

IN THE 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.

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# COMPOSITE EXHIBIT B

**FIFTH INTERIM APPLICATION OF KAPILAMUKAMAL, LLP FOR  
ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES  
FOR THE PERIOD OF JULY 1, 2020 THROUGH MAY 31, 2021**

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

In re:

Laser Spine Institute, LLC <sup>1</sup>	Case No. 2019-CA-2762
CLM Aviation, LLC	Case No. 2019-CA-2764
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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**

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

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<sup>1</sup> 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](http://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 22<sup>nd</sup> day of April, 2019.

*/s/ Edward J. Peterson*

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Edward J. Peterson (FBN 0014612)  
Matthew B. Hale (FBN 0110600)  
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[mhale@srbp.com](mailto:mhale@srbp.com)  
Counsel for Assignee

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that the foregoing *Updated Status Report* has been furnished on this 22<sup>nd</sup> 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

MASTER LIMITED NOTICE SERVICE LIST

April 15, 2019

**Assignors and Assignor's Counsel: (via the Court's electronic servicing system)**

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  
Laser Spine Institute, LLC  
Medical Care Management Services, LLC  
Spine DME Solutions, LLC  
Total Spine Care, LLC  
Laser Spine Institute Consulting, LLC  
Laser Spine Surgery Center of Oklahoma, LLC  
c/o Nicole Greensblatt, Esq.  
Kirkland & Ellis, LLP  
601 Lexington Avenue  
New York, NY 10022  
Email: [ngreenblatt@kirkland.com](mailto:ngreenblatt@kirkland.com)

**Assignee and Assignee's Counsel (via the Court's electronic servicing system)**

Soneet Kapila  
c/o Stichter Riedel, Blain & Postler, P.A.  
Attn: Edward J. Peterson, Esq.  
110 E. Madison Street, Suite 200  
Tampa, Florida 33602

**Secured Creditors:**

CarePayment, LLC  
5300 Meadow Rd., #400  
Lake Oswego, OR 97035

Steris Corporation  
5960 Heisley Rd.  
Mentor, OH 44060



CIT Bank, N.A.  
10201 Centurion Pkwy., #400  
Jacksonville, FL 32256

Medport Billing, LLC  
6352 S. Jones Blvd., #400  
Las Vegas, NV 89118

U.S. Bank Equipment Finance  
1310 Madrid St.  
Marshall, MN 56258

Maricopa County Treasurer  
c/o Peter Muthig, Esq.  
222 N. Central Ave., #1100  
Phoenix, AZ 85004  
Email: [muthigk@maco.maricopa.gov](mailto:muthigk@maco.maricopa.gov)

**Those Parties and Attorneys Formally Requesting Notice (via the Court's electronic servicing system unless otherwise noted)**

Highwoods Realty Limited Partnership  
c/o Eric E. Ludin, Esq.  
Tucker & Ludin, P.A.  
5235 16<sup>th</sup> Street North  
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[CertificateofService@TheFloridaFirm.com](mailto:CertificateofService@TheFloridaFirm.com)

Joe Bailey; Mark Miller; Ted Suhl; Laserscopic Spinal Centers of America, Inc.; Laserscopic Medical Clinic, LLC; Laserscopic Surgery Center of Florida, LLC; Laserscopic Diagnostic Imaging; Laserscopic Spinal Center of Florida, LLC; and Tim Langford  
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Secondary Email: [mмосbach@trenam.com](mailto:mмосbach@trenam.com)  
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Deanna E. Ali  
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Email: [bhill@wfclaw.com](mailto:bhill@wfclaw.com); [twells@wfclaw.com](mailto:twells@wfclaw.com)

MedPro Group  
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[mlinares@bushross.com](mailto:mlinares@bushross.com); [ksprehn@bushross.com](mailto:ksprehn@bushross.com)

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

In re:

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

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<sup>1</sup> 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](mailto: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:

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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

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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 Roche, 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)  
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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:

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.

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**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
<b>MOTIONS TO APPROVE SERVICE AGREEMENTS</b>			
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.
<b>MOTION TO EMPLOY PROFESSIONALS</b>			
	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
<b>ASSET DISPOSITION</b>			
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
<b>CASH COLLATERAL</b>			
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	



<b>Document Index</b>	<b>Filing Party</b>	<b>Matter</b>	<b>Status</b>
<b>CROSS NOTICED MATTERS</b>			
<b>MOTION TO COMPEL AND JOINDERS</b>			
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.)	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	
<b>MOTIONS TO DETERMINE COMPLIANCE WITH SELF-INSURANCE OBLIGATION</b>			
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.

<b>Document Index</b>	<b>Filing Party</b>	<b>Matter</b>	<b>Status</b>
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.
<b>MOTION FOR RELIEF FROM STAY</b>			
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 <sup>1</sup>	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

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<sup>1</sup> 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](http://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)  
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[mhale@srbp.com](mailto: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.

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**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.



<b>Document Index</b>	<b>Filing Party</b>	<b>Matter</b>	<b>Status</b>
<b>MOTION TO COMPEL</b>			
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.
<b>STATUS OF UNENTERED ORDERS</b>			
	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.
<b>CONTINUED CROSS-NOTICED MATTERS</b>			
<b>MOTION TO COMPEL AND JOINDERS</b>			
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	

<b>Document Index</b>	<b>Filing Party</b>	<b>Matter</b>	<b>Status</b>
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	
<b>MOTIONS TO DETERMINE COMPLIANCE WITH SELF-INSURANCE OBLIGATION</b>			
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	

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION**

**DEANNA ALI and HEATHER EMBRY,  
on behalf of themselves  
and a class of those  
others similarly situated,**

**Plaintiffs,**

v.

**CASE NO.: 8:19-cv-535-T-23JSS  
(Consolidated)**

**LASER SPINE INSTITUTE, LLC,  
LSI MANAGEMENT COMPANY, LLC and  
LSI HOLDCO LLC,**

**Defendants.**

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**CLASS REPRESENTATIVES' NOTICE OF STATUS OF CLASS**

Pursuant to Federal Rule of Civil Procedure 23 and the Court's Order of July 26, 2019, Class Representatives Deanna Ali ("Ali") and Heather Embry ("Embry")(collectively "Class Representatives"), on behalf of the certified class, employed Rust Consulting ("Rust") to provide notice to the class members August 16, 2019 to 579 individuals identified as class members based upon the records provided by the Assignee. In addition, counsel has posted the attached notice on the website: <https://lsiemployeelawsuit.com/>.

Class members had until October 15, 2019 to exclude themselves from the class by contacting the undersigned counsel. Undersigned counsel received no exclusion requests, thus all 579 individuals are members of the class.

A copy of the list of class members is attached as Exhibit 1.

DATED this 14th day of November 2019.

Respectfully submitted,

/s/ Ryan D. Barack

**Ryan D. Barack**

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Class Counsel

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on this 14th day of November 2019, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification of this filing to all counsel of record.

