

Laser Spine Institute, LLC
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.

COMPOSITE EXHIBIT B

**SECOND INTERIM APPLICATION OF
STICHTER, RIEDEL, BLAIN & POSTLER, P.A. FOR ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES AS COUNSEL FOR
ASSIGNEE FOR THE PERIOD OF JULY 1, 2019 THROUGH OCTOBER 31, 2019**

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 |
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| Laser Spine Surgical Center, LLC | Case No. 2019-CA-2770 |
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| Laser Spine Surgery Center of St. Louis, LLC | Case No. 2019-CA-2772 |
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| 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

SONEET KAPILA (the “**Assignee**”) undertook his duties as Assignee on March 14, 2019.

During the few weeks since becoming Assignee, the Assignee has begun to marshal and secure

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

the assets of 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, as follows:

1. At the last hearing held on March 22, 2019, the Assignee requested that the Court, among other things, approve a bond amount of \$25,000 for each Estate and also pay the wages of the employees who were being retained to help with the wind-down process. The Court entered orders approving both motions. The Assignee has secured the bonds.

2. The Assignee negotiated the sale of the assets at the Philadelphia location for the sum of \$435,000.

3. The Assignee has retained Radha Bachman of the FisherBroyles firm as health care counsel, to help navigate through the various health care regulatory issues that these cases present, including, without limitation, issues arising under HIPPA with respect to private healthcare information.

4. The Assignee has retained Roberta Watson of the Wagner Law Group as ERISA counsel to help navigate the issues surrounding the Assignors' 401k Plan and health insurance plan.

5. The Assignee set up a dedicated website that includes detailed information about the assignment cases, including responses to "Frequently Asked Questions" (FAQs) regarding malpractice lawsuits, the transfer of medical records to patients, issues surrounding the FSA Plan of the Assignors, and several other issues. All creditors were provided notice of this website. The website domain address is www.LSI-assignee.com.

6. The Assignee has retained a select group of critical LSI employees (“**LSI Staff**”) to assist in the wind down of the company and maximize the value of the assets, including critical departments such as accounts receivable recovery, medical record administration, IT, and accounting. One of the primary goals of the Assignee was to organize and preserve the massive amounts of information generated by the Assignors’ extensive business operations. The Assignee believes that the records have largely been successfully safeguarded and transferred to hardware and software accessible to the Assignee.

7. The Assignee, his professional team, and the LSI Staff have been communicating with patients regarding the transfer of records to the patients.

8. The Assignee sent demand letters to patients who received insurance checks for services provided by the Assignors and who had not remitted such checks to the Assignors. In addition, the Assignee is engaging Accordias Healthcare Services, LLC as a collection agent to continue collection of accounts receivable.

9. The Assignee has negotiated with landlords with respect to the disposition of the assets located at each facility. Of particular significance, the Assignee has executed a standstill agreement with the landlord at the Tampa location and has negotiated a standstill agreement at the St. Louis location. Pursuant to such agreements, the Assignee and the landlords are pursuing a collaborative “turn-key” sale approach with prospective purchasers who intend to use the facility as a medical facility. At those locations, rent will not accrue as an administrative expense claim while the Assignee explores options for the sale of the assets and the landlords explore similar options to re-lease the premises. As noted above, the assets at the Wayne, Pennsylvania location will be sold. The lease at that location has been terminated. The Assignee is in frequent communication with the other landlords and will report in the future as to the resolution of the ongoing discussions.

10. The Assignee has continued to negotiate with the insurance broker in order to try to save costs on insurance, while maintaining the necessary insurance coverage. To this end, the Assignee hired a risk management professional to assist with these efforts.

11. The Assignee has retained Raymond T. (Tom) Elligett, Jr. of Buell & Elligett, P.A., to pursue a business interruption claim arising from the Assignors' loss of profits as a result of Hurricane Irma.

12. The Assignee's counsel conducted the examination of a representative of the Assignors.

13. 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. The Assignee will interview potential counsel to investigate claims against directors and officers and potential claims for recovery of fraudulent conveyances.

14. Because the Assignment Estates contain no liquid assets that are unencumbered, the Assignee negotiated the interim 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 and the maximization of assets of the Assignment Estates.

15. The Assignee has also regularly communicated 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.

16. 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.

