

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

In re:

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

Assignors,

Consolidated Case No.
2019-CA-2762

to

Soneet Kapila,

Division L

Assignee.

UPDATED STATUS REPORT AS OF JULY 26, 2019

SONEET KAPILA, as assignee (the “Assignee”), undertook his duties as Assignee on March 14, 2019. The Assignee has continued to marshal and secure the assets of the Assignors

¹ On April 8, 2019, the Court entered an order administratively consolidating this case with the assignment cases (collectively, the “Assignment Cases” or the “Assignment Estates”) 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 (collectively, the “Assignors”).

and has negotiated the interim use of cash collateral to allow him to pay vital expenses of operating the Assignment Cases, while complying with his statutory duties and communicating frequently with creditors. The Assignee hereby provides the following status report summarizing some of the recent activity and efforts on behalf of the Assignment Estates since the last hearing on June 27, 2019, as follows:

1. The Assignee, his professional team, and the LSI Staff have continued to communicate with patients regarding the release of records to the patients.

2. The Assignee has continued to negotiate with landlords with respect to the disposition of the assets located at each facility. As reported in the last Status Report, the Assignee has executed a standstill agreement with the landlord at the Tampa location. Moreover, the Assignee and the landlord at the Cincinnati location have reached an agreement that allows the Assignee to leave the assets in place in Cincinnati without the further accrual of rent through August 23, 2019. Rent will not accrue as an administrative expense claim under those agreements while the Assignee explores options for the sale of the assets and the landlord explores similar options to re-lease the premises. In addition, the Assignee removed the assets at the St. Louis location and has negotiated a sale of said assets to Centurion Service Group, LLC for a purchase price of \$330,000 subject to approval of the Court. The Assignee is in frequent communication with the landlords and will report in the future as to the resolution of the ongoing discussions.

3. The Assignee continues to investigate causes of action and to that end has reviewed numerous documents and interviewed certain employees regarding such causes of action. At the last hearing, the Court approved the employment of Genovese Joblove & Battista, P.A. and Roche, McLean & Sbar, P.A. to pursue D&O claims and certain other claims as designated by the Assignee. The Assignee, through his litigation counsel, filed lawsuits against certain recipients of

fraudulent transfers and against former directors and officers for acts and omissions. In total, thus far, the Assignee has filed ten lawsuits for recovery of fraudulent conveyances and ten lawsuits against former directors and officers for acts and omissions. Other litigation targets have executed tolling agreements and the Assignee continues to explore settlements with such targets. Absent a prompt settlement, the Assignee intends to also file lawsuits against the remaining targets.

4. Because the Assignment Estates contain no unencumbered liquid assets, the Assignee negotiated the use of cash collateral with the primary secured creditor, Texas Capital Bank, as administrative agent. The cash has been used to pay vital ongoing expenses related to the Assignment Estates. Continued use of cash collateral is a critical component of an orderly wind-down, the preservation and maximization of assets of the Assignment Estates. Accordingly, the Assignee filed the 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, that was heard on June 27, 2019. The parties are awaiting a ruling on this motion.

5. The Assignee regularly communicates with unsecured creditors of the Assignors regarding the Assignment Cases. In particular, in addition to communicating with Texas Capital Bank, which will likely have a large deficiency claim, the Assignee has been in frequent communication with the Bailey Group, the holder of a large unsecured claim. Further, the Assignee has set up a website (www.lsi-assignee.com) that contains information about the assignment cases and also contains answers to frequently asked questions.

6. The Assignee has continued to review and investigate financial records and contractual agreements, enabling the filing of motions to reject leases in order to reduce the administrative burdens on the Assignment estates.

7. The Assignee has safe-guarded and preserved assets and records of the Assignors and formulated a strategy to monetize assets and address pending litigation.

8. The Assignee continues to review and provide support to the Buell & Elligett, P.A. firm in an effort to resolve the business interruption claim filed as a result of Hurricane Irma.

9. The Assignee has worked with Accordias, the third party accounts receivable (“AR”) collection company whose retention was approved by this Court on June 11, 2019, to maximize the recovery of the outstanding accounts receivable.

10. The Assignee has employed Gulf Coast Collection Bureau, Inc. to handle collection of delinquent receivables.

11. Moreover, the Assignee has employed Clary Document Management, Inc. in order to help ensure the proper storage of patient records and respond to medical records requests from patients and third parties entitled to the records.