/s/ Ryan D. Barack

Attorney

## Class Members Following October 15, 2019 Exclusion Deadline

MICHAEL L LARSON
JARED J FREY
KATIE ANN RAM
DIANA R ADAMS
TOYIA M ARVIN
KAYLEE MARIE BARNES
RYAN EVAN BARNES
CRYSTAL ANN MARIE BARTON
JENNIFER M BLASIUS
SUMMER ADALE BOCCABELLO
JULIE A BOYD
TANYA LYNN BROWN
SHELLY LYNN BYRNE
NETTIE LELIA CAMARDA
HAROLD F CANDELARIO
SHARON A CARTER
GISELLE CONFORTI
KATHLEEN K CORNELL
ASTRID G CRUZ
LAUREN RACHEL DAVIS
SACHE MARYA DAVIS
ALLISON JOYCE DOWNING
CHRISTINE NELSON DOYLE
TERESA ESPINOZA
LINDSEY A FORGUE
GLENN SCOTT FUOCO
MARY ELIZABETH GARCIA
KRISTINA E GOINGS COHALLA
LISA HAMILTON
MEGAN R HAMILTON
ERIN MARIE HERDRICH
LAUREN ANNE HERNANDEZ
LYNDSAY N HOLM
CAYLA ANNE JACOBS
LIZZA A KNABE
AMY EILEEN KNIGHTON
MARGARET ARLENE KRAEMER
JULIE A LAMBERT

JENNIFER LANGES LOPEZ
JOHN E LYNN
WHITNEY DALE MCCURDY-SCHRODER
THURSTON D MCMILLEN
MICHELLE DEXTER MEMMER
MEGAN NICOLE MILLER
ISABEL MARIE ORTEGA-CORRETJER
GIANA R ORTEGA
DORIS OSPINA
ANNIKA J PECORARO
MELISSA J PERKINS
KAREN L PHELON
DESEAN A PINCKNEY
THERESA MAY POE
DEAJA ZECRIAN POWELL
DANA LYNN RODRIGUEZ
BRIELLE N RUSSIA
JENNIFER MARIE SACKMAN
SAIMA DEL CARMEN SHEIKH
ALISHA M SHELIN
NICOLE ANN SPALL
CHRIS THOMAS TRAN
ERIKA ELIZABETH VARELA
MICHELLE LYNN WILLIAMSON
NANCY LYNN YATES
JAYME D YOWORSKY
EMILY ELIZABETH ZIMMERMAN
EMILY W ADAMS
BRIAN PHILLIP ADEY
JESSICA LEE ADEY
NATHAN ALESSANDRO
DENNA E ALI
CHRISTINE M ALLEN
TERESITA ALONSO
LUIGI A ALVES
JERRELL D ANDERSON
ELANA NADINE ARMSTRONG
HEATHER ANN ARNZEN

## Class Members Following October 15, 2019 Exclusion Deadline

SHERRY ANN ARTHUR
MAGDALENA W BACHAN
CHRISTINE JUNE BALK
GOLDA ESPERANZA BARRAZUETA
RONALD BARUCH
TRACI LYNN BAZZANO
NATASHA BEGAJ
LISA M BELL
CORBETT F BENN
CHAD A BENSON
DEBORAH A BERNAT
ANGEL ANDRE BERRIOS
KALISE DENI BETANCOURT
SHALAINA BEVERLY
ADEL BISHAI
JENNIFER LORRAINE BLACKMAN
AMBER MARIE BLACKMON
ANDRES ALEJANDRO BLANCO
SHANNA L BLAND
ROBERT J BLOK
CRYSTAL AMBER BOGGS
SHERI ANN BORKOWSKI
VICKI BOWERS
KAYLA NICOLE BOWLES
JENNIFER MILLER BOWSER
JEFFREY GRAY BRADSHAW
ASHLEY ANN BRELLENTHIN
MICHAEL ALEX BRINKMAN
HOLLY NOEL BRINSON
TONYA J BRINSON
CYNTHIA A BROCK
JAMES PORTER BRODMERKEL
LINDA BROTSKI
DELORIS BROWN
DREW J BROWN
CARL JOHN BRUEGGEMANN
JULIE MARIE BRYANT
COLLEEN MARIE BRZEZINSKI

RYAN A BURGESS
SONJA M BUSSELL
TRACY ANNE BYAM
AHMAD B CADER
KETTY CALDERON
MATTHEW JOHN CARBONE
MATTHEW A CARLIN
JOHN MARK CARTER
WILLIE CARTER
MARY ELIZABETH CASARES
NICHOLAS ADAM CASARES
MELISSA D CASSIADORO
KEVIN CASTANON
MARIO A CASTILLO
RITAY Y CAYSON
CHRISTOPHER S CEKAN
RENEE ELIZABETH CENTANNI
CLINTON M CERRETA
BRITTANY GRACE CHAMPAGNE
CAMIE LEIGH CHAU
SUNG HYOK CHOE
DIANE F CINOTTI
ALICIA A CIPRIANI
SHANNON KATHLEEN CIULLA
ELYSE CLAIRE CLARKE
WILLIAM A CLAY
ERIKA RENIA COLEMAN
MELYNN COLLINS
MERISSA NICOLE COLON
YARITZA COLON
TYNESHIA L COMER
MICHELLE R CONCKLIN
MARIA A COPPOLA
LUKE HENRY COSGROVE
ELISA MARIA COSME
KIMBERLY M COURTE
MELISSA J COWANS
LINDA MARIE CRAVENS

## Class Members Following October 15, 2019 Exclusion Deadline

RYAN F CROWTHER
JILL HALLEY CURREN
ELIZABETH A DANIELS
REGINALD JAMES DAVIS II
COLLEEN E DAVIS
REGINALD JAMES DAVIS
SYDNEY J DAVIS
ANNETTE REBECCA DE LA CRUZ
KELLY ELIZABETH DEAN
JASON ERIC DEARTH
CANDACE BROOKE BOONE DEBERRY
EMILY ANNE DEBI
SHAWN P DEIGNAN
ELIZABETH ANN DENSMORE
KAREN A DERR
THOMAS P DESJARDINS
TREVA NICHOLE DESOUZA
BRANDON MILES DILLINGHAM
ANTHONY L DILLS
AMANDA J DITCH
MARY KATHLEEN DONALD
KAREN DOUGLAS
TAYLOR ASHLEY DUBA
JULIE CONARD DUDLEY
AMANDA A DUFFY
MOLLY M EARLY
MELISSA JOANN EATON-MOSELEY
JULIE A EBERSOLE
ELIZABETH LAUREN EDGERTON
PAIGE M EDWARDS
MELISSA JEAN EICHORN
IBEER EL TAYIB
ROSS C ELLIOTT
AMI YVONNE ELLIS
HEATHER M EMBRY
AMANDA NICOLE ERCE
KRISTINA R ERNDE
RYAN DAVID ERNDE

KRISTINA LYNN ERTEL
MONICA ESCOBAR
ISABELL RENEE ESPINOZA
CHERISE COURTNEY ESPOSITO
NATALIE ANN EULER
BRADY AUGUST EYER
JENNIFER FAHRINGER
ALANA MICHELE FAN
JONATHAN ROSS FARRAR
JORDAN ELIZABETH FAULKNER
ELIZABETH MARGARET FAY
JILLIAN LAUREL FELTHAM
LISETTE M FERNANDEZ
MARIA E FERNANDEZ
BRITTANY JO FIGUEROA
GLENN MICHAEL FIGUEROA
MATTHEW DEAN FINKE
SEAN P FITZGERALD
BRANDON SEAN FITZPATRICK
BRIAN K FLOOD
KRYSTYNA FONTANA
LEIDY L FORD
YADIRA ISABEL LOMELI FRANCO
PAUL GENE FUCHS
JENNIFER FULLER
CRYSTAL LYNN GAGNON
INDIA OSMEIA DOMINIQUE GAINOUS
PAUL GAITAN
MICHAEL N GALE
ANTIA GALVEZ
MARIA T GAMBOA
ANAND GANDHI
MICHELLE C GARRISON
DEBORAH A GAY-LAWTON
JULIA MICHELE GEISERT
DEBORAH DEE GIBBENS
SABRINA M GIBBONS
DONNA K GIBSON

