) An amount equal to thirty-three (33%) percent of any gross amounts recovered from any source whatsoever after a judgment is obtained against any defendant in each such Avoidance Action and in any appeals of such judgment(s).

For Litigation Claims based on any D&O Claim, the fee structure to the Firms collectively will be based on gross recoveries from the different layers of the applicable insurance policies, on the following Contingency Fee percentages:

- 1) An amount equal to seventeen and one-half (17.5%) percent on the gross amounts recovered in respect of the first layer of insurance policy (which has a 3.0 mm cap, less aggregate defense costs paid);
- 2) An amount equal to twenty (20%) percent on the gross amounts recovered in respect of the second layer of insurance policy (which has a 3.0 mm cap less aggregate defense costs paid to the extent such costs are greater than \$3.0 mm);
- 3) An amount equal to twenty-five (25%) percent on the gross amounts recovered in respect of the third layer of insurance policy (which has a 4.0 mm cap less aggregate defense costs paid to the extent such costs are greater than \$6.0 mm);
- 4) An amount equal to thirty (30%) percent on the gross amounts recovered in respect of the fourth layer of insurance policy (which has a 5.0 mm cap less aggregate defense costs paid to the extent such costs are greater than \$10.0 mm);
- 5) An amount equal to thirty-three (33%) percent on the gross amounts recovered (i) in respect of the fifth and final layer of insurance policy (which has a 5.0 mm

June 17, 2019

Page 3

cap); and (ii) from the putative defendants from any other assets or sources.

Please review this agreement carefully, and if any of you have any questions concerning the foregoing terms and conditions, please do not hesitate to contact me. If this agreement is acceptable, then please acknowledge that it has been reviewed, understood, and that you desire to retain us on the basis of the terms of this letter by signing and returning to us a signed copy. We recommend that you keep a copy of this letter in your file. Also, attached as Exhibit A is a Statement of Client's Rights ("Statement"). Please review the Statement and if acceptable, sign in the space provided.

We understand that this engagement letter is subject to the approval of the court in the ABC Case and we will cooperate with the Assignee in filing the appropriate pleadings to obtain such approval and attending any hearings in connection therewith. This engagement, however, shall be deemed retroactive to the commencement of the services provided by the Firms prior to court approval.

Thank you for allowing us to be of service.

Sincerely,

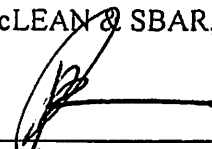
GENOVESE JOBLOVE & BATTISTA, P.A.

By:

  
Paul J. Battista

ROCKE, McLEAN & SBAR, P.A.

By:

  
Robert L. Roche

AGREED AND ACCEPTED BY:

\_\_\_\_\_  
Soneet Kapila, as Assignee

## **EXHIBIT A**

### **STATEMENT OF CLIENT'S RIGHTS**

Before you, the prospective Client, arrange a contingency fee agreement with a lawyer, you should understand this Statement of your rights as Client. This Statement is not a part of the actual contract between you and your lawyer, but as prospective Client, you should be aware of these rights:

1. There is no legal requirement that a lawyer charge a client a set fee or a percentage of money recovered in a case. You, the Client, have the right to talk with your lawyer about the proposed fee and to bargain about the rate or percentage as in any other contract. If you do not reach an agreement with one lawyer, you may talk with other lawyers.
2. Any contingency fee contract must be in writing and you have three (3) business days to reconsider the contract. You may cancel the contract without any reason if you notify your lawyer in writing within three (3) business days of signing the contract. If you withdraw from the contract within the first three (3) business days you do not owe the lawyer a fee, although you may be responsible for the lawyer's actual costs during that time. If your lawyer begins to represent you, your lawyer may not withdraw from the case without giving you notice, delivering necessary papers to you, and allowing you time to employ another lawyer. Often, your lawyer must obtain court approval before withdrawing from a case. If you discharge your lawyer without good cause after the three (3) day period, you may have to pay a fee for work the lawyer has done.
3. Before hiring a lawyer, you, the Client, have the right to know about the lawyer's education, training and experience. If you ask, the lawyer should tell you specifically about his or her actual experience dealing with cases similar to yours. If you ask, the lawyer should provide information about special training or knowledge and give you this information in writing if you request it.
4. Before signing a contingency fee contract with you, a lawyer must advise you whether he or she intends to handle your case alone or whether other lawyers will be helping with the case. If your lawyer intends to refer the case to other lawyers, he or she should tell you what kind of fee sharing arrangement will be made with the other lawyers. If lawyers from different law firms will represent you, at least one lawyer from each law firm must sign the contingency fee contract.
5. If your lawyer intends to refer your case to another lawyer or counsel with other lawyers, your lawyer should tell you about that at the beginning. If your lawyer takes the case and later decides to refer it to another lawyer or to associate with other lawyers, you should sign a new contract which includes the new lawyers. You, the Client, also have the right to consult with each lawyer working on your case and each lawyer is legally responsible to represent your interests and is legally responsible for the acts of the other lawyers involved in the case.

6. You, the Client, have the right to know in advance how you will need to pay the expenses and the legal fees at the end of the case. If you pay a deposit in advance for costs, you may ask reasonable questions about how the money will be or has been spent and how much of it remains unspent. Your lawyer should give a reasonable estimate about future necessary costs. If your lawyer agrees to lend or advance you money to prepare or research the case, you have the right to know periodically how much money your lawyer has spent on your behalf. You also have the right to decide, after consulting with your lawyer, how much money is to be spent to prepare a case. If you pay the expenses, you have the right to decide how much to spend. Your lawyer should also inform you whether the fee will be based on the gross amount recovered or on the amount recovered minus the costs.

7. You, the Client, have the right to be told by your lawyer about possible adverse consequences if you lose the case. Those adverse consequences might include money which you might have to pay to your lawyer for costs, and liability you might have for attorney's fees to the other side.

8. You, the Client, have the right to receive and approve a closing statement at the end of the case before you pay any money. The statement must list all of the financial details of the entire case, including the amount recovered, all expenses, and a precise statement of your lawyer's fee. Until you approve the closing statement you need not pay any money to anyone, including your lawyer. You also have the right to have every lawyer or law firm working on your case sign this closing statement.

9. You, the Client, have the right to ask your lawyer at reasonable intervals how the case is progressing and to have these questions answered to the best of your lawyer's ability.

10. You, the Client, have the right to make the final decision regarding settlement of a case. Your lawyer must notify you of all offers of settlement before and after the trial. Offers during the trial must be immediately communicated and you should consult with your lawyer regarding whether to accept a settlement. However, you must make the final decision to accept or reject a settlement.

11. If at any time, you, the Client, believe that your lawyer has charged an excessive or illegal fee, you, the Client, have the right to report the matter to The Florida Bar, the agency that oversees the practice and behavior of all lawyers in Florida. For information on how to reach The Florida Bar, call (904) 222-5286, or contact the local Bar Association. Any disagreement between you and your lawyer about a fee can be taken to court and you may wish to hire another lawyer to help you resolve this disagreement. Usually fee disputes must be handled in a separate lawsuit, unless your fee contract provides for arbitration. You can request, but may not require, that a provision for arbitration (under Chapter 682, Florida Statutes, or under the fee arbitration rule of the Rules Regulating the Florida Bar) be included in your fee contract.

Dated: 6/24/19

Client:

Soneet Kapila  
Printed: Soneet Kapila  
Assignee