IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT
IN AND FOR PINELLAS COUNTY, FLORIDA
CIVIL DIVISION

STATE OF FLORIDA,
OFFICE OF FINANCIAL REGULATION,

Plaintiff,

vs. Case No.: 14-001695-CI

TRI-MED CORPORATION,
TRI-MED ASSOCIATES INC.,
JEREMY ANDERSON,
ANTHONY N. NICHOLAS, III,
ERIC AGER, IRWIN AGER,
TERESA SIMMONS BORDINAT
a/k/a TERESA SIMMONS,
and ANTHONY N. NICHOLAS, JR.,

Defendants.

vs.

TMFL HOLDINGS, LLC

Relief Defendant.

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RECEIVER'S MOTION TO APPROVE SETTLEMENT

Burton W. Wiand (the **"Receiver"**), as Receiver for Tri-Med Corporation (**"Tri-Med"**), Tri-Med Associates Inc., TMFL Holdings, LLC, Interventional Pain Center, PLLC, Rejuva Medical and Wellness Center, L.L.C., Rejuva Medical Center, L.L.C., Tri-Med Management, Inc.; JA Management, LLC, and JRAM, LLC (collectively the (**"Receivership Entities"**), by and through his undersigned counsel, moves the Court for an order approving a settlement of claims asserted in a Federal court case styled Burton W. Wiand, as Receiver,

et al. v. Stoel Rives, LLP, et al., Case No. 8:16-cv-1133-T-36JSS (the **"Lawsuit"**) against Stoel Rives, LLP (**"Stoel Rives LLP"**) and Jodi Johnson, Esq. (**"Johnson"**) (collectively, **"Stoel Rives"**) on the basis of the settlement agreement attached as **Exhibit 1** (the **"Settlement Agreement"**).

The Settlement Agreement, among other things, fully resolves the Lawsuit against Stoel Rives and requires entry of a bar order as described below (the **"Bar Order"**). Contemporaneously with this motion, the Receiver is also filing (1) the Declaration Of Burton W. Wiand, as Receiver, In Support Of The Receiver's Motion To Approve Settlement With Stoel Rives, LLP and Jodi Johnson And For Entry Of A Bar Order (the **"Wiand Declaration"**), which sets forth the facts and conclusions on which this motion relies, and (2) a Motion To Approve Proposed Notice Of Settlement With Stoel Rives, LLP and Jodi Johnson (the **"Notice Motion"**). The Receiver respectfully requests that the Court first address the Notice Motion and, if that motion is granted, that it continue a decision on this motion until after the deadline set forth in the Notice Motion for objections or other responses to the relief requested in this motion.

BACKGROUND

On March 4, 2014, the State of Florida, Office of Financial Regulation (**"OFR"**), initiated this action against the defendants seeking emergency relief to stop a fraudulent investment scheme. That same day, on the OFR's motion, the Court entered an order appointing Burton W. Wiand as Receiver for Tri-Med Corporation and Tri-Med Associates Inc. (the **"Order Appointing Receiver"**). By subsequent orders, the Court expanded the Receivership to include the other Receivership Entities. Under the Order Appointing

Receiver, to carry out OFR's mandates, the purposes of the OFR Proceeding, and the obligations and duties imposed on receivers by law, the Receiver was directed to, among other things, hold and manage the assets and property of the Receivership Entities and marshal and safeguard all such properties and assets and seek constructive trusts as appropriate. He also was conferred the power and authority to assert and prosecute claims, actions, suits, and proceedings which may have been or which may be asserted or prosecuted by Receivership Entities.

The Receiver's Investigation Of Tri-Med

To carry out his mandate, the Receiver investigated the operations of Tri-Med and the Receivership Entities. The Receiver believes that Stoel Rives provided legal services to Tri-Med and certain Receivership Entities beginning October 25, 2012 and continuing through March 5, 2014, when the OFR filed this action. The Receiver has alleged that legal services provided by Stoel Rives included various engagements and objectives along with corresponding legal advice.

The Lawsuit

The Receiver and the Investors Committee,[1] on behalf of themselves and all others similarly situated, filed a lawsuit against Stoel Rives on April 5, 2016 and subsequently filed

[1] The Investors Committee, which was identified as the "Named Investors" in the Lawsuit, specifically was formed by the Receiver as a way to efficiently consult with defrauded Tri-Med investors on matters on which he felt it was important to solicit investors' views, to consult about settlement negotiations with certain parties, and to participate as plaintiffs in any litigation, if necessary, on their own behalf and as representatives of similarly situated investors. The Investors Committee has been represented by separate counsel in connection

an Amended Complaint against Stoel Rives on February 7, 2017.[2] Stoel Rives filed a motion to dismiss on March 1, 2017, which set forth numerous arguments as to why the Amended Complaint should be dismissed. The Receiver and Investors Committee opposed the motion and it was pending determination by the Federal court. The parties also began the discovery process, including producing some documents and information.

Stoel Rives has maintained, and continues to maintain, that its conduct was in no way inappropriate, and that neither the firm nor any of its lawyers failed to comply with their duties and obligations nor did they have any knowledge that their advice and directions were not being followed. Stoel Rives also maintains that any liability belongs with numerous other parties and not Stoel Rives. In order to simply eliminate the risks inherent in protracted litigation over heavily contested claims, the Receiver and Investors Committee have negotiated a settlement agreement with Stoel Rives.

The Receivers and Investors Committee' Negotiations With Stoel Rives

Prior to engaging in extensive discovery or resolution of the motion to dismiss, the Receiver, the Investors Committee, and Stoel Rives participated in an early mediation on April 24, 2017. As a result of the negotiations in the mediation, an agreement has been reached between the Receiver, the Investors Committee, and Stoel Rives to be presented

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with the matters underlying this motion, and it supports the relief requested in this motion, including entry of the Bar Order.

[2] The Receiver and Investors Committee originally filed their complaint against Stoel Rives on April 5, 2016 in the Circuit Court for the Sixth Judicial Circuit in Pinellas County, Florida. Stoel Rives removed the case to federal court on May 6, 2016. By Order dated December 27, 2016, the federal court denied the Receiver and Investors Committee's motion to remand. A copy of the Amended Complaint is attached to this Motion as Exhibit 4.

through this Motion to the Court and a subsequent motion for approval and dismissal with the court in the Lawsuit, and which includes a resolution of all claims against Stoel Rives that in any way relate to Stoel Rives' involvement with Tri-Med, and its provision of services to, or representation of any Receivership Entity, including any of the legal services that Stoel Rives rendered. It is the intention of the Receiver, the Investors Committee, and Stoel Rives to resolve, through Stoel Rives' payment to the Receivership estate of $3,700,000 (the "**Settlement Amount**"), any claims against Stoel Rives and its present and former lawyers relating to those matters, including for losses or other damages, that might be asserted against Stoel Rives.

ARGUMENT

By constitution and statute, the circuit courts of Florida are vested with exclusive equity jurisdiction. *See, e.g.,* Art. V, § 5(b), Fla. Const.; Fla. Stats. § 26.012(2)(c); *Terex Trailer Corp. v. McIlwain*, 579 So. 237, 241 (Fla. 1st DCA 1991); *English v. McCray*, 348 So. 2d 293, 298 (Fla. 1977) (*citing State ex rel. B.F. Goodrich Co., et al v. Trammell, et al.,* 140 Fla. 500, 192 So. 175 (1939)). Similarly, receivership courts have "broad powers and wide discretion to determine relief in an equity receivership." *See S.E.C. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992) ("This discretion derives from the inherent powers of an equity court to fashion relief."). As a court of equity, this Court is vested with jurisdiction to approve the Settlement Agreement and enter the Bar Order.

The Settlement Agreement And Amount Is Fair And Equitable

In deciding to negotiate a settlement with Stoel Rives in resolution of all claims, the Receiver considered a number of significant factors. The Receiver considered the risks

associated with litigating the claims. Primary among those risks is the uncertainty inherent in the litigation process, a potential trial, and any resulting appeal, not to mention the time consumed through the appellate process. The Receiver recognizes that Stoel Rives has vigorously defended itself and its attorneys, and would continue to do so for the duration of any case. Consequently, additional litigation is not without significant risks. If litigation is unsuccessful, nothing would be received, instead of the $3,700,000 set forth in the Settlement Agreement.

Further, the Receiver considered the potential value of the claims against Stoel Rives, along with Stoel Rives' defenses that the conduct and services of the firm and its lawyers was at all time appropriate, that responsibility for losses to Tri-Med belongs entirely to numerous other parties, that the Receiver lacked standing, and that the Receiver's computation of damages was excessive. The Receiver considered that if Stoel Rives were to succeed on any defense, it could greatly limit or preclude any potential recovery. Finally, the Receiver considered the amount of fees earned by Stoel Rives for providing legal services to the Tri-Med amounted to less than $200,000. The Receiver believes the Settlement Amount represents an equitable and good faith compromise of existing claims. In deciding to recommend the resolution reflected in the Settlement Agreement, the Receiver found the following considerations significant:

(1) based on the information reviewed by the Receiver, this settlement constitutes a recovery well in excess of all revenues earned by Stoel Rives LLP as a result of its dealings with the Receivership Entities;

(2) litigation of claims against Stoel Rives through trial and appeal would in no way guarantee the significant benefit to the Receivership estate and to investors that will occur as a result of the settlement; and

(3) for the purposes of evaluating a fair settlement amount, it is the Receiver's opinion that the Settlement Amount is fair and reasonable given the alleged claims, defenses, and the potential for the assessment of comparative fault to others, and general litigation risks.

As detailed in the Settlement Agreement, the Receiver, the Investors Committee, and Stoel Rives, subject to the approval of this Court and the court in the Lawsuit, have agreed to settle for, among other things, payment by Stoel Rives to the Receiver of $3,700,000 and a broad release of liability.

As part of the Settlement Agreement, these payments are conditioned upon the Court entering the Bar Order enjoining any third party, as described below, from commencing or instituting litigation against Stoel Rives, including any of its former or current attorneys or insurers, arising out of Stoel Rives' representation or provision of services to the Receivership Entities, or arising from professional, fiduciary, or any other services provided to the Receivership Entities. This would include any claims, to the extent they exist, by the Receivership Entities' principals, members, shareholders, directors, officers, employees, investors, agents, or other third parties. If the Bar Order is not entered, the Settlement Agreement will be null and void and the parties will be restored to the *status quo ante*. Importantly, the Settlement Amount will be contributed to the Receivership estate and used

to pay the Receivership Entities' creditors, including investors with approved claims in this Court's claims process.[3]

The Bar Order Is Appropriate

The avoidance of a multiplicity of lawsuits is a basis to invoke equitable jurisdiction. *See, e.g., Realty Bond & Share Co. v. Englar,* 143 So. 152, 154, 104 Fla. 329 (Fla. 1932) ("The prevention of a multiplicity of actions at law is one of the special grounds of equity jurisdiction and for that purpose the remedy by injunction is freely used."); *see also Dotolo v. Schouten,* 426 So.2d 1013, 1015 (Fla. 2d DCA 1983) (noting "prevention of a multiplicity of suits" "is a well recognized basis for injunctive relief"); *NEC Electronics, Inc. v. VG Sales Co.,* 655 So.2d 1146, 1148-49 (Fla. 4th DCA 1995) (noting "a court with prior jurisdiction may enjoin a party's pursuit of competing actions in other forums where there is the possibility of exposing parties to inconsistent findings of law or fact").

The Receiver seeks the entry of a Bar Order to prevent a multiplicity of suits against Stoel Rives. The Settlement Agreement represents a fair and equitable resolution of the costs, delay, and uncertainty that would occur if the Receiver and multiple other parties proceeded with competing litigation against Stoel Rives. The Settlement Agreement and Bar Order also preserve the limited amount of funds available to pay creditors, rather than have those same funds spent on litigation costs and attorney's fees to defend a multitude of

[3] From the Settlement Amount, under the terms of the alternative fee agreement previously approved by this Court, the Receiver will pay attorney fees of $1,110,000 plus certain costs. After deducting for fees and costs attributable to the Receiver's counsel in the Lawsuit, the Receiver will collect a net amount of approximately $2,500,000.

potential claims. Accordingly, the entry of a Bar Order is a proper exercise of this Court's jurisdiction and in the best interest of the parties to the Settlement Agreement.

Federal courts overseeing bankruptcies and receiverships have also entered bar orders to facilitate settlement in similar situations. In fact, the Receiver has used this same procedure multiple times in *S.E.C. v. Nadel et al.*, Case No. 8:09-cv-87-T-26TBM (U.S. Dist. Ct., M.D. Fla.), which is another local receivership in which Mr. Wiand serves as receiver over numerous entities that were operated as a fraudulent Ponzi scheme. *See id.* Docs. 922 (approving settlement with law firm and entering bar order); 742 (same regarding clearing firm); 835 (same regarding broker-dealer). For the Court's convenience, these orders are attached to this motion as **Exhibit 2**.

As an additional example, relying on Fed. R. Civ. P. 16 and the Bankruptcy Code, the Eleventh Circuit has explicitly authorized the use of bar orders in bankruptcy proceedings. *See In re Munford, Inc.*, 97 F.3d 449, 455 (11th Cir. 1996). According to the Eleventh Circuit, "[s]everal justifications for entering bar orders in bankruptcy cases exist":

> First, public policy strongly favors pretrial settlement in all types of litigation because such cases, depending on their complexity, can occupy a court's docket for years on end, depleting the resources of parties and the taxpayers while rendering meaningful relief increasingly elusive. Second, litigation costs are particularly burdensome on a bankrupt estate given the financial instability of the estate. Third, bar orders play an integral role in facilitating settlement. This is because defendants buy little peace through settlement unless they are assured that they will be protected against codefendants' efforts to shift their losses through cross-claims for indemnity, contribution, and other causes related to the underlying litigation.