## Class Members Following October 15, 2019 Exclusion Deadline

ELYSA GILLEN
ANA G GIRALDO
KEITH GIRTON
JODY A GITCHEL
KATHLEEN GLOSE
STEVEN G GOODRIDGE
EMILY ELIZABETH GORDON
KATHLEEN GOSIK
BRITNI K GOULISH
ALEXANDRIA NICOLE GREENHILL
ANTHONY ADAM GROSS
ERIC KHRISTIAN GROTEKE
LAURIE ANN GRUBB
ROBERT GRUBER
JENNIFER R GUANCIALE
TONY ALAN GUSTAFSON II
CONSUELO E GUZMAN
MARY BETH HABAN
DANIELLE MICHELLE HAJESKI
KAREN ANN HALLMAN
TAMALA S HAMILTON
NIHAYA HANNA HANNA
MELISSA MARIE HANSON
CRAIG HANTL
DAVID HARDY
RICHARD LEROY HARRIS
BRITANI A HARVEY
TIMOTHY EUGENE HAWTHORNE
KATHRYN L HAYNIE
LATASHA S HEISEL
CONNIEJO L HELEMS
CHRISTOPHER A HENDERSON
TYKESHIA LAWANA HENRY
TANYA M HERNANDEZ
CASEY N HERSCHELL
ANGELA DAWN HIATT
JAMES DUSTIN HICKS
DUANE ERIC HIGDON

NICHOLAS H HILL
DOMINIQUE D HINES
MARGARET M HINKLE
TODD HINSON
KENDRICK L HINTON
SONJA HOARD
MICHELLE J HOLM
CATHERINE A HOWARD
SUSAN M HOWELL
KELLY HOY
JORDAN STANLEY HUCHRO
TAMMY RENEE HUNT
JASON P HURLEY
EDERINA HUSI
JOSHUA EUGENE IRISH
ALEXANDER O ISAK
ESTHER C JAQUEZ
SYLWIA KINGA JEDRZEJOWSKA
JANELLE ELIZABETH JENKINS
ALIVIA L JENNINGS
LAUREN NICHOLE JOHNSON
ELITHA SHARUNN JONES
KIMBERLY A JONES
VICTORIA B JOVEL
ALAN NADUKUDY JOY
ARIKA N KAMINSKI
ALKA JOY KANJIRATHINGAL
JACQUELINE KEISH
SUSAN KELLER
CHAD J KENNEY
SHAWN ERIK KIHN
KYLE BRADLEY KINCH
DONALD L KIRKPATRICK
STEVEN KIWCZAK
TYLEE R KLING
COURTNEY G KNIGHT
JOANNE KORMOSKI
ROBERT BRADLEY KOSER



## Class Members Following October 15, 2019 Exclusion Deadline

ADAM RYAN KREZEL
DARREN KUNZ
MORGAN JESSICA LABARGE
MEREDITH OTA LAPIERRE
MICHELLE R LAROSA
STEPHANIE LANIER LAURENT
ROSALIE MARIE LAWRENCE
AUTUMN M LEASURE
JOHN L LEMBO
ANNIE BARRETT LETZKUS
ETHAN LEVY
CATHERINE MARIE LIGHTLE
LING LIN
CALEB VICTOR LINCOLN
KELLY MARIE LINKEY
DIANE LIPSCOMB
BEVERLY ANN LISOWSKI
VENITA K LIVERPOOL
ALEXIS A LOAIZA
NICOLE BOHANNON LOEB
ALBERTA M LOPEZ
TIMOTHY LUKE
TEENA LUKOSE
COREY G MACDONALD
ALYSSA N MACHETTE
ALAIN E MACIAS
SAMANTHA C MACKEY
LISA MACKINNON
MONA JILL MALONE
JUSTIN CORY MAN-SON-HING
ALYSSA KRISTYNE MARDEN
JENNIFER LYN MARKS
ADELE V MARSHALL
JAMIE MARIE MARTIN
JENNIFER R MARTIN
AARON RANDALL MATTHES
KATHRYN MORSE MCABEE
KAYLA R MCALLISTER

SHANNON M MCCABE
DANA A MCCALL
KELLY M MCCAUGHAN
MARY ROSE MCCAULEY
BAILEY A MCCOLL
ANNE MCCORMICK
AUDREY ETTA MCDONALD
KRISTIN LYN MCKENNA
EMILY I MCLELLAN
MICHAEL GARRETT MCMORROW
ADRIANA MARIE MCREYNOLDS
ALEXA CHRISTIAN MEADE
BRETT G MENMUIR
ALEXA J MERCHANT
HAROLD K MEYER
ANDREA MILLER
ELIZABETH ASHLEY MILLER
NICOLE D MILLER
ALEKSANDR MILMAN
MEREDITH L MITCHELL
STEPHANIE BROOKE MOATS
EVELYN MOLINA
RENEE MONTENARELLO
CATRINA M MONTGOMERY
DEBORAH LYNN MORENO
SUSAN M MORRIS
CARLA D MULLEN
MICHAEL A MURRAY
JESSICA NATIONS
KAREN ANN NEHUS
LAURA E NEWBERRY
ROGER KERN NEWTON
NICOLE NORTON
SHARON NORTON
SANDRA GAYE OGLESBY
PATRICIA M OLDFIELD
BIBECCA OTERO
ROCHELLE C PACKARD

## Class Members Following October 15, 2019 Exclusion Deadline

SOPHIE MARIE PADILLA
VIVIAN PAGE
CHRISTOPHER M PAGLIUCA
JANE IRENE PAINTER
ALEXANDER STEPHEN PANTELIODIS
COLLEEN M PARCHEM
ANDREW R PARENTI
DANIELLE LEIGH PARKER
CAROLYN PEAKE
CHRISTOPHER SCOTT PEAVLER
CONNIE SUE PEAVLER
LEAH S PEMBERTON
SABRINA DELILA PEREGOLISE
SILVIO E PEREZ PRESMANES
ILEANA CARMEN PEREZ
MATTHEW PERRY
SEAN PERRY
LINDA EM PHAM
COLLIN PICK
KEVIN R PIETSCH
JOSEPH A PIRRELLO
MALISSA STEPHENIE POFF
PAIGE L POLATAS
KIMBERLY ANN PONTENBERG
ANISSIA RENEE PORTER
TIMOTHY J POWELL
STEFAN PRADA
FREDERICK JORDAN PRATT
PABLO A RAMIREZ
ROSINA J RAMIREZ
DANISHA LOUISE RAPLERE
SHANNON LYNN RAY
CHRIS REEVES
TONYA REILING
COLIN EDWARD REILLY
GAURAV M RESHAMWALA
LUZ VIOLETA REYES
KELLY ANN RIEDL

SHAYLIN LI RINGUETTE
SHEILA M RIOS COSME
ELISABETH RIVAS
REBEKAH LEE RIVERS
MAYA ADDIA ROBERTS
LYLE ROBINSON
TANGELA C ROBINSON
JESSICA RODRIGUEZ
JODI LYNN RODRIGUEZ
MARY ANGEL ROJAS
KATHLEEN C ROMANOWSKI
CRAIG E RONDOU
SIXTA MIGDALIA ROSENDO
REX CAMERON SAINZ
KAREN G SANDIFER
MARIA DEL CARMEN SANTIAGO
SERPIL SARIKAYA
GINGER SAWDY
NANCY ANN SCHAER
DOROTHY L SCHMELZER
KATLYN LEIGH ANN SCHMIDT
AMANDA DAWN SCHNEIDER
ANTHONY R SCHULER
LINDSAY M SCHULTE
ERIC WAYNE SEXTON
NATHANIAL D SHARP
PHETSAVANH SILAPHETH
CHRISTINA LEE SILVAS
SPENCER RYAN SINKIEWICZ
ALICIA ERLYNN SMITH
HALEY J SMITS
MARTIN E SNEE
JEFFREY SNYDER
SARAH VIRGINIA SNYDER
STEPHEN SONGHURST
STACEY LINN SORTOR
BREANA CHRISTIN SOURIS
NICHOLAS ALLEN SPIELBERGER