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

18. In addition to (a) the discussions with the landlords for the Tampa and St. Louis locations 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 Philadelphia assets described above, the Assignee has continued the process of appraising the assets at the other leased locations and of identifying potential purchasers for those assets.

Respectfully submitted this 22nd day of April, 2019.

/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.
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mhale@srbp.com
Counsel for Assignee

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing *Updated Status Report* has been furnished on this 22nd day of April, 2019 by the Court's electronic system to all parties receiving electronic service, and by either U.S. mail or electronic mail to the parties listed on the Limited Notice Parties list attached.

/s/ Edward J. Peterson _____

Edward J. Peterson

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 |
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| 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.

FURTHER UPDATED STATUS REPORT

SONEET KAPILA, as assignee (the “Assignee”), undertook his duties as Assignee on March 14, 2019. During the few weeks since becoming Assignee, the Assignee has begun to

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”).

marshal and secure the assets of 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 April 23, 2019, as follows:

1. The Assignee, his professional team, and the LSI Staff have continued to communicate with patients regarding the transfer 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 June 24, 2019. Pursuant to those agreements, the Assignee and the landlords are pursuing a collaborative “turn-key” sale approach with prospective purchasers who intend to use the facility as a medical facility. 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 has begun removing assets at the St. Louis location so that the assets can be auctioned. The Assignee is in frequent communication with the landlords and will report in the future as to the resolution of the ongoing discussions.

3. At the hearing on April 23, 2019, the Court approved the sale of the assets in Philadelphia subject to a 21-day objection period. It is anticipated that this sale will close in the next ten days.

4. The Assignee has continued to negotiate with the insurance broker in order to try to save costs on insurance, while maintaining the necessary insurance coverage. To this end, the Assignee hired Rick Fenstermacher, a risk management professional, to assist with these efforts. Mr. Fenstermacher has been able to locate substitute general liability insurance coverage at a substantial savings. Such coverage will become effective upon the entry of an order granting the Assignee's motion to terminate the coverage with MedPro, which motion is set for hearing on May 23, 2019. As set forth in the motion to terminate the MedPro coverage, the termination of the MedPro coverage will result in a substantial refund for the Assignment Estates.

5. The Assignee has retained Raymond T. (Tom) Elligett, Jr. of Buell & Elligett, P.A., to pursue a business interruption claim arising from the Assignors' loss of profits as a result of Hurricane Irma.

6. 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. The Assignee interviewed potential special litigation counsel to investigate claims against directors and officers and potential claims for recovery of fraudulent conveyances. The Assignee has identified special litigation counsel and is currently negotiating contingency fee arrangements. In addition, the Assignee, through his general counsel, sent demand letters and draft tolling agreements to the recipients of shareholder dividends. Assignee's counsel has been negotiating the terms of tolling agreements with those who have expressed interest.

7. Because the Assignment Estates contain no liquid assets that are unencumbered, the Assignee has continued to negotiate the interim 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 and the maximization of assets of the Assignment Estates.

8. The Assignee has also regularly communicated 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.

9. 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.

10. The Assignee has employ Vestal & Wiler to conduct an audit of the Assignors' 401(k) Plan. In addition, the Assignee's counsel filed a motion for the implementation of certain procedures to maintain and protect confidential patient information.

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

12. Further, the Assignee is finalizing the terms of the employment of Gulf Coast Collection Bureau, Inc. to handle collection of "bad debt" receivables.

13. In addition to (a) the discussions with the landlord 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 Philadelphia assets described above, the Assignee has continued the process of identifying potential purchasers for those assets.

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

/s/ Edward J. Peterson

Harley E. Riedel (FBN 183628)

Edward J. Peterson (FBN 0014612)

Matthew B. Hale (FBN 0110600)

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mhale@srbp.com

Counsel for Assignee

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing *Further Updated Status Report* has been furnished on this 21st day of May, 2019 by the Court's electronic system to all parties receiving electronic service.

/s/ Edward J. Peterson

Edward J. Peterson

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 |
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| 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 JUNE 25, 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 and has negotiated the interim use of cash collateral to allow him to pay vital expenses of operating

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 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 May 23, 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 July 24, 2019. Pursuant to those agreements, the Assignee and the landlords continue to pursue a collaborative “turn-key” sale approach with prospective purchasers who intend to use the facility as a medical facility. 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 alleged secured lender and 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 sale of the assets at the Philadelphia location has closed and the purchase price of \$435,000 was remitted to the Assignee.

