

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

In re:

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|---|-----------------------|
| 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 DECEMBER 20, 2019

As set forth in earlier Status Reports, SONEET KAPILA, as assignee (the “Assignee”), undertook his duties as Assignee on March 14, 2019. The Assignee has immediately marshalled

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 secured and subsequently sold the tangible assets of the Assignors and negotiated the interim use of cash collateral to allow him to pay vital expenses of operating the Assignment Cases and disposing of assets, 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, as follows:

1. Patients. During the Case the Assignee, his professional team, and the LSI Staff communicated with patients regarding the release of records to the patients. The Assignee has now transferred the medical records to the Florida Department of Health (“FDH”), which has assumed custody and control of the patient medical records. The Assignee has updated his website with the details of this transfer. In addition, the Assignee has filed with this Court a notice of the transfer, with relevant information. It is expected that future patient calls will be referred to FDH.

2. Asset Sales. The Assignee has sold substantially all of the furniture, fixtures, and equipment at each of the leased locations. Since the last hearing date, the Assignee has reached a settlement with the landlord for the Scottsdale facility and sold the assets at the Scottsdale facility for \$390,000.00, less \$25,000 to be refunded to Centurion for the inoperable MRI unit. Further, the Assignee sold substantially all of the assets at the Tampa location after an auction conducted by Centurion Group. The gross proceeds from such auction before deduction of commissions and expenses are \$1.95 million. The Assignee is reviewing the auctioneer’s costs and expenses for conducting the auction. The Assignee has received \$1.25 million of these auction proceeds. All of the assets sold appear to be subject to security interests in favor of Texas Capital Bank.

3. The Assignee, through his litigation counsel, has been prosecuting lawsuits filed against certain recipients of fraudulent transfers and against former directors and officers for acts and omissions. In total, thus far, the Assignee has filed 19 lawsuits for recovery of fraudulent

conveyances and 12 lawsuits against former directors and officers for acts and omissions. The filed lawsuits are progressing. Most of those actions are pending in this Court. Two actions were removed to the United States District Court in Tampa; and one was removed to the United States District Court in Dallas, Texas. 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. The Assignee has reached settlements with certain defendants and will be filing motions to approve said settlements.

4. Subject to Court approval, the Assignee has retained the firm of Pillsbury Winthrop Shaw Pittman LLP as special litigation counsel to investigate certain claims on behalf of the assignment estates.

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. As noted above, the Assignee safe-guarded and preserved assets and records of the Assignors and formulated a strategy to monetize assets and address pending litigation.

7. 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.

8. The Assignee has worked with Accordias, the third party accounts receivable collection company whose retention was approved by this Court on June 11, 2019, to maximize

the recovery of the outstanding accounts receivable, all of which appear to be encumbered by security interests held by Texas Capital Bank.

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

10. The Assignee, along with his ERISA counsel, has commenced an orderly termination of the 401K Plan, further detailed in the Motion to be filed with the Court.

11. 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.

/s/ Edward J. Peterson
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing *Updated Status Report as of December 20, 2019* has been furnished on this 18th December, 2019 by the Court's electronic system to all parties receiving electronic service.

/s/ Edward J. Peterson
Edward J. Peterson