## Class Members Following October 15, 2019 Exclusion Deadline

BRITTNEY M STANCIL
KRYSTAL ANN STEPHENS
HENRIETTA STEWART
LAUREN SUZANNE STEWART
CHAD C STINEDURF
KIMBERLY STINEDURF
EMILY A STRAUS
LISA SUBIANTO
ASHAKI SULLINS
LORI BETH SWEENEY
DARIN WILLIAM SYNHORST
ELYSE KATHLEEN TAFT
TEDDY TYRONE TALBERT
JODIE LYNN TANKERSLEY
MEGAN MELISSA REICH TATEISHI
IAN ASHER TAUB
KATHERINE ANN TAYLOR
MELINDA L TAYLOR
RILEY MICHELE TAYLOR
WARREN R TAYLOR
VICTORIA TERRANOVA
YVONNE SHAUNTAY THOMAS
FELICIA M THOMPSON
KEVIN D THOMPSON
YVETTE THORSON
DONALD J TIMKO
SHELLEY KRANSON TIMKO
DOUGLAS SCOTT TOBIN
TRACY LESSARD TONCELLI
MEREDITH WEISS TOWNSEND
SUNJAY D TREHAN
ACKANIK TURNER
MICHELLE L TURNER
DUNG ANH UNG
MANUELA URENA-ESPINAL
CINDY LEE VALENCIA
NAGASRINIVASULU VALLAMKONDU
AUSTIN WYNN VANBEBBER

PAVLO VASHCHUK
ERIKA LIIS VATSAR-FAIL
GIANCARLO VEGA
MELISSA VEGA
ANDREW C VERNA
TINA ELIZABETH VILLANI
VICKI KAY VINCZ
MAILANI K WALKER
ANDREW J WARD
AMY LOUISE WARREN
CELISSIA NICOLE WATKINS
THERESE HAGEMAN WATKINS
RUDOLPH WADE WATSON
NAKISHA WATTS
CARYN E WEDEKIND
MICHAEL WEISS
JENNIFER J WELLS
CYNTHIA WENDELL
GREGORY C WENZEL
BETHANY N WHARRIE
LINDE MARIE WHITNEY
KOLLEEN ELLEN MARY WHYTE
RONALD ROBERT WICAL
LINDSAY ELAINE WIKOFF
AMY SUE WILCOX-MIRANDA
CASSANDRA FONSECA WILCOXSON
COURTNEY ANN WILHELMI
NICOLE ELIZABETH WILHELMI
KENNETH MAURICE WILLIAMS
SANDRA WILLIAMS
JASMINE ERISHA WILSON
KERENINA WINDHAM
DESTINY G WOODS
TAMMY WOOTEN
BRIANNA ALEXIS WRIGHT
NEDA YAZDANI
DANIEL YINGLING
ATECIA TASHATA YOUNG

## Class Members Following October 15, 2019 Exclusion Deadline

NATALIE VICTORIA ZAVALA
ANTHONY EDWARD ZILLY
MARYJUDE S ZIMMERMAN
ERIKA PATRICIA ADIPIETRO
HAYLEY ANN ADKINS
BLENNIN AZCONA
RICHARD KEITH FULMER
DANIEL MALACHI PHILLIPS
KELLEN RUSSELL ANDERSON
JOSEPH H HOLLIDAY
BREANNA ROSE WELLINGTON
KATIE LYNN STEVENS
SEAN J CORRIGAN
ALLISON SUE BOAZ
BENJAMIN HOM
CHRISTOPHER SCOTT KNOPIK
SCOTT ENGLEMAN MCKINNEY
LANINA CORRIN MOHAMED
LAURA D WISEMAN
RYAN GENE YATES
AARON P OBRIEN
DAVID R RAGOSTA
DANIELLE TEAGUE
CARLA MARIE FRANCES
STEPHEN NICHOLAS DEPALO
LISA M RECHTZIGEL
TRACY LYNN RUNYON
CHERYL ANN DOOLAN
ROBERTO CRINGOLO
LUIS ANTONIO ARCE
JULIE MARIE BOYD
KIMBERLEY ANN ESQUIVEL
RONALD JONES
RAJ VEERABHADRA KAKARLAPUDI
JARED MADDOX
MICHAEL D MCCRANEY
DANIEL MORIN
KRISTEEN PATRICIA MARY POLANCO

MARC DAVIDE POZZUOLI
DAYANA RODRIGUEZ
NICOLE ELIZABETH SWAIN
DYAN SWANN
STEPHAN E THOMPSON
VITALIY VOYTOVICH
MIRIAM MICHELLE WILSON
JULIE MARIE KUNZE
KATHRYN L (MCABEE) MORSE

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

In re:

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

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**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

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<sup>1</sup> 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](http://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)

Stichter, Riedel, Blain & Postler, P.A.

110 E. Madison Street, Suite 200

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[mhale@srbp.com](mailto: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 18<sup>th</sup> 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. <sup>1</sup>	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.

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**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

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<sup>1</sup> 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](http://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  
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](mailto:hriedel@srbp.com); [epeterson@srbp.com](mailto:epeterson@srbp.com)  
[mhale@srbp.com](mailto:mhale@srbp.com)  
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. <sup>1</sup>	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

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<sup>1</sup> 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 \$365,000.00<sup>2</sup>, 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

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<sup>2</sup> 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](http://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.  
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[mhale@srbp.com](mailto: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



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

In re:

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

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**UPDATED STATUS REPORT AS OF APRIL 10, 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

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<sup>1</sup> 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 February 27, 2020, 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, 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. To date, such settlements have yielded approximately \$1.6 million in the aggregate. The actions against former officers and directors are scheduled for mediation.

3. The Assignee recently filed a motion to enjoin the prosecution by a single creditor of certain causes of action that belong to the assignment estate.

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](http://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 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.

7. The Assignee has expended considerable efforts 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. Effective April 1, 2020, Accordias transferred all the billing and collection data from the Laser Spine servers that are warehoused at a co-location facility in Tampa, FL (the "LSI Servers") to their in-house platform, thereby reducing the estate's burden to maintain the costs and expenses associated with IT connectivity and co-location lease expense to warehouse the LSI Servers.

8. The Assignee is currently in the process of (i) terminating the IT connectivity to the LSI Servers that are warehoused at a co-location facility in Tampa, FL, and (ii) decommissioning and preserving the LSI Servers with the assistance of the eHounds, the computer forensic company engaged by the Assignee.

9. 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.

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[mhale@srbp.com](mailto:mhale@srbp.com)

Counsel for Assignee

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that the foregoing *Updated Status Report as of April 10, 2020* has been furnished on this 14<sup>th</sup> day of April, 2020 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. <sup>1</sup>	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 15, 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

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<sup>1</sup> 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 April 16, 2020, 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, 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. To date, such settlements have yielded approximately \$1.6 million in the aggregate. The Assignee continues to prosecute the actions against former officers and directors.

3. The Assignee regularly communicates with unsecured creditors of the Assignors regarding the Assignment Cases. In particular, in addition to communicating with Texas Capital Bank (“**TCB**”), 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](http://www.lsi-assignee.com)) that contains information about the Assignment Cases and also contains answers to frequently asked questions.

4. 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.

5. The Assignee has expended considerable efforts 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. Effective April 1, 2020, Accordias transferred all the billing and collection data from the Laser Spine servers that are warehoused at a co-location facility in Tampa, FL (the “LSI Servers”) to their in-house platform, thereby reducing the estate’s burden to maintain the costs and expenses associated with IT connectivity and co-location lease expense to warehouse the LSI Servers.

6. In April 2020, the Assignee (i) terminated the IT connectivity to the LSI Servers that are warehoused at a co-location facility in Tampa, FL, and (ii) decommissioned and preserved the LSI Servers with the assistance of the eHounds, the computer forensic company engaged by the Assignee.