12. In addition to: (a) the discussions with the landlords regarding a collaborative approach to maximizing value through “going concern” or “in place” sales of the equipment and inventory; and (b) the sale of the St. Louis and Philadelphia assets, the Assignee has continued the process of identifying potential purchasers for those assets.

13. The Assignee continues to evaluate alternatives to the Assignors’ various database platforms for future exit strategies and cost savings.

14. The Assignee continues to review and prepare for the filing of the estates’ tax returns and respond to notices and other correspondence from various tax agencies.

15. All of the matters set for hearing on July 30, 2019 are set forth in the attached Agenda.

/s/ Edward J. Peterson
Harley E. Riedel (FBN 183628)
Edward J. Peterson (FBN 0014612)
Matthew B. Hale (FBN 0110600)
Stichter, Riedel, Blain & Postler, P.A.
110 E. Madison Street, Suite 200
Tampa, Florida 33602
Telephone: (813) 229-0144
Facsimile: (813) 229-1811
Email: hriedel@srbp.com; epeterson@srbp.com
mhale@srbp.com
Counsel for Assignee

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing *Updated Status Report as of July 26, 2019* has been furnished on this 26th day of July, 2019 by the Court's electronic system to all parties receiving electronic service.

/s/ Edward J. Peterson
Edward J. Peterson

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

In re:

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

Assignors,

Consolidated Case No:
2019-CA-2762

To:

Soneet Kapila,

Division L

Assignee.

AGENDA FOR HEARING ON JULY 30, 2019

Soneet Kapila, as Assignee, proposes the following agenda (the “**Agenda**”) for the matters calendared for omnibus hearing on July 30, 2019 at 3:00 p.m. The information contained in this Agenda reflects the status of each matter as it is known to Assignee’s counsel as of the filing of this Agenda and is subject to change.

Document Index	Filing Party	Matter	Status
MOTION TO COMPEL			
279	Assignee	Assignee's Motion For Order Compelling Lessor Raintree Venture Owner, LLC To Allow Assignee Access To Maintain Assets And Patient Record Data, For Turnover Of Assets Of The Laser Spine Institute, LLC Assignment Estate, And Awarding Sanctions	Assignee requests an order compelling the landlord to allow access to the premises and turn over property of the assignment estates.
STATUS OF UNENTERED ORDERS			
	Assignee	Order on 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	Assignee requests a status conference on this matter.
CONTINUED CROSS-NOTICED MATTERS			
MOTION TO COMPEL AND JOINDERS			
144	Shirley and John Langston (Don Schutz)	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	Assignee requests that the Motion be denied for the reasons set forth in his Objection (Index No. 179).
196	Terry and Shirley Legg (Jonathan Gilbert, Esq.)	Notice of Joinder with Langston's 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	
204	Jared Headley (Cameron Kennedy, Esq.)	Notice of Joinder with Langston's 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	
205	Timothy and Marilyn Farley (Heather Barnes, Esq.)	Notice of Joinder with Langston's 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	

Document Index	Filing Party	Matter	Status
206	Cherish Collins (Heather Barnes, Esq.)	Notice of Joinder with Langston's 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	
	Kenneth Winkler (William Hahn, Esq.)	Notice of Joinder with Langston's 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	
179	Assignee	Assignee's Objection to Shirley and John Langston's 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	
MOTIONS TO DETERMINE COMPLIANCE WITH SELF-INSURANCE OBLIGATION			
44	Shirley and John Langston (Don Schutz)	Motion to Determine Assignors' Self-Insurance Compliance	Assignee requests that the Motion be denied for the reasons set forth in his Objection (Index No. 89).
53	Jared Wm. Headley (Cameron Kennedy, Esq.)	Motion to Determine Assignors' Self-Insurance Compliance	
80	Jonna Lemieux (Scott Miller, Esq.)	Joinder in Claimant Headley's Motion to Determine Assignors' Self-Insurance Compliance	
137	Jonna Lemieux (Scott Miller, Esq.)	Amended Joinder in Claimant Headley's Motion to Determine Assignors' Self-Insurance Compliance	
47	Terry and Sherry Legg (Jonathan Gilbert)	Motion to Determine Assignors' Self-Insurance Compliance	
89	Assignee	Assignee's Omnibus Response to Motions to Determine Assignor's Self-Insurance Compliance	