4. The Assignee has terminated the insurance coverage with MedPro Group and has procured substitute general liability insurance coverage at substantial savings to the estates.

5. 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. The Assignee interviewed potential special litigation counsel to investigate claims against directors and officers and potential claims for recovery of fraudulent conveyances. The Assignee has identified special litigation counsel and is currently negotiating contingency fee arrangements. The Assignee has filed a motion to employ Genovese Joblove & Battista, P.A. and Rocke, McLean & Sbar, P.A. to pursue D&O claims and certain other claims as designated by the Assignee. In addition, the Assignee, through his general counsel, sent demand letters and draft tolling agreements to the recipients of potentially recoverable transfers. Assignee's counsel has been negotiating the terms of tolling agreements with those who have expressed interest.

6. 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 is set for hearing on June 27, 2019.

7. 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.

8. 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.

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

10. The Assignee has reviewed and analyzed the Healthcare Finance Direct, LLC loan portfolio and negotiated with the Agent for turnover, subject to this Court's approval.

11. 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.

12. 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.

13. Further, subject to the approval of the Court, the Assignee has employed Gulf Coast Collection Bureau, Inc. to handle collection of "bad debt" receivables.

14. Moreover, subject to Court approval, the Assignee has employed Clary Document Management, Inc. in order to help ensure the proper storage of patient records.

15. 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 described above, the Assignee has continued the process of identifying potential purchasers for those assets.

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

17. 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.

18. All of the matters set for hearing on June 27, 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.

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mhale@srbp.com

Counsel for Assignee

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing *Further Updated Status Report as of June 25, 2019* has been furnished on this 25th day of June, 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:

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| Laser Spine Institute, LLC | Case No. 2019-CA-2762 |
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Assignors,

Consolidated Case No:
2019-CA-2762

To:

Soneet Kapila,

Division L

Assignee.

AGENDA FOR HEARING ON JUNE 27, 2019

Soneet Kapila, as Assignee, proposes the following agenda (the “**Agenda**”) for the matters calendared for omnibus hearing on June 27, 2019 at 2:00 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 |
|--|--|---|---|
| MOTIONS TO APPROVE SERVICE AGREEMENTS | | | |
| 169 | Assignee | Assignee's Motion for Order Approving Records Management Agreement with Clary Document Management, Inc. and for Authority to Pay Related Fees and Costs | Assignee requests that the Court authorize the Assignee to employ Clary to provide essential document management services related to patient records. |
| 172 | Assignee | 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 | Assignee requests that the Court approve the employment of Gulf Coast to collect certain stale receivables. |
| 197 | Assignee | Assignee's Motion for Order Approving Service Level Agreement with Infinit North America and for Authority to Pay Related Fees and Costs | Approval of this Agreement is necessary to help implement the storage of patient records. |
| MOTION TO EMPLOY PROFESSIONALS | | | |
| | Assignee | 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 Fee Basis | Assignee requests that the Court authorize the Assignee to employ GJB & RMS on the terms set forth in the Motion and Contingency Fee Contract |
| ASSET DISPOSITION | | | |
| 163 | Assignee | Notice of and Motion to Abandon Certain Assets to Texas Capital Bank, as Administrative Agent | Assignee requests the authority to abandon the HFD Assets to the Agent in exchange for a credit of \$10 million against the Agent's secured claim. |
| 165 | Shirley and John Langston (Don Schutz) | Objection and Opposition to Assignee's Notice of and Motion to Abandon Certain Assets to Texas Capital Bank, as Administrative Agent | Assignee requests that the objection be overruled. |
| 182 | Assignee | Assignee's Reply to Shirley and John Langston's Objection and Opposition to Assignee's Notice of and Motion to Abandon Certain Assets to Texas Capital Bank, as Administrative Agent | Assignee requests that the objection be overruled. |
| 199 | Assignee | Motion for Authority to Sell Furniture, Fixtures, and Equipment through Public Auctions and for Approval of Noticing Procedures | Assignee requests authority to sell assets at auction if necessary. |