Id. (quotations and citations omitted). All of these factors are as applicable to equity receiverships in state court as they are to proceedings in federal courts.[4]

Similarly, in *Commodity Futures Trading Comm'n v. Equity Fin. Group*, 2007 WL 2139399 (D.N.J 2007), the court approved a settlement between an equity receiver and a firm retained by receivership entities to perform accounting services, and entered a bar order after finding that "the Receiver established th[e] settlement is in the best interest of the Receivership estate, and that federal law and public policy favor the entry of the Bar Order to facilitate settlement of th[e] matter." *Id.* at *2. The court also found that the bar order would not prejudice investors because of the difficulties investors would have to bring claims directly against the settling defendant. *Id.; see also S.E.C. v. Capital Consultants, LLC,* 2002 WL 31470399 (D. Or. 2002) (approving settlement and entering bar order); *Gordon v. Dadante*, 336 Fed. Appx. 540 (6th Cir. 2009) (same); *Harmelin v. Man Fin., Inc.,* 2007 WL 4571021 (E.D. Pa. 2007) (same).

Here, the Receiver and the Investors Committee has determined that the settlement reflected by the Settlement Agreement is in the best interests of the Receivership and the investors in Tri-Med. Specifically, the settlement avoids protracted and expensive litigation, thereby avoiding litigation risk and conserving very substantial Receivership resources, as well as judicial resources. In addition, the Settlement Amount represents an equitable and good-faith resolution. The settlement is also in the best interests of investors because they

[4] Although receiverships and bankruptcies have some important distinctions, the similarities of their goals make an analogy here appropriate. *See, e.g., S.E.C. v. Wealth Mgmt. LLC*, 628 F.3d 323, 334 (7th Cir. 2010) (goal in securities-fraud receivership and liquidation bankruptcy is identical: the fair distribution of liquidated assets).

represent a substantial recovery to the Receivership estate without the expense and risk of litigation, which is compensating investors with approved claims through the claims process.

Notice Will Be Provided To Investors

Cases involving equity receivers' requests for bar orders in connection with settlement of claims have included notice to investors and other interested parties of the request for bar orders. *See, e.g.*, *Equity Fin. Group*, 2007 WL 4571021[5]; *Harmelin*, 2007 WL 4571021 at *4 (notice of bar order provided to all investors before court approved settlement); *Gordon*, 336 Fed. Appx. at 544 (court entered order providing interested parties with opportunity to "comment" on settlement reached by equity receiver with broker/dealer and request for bar order).

Here, the Receiver intends to provide: (1) actual notice of the settlement with Stoel Rives and the requested Bar Order to the investors in Tri-Med and to potential other parties the Receiver believes have liability to Receivership Entities – *i.e.*, the individuals and entities who are to be enjoined and barred from asserting claims against Stoel Rives relating to Tri-Med, and (2) publication notice to all other interested parties. A copy of the proposed notice to investors and potential other parties is attached to the Notice Motion (the **"Notice"**), and an abbreviated version for publication is contained in the text of the Notice Motion.

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[5] Although there is no discussion of notice to investors in this *Equity Financial Group* opinion, the receiver's motion for approval of the settlement in that case explained that such notice had been provided. *See Equity Financial Group*, Case No. 1:04-cv-01512-RBK-AMD (D. N.J.), Memorandum In Support Of Motion Of Equity Receiver To Approve Settlement With Puttman & Teague, LLP, Elaine Teague, And John Puttman (Doc. 428-3, ¶¶ 25, 36).

In brief, the Notice sets forth the terms of the Settlement Agreement and advises the recipients that they may object or otherwise respond to this motion in writing by 30 days from the date of the Notice, by (1) filing their objection or response with the Court by that deadline and (2) simultaneously serving a copy on the Receiver. As such, the Notice will provide investors and known potential other parties with actual notice of the Settlement Agreement and the proposed Bar Order and an opportunity to object.

Investors Will Not Be Prejudiced By The Settlement Agreement Or The Bar Order

Entry of the Bar Order is also appropriate because investors will not be prejudiced by it. First, investors will not be prejudiced because the only investors who have brought suit against Stoel Rives (the Investors Committee in the Lawsuit) have agreed to the Bar Order,[6] and this case and the Receivership were instituted more than three years ago in March 2014. *See Harmelin,* 2007 WL 4571021 at *4 ("[I]n the two and a half years since Mr. Hodgson was appointed as Receiver and despite all the communications that have gone forth, and the website, and the absence of any Order precluding an investor from filing their own lawsuit, no investor has done so.").

Second, investors will not be prejudiced because the Settlement Amount will become part of the Receivership estate, which is subject to distribution to investors with approved claims *pro rata* through the claims process established in this case. As such, investors will benefit from the settlement agreement without needing to expend any personal resources to litigate with Stoel Rives.

[6] In addition, counsel for the Investors Committee, Robert Pearce, currently represents a total of 258 individuals that invested in Tri-Med.

Other Potential Parties Are Not Entitled To Contribution From Stoel Rives

Under Florida law, if the Court approves the Settlement Agreement, no other potential party will be entitled to contribution from Stoel Rives in connection with Tri-Med and the Receivership Entities. Specifically, under section 768.31, Florida Statutes:

> When a release or a covenant not to sue or not to enforce judgment is given in good faith to one of two or more persons liable in tort for the same injury or the same wrongful death: (a) It does not discharge any of the other tortfeasors from liability for the injury or wrongful death unless its terms so provide, but it reduces the claim against the others to the extent of any amount stipulated by the release or the covenant, or in the amount of the consideration paid for it, whichever is the greater; and, (b) It discharges the tortfeasor to whom it is given from all liability for contribution to any other tortfeasor.

Fla. Stat. § 768.31(5) (2016). Here, the terms of the Settlement Agreement do not discharge any potential other party from liability other than Stoel Rives. Further, for the reasons discussed before and in the Wiand Declaration, Stoel Rives, the Investors Committee and the Receiver entered into the Settlement Agreement in good faith. As such, if approved, the Settlement Agreement will discharge Stoel Rives "from all liability for contribution to any other tortfeasor." Accordingly, the Bar Order – in barring potential other parties' claims against Stoel Rives – is consistent with Florida law.

CONCLUSION

For these reasons, the Receiver respectfully requests that this Court enter an order granting this motion and finding and ordering that:

1. The settlement between the Receiver, the Investors Committee and Stoel Rives presented to the Court in this motion is a fair, equitable, and good faith settlement of all claims the Receiver, the Receivership estate, the Receivership Entities, and Tri-Med's investors may have against Stoel Rives;

2. The settlement reflected in the Settlement Agreement attached as **Exhibit 1** is approved, and the Receiver is authorized to enter into and complete the proposed settlement in accordance with the requirements of the Settlement Agreement;

3. All persons, third party, or entity, including but not limited to the Receivership Entities, those who invested money in or loaned money to a Receivership Entity, those who may have liability to, or a claim against, the Receiver, the Receivership Entities, together with their respective heirs, trustees, executors, administrators, legal representatives, agents, successors, and assigns, are permanently enjoined and barred from commencing or pursuing a claim, action, or proceeding of any kind and in any forum against Stoel Rives LLP, its parents, subsidiaries, and affiliates, and its respective present and former partners, attorneys, employees, agents, including without limitation Jodi Johnson, and their representatives, beneficiaries, insurers, heirs, successors, and assigns, that arises out of, is connected to, or which in any relates to the same nucleus of operative facts as those pending, or which could have been asserted in the Litigation by any party, including but not limited to any claims arising out of Stoel Rives' representation of any Receivership Entity or Stoel Rives' involvement with the Receivership Entities or any of their past or present officers, directors, members, shareholders, employees, or agents, or the allegations of this enforcement action or any related proceeding or litigation, including without limitation the Lawsuit; and

4. Said injunction bars all claims against Stoel Rives LLP, its parents, subsidiaries, and affiliates, and its present and former respective partners, attorneys, employees, agents, including without limitation Jodi Johnson, and their representatives,

beneficiaries, insurers, heirs, successors, and assigns, for contribution, indemnity, or any other cause of action arising from the liability of any person or entity to the Receiver or to any of the Receivership Entities or their investors or other creditors (including claims in which the injury is the liability to the Receiver or any of the Receivership Entities or their investors or where damages are calculated based on liability to the Receiver or any of the Receivership Entities or their investors), in whatever form and however denominated.

A proposed order is attached as **Exhibit 3**. However, as indicated at the beginning of this motion, the Receiver respectfully requests that the Court first address the Notice Motion and, if that motion is granted, that it continue a decision on this motion until after the deadline set forth in the Notice Motion for objections or other responses to the relief requested in this motion.

GOOD FAITH CERTIFICATION

Counsel for the Receiver has conferred with counsel for the OFR and is authorized to represent to the Court that the OFR has no objection to the relief requested in this motion.

s/Michael Lamont
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Attorneys for Burton W. Wiand, as Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on June 5, 2017, I electronically filed a true and correct copy of the foregoing with the Clerk of the Court by using the Florida Courts E-Filing Portal, which served the following parties and non-parties:

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s/Michael Lamont
Michael S. Lamont, FBN 0527122

EXHIBIT 1

RELEASE AND SETTLEMENT AGREEMENT

This Release and Settlement Agreement ("**Agreement**") is entered into on the 24th day of May, 2017, by and between the following parties ("**Parties,**" and each individually a "**Party**"): (I) Burton W. Wiand, as Receiver for the Receivership Entities (as defined below); (II) Miles E. Blount, Richard Burnham, Deborah Burnham, Karen A. Deich, Robert McClellan, Maria Pazienza, Nicholas Sands, as Trustee of the Lucy G. Sands Trust, James Waters, and Anthony Witlin (collectively, the "**Named Investors**"); and (III) Stoel Rives LLP ("**Stoel Rives LLP**") and Jodi Johnson ("**Johnson**") (collectively, "**Stoel Rives**"), on the following terms:

RECITALS

WHEREAS:

By orders dated March 5, 2014, May 13, 2014, September 30, 2015, December 11, 2015 and March 27, 2017, the Court in State of Florida, Office of Financial Regulation v. Tri-Med Corp., et al., Case No. 14-001695-CI (the "**Receivership Action**"), appointed Burton W. Wiand as Receiver (the "**Receiver**") for Tri-Med Corporation ("**Tri-Med**"), Tri-Med Associates Inc., TMFL Holdings, LLC, Interventional Pain Center, PLLC, Rejuva Medical and Wellness Center, L.L.C., Rejuva Medical Center, L.L.C., Tri-Med Management, Inc., JA Management, LLC and JRAM, LLC (collectively the "**Receivership Entities**").

The Receiver and the Named Investors, on behalf of themselves and all other similarly situated persons who invested in Tri-Med, filed a lawsuit against Stoel Rives, in an action styled Burton W. Wiand, as Receiver, et al. v. Stoel Rives, LLP, et al., Case No. 8:16-cv-1133-T-36JSS (the "**Lawsuit**"). Stoel Rives denies each and every claim and contention made in the Lawsuit, and maintains that neither the firm nor any of its lawyers

have done anything wrong in connection with the allegations made in the Lawsuit. Stoel Rives is making a business decision to enter this settlement and avoid the expense of further litigation.

The Named Investors and the Receiver recognize and acknowledge the expense and uncertainty of further litigation and believe that the settlement set forth in this Agreement is fair, reasonable, adequate, and in the best interest of the Receiver, the Named Investors, and the similarly situated parties the Named Investors purport to represent in the Litigation.

The Parties determined that it was in their best interests to resolve their disputes, and acknowledge they have negotiated at arm's-length and have entered into this Agreement in good faith, but recognize that any resolution of this matter and the Lawsuit by agreement of the Parties is subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises and the performance of the covenants and agreements hereinafter contained, the Parties hereto represent, warrant, consent, and agree as follows:

TERMS

1. Contingencies for Completion of Settlement Agreement: The successful completion and fulfillment of this Agreement is contingent upon the actions of third parties and requires each of the following occur:

a. The court in the Receivership Action enters a final order approving the Agreement in the form attached as Exhibit A to this Agreement, and overrules any objections made to the Agreement or otherwise in response to the Receiver's motion to approve this Agreement;

b. The court in the Receivership Action enters a bar order with the provisions contained in the bar order attached as Exhibit A to this Agreement (the "Bar Order");

c. The court in the Lawsuit enters an order approving the Agreement, allowing dismissal of the putative class claims filed in the Lawsuit pursuant to Federal Rule of Civil Procedure 23(e), and dismissing Stoel Rives from the Lawsuit with prejudice;

d. The foregoing orders have become final and non-appealable or, in the event of an appeal, have been affirmed and are final and no longer appealable.

e. In the event that any of the events described in Paragraph 1(a)-(d) do not occur, neither this Agreement nor anything in this Agreement shall be deemed a representation or admission by any Party as to any issue, and this Agreement will be deemed null and void such that the Parties shall be returned to the *status quo* each Party held prior to entry into this Agreement.

2. Payment: Stoel Rives agrees to pay to the Receiver the aggregate sum of THREE MILLION SEVEN HUNDRED THOUSAND AND 00/100 DOLLARS ($3,700,000.00) (the "Settlement Payment"). The Receiver will accept the Settlement Payment and apply it to the Receivership estate of Tri-Med. The Settlement Payment will be made within fourteen (14) days after the date of the latest occurrence of any of the events described in Paragraph 1.