7. On July 10, 2020, the Assignee filed the *Motion to Abandon Certain Collateral of Texas Capital Bank, N.A. as Administrative Agent for Lender Group* in which the Assignee requests authority to abandon to TCB all of its remaining collateral.

8. 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](mailto:hriedel@srbp.com); [epeterson@srbp.com](mailto:epeterson@srbp.com)  
[mhale@srbp.com](mailto:mhale@srbp.com)  
Counsel for Assignee

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that the foregoing *Updated Status Report as of July 15, 2020* has been furnished on this 14th day of July, 2020 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. <sup>1</sup>	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 SEPTEMBER 15, 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

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<sup>1</sup> 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 July 16, 2020, 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, 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. To date, such settlements have yielded approximately \$1.6 million in the aggregate. The Assignee continues to prosecute the actions against former officers and directors.

3. The Assignee regularly communicates with unsecured creditors of the Assignors regarding the Assignment Cases. In particular, in addition to communicating with Texas Capital Bank (“**TCB**”), 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](http://www.lsi-assignee.com)) that contains information about the Assignment Cases and also contains answers to frequently asked questions.

4. 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.

5. The Assignee has expended considerable efforts 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. Effective April 1, 2020, Accordias transferred all the billing and collection data from the Laser Spine servers that are warehoused at a co-location facility in Tampa, FL (the “**LSI Servers**”) to their in-house platform, thereby reducing the estate’s burden to maintain the costs and expenses associated with IT connectivity and co-location lease expense to warehouse the LSI Servers.

6. On September 4, 2020, the Assignee filed the Motion for Order Authorizing Compromise of Controversy with Texas Capital Bank, N.A. as Administrative Agent for Lender Group, which motion is set for hearing on September 15, 2020.

7. 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 September 15, 2020* has been furnished on this 14th day of September, 2020 by the Court's electronic system to all parties receiving electronic service.

*/s/ Edward J. Peterson* \_\_\_\_\_

Edward J. Peterson

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION**

**DEANNA ALI and HEATHER EMBRY,  
on behalf of themselves  
and a class of those  
others similarly situated,**

**Plaintiffs,**

v.

**CASE NO.: 8:19-cv-535-T-23JSS  
(Consolidated)**

**LASER SPINE INSTITUTE, LLC,  
LSI MANAGEMENT COMPANY, LLC and  
LSI HOLDCO LLC,**

**Defendants.**

\_\_\_\_\_ /

**STATUS REPORT**

Class Representatives Deanna Ali (“Ali”) and Heather Embry (“Embry”)(collectively “Class Representatives”), on behalf of the certified class, hereby file this status report as directed in the Court’s Order dated February 27, 2020, and states the following.

The State case (Case No. 2019-CA-2762, Division L) remains pending.

DATED this 18th day of December 2020.

Respectfully submitted,

/s/ Ryan D. Barack \_\_\_\_\_

**Ryan D. Barack**

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Class Counsel

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on this 18<sup>th</sup> day of December 2020, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification of this filing to all counsel of record.

/s/ Ryan D. Barack

Attorney

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION**

**DEANNA ALI and HEATHER EMBRY,  
on behalf of themselves  
and a class of those  
others similarly situated,**

**Plaintiffs,**

v.

**CASE NO.: 8:19-cv-535-T-23JSS  
(Consolidated)**

**LASER SPINE INSTITUTE, LLC,  
LSI MANAGEMENT COMPANY, LLC and  
LSI HOLDCO LLC,**

**Defendants.**

\_\_\_\_\_ /

**STATUS REPORT**

Class Representatives Deanna Ali (“Ali”) and Heather Embry (“Embry”)(collectively “Class Representatives”), on behalf of the certified class, hereby file this status report as directed in the Court’s Order dated February 27, 2020, and states the following.

The State case (Case No. 2019-CA-2762, Division L) remains pending.

DATED this 2nd day of March 2021.

Respectfully submitted,

/s/ Ryan D. Barack \_\_\_\_\_

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Class Counsel

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on this 2nd day of March 2021, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification of this filing to all counsel of record.

/s/ Ryan D. Barack

Attorney



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

In re:

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

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**UPDATED STATUS REPORT AS OF FEBRUARY 15, 2021**

In advance of the status conference scheduled for February 18, 2021, Soneet Kapila as the Assignee in these Assignment Cases (the “**Assignee**”) hereby provides the following summary of events that have occurred in the Assignment Cases and pending matters:

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<sup>1</sup> 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**”).

## **BACKGROUND**

1. On March 14, 2019, Laser Spine Institute, LLC (“**LSI**”) executed and delivered an assignment for the benefit of creditors (the “**Assignment**”) to the Assignee. The Assignee filed a Petition with the Court on March 14, 2019, commencing an assignment for the benefit of creditors proceeding pursuant to Chapter 727 of the Florida Statutes (the “**LSI Assignment Case**”).

2. Simultaneous with the filing of the LSI Assignment Case, the Assignee filed fifteen other Petitions commencing assignment for the benefit of creditors proceedings for 15 affiliates of LSI (the “**Affiliated Assignment Cases**,” and together with the LSI Assignment Case, the “**Assignment Cases**”): 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**”).

3. In the years leading up to the Assignment Cases, the Assignors were among the nation’s leaders in minimally invasive spine surgery, operating state-of-the-art outpatient surgery centers in several major cities throughout the country. Immediately prior to executing the Assignment, the Assignors operated outpatient surgery centers in Tampa, Florida; Cincinnati, Ohio; Scottsdale, Arizona; and St. Louis, Missouri. Three other surgery centers (in Ohio, Oklahoma, and Pennsylvania) were closed in the Fall of 2018.

4. The Assignors filed the Assignment Cases to provide for the orderly liquidation of their assets for the benefit of their creditors.

## EARLY ACTIONS BY THE ASSIGNEE

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

6. The Assignee has retained a number of professionals. The Assignee hired Stichter Riedel Blain & Postler, P.A., as its general counsel and KapilaMukamal, LLP as its financial advisor. The Assignee hired FisherBroyles, LLP as health care counsel and Wagner Law Group as ERISA counsel. The Assignee hired Genovese Joblove & Battista (“**Genovese Joblove**”), and Roche, McLean & Sbar (“**Roche McLean**”), Pillsbury Winthrop Shaw Pittman LLP (“**Pillsbury Winthrop**”); and Buell & Elligett, P.A. (“**Buell & Elligett**”) as special litigation counsel to investigate and pursue claims and causes of action.

7. The Assignee established 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 Assignors’ Flexible Spending Account Plan and several other issues. All creditors were provided notice of this website. The website domain address is [www.LSI-assignee.com](http://www.LSI-assignee.com).

8. The Assignee 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.

9. 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 engaged Accordias Healthcare Services, LLC (“**Accordias**”) as a third-party collection agent to continue collection of accounts receivable.

10. The Assignee negotiated with landlords with respect to the disposition of the assets located at each facility. Of particular significance, the Assignee executed a standstill agreement with the landlord at the Tampa location and negotiated a standstill agreement at the St. Louis location. Pursuant to such agreements, the Assignee and the landlords pursued a collaborative “turn-key” sale approach with prospective purchasers who might pay a premium over liquidation value in order to gain access to a high quality surgery center. At those locations, rent did not accrue as an administrative expense claim while the Assignee explored options for the sale of the assets and the landlords explored similar options to re-lease the premises. The Assignee negotiated a sale of the assets at the Wayne, Pennsylvania location for \$435,000 and the lease at that location was terminated.