| Document Index | Filing Party | Matter | Status |
|------------------------|--|---|--|
| CASH COLLATERAL | | | |
| 142 | Assignee | 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 that the Court establish a lien challenge deadline and grant the Agent a lien on certain recoveries. |
| 143 | Shirley and John Langston (Don Schutz) | Objection and Opposition to Assignee's 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 that the objection be overruled. |
| 166 | Assignee | Response to Langston's Objection and Opposition to Assignee's 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 that the objection be overruled. |
| 184 | Laserscopic, et al. (Ken Mather, Esq.) | Response in Limited Opposition to Soneet Kapila, as Assignee's 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 that the objection be overruled. |
| 201 | Assignee | Reply to Laserscopic's Response in Limited Opposition to Soneet Kapila, as Assignee's 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 that the objection be overruled. |
| 203 | Texas Capital Bank (Stephanie Lieb, Esq.) | Joinder of Texas Capital Bank, N.A. as Administrative Agent to the Lender Group, to Assignee's Reply to Laserscopic's Response in Limited Opposition to Soneet Kapila, as Assignee's 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 | |
| 202 | Texas Capital Bank (Stephanie Lieb, Esq.) | Texas Capital Bank's Notice of Submission of Claims to Assignee | |

| Document Index | Filing Party | Matter | Status |
|---|--|--|--|
| 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 | The Movant and the Assignee request that the matters be continued to the next omnibus hearing scheduled for July 30, 2019. |
| 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 | |
| 206 | Cherish Collins (Heather Barnes, Esq.) 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 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 | The Movant and the Assignee request that the matter be continued to the next omnibus hearing scheduled for July 30, 2019. |

| Document Index | Filing Party | Matter | Status |
|------------------------------------|---|--|--|
| 53 | Jared Wm. Headley (Cameron Kennedy, Esq.) | Motion to Determine Assignors' Self-Insurance Compliance | The Assignee requests that the matter be continued to the next omnibus hearing scheduled for July 30, 2019, along with Index No. 44. |
| 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 | The Assignee requests that the matter be continued to the next omnibus hearing scheduled for July 30, 2019, along with Index No. 44. |
| 89 | Assignee | Assignee's Omnibus Response to Motions to Determine Assignor's Self-Insurance Compliance | The Assignee requests that the matter be continued to the next omnibus hearing scheduled for July 30, 2019, along with Index No. 44. |
| MOTION FOR RELIEF FROM STAY | | | |
| 132 | Jonna Lemieux (Scott Miller, Esq.) | Motion for Relief from Stay filed by Jonna Lemieux | Assignee requests that the Court enter an order consistent with his Response, which is Index No. 159. |
| 159 | Assignee | Assignee's Response to Jonna Lemieux's Motion for Relief from Stay | Assignee requests that the Court enter an order consistent with his Response, which is Index No. 159. |
| 160 | Shirley and John Langston (Don Schutz) | Shirley and John Langston's Objection and Opposition to Entry of Any Orders Granting "Stay Relief" as to Court Cases Pending on Date of Assignments, Including Jonna Lemieux's Motion for Relief from Stay | Assignee requests that the Court enter an order consistent with his Response, which is Index No. 159. |
| | Kenneth Winkler (William Hahn, Esq.) | Joinder in Opposition to Entry of any Order Granting "Stay Relief" as the Court Case is Pending on Date of Assignments, Including Jonna Lemieux's Motion for Relief from Stay | Assignee requests that the Court enter an order consistent with his Response, which is Index No. 159. |

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 | |

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 NOVEMBER 18, 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 July 30, 2019, as follows:

1. The Assignee, his professional team, and the remaining LSI staff have continued to communicate with patients regarding the release of records to the patients. The Assignee is currently liaising with the Florida Department of Health to assume custody and control of the patient medical records.

2. 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. 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 \$1.2 million of these auction proceeds.

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 nine lawsuits against former directors and officers for acts and omissions. The filed lawsuits are progressing. 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. 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.

5. 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.

6. The Assignee has 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.

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

10. 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.

DATED: November 18, 2019

/s/ Edward J. Peterson

Harley E. Riedel (FBN 183628)

Edward J. Peterson (FBN 0014612)

Matthew B. Hale (FBN 0110600)

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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 November 18, 2019* has been furnished on this 18th day of November, 2019 by the Court's electronic system to all parties receiving electronic service.

/s/ Edward J. Peterson

Edward J. Peterson

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 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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Edward J. Peterson (FBN 0014612)
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Counsel for Assignee

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

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

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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