3. Duties of the Parties:

a. *The Receiver.* The Receiver agrees to (1) seek approval of this Agreement by the court in the Receivership Action by filing and pursuing a motion for approval in the form attached hereto as Exhibit B within 10 days of the date of

this Agreement; (2) seek the entry of the Bar Order; (3) reasonably defend against any objection to this Agreement or the motion for approval or any appeal or challenge as described in Paragraph 1 of this Agreement and to assist the Named Investors or Stoel Rives in defending any such appeal or challenge; and (4) provide reasonable assistance to the Named Investors as they seek approval of this Agreement and dismissal of the putative class claims in the Lawsuit, including without limitation the filing of a joint motion for dismissal with prejudice and approval of this Agreement in the Lawsuit with the other Parties.

b. *The Named Investors.* The Named Investors agree to (1) provide reasonable assistance to the Receiver in seeking approval of this Agreement by the court in the Receivership Action; (2) provide reasonable assistance to the Receiver in seeking entry of the Bar Order; (3) reasonably defend against any objection to this Agreement or the motion for approval or any appeal or challenge as described in Paragraph 1 of this Agreement and to assist the Receiver or Stoel Rives in defending any such appeal or challenge; and (4) seek approval of this Agreement and dismissal of the putative class claims in the Lawsuit pursuant to Federal Rule of Civil Procedure 23(e), including without limitation by a joint motion for dismissal with prejudice and approval of this Agreement in the Lawsuit with the other Parties.

c. *Stoel Rives.* Stoel Rives agree to (1) provide reasonable assistance to the Receiver and the Named Investors in performing their duties as outlined in Paragraphs 3(a) and 3(b) above, and (2) to make the Settlement Payment in accordance with Paragraph 2 above.

4. Releases:

a. *The Receiver*. Upon receipt of the Settlement Payment, the Receiver, on behalf of the Receivership Entities and their directors, officers, members, shareholders, attorneys, employees, agents, representatives, beneficiaries, creditors, successors, and assigns, shall be deemed to have released and forever discharged Stoel Rives, its parents, subsidiaries, and affiliates, and its respective present and former partners, attorneys, employees, agents, representatives, insurers, including without limitation Johnson, and their beneficiaries, heirs, successors, and assigns of and from any and all claims which were or could have been asserted in the Lawsuit, as well as any and all other claims, demands, rights, promises, and obligations arising from or related in any way to Stoel Rives' involvement with Tri-Med, Stoel Rives' provision of services to, or representation of, any Receivership Entity, or any of the allegations in the Receivership Action ("Released Claims").

b. *The Named Investors.* Upon the Receiver's receipt of the Settlement Payment and in addition to the provisions of the Bar Order, the Named Investors, on behalf of themselves individually, and their respective heirs, executors, trustees, administrators, agents, representatives, attorneys, successors, and assigns, shall be deemed to have released and forever discharged Stoel Rives, its parents, subsidiaries, and affiliates, and its respective present and former partners, attorneys, employees, agents, representatives, insurers, including without limitation Johnson, and their beneficiaries, heirs, successors, and assigns of and from all Released Claims.

c. *Stoel Rives.* Effective simultaneously with the releases granted in Paragraphs 4(a) and (b) above, Stoel Rives, for itself and its partners, attorneys,

employees, agents, representatives, beneficiaries, creditors, successors, and assigns, shall be deemed to have released and forever discharged the Receiver, the Receivership Entities, and the Named Investors of and from all Released Claims.

d. The Parties represent that they have not previously assigned, nor will they assign, any of the Released Claims.

5. Dismissal: The Receiver and the Named Investors will, contemporaneously with the contingencies outlined in Paragraph 1, or promptly after their occurrence, ensure the dismissal of their claims against Stoel Rives in the Lawsuit with prejudice.

6. No Admission/Waiver: The Parties understand and agree that neither this Agreement nor any of the undertakings referenced in this Agreement constitute any admission of liability or otherwise, which is expressly denied. Furthermore, because of, among other reasons, the contingent nature of this Agreement, the Parties understand and agree that neither this Agreement nor anything in this Agreement shall be treated by any Party as a waiver by Stoel Rives of its defenses or rights in or concerning the Lawsuit or otherwise.

7. Attorneys' Fees: The Parties understand and agree that each Party shall bear its own individual costs and attorney's fees incurred in the Lawsuit and in connection with this Agreement and resolution of this matter, subject to the limited provision for prevailing party costs and attorney's fees in paragraph 8 below.

8. Governing Law/Venue: The Parties agree that this Agreement shall be governed by and be enforceable under the laws of Florida. Any action or proceeding relating to a dispute that arises with respect to this Agreement between the parties hereto shall be brought in the United States District Court for the Middle District of Florida, Tampa Division and Stoel Rives consents to the jurisdiction of that court solely for this limited

and specific purpose in such a proceeding. In any such action initiated due to an alleged violation of paragraph 2 above, the prevailing party/side in such litigation shall be entitled to an award of costs and reasonable attorney's fees from the non-prevailing party/side in the litigation.

9. Authorization, Acknowledgement, Interpretation, and Entirety: By each signature to this Agreement, each undersigned warrants that he or she is duly and fully authorized to execute and deliver this instrument for and on behalf of the entity or organization for which that person signs. Each Party has reviewed and participated in the drafting of this Agreement, and received the advice of their own independent, respective counsel. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement. Each person signing below represents and warrants that such person has been duly authorized to execute this Agreement, and that upon execution hereof, the Agreement shall be a valid, legal and fully binding agreement upon all parties to this Agreement. This Agreement constitutes the only binding agreement of settlement among the Parties.

10. Counterparts: This Agreement may be executed in counterparts. Each counterpart shall constitute an original document and evidence of the execution of this Agreement by the Party signing such counterpart. The combination of the counterparts shall constitute one agreement, which shall not be effective and binding on any Party unless and until a counterpart has been signed by each Party to this Agreement. Electronically transmitted copies of signature pages will have the full force and effect of original signed pages.

[SIGNATURE PAGES FOLLOW.]

In witness whereof the parties have set their hands as of the dates indicated.

By: _____
James E. Torgerson
As Authorized Representative of Stoel Rives, LLP

Date: 5/24/17

By: _____
Jodi Johnson

Date: 5-24-17

By: _____
Burton W. Wiand, as ~~Receiver~~
of the Receivership Entities

Date: 5/24/2017

By: _____
Miles E. Blount

Date: _____

By: _____
Richard Burnham

Date: _____

In witness whereof the parties have set their hands as of the dates indicated.

By: _____
James E. Torgerson
As Authorized Representative of Stoel Rives, LLP

Date: 5/24/17

By: _____
Jodi Johnson

Date: 5-24-17

By: _____
Burton W. Wiand, as Receiver
of the Receivership Entities

Date: _____

By: _____
Miles E. Blount

Date: 5/25/17

By: _____
Richard Burnham

Date: _____

In witness whereof the parties have set their hands as of the dates indicated.

By: _____
James E. Torgerson
As Authorized Representative of Stoel Rives, LLP

Date: _____

By: _____
Jodi Johnson

Date: _____

By: _____
Burton W. Wiand, as Receiver of the Receivership Entities

Date: _____

By: _____
Miles E. Blount

Date: _____

By: _____
Richard Burnham

Date: 5/26/17

By: Deborah Burnham
Deborah Burnham

Date: 5-26-2017

By: _____
Karen A. Deich

Date: _____

By: _____
Robert McClellan

Date: _____

By: _____
Maria Pazienza

Date: _____

By: _____
Nicholas Sands, as Trustee of the Lucy G. Sands Trust

Date: _____

By: _____
James Waters

Date: _____

By: _____
Deborah Burnham

Date: _____

By: Karen A. Deich
Karen A. Deich

Date: May 25th, 2017

By: _____
Robert McClellan

Date: _____

By: _____
Maria Pazienza

Date: _____

By: _____
Nicholas Sands, as Trustee of the Lucy G. Sands Trust

Date: _____

By: _____
James Waters

Date: _____

By: _____
Deborah Burnham

Date: _____

By: _____
Karen A. Deich

Date: _____

By: Robert McClellan
Robert McClellan

Date: May 26, 2017

By: _____
Maria Pazienza

Date: _____

By: _____
Nicholas Sands, as Trustee of the Lucy G. Sands Trust

Date: _____

By: _____
James Waters

Date: _____

By: _____
Deborah Burnham

Date: _____

By: _____
Karen A. Deich

Date: _____

By: _____
Robert McClellan

Date: _____

By: Maria Pazienza
Maria Pazienza
Maria Pazienza POA for Teodora Pazienza

Date: 5/25/17

By: _____
Nicholas Sands, as Trustee of the Lucy G. Sands Trust

Date: _____

By: _____
James Waters

Date: _____

By: _____
Deborah Burnham

Date: _____

By: _____
Karen A. Deich

Date: _____

By: _____
Robert McClellan

Date: _____

By: _____
Maria Pazienza

Date: _____

By: _____
Nicholas Sands, as Trustee of the Lucy G. Sands Trust

Date: 5-26-17

By: _____
James Waters

Date: _____

By: _____
Deborah Burnham

Date: _____

By: _____
Karen A. Deich

Date: _____

By: _____
Robert McClellan

Date: _____

By: _____
Maria Pazienza

Date: _____

By: _____
Nicholas Sands, as Trustee of the Lucy G. Sands Trust

Date: _____

By: Nancy Waters as Personal Representative of Estate of James Waters, deceased, and as Co-Trustee of The Revocable Trust Agreement of James R. Waters and Nancy M. Waters
James Waters

Date: 6/1/2017

By: _____
Anthony Witlin

Date: May 25, 2017

EXHIBIT 2

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v. Case No. 8:09-cv-87-T-26TBM

ARTHUR NADEL,
SCOOP CAPITAL, LLC,
SCOOP MANAGEMENT, INC.

Defendants,

SCOOP REAL ESTATE, L.P.,
VALHALLA INVESTMENT PARTNERS, L.P.,
VALHALLA MANAGEMENT, INC.,
VICTORY IRA FUND, LTD,
VICTORY FUND, LTD,
VIKING IRA FUND, LLC,
VIKING FIND, LLC, AND
VIKING MANAGEMENT,

Relief Defendants.
_____/

ORDER APPROVING SETTLEMENT AGREEMENT

This matter having come before the Court on motion by Burton W. Wiand, as Receiver ("Receiver") for Scoop Capital, LLC; Scoop Management, Inc.; Scoop Real Estate, L.P.; Valhalla Investment Partners, L.P.; Victory IRA Fund, Ltd.; Victory Fund, Ltd.; Viking IRA Fund, LLC; Viking Fund LLC; Valhalla Management, Inc.; Viking Management, LLC; Venice Jet Center, LLC; Tradewind, LLC; Laurel Mountain Preserve, LLC; Laurel Preserve, LLC; Laurel Mountain Preserve Homeowners

Association, Inc.; Marguerite J. Nadel Revocable Trust UAD 8/2/07; Guy-Nadel Foundation, Inc.; Lime Avenue Enterprises, LLC; A Victorian Garden Florist, LLC; Viking Oil & Gas, LLC; Traders Investment Club; and Home Front Homes, LLC, and all other entities subject to receivership pursuant to the Court's orders appointing and reappointing Receiver and expanding receivership in the proceeding styled Securities & Exch. Comm'n v. Arthur Nadel, et al., Case No. 8:09-cv-87-T-26TBM (M.D. Fla.) (the "SEC Receivership Action") (collectively, the "Receivership Entities"), to approve the Settlement Agreement with Holland & Knight LLP and Scott R. MacLeod (collectively, "H&K") (Dkt. [illegible]);

And due and proper notice of the motion having been given to all interested persons;

And the court having considered the moving papers and any other filings relating to the Receiver's motion;

UPON DUE CONSIDERATION, it is **ORDERED AND ADJUDGED** that the Receiver's Motion to Approve Settlement (Dkt. [illegible]) is **GRANTED.**

IT IS FURTHER ORDERED that the Court specifically approves the written Settlement Agreement entered into between the Receiver and H&K that is attached to the Receiver's motion as Exhibit A (the "Settlement Agreement") and incorporated herein by reference;

IT IS FURTHER ORDERED that the Court finds that the settlement between the Receiver and H&K presented to the Court is a fair, equitable, reasonable, adequate, and

good faith settlement of all claims the Receivership estate and the Receivership Entities may have against H&K;

IT IS FURTHER ORDERED that the Receiver is authorized to enter into and complete the settlement with H&K in accordance with the requirements of the Settlement Agreement;

IT IS FURTHER ORDERED that the Receiver is authorized to pay Johnson Pope Bokor Ruppel & Burns the sum of $6,333,333, plus the costs the Johnson Pope firm incurred in its representation of the Receiver from the funds the Receiver receives under his Settlement Agreement with H&K;

IT IS FURTHER ORDERED that the Court finds that the provisions of the Bar Order provided below are reasonable and necessary and that, in their absence, the settlement agreement, which is in the best interests of the Receivership and the investors, will not be consummated. A failure to consummate the settlement would interfere with and be prejudicial to the administration of the Receivership;

IT IS FURTHER ORDERED that all individuals or entities who invested money in a Receivership Entity, as well as all persons or entities who may have liability to the Receiver, the Receivership Entities, or such investors arising or resulting from the operations of any of the Receivership Entities or from the fraudulent scheme underlying the SEC Receivership Action, together with their respective heirs, trustees, executors, administrators, legal representatives, agents, successors and assigns, are permanently enjoined and barred from commencing or pursuing a claim, action or proceeding of any

kind and in any forum against H&K that directly or indirectly arises from or relates to the operation of the Receivership Entities or is in connection with any of the legal services that H&K performed in connection with the Receivership Entities, including the Relief Defendants, or the allegations of the SEC Receivership Action;[1]

IT IS FURTHER ORDERED that said injunction bars all claims against H&K for contribution, indemnity, or any other cause of action arising from the liability of any person or entity to the Receiver or to any of the Receivership Entities or their investors (including claims in which the injury is the liability to the Receiver or any of the Receivership Entities or their investors or where damages are calculated based on liability to the Receiver or any of the Receivership Entities or their investors), in whatever form and however denominated, and that such person or entity shall be entitled to such set-offs or judgment reductions as permitted by law, if any, as a result of said injunction;

IT IS FURTHER ORDERED that the releases included in the Settlement Agreement have been given in good faith, and that the Settlement Agreement therefore discharges H&K from all liability for contribution to any other tortfeasor pursuant to, at a minimum, Fla.Stat. § 768.31(5) and 15 U.S.C. § 78u-4(f)(7); and

IT IS FURTHER ORDERED that under the circumstances of this matter, including the need to bring finality to the resolution of potential claims between the

[1] Without limitation of the foregoing language, this bar order applies to the action styled John V. Cloud, et al. v. Holland & Knight, et al., Case No. 09-12397 (Div. H), pending in the Circuit Court of the Thirteenth Judicial Circuit in and for Hillsborough County, Florida (the "Cloud Action"). The plaintiffs in the Cloud Action are hereby enjoined from further pursuing that action.