11. The Assignee negotiated 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.

12. Because the Assignment Estates contained no liquid assets that were unencumbered, the Assignee negotiated the interim use of cash collateral with the primary secured creditor, Texas Capital Bank, as administrative agent (the “**Agent**” or “**TCB**”) for certain lenders (the “**Lenders**”). Cash Collateral was used to pay vital ongoing expenses related to the Assignment Estates. Continued use of cash collateral was a critical component of an orderly wind-down and the maximization of assets of the Assignment Estates.

13. The Assignee reviewed and investigated financial records and contractual agreements, enabling the filing of motions to reject leases in order to reduce the administrative burdens on the Assignment Estates.

14. 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 and handled by the FL DOH.

15. As the operators of active surgery centers, the Assignors were subject to occasional claims for professional malpractice or negligence. The Assignors’ decision to maintain a substantial self-insured retention as to those malpractice claims required a significant amount of attention in the early stages of the case as the Assignee and his general counsel deal with pending law suits and negotiated transition coverage over to the excess insurance carriers. Many of those actions have been resolved; others remain pending.

#### **CAUSES OF ACTION AND LITIGATION**

16. After reviewing the Assignors’ books and record and after interviewing former employees, the Assignee identified transfers that might be recoverable as fraudulent transfers pursuant to Chapter 726 of the Florida Statutes. The Assignor then sent demand letters to the recipients of those transfers. With the assistance of his general counsel, Stichter, Riedel, the Assignee recovered approximately \$1.6 million in pre-suit settlements. This Court entered orders approving these settlements.

17. As to the remaining transfers, the Assignee, through Genovese Joblove and Rocke McLean, filed lawsuits that remain pending. The Assignee intends to pursue the remaining fraudulent conveyance actions that have not been settled to date.

18. In addition, the Assignee, through Genovese Joblove and Rocke McLean, filed actions against former directors and officers of the Assignors for acts and omissions. The Assignee has recently reached settlements of certain claims against former officers and directors, and the

Assignee will seek approval of the compromise after the mediated settlement documents are finalized.

19. Other litigation targets have executed tolling agreements.

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

21. The Assignee has retained Pillsbury Winthrop to evaluate claims against certain professionals. Pillsbury Winthrop's efforts and investigation are on-going.

22. The Assignee expended considerable efforts 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. Effective April 1, 2020, Accordias transferred all the billing and collection data from the Laser Spine servers that are warehoused at a co-location facility in Tampa, FL (the "**LSI Servers**") to their in-house platform, thereby reducing the Assignment Estates' burden to maintain the costs and expenses associated with IT connectivity and co-location lease expense to warehouse the LSI Servers.

### **CREDITORS**

23. The Agent asserts properly perfected liens on substantially all personal property of the Assignors (the "**Collateral**"), including but not limited to accounts receivable and any proceeds generated from accounts receivable, under a Credit Agreement (or any related documents or agreements) dated as of July 2, 2015 by and between certain of the Assignors, as borrowers and/or guarantors, and TCB, as lender (as amended, the "**Credit Agreement**"). Pursuant to the Credit Agreement, and collectively with any other agreements and documents executed or delivered in connection therewith, each as may have been amended, restated, supplemented, or otherwise modified from time to time (the "**Loan Documents**"), the Lenders and the Agent provided

revolving and term loan credit and other financial accommodations to, and issued letters of credit for the account of, the Borrowers pursuant to the Loan Documents (the “**Loan Facility**”).

24. The Proof of Claim<sup>2</sup> that TCB filed with the Assignee asserts that the amount of the “Loans” outstanding under the Loan Facility totals \$154,984,093.95. This amount dwarfs the estimated value of the Lenders’ Collateral, and the Assignee expects that TCB will be left with a substantial deficiency claim. Accordingly, substantially all of the Assignors’ assets, including accounts receivable and any cash proceeds generated by accounts receivable, are fully encumbered by TCB’s liens. The Assignee has liquidated, abandoned, or otherwise monetized all of TCB’s collateral. The only unencumbered assets of the estates created upon the commencement of the Assignment Cases appear to be litigation claims, certain vehicles, rights to insurance premium refunds, and rights to a business interruption insurance claim arising from Hurricane Irma.

25. Certain former employees filed a class proof of claim asserting claims under the WARN Act. In addition, a number of former employees have filed individual claims asserting violations of the WARN Act.

26. Laserscopic Spinal Centers of America, Inc. (“**LSCA**”), and Laserscopic Medical Clinic, LLC (“**LMC**”) have filed claims asserting damage of \$264,000,000 plus interest in the amount of \$87,976,680 for total compensatory damages awarded \$351,976,680. LSCA and LMC were also awarded punitive damages in the amount of \$5,000,000 plus interest of \$1,667,225 for a total award of \$6,667,225 in punitive damages against the Estates. These claims arise from litigation (“**Bailey Litigation**”) commenced in 2006 alleging breach of fiduciary duty, defamation, slander per se, FDUP violations conspiracy and tortious interference. Such claims proceeded to trial and then on appeal to the Second District Court of Appeal.

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<sup>2</sup> TCB filed its Proof of Claim (the “**Lenders’ Claim**”) with the Court along with an Affidavit of Bruce Shilcutt Authenticating Business Records, on June 24, 2019.

27. In addition, other creditors have filed unsecured claims, including some of the plaintiffs in malpractice claims.

28. The Assignee continues to review claims and reserves the right to object to claims, and nothing in this Status Report shall be construed as a waiver of the Assignee's ability to object to claims.

### **FUNDING OF THE ASSIGNMENT CASES AND SETTLEMENT WITH TCB**

29. Generally, funding of the Assignment Cases to date has been provided by (a) use of the Agent's cash-collateral, (b) use of the \$1.6 million in litigation proceeds recovered to date, and (c) proceeds from the collection or liquidation of relatively small items to which the Agent's liens did not attach.

30. Specifically, in the early stages of the Assignment Cases, the Assignee was faced with the difficult task of securing funding for the wind-down. Because all cash and cash proceeds of accounts receivable, inventory, and disposition of any encumbered personal property constituted the Lenders' Collateral (the "**Cash Collateral**"),<sup>3</sup> the Assignee had no unencumbered funds with which to pay critical and necessary expenses of the Assignment Estates for the securing and preservation of the assets. Thus, the Assignee discussed with the Agent the Assignee's ability to use the Cash Collateral, with the Agent's consent, to fund the expenses of the Assignment Estates discussed below.

31. The first category of expenses consists of those that directly benefit the Lenders. For example, the Assignee was required to fund expenses related to the administration and liquidation of the Lenders' Collateral, including furniture, fixtures, and equipment located in Tampa and other locations, accounts receivable recoveries, and interaction with and tracking of

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<sup>3</sup> In bankruptcy proceedings, cash collateral is defined as "cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents," 11 U.S.C. § 363(a), on which a creditor has a lien.



prospects for asset sales. In addition, the Assignee was required to fund personal property taxes, rent, utilities, insurance, and storage costs. These expenses are generally those that the Assignee maintains would clearly be subject to surcharge against the Lenders' Collateral. *See* Fla. Stat. § 727.114(1)(a) (providing secured creditors shall receive the proceeds from the disposition of their collateral, "less the reasonable, necessary expenses of preserving or disposing of such collateral to the extent of any benefit to such creditors"). This first category of expenses will be referred to as "**Lender Related Expenses.**" The Assignee and the Agent have agreed that Lender Related Expenses will be (and has been) paid by the Lenders.

32. The second category of expenses are those that overlap between expenses that benefit the Lenders and also confer general benefit to the Assignment Estates and the creditor body as a whole, which would otherwise be afforded priority as "[e]xpenses incurred during the administration of the estate," *see* Fla. Stat. § 727.114(1)(b). This category of expenses will be referred to as "**Overlap Expenses.**" Examples of Overlap Expenses include claims administration, tax issues, services related to the wind-down of the Assignors' 401K plan and other employee benefits, expenses related to wind-down of the Assignors' operations, payment of critical employee wages, management, retention and maintenance of the Assignors' information technology systems, preservation of patient records including electronic health and medical records, and responding to records requests. Additionally, Overlap Expenses include professional fees incurred by attorneys and accountants employed by the Assignee. Such professionals' invoices invariably include services provided that directly benefit the Lenders, but also services rendered for the general benefit of the Assignment Estates, such as those related to identifying and pursuing sources of recovery, particularly litigation claims, that will benefit all creditors, not just the Lenders.

