

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 FEBRUARY 25, 2020

SONEET KAPILA, as assignee (the “Assignee”), undertook his duties as Assignee on March 14, 2019. The Assignee hereby provides the following status report summarizing some of

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”).

the recent activity and efforts on behalf of the Assignment Estates since the last hearing on December 20, 2019, as follows:

1. The Assignee, his professional team, and the LSI Staff continued to communicate with patients regarding the release of records to the patients. The Assignee reached an agreement with the Florida Department of Health (“**FL DOH**”) in December 2019, to assume custody and control of the patient medical records and all record requests since have been directed to the FL DOH.

2. The Assignee sold substantially all of the furniture, fixtures, and equipment at each of the leased locations. Since the last hearing date, the Assignee reached a settlement with the landlord for the Scottsdale facility and sold the assets at the Scottsdale facility for \$365,000.00², deposited in a bank account under the Assignee’s control. Further, the Assignee sold substantially all of the assets at the Tampa location after an auction conducted by Centurion Group. The net proceeds from the auction after deduction of commissions and expenses was \$1.57 million, deposited in a bank account under the Assignee’s control.

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 18 lawsuits for recovery of fraudulent conveyances and 9 lawsuits against former directors and officers for acts and omissions. The filed lawsuits are progressing. Other litigation targets have executed tolling agreements. The Assignee has reached settlements with certain of the targets of fraudulent conveyance lawsuits. Such

² The original sale price of the Scottsdale assets was \$390,000, however, the Assignee, with the approval of Texas Capital Bank, the secured lender, agreed to refund \$25,000 to the buyer because the MRI unit was damaged and inoperable.

settlements are set for the hearing on February 27, 2020. The actions against former officers and directors are scheduled for mediation.

4. 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, at the commencement of the case, the Assignee set up a website (www.lsi-assignee.com) that contains information about the Assignment Cases and also contains answers to frequently asked questions.

5. The Assignee has reached a settlement with Highwoods, the landlord at the Tampa location. Pursuant to such settlement, and subject to Court approval, Highwoods will be paid \$150,000 to compensate for the costs of removal of certain items as required by the lease. The Assignee's negotiations of a standstill agreement with Highwoods saved the estate over six million dollars in rent.

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 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 is preparing to auction the intangible assets, subject to a motion that will be filed shortly.

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

12. The Assignee continues to review and prepare for the filing of the Assignment Estates' tax returns and respond to notices and other correspondence from various tax agencies.

/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 February 25, 2020* has been furnished on this 25th February, 2020 by the Court's electronic system to all parties receiving electronic service.

/s/ Edward J. Peterson

Edward J. Peterson