Receiver and H&K so that payment of the amount contemplated by their settlement can be made to the Receivership estate for the benefit of the defrauded investors with allowed claims, there is no just reason for delay of entry of a final judgment approving the Settlement Agreement. Accordingly, the Clerk of the court is directed to enter this Order as a final judgment.

DONE AND ORDERED at Tampa, Florida on this 2 day of OCTOBER 2012.

RICHARD A. LAZZARA
UNITED STATES DISTRICT JUDGE

COPIES FURNISHED TO:
Counsel of Record

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v. CASE NO: 8:09-cv-87-T-26TBM

ARTHUR NADEL; SCOOP CAPITAL, LLC; and SCOOP MANAGEMENT, INC.,

Defendants,

SCOOP REAL ESTATE, L.P.; VALHALLA INVESTMENT PARTNERS, L.P.; VALHALLA MANAGEMENT, INC.; VICTORY IRA FUND, LTD.; VICTORY FUND, LTD.; VIKING IRA FUND, LLC; VIKING FUND, LLC; and VIKING MANAGEMENT, LLC,

Relief Defendants.
_____/

ORDER

Before the Court are Receiver's Motion to Approve Settlement With Goldman Sachs Execution & Clearing, L.P., with supporting exhibits and affidavit (Dkt. 679), Investors' Objections to Settlement and Opposition to Receiver's Motion to Approve Settlement (Dkts. 707-711, 715 & 716), and Receiver's Reply to Objections (Dkt. 731).

Burton W. Wiand, as Receiver, moves the Court for an order approving settlement of claims he intended to assert against Goldman Sachs Execution & Clearing, L.P.

("GSEC") on the basis of a Settlement Agreement (Dkt. 679, Ex. A) that contemplates GSEC's payment in the amount of $9,850,000 to the Receivership estate in resolution of all claims against that entity as well as the entry of a bar order. The bar order would preclude any claims against GSEC by investors in the Receivership entities or by potential joint tortfeasors, including claims for contribution or indemnity that relate in any way to the Ponzi scheme perpetrated by Defendant Arthur Nadel (Nadel). The Receiver mailed more than 700 settlement notices to investors in the scheme underlying this case, to potential joint tortfeasors, and to other interested parties whose rights may be affected by the Settlement. (Dkt. 686; Dkt. 731, Affidavit of B. Wiand, ¶ 4.) He also published notice in the Wall Street Journal national edition and in the Sarasota Herald Tribune, and posted notice on the receivership website. (Dkt. 699.) The notices advised recipients of their right to object to the Settlement, of the procedure for objecting, and of the January 17, 2012, deadline for filing objections.

The Court finds that the Settlement amount represents an equitable and good faith balance between the advantages afforded to clearing firms by relevant authorities and various calculations of GSEC's potential liability in connection with Nadel's Ponzi scheme. The Settlement amounts to a recovery by the Receivership that is well in excess of all revenues earned by GSEC as a result of its indirect dealings with Nadel. Litigation of the claims against GSCE could easily cost the Receivership in excess of $1 million without the guarantee of a significant benefit to the estate. The Court also finds that

entry of a bar order is appropriate inasmuch as the Receiver has established that the settlement, and its resulting avoidance of protracted and expensive litigation, is in the best interest of the Receivership estate and the investors and will not result in any prejudice. The Receiver additionally demonstrates that entry of the bar order facilitates a higher settlement value and, therefore, a larger recovery for claimants that would otherwise be available without the bar order.

A district court has broad powers and wide discretion to determine relief in an equity receivership. See S.E.C. v. Elliott, 953 1560, 1566 (11th Cir. 1992); see also Liberte Capital Group, LLC v. Capwill, 462 F.3d 543, 551 (6th Cir. 2006) (reiterating holding that a district court has broad powers in fashioning relief in an equity proceeding) (citing and quoting Liberte Capital Group, LLC v. Capwill, 421 F.3d 377, 382 (6th Cir. 2005)). In fact, federal courts have issued bar orders in connection with settlements proposed by equity receivers. See generally, Gordon v. Dadante, 336 Fed.Appx. 540 (6th Cir. 2009); Commodity Futures Trading Comm'n v. Equity Fin. Group, 2007 WL 2139399 (D. N.J. 2007); Harmelin v. Man Fin., Inc., 2007 WL 4571021 (E.D. Pa. 2007); SEC v. Capital Consultants, LLC, 2002 WL 31470399 (D. Or. 2002). Notably, only the Investors' Objection even addressed the bar order and only to

the extent of arguing that the record is insufficient for the Court to properly evaluate the request. (Dkt. 715.)[1]

The Court has carefully reviewed the Objections to Receiver's Motion to Approve Settlement, but finds that none of the Objectors has standing to contest the Settlement. Seven of the eight Objectors did not file a claim in the claims process established in this case. Consequently, they lack standing to object. See Callahan v. Moneta Capital Corp., 415 F.3d 114, 117-18 (1st Cir. 2005) (holding that potential claimants who did not submit claims by bar date "d[id] not have "standing to object to the adjudication of a pending claim in the Claims Disposition Order."); see also Fryer v. Enter. Bank, 2006 WL 3052165, at *9 n.10 (W.D. Pa. 2006) (following Callahan). The sole Objectors who actually filed a claim, Vernon M. Lee, individually, and as trustee of the Vernon M. Lee Trust (Dkt. 715), lack standing because they allegedly received false profits and consequently are not creditors of the Receivership estate and are not otherwise entitled to distributions from it.[2] See e.g., In re Patriot Co., 303 B.R. 811, 815 (8th Cir. BAP 2004) (holding that objector lacked standing to challenge a settlement in which the objector was not aggrieved or had no financial stake) (citations omitted); In re Southern Med.

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[1] These Objectors are currently Defendants in lawsuits filed by the Receiver in the Tampa Division of this district seeking return of what the Receiver classifies as "false profits." See case numbers 8:10-cv-166-T-17MAP; 8:10-cv-205-T-17MAP; and 8:10-cv-210-T-17MAP.

[2] As noted earlier, these Objectors are currently Defendants in a lawsuit filed by the Receiver in the Tampa Division of this district seeking return of what the Receiver classifies as "false profits." See 8:10-cv-210-T-17MAP.

Arts Cos., Inc., 343 B.R. 258, 263 (10th Cir. BAP 2006) (holding that "[b]eing neither a party to the [settlement] Agreement, a creditor, nor adversely effected by the Agreement, [objector] lacked standing to object to its approval."); In re Huggins, 460 B.R. 714, 718 (E.D. Tenn. Bankr. 2011) (rejecting Objector's argument that the terms of the settlement were not in the best interests of the estate because he was not a creditor and would not receive a distribution from the estate). Furthermore, each of the Objections focuses on matters that are either unfounded or irrelevant to resolving Receiver's Motion.

What is indeed relevant is that, in full compliance with his responsibilities, the Receiver carefully considered the potential claims against the GSEC by properly balancing the costs and risks of proceeding to litigation with the considerable savings and the certain and substantial benefit to the Receivership estate that would result from the Settlement. Contrary to Objectors' assertions, each of the legal and factual considerations relevant to that balancing process is discussed in sufficient detail in Receiver's Motion (Dkt. 679) and supporting affidavit (Dkt. 680). Receiver explained that GSEC's role as a clearing firm presents an additional barrier to potential claims; that litigation would likely cost the Receivership more than $1 million in legal expenses; that the settlement amount approximates the full value of money transferred from Nadel-controlled accounts at GSEC serviced through Shoreline Trading Group LLC to shadow accounts at Wachovia Bank and exceeds the total fees that GSEC earned in connection

with those accounts; and that the Settlement amount will compensate Nadel's victims with allowed claims.

Here, the Receiver acts on behalf of private Receivership Entities and must protect the best interests of the Receivership estate and defrauded investors. In a similar case involving a Ponzi scheme, the Tenth Circuit determined that the interests of the receiver were very broad and included not only protection of the receivership *res*, but also protection of the defrauded investors and considerations of judicial economy. See Securities and Exchange Comm'n v. Vescor Capital Corp., 599 F.3d 1189, 1194 (10th Cir. 2010). The Court finds that the Settlement is fair, reasonable, and in the best interest of the Receivership estate and the defrauded investors as a whole. See Sterling v. Stewart, 158 F.3d 1199, 1202 (11th Cir. 1998) (holding that the determination of fairness of the settlement [in an equity receivership] is left to the sound discretion of the trial court and that the court's decision will not be overturned absent a clear showing of abuse of discretion).

ACCORDINGLY, it is **ORDERED AND ADJUDGED**:

1. Receiver's Motion to Approve Settlement With Goldman Sachs Execution & Clearing, L.P. (Dkt. 679) is granted.

2. The Settlement between Receiver and GSEC presented to the Court is a fair, equitable, and good faith settlement of all claims that the Receiver, the Receivership estate, and the Receivership entities may have against GSEC;

3. The Settlement reflected in the Settlement Agreement attached as Exhibit A to docket 679 is specifically approved, and the Receiver is authorized to enter into and complete the proposed Settlement with GSEC in accordance with the requirements of the Settlement Agreement;

4. All individuals or entities who invested money in a Receivership Entity, as well as persons or entities who may have liability to Receiver, the Receivership Entities, or such investors arising or resulting from the fraudulent scheme underlying the SEC Receivership Action, together with their respective heirs, trustees, executors, administrators, legal representatives, agents, successors, and assigns, are permanently enjoined and barred from commencing or pursuing a claim, action, or proceeding of any kind and in any forum against GSEC that arises from or relates to the clearing, execution, and/or prime brokerage services that GSEC performed for Receivership Entities, including the Relief Defendants, or the allegations of the SEC Receivership Action;

5. The injunction bars all claims against GSEC for contribution, indemnity, or any other cause of action arising from the liability of any person or entity to the Receiver or to any of the Receivership Entities or their investors (including claims in which the injury is the liability to Receiver or any of the Receivership Entities or their investors or where damages are calculated based on liability to the Receiver or any of the Receivership Entities or their investors), in whatever form and however denominated, and that such

person or entity shall be entitled to such set-offs or judgment reductions as permitted by law, if any, as a result of said injunction;

6. The releases included in the Settlement Agreement have been given in good faith, and the Settlement Agreement, therefore, discharges GSEC from all liability for contribution to any other tortfeasor pursuant to, at a minimum, Fla. Stat. § 768.31(5) and 15 U.S.C. § 78u-4(f)(7).

7. The Clerk is directed to enter this order as a final judgment.

DONE AND ORDERED at Tampa, Florida, on February 10, 2012.

s/*Richard A. Lazzara*
RICHARD A. LAZZARA
UNITED STATES DISTRICT JUDGE

COPIES FURNISHED TO:
Counsel of Record

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v. Case No. 8:09-cv-87-T-26TBM

ARTHUR NADEL,
SCOOP CAPITAL, LLC,
SCOOP MANAGEMENT, INC.