33. The Assignee and the Agent agreed that some portion of Overlap Expenses should be (and has been) paid by the Lenders, but some portion of Overlap Expenses should be treated as general administrative expenses payable by the Assignment Estates from any unencumbered funds pursuant to Section 727.114(1)(b) of the Florida Statutes. However, the process of allocating such Overlap Expenses proved difficult in the early stages of these Assignment Cases.

34. Initially, the Assignee sought to obtain Court approval of a Cash Collateral arrangement between the Assignee and the Agent by filing a *Motion for Entry of an Order Pursuant to Fla. Stat. § 727.109(15): (I) Authorizing the Use of Cash Collateral; (II) Providing Adequate Protection to Lenders; (III) Establishing a Lien Challenge Deadline; and (IV) Granting Related Relief* (the “**Cash Collateral Motion**”) (Document Index 142). In the Cash Collateral Motion, the Assignee sought Court approval of an arrangement whereby (i) the Agent would allow the Assignee to use its Cash Collateral to fund both Lender Related Expenses and Overlap Expenses; and (ii) as adequate protection for the depletion of the Agent’s Cash Collateral caused by the Assignee’s use of its Cash Collateral to fund Overlap Expenses, the Agent would be granted additional replacement liens on the unencumbered assets of the Assignment Estates—primarily litigation claims—to secure repayment of a portion of the Cash Collateral used to fund Overlap Expenses. As an additional inducement for the Agent to allow the Assignee to use its Cash Collateral to fund Overlap Expenses (effectively providing the Assignee with an interest-free loan), the Assignee also asked the Court to establish a deadline for parties to file objections to the validity of Agent’s liens.

35. On September 23, 2019, the Court entered its order denying the Cash Collateral Motion, without prejudice, as having been filed prematurely (Document Index 459). The Court’s primary concern was that the Cash Collateral Motion did not illustrate or establish which expenses incurred by the Assignee constitute general administrative expenses. The Court was also

concerned that the request to fix a deadline to object to the Lenders' Claim was premature, as the Assignee had not yet completed his investigation of the Lenders' Claim.

36. As the Assignment Cases progressed, the Lenders continued to fund certain Overlap Expenses with a reservation of rights to seek allowance of an administrative expense claim in the Assignment Cases for a portion of funded Overlap Expenses that benefitted the Assignment Estates as a whole. In an effort to avoid litigation over a potential administrative expense claim asserted by the Lenders, the Assignee and the Agent engaged in discussions in an attempt to resolve the issue of allocating the Overlap Expenses incurred from March 14, 2019 (the "**Petition Date**") through July 31, 2020, subject to this Court's approval.

37. This process involved allocating Overlap Expenses for each month between (a) the portion of Overlap Expenses the Lenders would assume responsibility to pay without seeking reimbursement through an administrative expense claim (the "**Lenders' Portion of Overlap Expenses**"), and (b) the portion of Overlap Expenses the Assignment Estates should be responsible to pay (the "**Estates' Portion of Overlap Expenses**"). Thus, in advancing funds to pay all Overlap Expenses, the Lenders advanced funds to pay not only the Lenders' Portion of Overlap Expenses, but also the Estates' Portion of Overlap Expenses, i.e., the latter portion of Overlap Expenses for which the parties have agreed that the Assignment Estates should otherwise bear responsibility.

38. The Assignee and the Agent entered into a Stipulation of Settlement (the "**Stipulation**"), which, among other things, acknowledges the validity and enforceability of the Agent and Lenders' liens and sets forth the agreement between the Agent and the Assignee on the amount of the administrative expense claim to be provided to the Agent on account of funded Estates' Portion of Overlap Expenses. Attached to the Stipulation was a detailed chart summarizing the allocation of expenses between the Lenders' Portion of Overlap Expenses and the Estates' Portion of Overlap Expenses.

39. As set forth in the Stipulation, the *total* amount of Overlap Expenses for the period from the Petition Date through July 31, 2020 equals \$1,707,691.00. Of this total amount, the parties have agreed that the Lenders' Portion of Overlap Expenses totals \$939,823.00. The Agent has already paid the Assignment Estates the Lenders' Portion of Overlap Expenses. The parties agreed that the amount of the Estates' Portion of Overlap Expenses totals \$767,868.00. This amount has already been funded by the Agent, and pursuant to the settlement, shall serve as the benchmark for establishing the amount of the Agent's administrative expense claim.

40. As settlement of the Agent's administrative expense claim for funding the Estates' Portion of Overlap Expenses, the Assignee and the Agent reached an agreement, as further set forth in the Stipulation (the "**Settlement**").

41. The key terms of the Settlement are summarized below:<sup>4</sup>

- A. **Administrative Expense Claim.** In return for funding the Estates' Portion of Overlap Expenses, the Agent shall receive an administrative expense claim in the amount of \$964,465 (the "**Agent's Administrative Expense Claim**"), subject to the Waterfall (defined below), which represents the Estates' Portion of Overlap Expenses funded by the Agent.<sup>5</sup>
- B. **Release by Lender for Lender Related Expenses and Lenders' Portion of Overlap Expenses.** The Agent shall not be entitled to an administrative expense claim for the Lenders' Portion of Overlap Expenses or the Lender Related Expenses. The Agent shall not have any further obligation to the Assignee or the Assignment Estates for any expenses other than those set forth in the Stipulation and the Assignee and the Assignment Estates hereby waive any further recovery or right to reimbursement from the Agent or the Lenders. The Agent, upon payment of the Agent's Administrative Expense Claim in full, shall be deemed to have released the Assignee and the Assignment Estates from any and all liability for or any claim for repayment of the Lenders' Portion of Overlap Expenses set forth in Recital L of the

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<sup>4</sup> The foregoing is a summary only of the terms of the Stipulation. The terms of the Stipulation shall control in the event of any inconsistencies.

<sup>5</sup> In addition to the \$767,868 in fees attributable to the Estates' Portion of the Expenses, the Agent and Lenders are entitled to an additional \$196,597 administrative claim on account of the Assignment Estates' use of the Agent and Lenders' cash collateral to fund the Assignee and Assignee professional fees for services rendered to general unsecured creditors. Hence, the total amount of the Agent's Administrative Expense Claim is \$767,868 plus \$196,597, which equals \$964,465. The foregoing numbers are being reconciled and therefore are subject to change.

Stipulation or the Lender Related Expenses. The Assignee on behalf of himself and the Assignment Estates, as of the Effective Date, shall be deemed to have released the Agent and the Lenders from any and all liability for any claim for payment or right to reimbursement of the Lenders Expenses. Notwithstanding the foregoing, nothing herein shall prohibit the Agent, on behalf of itself and the Lenders, from timely seeking allowance and payment of additional administrative claims and expenses if the Agent hereafter expends money which confers a benefit to the estate in accordance with applicable legal principles, without prejudice to the right of the Assignee or any other party in interest to object to such additional administrative claims and expenses, it being agreed that nothing in this sentence shall either expand or diminish the respective rights that the Agent, the Assignee, or third parties would have with respect to such future administrative claim in the absence of this Stipulation.