Defendants,

SCOOP REAL ESTATE, L.P.
VALHALLA INVESTMENT PARTNERS, L.P.,
VALHALLA MANAGEMENT, INC.
VICTORY IRA FUND, LTD,
VICTORY FUND, LTD,
VIKING IRA FUND, LLC,
VIKING FUND, LLC, AND
VIKING MANAGEMENT,

Relief Defendants.
_____/

ORDER

This matter having come before the Court on motion by Burton W. Wiand, as Receiver ("Receiver") for Scoop Capital, LLC, Scoop Management, Inc., Scoop Real Estate, L.P., Valhalla Investment Partners, L.P., Victory IRA Fund, Ltd., Victory Fund, Ltd., Viking IRA Fund, LLC, Viking Fund LLC, Valhalla Management, Inc., Viking Management, LLC, Venice Jet Center, LLC, Tradewind, LLC, Laurel Mountain Preserve, LLC, Laurel Preserve, LLC, Laurel Mountain Preserve Homeowners Association, Inc., Marguerite J. Nadel Revocable Trust UAD 8/2/07, Guy-Nadel Foundation, Inc., Lime Avenue Enterprises, LLC, A Victorian Garden Florist, LLC, Viking Oil & Gas, LLC, Traders Investment Club, and Home Front

Homes, LLC, and all other entities subject to receivership pursuant to the Court's orders appointing and reappointing Receiver and expanding receivership in the proceeding styled Securities & Exch. Comm'n v. Arthur Nadel, et al., Case No. 8:09-cv-87-T-26TBM (M.D. Fla.) (the "SEC Receivership Action") (collectively, the "Receivership Entities"), to approve the Settlement Agreement with Shoreline Trading Group, LLC ("Shoreline") (Dkt. [803];

And due and proper notice of the motion having been given to all interested persons;

And the Court having considered the moving papers and any other filings relating to the Receiver's motion;

UPON DUE CONSIDERATION, it is **ORDERED AND ADJUDGED** that the Receiver's Motion to Approve Settlement (Dkt. [803] is **GRANTED.**

IT IS FURTHER ORDERED THAT the Court specifically approves the written Settlement Agreement entered into between the Receiver and Shoreline that is attached to the Receiver's motion as Exhibit A (the "Settlement Agreement") and incorporated herein by reference;

IT IS FURTHER ORDERED THAT the Court finds that the settlement between the Receiver and Shoreline presented to the Court is a fair, equitable, reasonable, adequate, and good faith settlement of all claims the Receivership estate and the Receivership Entities may have against Shoreline;

IT IS FURTHER ORDERED THAT the Receiver is authorized to enter into and complete the settlement with Shoreline in accordance with the requirements of the Settlement Agreement;

IT IS FURTHER ORDERED THAT all individuals or entities who invested money in a Receivership Entity, as well as all persons or entities who may have liability to the Receiver, the Receivership Entities, or such investors arising or resulting from the fraudulent scheme underlying the SEC Receivership Action, together with their respective heirs, trustees, executors, administrators, legal representatives, agents, successors and assigns, are permanently enjoined and barred from commencing or pursuing a claim, action or proceeding of any kind and in any forum against Shoreline, its parents, subsidiaries, and affiliates, and their respective present and former officers, directors, employees, shareholders, principals, partners, members, managing members, member managers, agents, and successors that arises from or relates to the brokerage services that Shoreline performed for Receivership Entities, including the Relief Defendants, or the allegations of the SEC Receivership Action;

IT IS FURTHER ORDERED that said injunction bars all claims against Shoreline, its parents, subsidiaries, and affiliates, and their respective present and former officers, directors, employees, shareholders, principals, partners, members, managing members, member managers, agents, and successors for contribution, indemnity, or any other cause of action arising from the liability of any person or entity to the Receiver or to any of the Receivership Entities or their investors (including claims in which the injury is the liability to the Receiver or any of the Receivership Entities or their investors or where damages are calculated based on liability to the Receiver or any of the Receivership Entities or their investors), in whatever form and however denominated, and that such person or entity shall be entitled to such set-offs or judgment reductions as permitted by law, if any, as a result of said injunction;

IT IS FURTHER ORDERED that the releases included in the Settlement Agreement have been given in good faith, and that the Settlement Agreement therefore discharges Shoreline,

its parents, subsidiaries, and affiliates, and their respective present and former officers, directors, employees, shareholders, principals, partners, members, managing members, member managers, agents, and successors from all liability for contribution to any other tortfeasor pursuant to, at a minimum, Fla. Stat. § 768.31(5) and 15 U.S.C. § 78u-4(f)(7); and

IT IS FURTHER ORDERED that under the circumstances of this matter, including the need to bring finality to the resolution of potential claims between the Receiver and Shoreline for the benefit of defrauded investors with allowed claims, there is no just reason for delay of entry of a final judgment approving the Settlement Agreement. Accordingly, the Clerk of the Court is directed to enter this Order as a final judgment.

DONE AND ORDERED at Tampa, Florida, on May 4, 2012.

RICHARD A. LAZZARA
UNITED STATES DISTRICT JUDGE

COPIES FURNISHED TO:
Counsel of Record

EXHIBIT 3

IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT
IN AND FOR PINELLAS COUNTY, FLORIDA
CIVIL DIVISION

STATE OF FLORIDA,
OFFICE OF FINANCIAL REGULATION,

Plaintiff,

vs. Case No. 14-001695-CI

TRI-MED CORPORATION, TRI-MED ASSOCIATES, INC., JEREMY ANDERSON, ANTHONY N. NICHOLAS, III, ERIC AGER, IRWIN AGER, TERESA SIMMONS BORDINAT a/k/a TERESA SIMMONS, and ANTHONY N. NICHOLAS, JR.,

Defendants.

TMFL HOLDINGS, LLC,

Relief Defendant.
_____/

ORDER APPROVING SETTLEMENT WITH STOEL RIVES, LLP AND JODI JOHNSON

THIS CAUSE came before this Honorable Court on The Receiver's Motion To Approve Settlement With Stoel Rives, LLP and Jodi Johnson And For Entry Of Bar Orders (the **"Motion"**) and, specifically, the Receiver's Settlement Agreement with Stoel Rives, LLP ("**Stoel Rives LLP**") and Jodi Johnson ("**Johnson**") (collectively, "**Stoel Rives**"), which is attached to the Motion as Exhibit A (the **"Settlement Agreement"**).

The Court, after reviewing the notices the Receiver provided to investors and third parties, concludes that all interested parties or prospective interested parties have been provided with notice of the Motion and the Settlement Agreement and have been provided adequate opportunity to object to same. Having received no objection and/or after hearing argument with regard to any objections, the Court concludes the Receiver's Motion should be granted. Accordingly, it is:

ORDERED AND ADJUDGED, as follows:

1. The Settlement Agreement is hereby specifically **APPROVED**. The Court finds that the Settlement Agreement represents a fair, equitable, and good faith resolution of all claims against Stoel Rives relating to Tri-Med Corporation and all Receivership Entities (defined below).

2. The Receiver is authorized to enter into and complete the proposed settlement in accordance with the requirements of the Settlement Agreement.

3. A Bar Order in favor of Stoel Rives LLP and Johnson is hereby **GRANTED**. This Order shall act to permanently bar, enjoin, and restrain any person, third party, or entity, including without limitation:

a. Tri-Med Corporation; Tri-Med Associates, Inc.; TMFL Holdings LLC; Interventional Pain Center PLLC; Rejuva Medical and Wellness Center LLC; Rejuva Medical Center LLC, Tri-Med Management, Inc., JA Management LLC, JRAM, LLC (the **"Receivership Entities"**);

b. Jeremy Anderson, Anthony N. Nicholas III, Eric Ager, Irwin Ager, Teresa Simmons Bordinat a/k/a Teresa Simmons, Anthony N. Nicholas, Jr., A.J. Brent, Jodie Miller, Jeffrey Miller, Elliott Simon, John Parker, William Gross, George Roe, John Burns, Barbara Ager, Total Retirement Security Planning and Mentoring Group LLC, Charles Corces, Charles Corces, P.A., Brian Stayton, Stayton Law Group, P.A., Stephen D. Marlowe, Marlow McNabb Machnik, P.A., Tim Patrick, Paul Williams, Karen Williams, Lauren Lindsay, Donald Brothers, Scott S. Schultz, Lisa Schager-Smith, Edward Wendol, James Britain, Thomas Tyrkala, John Persico, Rosanna Okenquist, David Okenquist, and Joe Manassa;

c. Claimants holding claims against the Receivership Entities arising in any way out of the activities of the Receivership Entities (sections 2 a., b., and c. are collectively referred to as the **"third parties"**); and

d. the Investors Committee and all investors including, but not limited to, those individuals having invested in or loaned money to Tri-Med or its related entities, including all of the Receivership Entities (the "**Tri-Med Investors**")

together with their respective heirs, trustees, executors, administrators, members, shareholders, legal representatives, agents, successors, and assigns, from commencing, prosecuting, continuing, filing, or asserting, either derivatively or on behalf of themselves, in any federal or state court, or in any other court, arbitration tribunal, administrative agency, or other forum in the United States or elsewhere, any lawsuit, actions, causes and causes of actions, claims, counterclaims, cross-claims, suits, proceedings, or demands seeking any type of recovery, or asserting any type of claim of every kind and nature, whether known or unknown, suspected or unsuspected, accrued or unaccrued, in law, equity, or otherwise which the barred persons ever had or now have or may have against Stoel Rives, its parents, subsidiaries, and affiliates, and its respective present and former partners, attorneys, employees, agents, including without limitation Johnson, and their representatives, beneficiaries, insurers, heirs, successors, and assigns, that arises out of, is connected to, or which in any way relates to the same nucleus of operative facts as those pending, or which could have been asserted by the Receiver, the Investors Committee, the Tri-Med Investors, or the third parties, including, but not limited to any claims arising out of Stoel Rives' representation of Tri-Med Corporation, the Receivership Entities, or any of their past or present officers, directors, members, shareholders, principals, employees or agents, or arising out of Stoel Rives' involvement (directly or indirectly) with Tri-Med Corporation, the Receivership Entities, or any of their past or present officers, directors,

members, shareholders, principals, employees, or agents, or in any of those matters set forth by the Receiver as against Stoel Rives in this Receivership, in any related proceedings, or in any related litigation, including the lawsuit filed by the Receiver and the Investors Committee against Stoel Rives on April 5, 2016.

4. The releases included in the Settlement Agreement have been given in good faith, and the Settlement Agreement, therefore, discharges Stoel Rives LLP and Johnson from all liability for contribution to any other tortfeasor pursuant to, at a minimum, Fla. Stats. § 768.31(5).

5. This order is not meant to, and does not, impact in any way any claims the Receiver or Tri-Med investors have against anyone other than Stoel Rives LLP and Johnson, their parents, subsidiaries, affiliates, present and former partners, attorneys, employees, agents, representatives, beneficiaries, insurers, successors, and assigns, and except as specifically set forth in Fla. Stats. § 768.31.

6. This Order is a final order as it relates to the Settlement Agreement and the permanent injunctive relief contained herein.

7. This Court retains jurisdiction to modify, interpret, and enforce the terms of this order as necessary to implement the terms and purpose of the relief granted by this Order and any memorandum opinion.

DONE AND ORDERED in Chambers in Pinellas County, Florida on this ___ day of _____, 2017.

_____
Circuit Judge

Copies furnished to:
Counsel of Record for the Parties

EXHIBIT 4

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

BURTON W. WIAND, as Receiver for TRI-MED CORPORATION and MILES E. BLOUNT, RICHARD BURNHAM, DEBORAH BURNHAM, KAREN A DEICH, ROBERT McCLELLAN, MARIA PAZIENZA, NICHOLAS SANDS, as TRUSTEE OF THE LUCY G. SANDS TRUST, JAMES WATERS, and ANTHONY WILTEN,

Plaintiffs,

Case No. 8:16-cv-01133-CEH-JSS

v.

STOEL RIVES LLP, JODI JOHNSON, CHARLES CORCES, P.A., and CHARLES CORCES,

Defendants.
_____/

RECEIVER'S FIRST AMENDED COMPLAINT
AND INVESTORS' FIRST AMENDED CLASS ACTION COMPLAINT

Burton W. Wiand (the "**Receiver**"), as Receiver for Tri-Med Corporation[1] ("**Tri-Med**"), and Miles E. Blount, Richard Burnham, Deborah Burnham, Karen A. Deich, Robert McClellan, Maria Pazienza, Nicholas Sands, as Trustee of the Lucy G. Sands Trust, James Waters, and Anthony Witlin (collectively, the "**Named Investors**"), on behalf of themselves

[1] By orders dated March 5, 2014, May 13, 2014, September 30, 2015, and December 11, 2015, Mr. Wiand also was appointed Receiver for Tri-Med Associates Inc. ("**TMA**"), TMFL Holdings, LLC ("**TMFL**"), Interventional Pain Center, PLLC ("**IPC**"), and Rejuva Medical and Wellness Center, L.L.C., and Rejuva Medical Center, L.L.C. (collectively, "**Rejuva**") (Tri-Med, TMA, TMFL, IPC, and Rejuva are collectively referred to as the "**Receivership Entities**"), but he sues only on behalf of Tri-Med.

and all others similarly situated, hereby file suit against Stoel Rives LLP ("**Stoel Rives**"), Jodi Johnson, Esq. ("**Johnson**"), Charles Corces, P.A. (the "**Corces Firm**"), and Charles Corces ("**Corces**") (collectively, "**Defendants**").

INTRODUCTION

1. Tri-Med was formed in October 2011 by non-parties Jeremy Anderson ("**Anderson**") and Anthony Nicholas, Jr. ("**Nicholas Jr.**"), and his son, Anthony Nicholas, III ("**Nicholas III**), ostensibly to raise money from investors to purchase medical accounts receivables at discounted rates from medical facilities that focused on treating accident victims. The goal was to generate returns by collecting an amount from the purchased receivables that was greater than the amount paid for them.

2. The medical accounts receivables targeted for purchase on behalf of Tri-Med were accompanied by letters of protection ("**LOPs**"). LOPs, broadly speaking, are letters signed by a patient and/or the patient's attorney in which the signatory promises to pay the medical services provider for some or all of the amount billed for medical services provided to the relevant patient from any recovery obtained through a settlement or judgment in a personal injury matter.[2]

3. From Tri-Med's inception through March 2014, Anderson, Nicholas Jr., and Nicholas III, and others raised approximately $17.6 million from over 300 investors in Florida on behalf of Tri-Med purportedly to purchase LOPs through the sale of securities on behalf of Tri-Med. This was commonly referred to as Tri-Med's "investment program."

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[2] For simplicity, in this complaint LOP refers to both the letter of protection and the medical accounts receivable related to it.

4. Anderson, Nicholas Jr., Nicholas III, and others, however, engaged in criminal conduct and violated numerous laws in connection with their operation of and sale of securities on behalf of Tri-Med and perpetrated a type of fraudulent investment scheme that is known as a Ponzi scheme. Indeed, following an October 22, 2014, evidentiary hearing, the court that appointed the Receiver found that "**[t]he whole series of introduction of evidence and testimony in this case is highly suggestive of numerous criminal offenses that [the persons involved with Tri-Med] might be fearful of from tax evasion to securities violations to fraud and theft, et cetera, et cetera**." The court further found that "**the evidence is clear and convincing and reaches a very high level that this was a fraudulent scheme to steal people's money**."

5. More recently, two individuals that were part of the fraudulent scheme perpetrated through Tri-Med, Irwin C. Ager and Eric L. Ager (collectively, the "**Agers**"), pled guilty in the Orlando Division of this Court to perpetrating that scheme. *See United States v. I. Ager*, Case No. 6:16-cv-176-ORL-18DAB; *United States v. E. Ager*, Case No: 6:16-cv-178-ORL-37TBS. The Agers are awaiting sentencing.

6. Anderson, Nicholas Jr., Nicholas III, the Agers, and others could not have perpetrated and concealed such a large fraud without the complicity of professionals like Defendants. These professionals not only provided a façade of legitimacy to the scheme, which was prominently used to give investors a false sense of safety, but they also knowingly participated, aided, and/or abetted Anderson, Nicholas Jr., Nicholas III, and others with their unlawful conduct. Defendants also breached their duties owed to Tri-Med and its investors in connection with the services they provided or failed to provide to Tri-Med and others.

7. Anderson, on behalf of Tri-Med, retained law firm Stoel Rives and one of its partners, attorney Johnson, in October 2012 initially to provide legal advice "regarding the application of federal and state securities laws to the operations of Tri-Med Corporation, a Florida Corporation...." Although they knew Tri-Med was located in Florida, the "investment program" was overwhelmingly, if not entirely, confined to Florida, the returns to investors were supposed to be generated through LOP purchases in Florida, Stoel Rives did not have an office in Florida and Johnson was not admitted to practice law there, they nevertheless accepted the representation and received hundreds of thousands of dollars in fees for their services from Tri-Med's bank accounts, which were all located in Florida.

8. After analyzing Tri-Med's business, including the "investment program," how investors were being solicited, and related documentation, Stoel Rives concluded on or about December 7, 2012, that Tri-Med and its principals had violated and were violating the registration provisions of Florida and federal securities laws.

9. Stoel Rives' advice to Tri-Med, however, was inadequate and incomplete. For example, glaringly absent from Stoel Rives' advice was the application of the anti-fraud provisions of the Florida and federal securities laws to the operations of Tri-Med even though Stoel Rives knew that the principals of Tri-Med and others were making material misrepresentations and omissions in connection with the sales of securities to investors, including falsely stating that the investments were backed by insurance companies.

10. After learning of their unlawful conduct no later than December 7, 2012, Stoel Rives and Johnson elected to continue to represent, assist, and provide advice to Tri-Med and its principals, including to repackage the fraudulent scheme so that Tri-Med's principals could

avoid repayment of millions of dollars they already had collected from investors in violation of the law. Indeed, on December 14, 2012, Stoel Rives began preparing a Private Placement Memorandum ("**PPM**"), which would purportedly describe Tri-Med's operations and business model, including all risks associated with Tri-Med's business and investing in the "investment program," in an effort to comply with Florida and federal securities laws going forward.

11. The PPM that was prepared by Stoel Rives, however, would have prospective investors purchase "Notes" from a new entity called Tri-Med Funding, LLC (the "**Fund**") – not from Tri-Med. Although the nature of the investments underlying Tri-Med and the Fund were identical and involved the same exact individuals, the PPM for the Fund did not make any mention of Tri-Med, the past violations of laws, including fraud, by persons associated with Tri-Med, or the outstanding liability Tri-Med and its principals faced towards prior investors and regulators. The PPM also omitted to disclose that Anderson was a fugitive with an outstanding arrest warrant in Florida for felony larceny charges or that Nicholas Jr. had filed for bankruptcy twice, including in March 2013. In short, Stoel Rives and Johnson recommended and created a structure to allow Tri-Med's principals and others to keep the prior violations of law hidden from investors, the public, and regulators and permit them to continue to operate and to keep the millions of dollars previously raised on behalf of Tri-Med through fraud and other unlawful conduct. The PPM was used by sales agents to solicit investors, and Stoel Rives knew or was reckless in not knowing that the PPM would be used, and was indeed being used, by sales agents to solicit investors into the "investment program."

12. Stoel Rives and Johnson knew that the principals of Tri-Med and others were continuing to unlawfully sell securities and fraudulently raise money from investors on behalf

of Tri-Med. In fact, Stoel Rives and Johnson learned from Anderson in mid-2013 that millions of dollars of securities were continuing to be sold to investors on behalf of Tri-Med and investors were electing to reinvest in Tri-Med upon receiving returns in connection with their initial investment. They also received calls from prospective investors inquiring about Tri-Med's "investment program."

13. Stoel Rives and Johnson also knew that Tri-Med's income was derived solely from the "investment program." They also knew Anderson was misappropriating Tri-Med's money obtained from defrauded investors, including to fund other entities controlled by Anderson. Not only did Stoel Rives and Johnson also represent Anderson and these other entities, which was a clear conflict of interest with their representation of Tri-Med, but they also knew that these other entities should not be receiving money from Tri-Med. These transactions were nothing more than vehicles for Anderson and others to divert, misappropriate, and convert investor funds for their personal use, and Stoel Rives and Johnson willingly assisted with the creation of entities and structuring of transactions to allow Anderson and others to accomplish the purpose of their fraud and further their fraudulent scheme.

14. Stoel Rives and Johnson knowingly assisted the principals of Tri-Med to use the unlawfully obtained money for various improper, undisclosed, and unauthorized activities. For example, as further alleged below, Stoel Rives and Johnson knowingly assisted Anderson, Nicholas Jr., and Nicholas III to divert, misappropriate, and convert Tri-Med's and defrauded investors' money, including by counseling, advising, and assisting principals of Tri-Med with the following matters that were not disclosed to investors: (1) an undisclosed joint venture to purchase real estate with Tri-Med investor funds; (2) the preparation of security agreements,

promissory notes, and UCC filings for undisclosed loans made with Tri-Med investor funds to third party companies; and (3) Anderson's undisclosed personal investment in a restaurant using Tri-Med investor funds, for which Stoel Rives' fees also were paid with Tri-Med investor funds although Stoel Rives and Johnson knew that Tri-Med investors were not informed their money would be used to pay those fees.

15. Despite their knowledge of past and continuing violations of the law, including criminal conduct, by the principals of Tri-Med and others acting on its behalf, Stoel Rives and Johnson did not disassociate themselves from the unlawful activities, Tri-Med, or any person or other entity associated with those activities. They did not disclose the ongoing criminal conduct to anyone, including investors, regulators, and/or law enforcement. To the contrary, Stoel Rives and Johnson continued to actively assist Tri-Med's principals and other related entities with various unlawful conduct, which furthered the scheme.

16. Defendants Corces and the Corces Firm also actively assisted and participated in the fraudulent scheme by assisting with various unlawful conduct which furthered the scheme. They were retained on behalf of Tri-Med in April 2013 to serve as an escrow agent. In serving as escrow agent, Corces and the Corces Firm learned that Tri-Med's money was derived solely from the "investment program," and they knew they were hired to give comfort to investors that professionals were taking custody of their funds to ensure they were properly used to buy LOPs on behalf of Tri-Med and repaid to investors as represented. In that capacity, Corces and the Corces Firm were obligated to distribute escrowed funds solely to a particular investor or for funding a particular medical procedure in accordance with written instructions to be received from Tri-Med. As alleged below, however, Corces and the Corces Firm elected

to make improper payments from the escrow account to himself and to other unauthorized recipients. Corces and the Corces Firm also prepared documentation for Tri-Med to loan money to third-parties although Corces and Corces Firm knew that the purpose of Tri-Med was to buy LOPs and not to lend money.

17. This action is filed to recover damages for Tri-Med and its investors from Defendants. The Receiver and/or the Named Investors assert the following claims against one or more Defendants: (1) recovery of fraudulent transfers under Florida Statues § 726 *et al.*; (2) unjust enrichment; (3) professional negligence/malpractice; (4) aiding, abetting, or participating in fraud; (5) aiding, abetting, or participating in breaches of fiduciary duties; (6) aiding, abetting, or participating in conversion; (7) civil conspiracy; (8) breach of contract; and (9) negligence. The Named Investors assert claims on behalf of themselves and of a class of similarly situated investors, excluding the principals of Tri-Med and Tri-Med Associates, Inc., sales agents, and their related family members (the "**Class**").

PARTIES

18. Plaintiff Receiver is a citizen of Florida and resides in Pinellas County, Florida.

19. The Receiver was appointed by the Circuit Court for the Sixth Judicial Circuit in Pinellas County to serve as Receiver for Tri-Med by an Order dated March 5, 2014 (the "**Order Appointing Receiver**"). The Court entered the Order Appointing Receiver in an enforcement action brought by Florida's Office of Financial Regulation ("**OFR**") styled, *State of Florida, Office of Financial Regulation v. Tri-Med Corp., et al.*, Case No. 14-001695-CI (the "**OFR Proceeding**"). The Receiver was appointed pursuant to Florida Statutes Section

517.191(2) and the state court's inherent equity powers, including the powers to carry out the purposes of the OFR Proceeding.

20. Under the Order Appointing Receiver and subsequent orders expanding the Receivership, to carry out OFR's mandates, the purposes of the OFR Proceeding, and the obligations and duties imposed on receivers by law, the court directed the Receiver, among other things, to hold and manage the assets and properties of the receivership entities, to marshal and safeguard all such assets and properties, and to seek the imposition of constructive trusts as appropriate. The court also conferred on the Receiver the power and authority to assert and prosecute claims, actions, suits, and proceedings that may have been or that may be asserted or prosecuted by receivership entities.

21. Anderson and Nicholas III formed Tri-Med, a Florida Corporation, in October 2011. By separate agreement, Nicholas III's father, Nicholas Jr., participated in the management and operations of Tri-Med. Although the public records listed Nicholas III as an officer and director of Tri-Med, at the time Stoel Rives and Johnson began representing Tri-Med, Nicholas III was only 24 years old, and he was listed as a director and officer of Tri-Med to hide his father's association with Tri-Med as he had a history of financial problems. At the time of the events alleged in this complaint, Tri-Med's principal and only place of business was located at 34931 US Highway 19, Suite 104, Palm Harbor, Florida 34684. As such, Tri-Med was located in and conducted its operations from Pinellas County, Florida. In November 2011, one month after Tri-Med was organized, according to public records Anderson resigned as an officer and director of Tri-Med.

22. Plaintiff Miles E. Blount is a Florida citizen and a resident of Hillsborough County, Florida. Mr. Blount invested $250,000 in Tri-Med and lost approximately $247,867.

23. Plaintiffs Richard Burnham and Deborah Burnham are husband and wife, Florida citizens, and residents of DeSoto County, Florida. Mr. and Mrs. Burnham jointly invested $240,000 in Tri-Med and lost approximately $231,503.

24. Plaintiff Karen A. Deich is a Florida citizen and resident of Palm Beach County, Florida. Ms. Deich and her recently deceased husband, Paul Deich, invested $631,000 in Tri-Med and lost approximately $550,130.

25. Plaintiff Robert McClellan is a Florida citizen and a resident of Marion County, Florida. Mr. McClellan invested $505,000 in Tri-Med and lost approximately $465,936.

26. Plaintiff Maria Pazienza holds a power of attorney for Teodora Pazienza. Maria Pazienza is a Florida citizen and resident of Hernando County, Florida. Teodora Pazienza invested $135,000 in Tri-Med and lost approximately $128,202.

27. Plaintiff Nicholas Sands is the Trustee of the Lucy G. Sands Trust. Mr. Sands is a Florida citizen and resident of Orange County, Florida. The Lucy G. Sands Trust invested $848,300 in Tri-Med and lost approximately $731,174.

28. Plaintiff James Waters is a Florida citizen and resident of Sumter County, Florida. Mr. Waters invested $10,000 in Tri-Med and lost approximately $9,772.

29. Plaintiff Anthony Witlin is a Florida citizen and resident of Pinellas County, Florida. Mr. Witlin is the President of LBC, LLC. Mr. Witlin, individually and through LBC, LLC, invested $418,261 in Tri-Med and lost approximately $403,754.

30. All of Tri-Med's investors resided in Florida at the time they invested in Tri-Med. Approximately 89% of class members were still Florida citizens at the time of the filing of the original complaint in this case.

31. Defendant Stoel Rives is a limited liability partnership organized under the laws of Oregon. It does not have an office in Florida but does business in the state.

32. Defendant Johnson is an individual who resides in Minnesota. She is a partner at Stoel Rives and the primary agent through which Stoel Rives facilitated and aided and abetted the violations of laws perpetrated by Tri-Med's principals and others. She is not admitted to practice law in Florida but nonetheless actively represented and counseled a company in Florida for 18 months while it perpetrated a fraudulent scheme throughout the state.

33. Defendant Corces Firm is a professional association organized under the laws of Florida. It was retained by Tri-Med in April 2013 to serve as an escrow agent and hold funds earmarked for investors or for funding medical procedures but strayed from its fiduciary obligations by disbursing funds for other purposes.

34. Defendant Corces is an individual who resides in Florida. He is currently a principal at the Corces Firm and primarily responsible for the engagement with Tri-Med. Corces is a disbarred lawyer and convicted felon who was sentenced to 10 years' imprisonment on charges of conspiracy, extortion, and bribery (*see* M.D. Fla. Case No. 8:92-cr-00028-EAK-2) and independently "found guilty of intentionally misappropriating client trust funds" in an attorney disciplinary proceeding (*see* Fla. Sup. Ct. Case No. 78,969).

35. Non-parties Anderson, Nicholas Jr., Nicholas III, Eric Ager, Irwin Ager, and Teresa Simmons Bordinat, a/k/a Teresa Simmons (collectively, the "**Insiders**") used Tri-Med and other receivership entities to defraud over 300 investors, including the Named Investors, from at least October 2011 forward by making material misrepresentations and omissions to lure investors into their fraudulent investment scheme. In addition to orchestrating the scheme alleged below, Anderson fled Florida for Minnesota, where he still resides, because there was an outstanding warrant for his arrest in Florida on charges of felony larceny.