- C. **Allocation of Sharing Amounts of Litigation Recoveries.** Recoveries of litigation shall be allocated as follows (the “**Waterfall**”): (i) to costs of litigation, including court-allowed fees and expenses of Assignee’s contingency fee counsel; (ii) to court-allowed fees and expenses of Assignee and Assignee’s professionals up to the amount of \$950,571<sup>6</sup>; (iii) then to the Agent’s Administrative Expense Claim until paid in full; (iv) then pro rata to any other administrative expenses until paid in full; and (v) then *pro rata* to general unsecured creditors.
- D. **Granting of Liens as Security for Agent’s Administrative Expense Claim.** The Assignee shall grant security to the Agent and Lenders in the form of adequate protection, to the extent of any diminution in value of their Collateral, and replacement liens. These liens shall constitute a lien on all claims and causes of action of each Assignor or its respective Assignment Estate (including, without limitation, all commercial tort claims of every kind and description) and any and all proceeds therefrom, and any and all proceeds arising from insurance policies. The liens described herein shall be referred to as the “**Agent’s Adequate Protection and Replacement Liens.**” The Agent’s Adequate Protection and Replacement Liens shall be subject to the Waterfall.
- E. **Lien Challenge Deadline.** Upon considering the Assignee’s statements as to the validity of the Agent’s liens as set forth in the Stipulation, the Court shall establish a lien challenge deadline of no later than October 15, 2020, upon expiration of which, the claims, liens, and security interests of the Agent and Lenders granted in accordance with the Loan Documents shall be deemed valid, perfected, and enforceable as to all creditors and parties-

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<sup>6</sup> Pursuant to the Stipulation, the Agent and Assignee agreed that the Assignee’s incurred professional fees shall be paid in full (subject to Court approval) through the fourth interim application period in an amount not to exceed \$1,695,578.00. Of this total amount, the Agent and Lenders have consented to the payment of \$745,007 from Cash Collateral, while the remaining amount, \$950,571, will be satisfied from unencumbered funds in accordance with the Waterfall.

in-interest, and shall be subject to no further challenge, unless a party in interest with standing: (x) shall have commenced a supplemental proceeding against the Agent for the purpose of challenging the validity, extent, priority, perfection, and enforceability of the Credit Agreement or Agent's claims, mortgages, and security interests or otherwise asserting any claims or causes of action against the Agent, on or before October 15, 2020 (the "**Lien Challenge Review Period**"), and (y) the Court rules in favor of the plaintiff in any such timely filed supplemental proceeding. Any person or entity that fails to commence such a supplementary proceeding within the Lien Challenge Review Period shall be forever barred from doing so. For the avoidance of doubt, the Agent does not consent to the use of its Cash Collateral for any party to challenge in a supplemental proceeding or other litigation the Lenders' claims or liens or to assert any claims against the Lenders in a supplemental proceeding or other litigation.

42. On September 4, 2020, the Assignee filed the Motion for Order Authorizing Compromise of Controversy with Texas Capital Bank, N.A. as Administrative Agent for Lender Group (Document Index 664) (the "**Settlement Motion**"), which sought approval of the Settlement. The Bailey Group filed an objection to the proposed allocation of expenses (Document Index 672) (the "**Bailey Group Objection**"). In addition, Shirley and John Langston and Crystal and Leonard Tinelli filed the Opposition in Part of Shirley and John Langston and Crystal and Leonard Tinelli to Assignee's Settlement Motion (Document Index 669) (the "**Langston Objection**").

43. On October 22, 2020, the Court entered an order granting the Settlement (Document Index 684) (the "**Settlement Order**"), as follows:

1. The Motion was granted and the Settlement was approved, as set forth in the Stipulation, subject to and specifically conditioned upon the terms and conditions set forth in the Settlement Order.

2. November 15, 2020 was established as the lien challenge deadline (the "**Lien Challenge Deadline**") for any party in interest (excluding the Assignee) to challenge the Agent and Lenders' liens. Upon expiration of the Lien Challenge Deadline, absent a timely filed action by a party in interest (excluding the Assignee), the liens claims and security interests of the Agent and Lenders granted in accordance with the Loan Documents shall be deemed valid, perfected, and enforceable as to all creditors and parties in interest.

3. The Langston Objection was overruled subject to the following terms and conditions:

a. Discovery was to remain open on the Langston Objection until the Lien Challenge Deadline for the limited purpose of conducting discovery relating to actions to challenge the Agent's and Lenders' lien pursuant to the Lien Challenge Deadline;

b. The Lien Challenge Deadline could only be extended for the limited purpose of conducting additional discovery related to the Langston Objection on timely motion to be filed before November 15, 2020.

4. The Bailey Group Objection as to the allocation of expenses was addressed as follows:

a. The Assignee filed the declaration of Soneet Kapila in support of the Motion on September 29, 2020 (the "**Kapila Declaration**").

b. The deadline for the Bailey Group to file a written objection to the Declaration was October 13, 2020.

c. If the Bailey Group timely filed an objection to the Declaration, the Court was to schedule a final evidentiary hearing on the Declaration.

d. If the Bailey Group did not timely file an objection to the Declaration, the allocation of expenses as set forth in the Motion and the Settlement (as outlined in the Stipulation) was to be approved.

5. Nothing in the Order was to affect the priority or validity of claims of claimants who are not party to the Stipulation.

44. The Bailey Group timely filed an objection to the Kapila Declaration (Document Index 681) (the "**Bailey Group Objection**"). The Court initially scheduled an evidentiary hearing on the Baily Group Objection which was cancelled due to issues raised by the appeal discussed below. The final evidentiary hearing has not been rescheduled.

45. On November 25, 2020, Shirley and John Langston and Crystal and Leonard Tinelli (collectively, the "**Objecting Individual Creditors**") filed a motion to reconsider the Settlement Order (Document Index 691) (the "**Motion to Reconsider**")<sup>7</sup> and requested that the Settlement Order be modified to reflect that:

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<sup>7</sup> The Objecting Individual Creditors also filed an appeal of the Settlement Order. The Second District Court has dismissed the appeal.

a. The Objecting Individual Creditors, who filed a timely lien challenge action by November 15, 2020, were assigned Assignee's rights pursuant to §727.108 and § 727.110 to challenge TCB's liens and secured claims that include, but are not limited to, the claims set forth in the lawsuits and supplemental proceedings filed by the Objecting Individual Creditors on November 15, 2020.

b. Any "release" or "agreement," or other language in the Stipulation between Assignee and TCB, approved by the Settlement Order, does not limit, abridge, or modify the right of the Objecting Individual Creditors to sue TCB and specifically does not release TCB from the obligation to fund the Cash Reserve Account for the benefit of the Objecting Individual Creditors.

c. The Objecting Individual Creditors are granted Assignee's standing to sue TCB for any and all claims raised by the Objecting Individual Creditors in the attached actions that would otherwise be property of the Assignment Estates.

46. The Motion to Reconsider has not yet been set for hearing.

47. 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.

#### **NEXT STEPS**

48. As will be further discussed at the status conference, the parties request that the Court schedule a trial on the Bailey Group Objection and a hearing on the Motion to Reconsider.

49. The remaining unresolved issues in this case primarily relate to litigation claims.

50. The Assignee will seek approval of the compromise of certain D & O claims when documented.

51. The pending fraudulent transfer claims and business interruption claim will continue to be litigated. If settled, those settlements will be submitted to this Court for approval.



52. Following the completion of Pillsbury Madison's investigation, as described above, it is expected that the claims being investigated that are determined to have merit will be either prosecuted or will be settled. If settled, those settlements will be submitted to this Court for approval.

53. Finally, once it is apparent that there will be distributions to unsecured creditors in this case, the Assignee, with the assistance of his general counsel, will begin a detailed review of the filed claims and will object to any claims that are not proper.

/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 15, 2021* has been furnished on this 15th day of February 2021 by the Court's electronic system to all parties receiving electronic service.

/s/ Edward J. Peterson  
Edward J. Peterson