36. As already noted, non-parties Eric Ager and Irwin Ager recently pled guilty to conspiracy to commit mail and wire fraud in connection with their respective roles in the offer and sale of the Tri-Med "investment program." The Insiders have refused to answer substantive questions under oath and invoked their Fifth Amendment right against self-incrimination in the OFR Proceeding.

JURISDICTION AND VENUE

37. Pursuant to this Court's December 27, 2016, Order, this Court has jurisdiction pursuant to the Class Action Fairness Act ("**CAFA**"), 28 U.S.C § 1332(d).[3]

38. This Court has personal jurisdiction over non-resident Defendants Stoel Rives and Johnson under the Florida Long Arm Statute, Fla. Stats. § 48.193, because, among other things and as alleged below, Stoel Rives and Johnson conducted continuous and systematic business in Florida for approximately 18 months and committed torts in Florida. Specifically, from October 2012 to no earlier than March 2014, Stoel Rives and Johnson provided legal

[3] Plaintiffs reserve their right to contest and appeal the Court's determination of jurisdiction pursuant to CAFA.

services to Tri-Med, a Florida corporation with its principal and only office in Florida, including in connection with its offering of securities in Florida, and committed torts in Florida through their actions and omissions in providing those services.

39. Stoel Rives and Johnson also counseled, advised, and assisted principals of Tri-Med with the "investment program" and other matters in Florida, including: (1) drafting a PPM and related documents for Tri-Med, its principals, and sales agents to use to continue to solicit investors in Florida for the "investment program"; (2) forming a joint venture to purchase real estate with Tri-Med investor funds in Florida; (3) preparing security agreements, promissory notes, and UCC filings for loans made with Tri-Med investor funds to third-party companies located in Florida; (3) drafting employment agreements for employees of Tri-Med located in Florida; (5) drafting and revising residential leases in Florida for Nicholas Jr.; (6) communicating with investor(s) in Florida concerning Tri-Med and the "investment program"; and (7) responding to subpoenas on behalf of Tri-Med from Florida regulators.

40. While providing these legal services to Tri-Med, Stoel Rives and Johnson engaged in extensive contacts with Tri-Med and its personnel in Pinellas County, Florida, including Nicholas Jr. and Nicholas III. These contacts assisted and perpetuated violations of law described herein and give rise to Plaintiffs' causes of action. Based upon their general and specific contacts with Florida, Stoel Rives and Johnson purposely availed themselves of the privilege of conducting activities within Florida and have established minimum contacts with Florida.

41. Although Stoel Rives and Johnson provided extensive legal services in Florida and relating to Florida law, Johnson was not licensed to practice law in Florida and Stoel Rives

had no office in Florida or Florida-licensed attorney working on any of the pertinent matters, and therefore they both engaged in the unauthorized practice of law in Florida.

42. Defendant Corces Firm is a professional association organized under the laws of Florida. Its principal place of business is located in Hillsborough County, Florida.

43. Defendant Corces is an individual who resides in and is a citizen of Florida. Upon information and belief, he resides in Hillsborough County.

44. Venue is proper in this district pursuant to 28 U.S.C. § 1391. Venue is also proper as this action is related to the OFR Proceeding and the Receiver was appointed in this district.

OVERVIEW OF THE FRAUDULENT SCHEME

Tri-Med's Business

45. Tri-Med was created to purchase LOPs. The Insiders claimed to purchase LOPs on behalf of Tri-Med at discounts to their face values directly from providers of medical care to accident injury victims. The hope was that Tri-Med would recover a greater amount from the settlement of the LOP by the patient and/or the patient's attorney in pre- or actual litigation than it paid for the LOP. This also allowed the medical services providers to be paid some amount of money without waiting for the resolution of their patients' insurance claims or litigation, which in turn, allowed the medical provider to continue to operate and generate additional receivables.

46. To fund the purchase of LOPs, the Insiders relied exclusively on money raised from investors. To raise the money, the Insiders caused Tri-Med to issue securities as part of what was commonly referred to as Tri-Med's "investment program." Tri-Med Associates, Inc.

("**TMA**"), was created to be the so-called "marketing arm" of Tri-Med, and it focused on soliciting investors for Tri-Med's "investment program." TMA's principals were Insiders Irwin Ager, Eric Ager, and Teresa Simmons Bordinat ("**Bordinat**").

47. In return for an investment in Tri-Med, each investor was promised (a) an assignment of at least one, or a portion of one LOP, depending on the amount of the investment; (b) payment to the investor of annual "interest" ranging from 5.75% to 8%; and (c) the return of the investor's principal investment once Tri-Med received payment on the LOP purportedly assigned to that investor or at the expiration of two years, whichever occurred first.

48. The principals of Tri-Med and its marketing arm devised a structured and uniform marketing plan to be used by their sales agents to solicit investors for the Tri-Med "investment program." The marketing plan included Tri-Med prepared and paid-for advertisements that were published by Tri-Med sales agents in newspapers and journals throughout Florida; the only difference being the name and telephone number of the sales agent in the advertisement. Tri-Med prepared standard investment contracts for their sales agents and investors to execute known as "Monthly Income Agreements." In connection with their investments, investors were provided other Tri-Med form documents, including "Assignment Of Interest Certificates."

The Tri-Med "Investment Program" Was Uniformly Misrepresented To Investors

49. Insiders made numerous misrepresentations to prospective and actual investors. To underscore the purported safety of the "investment program," the advertisements uniformly falsely stated, "Where Investments Are Backed & Paid By A Major Insurance Company" or "Every Investment Backed By A Major Insurance Company." The Monthly Income

Agreements similarly misrepresented: "TRI-MED, WHERE INVESTMENTS ARE BACKED & PAID BY A MAJOR INSURANCE COMPANY." In reality, the LOPs were not secured, guaranteed, or backed by anything. They were merely agreements between medical services providers, patients, and their attorneys that gave the medical services providers some right to receive payment for all or part of their services from any money patients might receive in connection with settlements or judgments. As such, these representations to investors were false.

50. Tri-Med purportedly assigned LOPs to investors through a document referred to as an "Assignment Of Interest" certificate ("**Assignment Of Interest Certificate**"). Every Tri-Med investor received at least one of these official-looking certificates, which were prepared and signed by Insiders. Each Assignment Of Interest Certificate identified (a) the LOP the investor's funds purportedly were used to purchase, which was identified by an alphanumeric code; (b) the purported value of the LOP or interest therein; and (c) the name of the insurance company that purportedly guaranteed the underlying medical accounts receivable. It also stated that each LOP "**ACTS AS AN INDISPUTABLE LIEN UPON THE INDIVIDUAL CASE IT REPRESENTS**" (original emphasis).

51. The representation in every Assignment Of Interest Certificate that each LOP "**ACTS AS AN INDISPUTABLE LIEN UPON THE INDIVIDUAL CASE IT REPRESENTS**" (original emphasis) was false, as the LOPs were mere contracts and did not create any lien or other security interest in anything. Indeed, as a matter of law, the Assignment Of Interest Certificates did not constitute a valid assignment of any LOP because, among other reasons, the investors never took ownership of the underlying LOP.

52. The reference to the insurance company on the Assignment Of Interest Certificate also was false and misleading. This gave the impression to each investor that the investment was secured or otherwise "backed" by insurance when, in fact, it was not.

53. Further, investors' money was pooled and the vast majority of it was unlawfully diverted, misappropriated, and converted by the Insiders to enrich themselves and others, purchase real estate, and fund unrelated and undisclosed business ventures. Although the Insiders bought some LOPs, only a small portion of pooled investors' money was used to do so. To try to hide this, Insiders fabricated dozens of LOPs. Even when Tri-Med actually purchased LOPs, many of them prohibited the relevant medical services provider from transferring or assigning them to Tri-Med or Tri-Med's investors. Investors were not informed of this fact. Nevertheless, the Assignment Of Interest Certificates purported to assign these restricted LOPs to investors.

54. Insiders also misrepresented to prospective investors in Monthly Income Agreements, as well as on Tri-Med's website and in advertisements and promotional flyers, that each Tri-Med security is "registered with and operates as an exempt security, as reviewed by the [OFR]" or similar false language. Tri-Med securities were never registered with OFR, and OFR has never opined that they were exempt from registration.

55. Insiders also included a "legal opinion letter" purportedly authored by an attorney from the Florida law firm Broad & Cassel in the materials they used to solicit investors. This letter purports to provide a legal opinion that the Tri-Med securities were exempt from registration with Florida and federal securities regulators. This letter, however,

is a forgery and nonsensical, and neither Tri-Med nor any Insider was ever a client of Broad & Cassel.

56. Similarly, Insiders provided a document entitled "Legal Principals of Trimed Corporation" to prospective investors, in which they claimed "John A. Schifino" served as Tri-Med's "Securities Attorney." Not only does Attorney Schifino not practice securities law, but he has never represented Tri-Med or any of the Insiders in any capacity.

57. Prospective investors also were informed in the Monthly Income Agreements that non-party Stephen Marlowe and his law firm, Marlowe McNabb Machnik, P.A. (f/k/a Marlowe McNabb, P.A.) (collectively, "**Marlowe**"), would hold investors' money in trust pending the purchase of LOPs. And shortly after investing with Tri-Med, each investor was sent a form letter which misrepresented on behalf of Tri-Med that, "Your funds have been placed in an FDIC Insured Trust Account under the control and direction of one of Florida's most respected law firms, Marlowe McNabb P.A." During the entirety of the scheme, however, only approximately $2.8 million of the more than $17.6 million raised from investors was deposited in trust with Marlowe.

58. The Insiders further informed investors that, "[a]s further protection, when the insurance company pays off a medical claim to the victim's attorney, those funds will then go to the firm of Charles Corces, CPA and, they in turn will disburse those funds to the investor which repays the investors principal."

59. Investors, including the Named Investors, relied upon these misrepresentations in deciding to purchase Tri-Med securities and participate in Tri-Med's "investment program."

Plaintiff Nicholas Sands, as Trustee of the Lucy G. Sands Trust

60. Plaintiff Nicholas Sands, as Trustee of the Lucy G. Sands Trust, invested with Tri-Med and executed at least one Monthly Income Agreement which misrepresented that the trust's investment money would be held in trust by Marlowe McNabb pending Tri-Med's use of that money to purchase LOPs. Instead of being held in trust, at least part of the money was used to make cash payments to Insiders, to fund a loan to an unrelated company for the purported development of medical software, and to purchase real estate.

61. Plaintiff Sands then received at least twenty Assignment Of Interest Certificates on or about November 2, 2012, January 17, 2013, February 8, 2013, May 9, 2013, September 3, 2013, and October 7, 2013, which falsely represented, among other things, that LOPs were assigned to him and that those LOPs were "backed" by insurance companies, including Allstate Insurance, General Casualty, Comm. Liab. Ins., Dollar General, Direct General Ins., AETNA, Safeco Insurance, Gainsco Insurance, Mercury Insurance Co., Hartford Ins. Co., MetLife Auto & Home, Peak Casualty, Unitrin Direct Insurance, 21st Century Insurance, USAA Insurance, and Progressive Insurance.

Plaintiff Karen A. Deich

62. Plaintiff Karen A. Deich invested with Tri-Med and executed at least one Monthly Income Agreement which misrepresented that her investment money would be held in trust by Marlowe McNabb pending Tri-Med's use of that money to purchase LOPs. Instead of being held in trust, at least part of the money was used to make cash payments to Insiders, to fund a loan to an unrelated company, to purchase real estate, and to keep property owned by Insider Nicholas Jr. from being foreclosed.

63. Plaintiff Karen Deich then received at least six Assignment Of Interest Certificates on or about December 19, 2012, April 23, 2013, December 3, 2013, and November 6, 2013, which falsely represented, among other things, that LOPs were assigned to her and that those LOPs were "backed" by Florida Ins. Guarantee Assoc., Mercury Insurance Co., 21st Century Insurance Acceptance Insurance, Infinity Ins. Co., and Direct General Ins.

Plaintiffs Richard and Deborah Burnham

64. Plaintiffs Richard and Deborah Burnham invested with Tri-Med and executed at least one Monthly Income Agreement which misrepresented that their investment money would be held in trust by Marlowe McNabb pending Tri-Med's use of that money to purchase LOPs. Instead of being held in trust, at least part of the money was used to make cash payments to Insiders and to fund a loan to an unrelated company.

65. Plaintiffs Richard and Deborah Burnham received at least two Assignment Of Interest Certificates on or about February 18, 2013, and April 23, 2013, which falsely represented, among other things, that LOPs were assigned to them and that those LOPs were "backed" by Hartford Ins. Co and Gainsco Insurance.

Plaintiff Anthony Witlin

66. Plaintiff Anthony Witlin invested with Tri-Med and executed at least one Monthly Income Agreement which misrepresented that his investment money would be held in trust by Marlowe McNabb pending Tri-Med's use of that money to purchase LOPs. Instead of being held in trust, at least part of the money was used to purchase real estate.

67. Plaintiff Anthony Witlin then received at least four Assignment Of Interest Certificates on or about October 7, 2013, which falsely represented, among other things, that

LOPs were assigned to him and that those LOPs were "backed" by 21st Century Insurance, Auto Owners Ins., Gainsco Insurance, and Farmers Insurance.

Plaintiff Robert McClellan

68. Plaintiff Robert McClellan invested with Tri-Med and executed at least one Monthly Income Agreement which misrepresented that his investment money would be held in trust by Marlowe McNabb pending Tri-Med's use of that money to purchase LOPs. Instead of being held in trust, at least part of the money was used to make cash payments to Insiders and to fund a loan to an unrelated company.

69. Plaintiff Robert McClellan received at least four Assignment Of Interest Certificates on or about April 23, 2013, May 9, 2013, and November 6, 2013, which falsely represented, among other things, that LOPs were assigned to him and that those LOPs were "backed" by Peak Casualty, Geico Ins., Unitrin Direct Insurance, and MetLife Auto & Home.

Plaintiff Miles Blount

70. Plaintiff Miles Blount invested with Tri-Med and executed at least one Monthly Income Agreement which misrepresented that his investment money would be held in trust by Marlowe McNabb pending Tri-Med's use of that money to purchase LOPs. Instead of being held in trust, at least part of the money was used to purchase real estate.

71. Plaintiff Miles Blount received at least one Assignment Of Interest Certificate on or about November 6, 2013, which falsely represented, among other things, that an LOP was assigned to him and that the LOP was "backed" by 21st Century Insurance.

Tri-Med Was Operated As A Fraud

72. Instead of using the investors' money to buy LOPs, the Insiders used the majority of the money they raised through Tri-Med for improper purposes, including converting the money for the Insiders' and others' personal use; funding businesses owned and/or controlled by Anderson, Nicholas Jr., and/or Nicholas III; paying illegal commissions; purchasing real estate; and providing "loans" to third parties, including family members.

73. The Insiders operated Tri-Med for approximately ten months before they were able to generate any revenue from the actual purchase of LOPs. As such, virtually all expenses, transfers of money to principals, and transfers to investors that the Insiders caused Tri-Med to make during that time period were paid from investors' principal. The Insiders and sales agents raised over $3.5 million on behalf of Tri-Med from investors during those initial ten months, but they only deposited $826,000 in Marlowe McNabb's trust account, and they used only $627,000 of that amount to buy LOPs. The Insiders diverted, misappropriated, and converted the rest of the money.

74. For example, Tri-Med received $90,000 from its first investor on November 16, 2011. During the 21-day period following this investment, the Insiders did not deposit any money with Marlowe McNabb or purchase any LOPs. Instead, approximately $51,000 of the initial investment was misappropriated, diverted, and converted as follows: (a) $22,650 to Anderson directly; (b) $7,200 to pay the monthly rent on Anderson's luxury residence; (c) ATM withdrawals totaling $830, primarily in Anderson's residential building; (d) $1,269.91 to Fields BMW in Lakeland, Florida, to pay for Anderson's luxury automobile; (e) $332.75 to StubHub, an online marketplace for tickets to sporting and entertainment events; (f) $13,500

to TMA for unlawful commission payments to the Agers and Bordinat; and (g) $6,000 to Nicholas III.

75. Even though the Insiders had not caused Tri-Med to purchase any LOPs, and thus had generated no returns with investors' money, the Insiders still caused Tri-Med to pay "interest" in the amount of $600 to the first investor on November 30, 2011. This payment was made from the investor's own funds. During the time period of October 2011 to July 2012, the Insiders caused Tri-Med to transfer over $80,000 to investors as "interest" payments. Using investors' money to pay purported investment returns is the essence of a Ponzi scheme.

76. The Insiders' conduct was so irregular and suspicious it caused Bank of America, the bank they used to operate the purported "investment program" in 2011 and 2012, to unilaterally freeze Tri-Med's and other related accounts in the Fall of 2012. The bank notified Insiders that "[b]ased on a careful review of the account[s], we have made the decision that the funds will not be remitted to you." Although the bank later relented and returned the money to Insiders, it barred them from continuing to do business at the bank.

77. Insiders later distributed a "2012 Investors Newsletter" to Tri-Med investors which falsely informed investors that Tri-Med had voluntarily elected to change its banking relationship from Bank of America to Wells Fargo because of the "government's billion dollar fraud suits looming against them." The Insiders further misrepresented in their "2012 Investors Newsletter," "we simply did not feel their business was continuing to be safe enough to be involved with our business."

78. As alleged in more detail below, Stoel Rives and Johnson knowingly and substantially assisted the Insiders to divert, misappropriate, and convert investors' money in furtherance of the fraudulent scheme.

DEFENDANTS HAD ACTUAL KNOWLEDGE OF THE INSIDERS' VIOLATIONS OF LAW AND CRIMINAL CONDUCT

Stoel Rives' And Johnson's Knowledge Of Past And Current Unlawful Conduct

79. Anderson caused Tri-Med to retain Stoel Rives on or about October 25, 2012. As noted above, Stoel Rives did not have an office in Florida and Johnson was not admitted to practice law in Florida.

80. Although the engagement agreement called for a $2,500 retainer, Stoel Rives received $5,000 from Tri-Med on or about November 7, 2012. Stoel Rives immediately transferred $2,500 of this payment from Tri-Med to a separate trust account for Anderson's "other client/matter," another entity he owned and controlled called Tri-Med Management, Inc. ("**Tri-Med Management**"). Although Stoel Rives and Johnson knew that Anderson owned and controlled Tri-Med Management, they also knew Tri-Med Management did not have a legitimate relationship with Tri-Med. Thus, there was no proper reason why Tri-Med investor funds should be used to pay legal services provided to Tri-Med Management. As discussed below, Anderson used Tri-Med Management as part of the fraudulent scheme to convert Tri-Med's assets for his and others' benefit.

81. Shortly after its engagement, Stoel Rives began reviewing documents relating to Tri-Med's "investment program," including sample "Monthly Income Agreements," assignments of medical receivables, and LOPs. The Monthly Income Agreements, which contained grammatical mistakes, failed to disclose material information, including the fees to

be paid to Tri-Med, Insiders, or anyone else in connection with the "investment program." Indeed, no such fees were disclosed anywhere else. Further, each page of the "Monthly Income Agreement" contained the slogan or representation, "TRI-MED, WHERE INVESTMENTS ARE BACKED & PAID BY A MAJOR INSURANCE COMPANY." Stoel Rives also conferred with Anderson about Tri-Med and its "investment program" and conducted research into Tri-Med's compliance with Florida and federal securities laws.

82. On or about December 7, 2012, Stoel Rives provided to Anderson a memorandum analyzing the application of certain provisions of Florida and federal securities laws to Tri-Med's "investment program" (the "**Stoel Rives Memo**"). The Stoel Rives Memo began with a summary of Tri-Med's purpose. It acknowledged that Tri-Med "engaged in the business of purchasing letters of protection from surgical centers or other providers of medical care ... in Florida." The Stoel Rives Memo made no reference to any other business activities conducted by Tri-Med. Rather, it was clear to Stoel Rives that "Tri-Med engaged in the business of buying, owning, and managing LOPs."

83. At the outset of the Stoel Rives Memo, it confirmed issues and uncertainty involving LOPs. Stoel Rives noted that "[a]lthough LOPs often refer to liens against a personal injury case or the expected recovery, there is rarely any statutory or judicial basis for the use of such term, and there is almost always a lack of any information as to how such claim liens can be perfected or enforced except through litigation." The Stoel Rives Memo further stated that, "[i]f there is no recovery by the patient, the patient generally remains liable to the Healthcare Provider for the cost of the services provided." It also noted that "[i]f there is no

recovery ... Tri-Med typically does not seek to obtain payment from the patient and suffers a loss equal to the purchase price paid for the applicable LOP."

84. Stoel Rives then summarized its understanding of the source of funding for Tri-Med. The Stoel Rives Memo stated that Tri-Med's individual shareholders (*i.e.*, Anderson and Nicholas III) contributed approximately $500,000 of capital to Tri-Med, which was to be used as "insurance" to repay an investor in the event a lawsuit related to an LOP purportedly assigned to that investor "drags on longer than 24 months, or a lawsuit is settled for less than the amount of the investment, or a lawsuit is dropped." In reality, Anderson and Nicholas III did not contribute any money to capitalize Tri-Med. Although an account at Wells Fargo in Tri-Med's name was opened in October 2012 and held $500,000, this money – like all other money raised by Tri-Med – was comprised solely of investor funds. In other words, instead of sending that money to Marlowe to buy LOPs as represented to investors, Tri-Med's principals left it in a Tri-Med bank account to provide so-called "insurance."

85. The Stoel Rives Memo also stated that "Tri-Med has obtained additional financing through the sale of Monthly Income Agreements with individual investors...." As of December 2012, the Stoel Rives Memo noted that Tri-Med had offered and sold Monthly Income Agreements to over 100 investors, raising a total of $7 million. According to Johnson's handwritten notes, the total number of investors that had invested in Tri-Med at that time was 120. Considering the purported $500,000 in capital supposedly contributed by Anderson and Nicholas III was to sit in an account untouched and be used as "insurance," Stoel Rives and Johnson knew that all of the money used by Tri-Med to buy LOPs, pay Stoel Rives' fees, and do anything else came from investors.

86. The Stoel Rives Memo further noted that Tri-Med (a) "pays a fixed amount of interest to investors each month for twenty-four months"; (b) "[e]ach Monthly Income Agreement purports to be linked to one or more LOPs pursuant to an assignment;" and (c) "if any underlying lawsuit related to the LOPs linked to the Investor's investment is not settled or resolved within 24 months, the Investor can demand payment in full of the remaining investment, or elect to continue to receive monthly interest payments until the applicable lawsuit(s) are settled."

87. Except for the Monthly Income Agreement and Assignment Of Interest Certificates related to specific LOPs, Stoel Rives knew that Tri-Med did not give investors any other necessary documents relating to the "investment program." Stoel Rives noted that "Tri-Med has not obtained investor questionnaires or other representations from investors regarding their status as 'accredited investors' under the securities laws, nor has it obtained representations regarding investment intent, access to information or disclosures." Stoel Rives further noted that (a) Tri-Med has not used a Private Placement Memorandum; (b) has not provided investors with a summary of the risks relating to investing in the Monthly Income Agreements; and (c) has not provided investors with "specific details about the parties, their attorneys, the underlying claims or the merits of the lawsuits."

88. Stoel Rives specifically noted that "[t]he documentation contains several statements that might be inaccurate or misleading. For example, the Monthly Income Agreements states that the investment is backed by an insurance company."

89. Stoel Rives concluded that the offer and sale of Monthly Income Agreements to investors constituted a security under Florida and federal securities laws. It then proceeded

to analyze whether the Monthly Income Agreements must either be registered under applicable securities laws or were exempt from registration. Based upon its review and analysis of Tri-Med and its sales to investors, Stoel Rives concluded that Tri-Med could not rely on any exemptions from registration for a variety of reasons, including (a) "it [was] not clear that Tri-Med provided Investors with access to all material information or otherwise provided full and fair disclosure to Investors"; (b) "it [was] not clear whether all of the CPAs and financial planners who receive a commission from Tri-Med are licensed dealers under the Florida Securities Act"; and (c) Tri-Med used public advertising and general solicitations of investors. In light of the registration violations, Stoel Rives advised that "Tri-Med and its principals have potential exposure to liability for claims by purchasers, as well as exposure for sanctions by Florida securities regulators."

90. Stoel Rives also then purported to analyze the dealer registration requirements under Florida and federal law. With respect to Florida law, Stoel Rives provided the definition of a dealer and noted that an issuer (like Tri-Med) would be exempt from registering as a dealer if it complied with the Florida Private Placement Exemption. Stoel Rives, however, had already advised that Tri-Med could not rely on this exemption. Stoel Rives further noted that reliance on federal securities Rule 506 would not exempt an issuer from the dealer registration requirements under Florida law. Thus, Stoel Rives knew that Tri-Med needed to be registered as a dealer under Florida law, but had not done so.

91. Stoel Rives did not provide any advice or analysis as to whether Tri-Med had already violated the dealer registration requirements based upon its past and then-current

operations and therefore needed to register. It also did not provide any advice as to the penalties it could incur for failing to register as a dealer under Florida law.

92. Stoel Rives also purported to analyze whether Tri-Med would need to register as an Investment Company and/or an investment advisor under Florida and federal law. Stoel Rives conditioned its opinion because it believed it was "unclear whether LOPs are securities." Stoel Rives, however, did not conduct any legal analysis for Tri-Med to determine whether LOPs were securities. Instead, Stoel Rives noted that it was possible Tri-Med would need to register under those acts or find an exemption. Stoel Rives suggested that Tri-Med use a single entity and limit the amount of investors to 99 to comply with the Investment Company Act exemption.

93. However, Stoel Rives knew that 120 investors had already invested in Tri-Med and thus the exemption amount had already been exceeded. And even if Tri-Med had used multiple companies and limited each company to 35 investors, which it did not do, Stoel Rives knew those companies would be integrated for purposes of the securities laws and thus exceed the exemption threshold.

94. Thus, Stoel Rives also knew of violations of the Investment Company Act of 1940 and/or Investment Advisors Act of 1940, and yet it did not provide any analysis as to whether Tri-Med had already violated the Investment Company Act of 1940 and/or Investment Advisors Act of 1940 or any penalties it could incur for potential violations of these acts.

95. Stoel Rives also knew that Tri-Med paid CPAs and Certified Financial Planners a "5% commission for introducing investors who purchase Monthly Income Agreements." Stoel Rives knew the CPAs and Certified Financial Planners were, by definition, not registered

to sell securities with the State of Florida or as broker/dealers under federal securities laws. Stoel Rives knew that they could not sell the Tri-Med securities and receive transaction-based compensation, such as the 5% commission. Stoel Rives knew that each of their sales of a Tri-Med security constituted a criminal felony under Florida law and also violated federal securities laws. Nevertheless, Stoel Rives provided insufficient analysis of this issue and failed to offer adequate advice.

96. Stoel Rives also knew the Insiders and sales agents made material misrepresentations or omissions in connection with the sale of securities to investors. For example, Stoel Rives knew how LOPs operated in Florida, including the difficulties in perfecting any lien, enforcing payment, and the fact that no insurance company "backed" the investment. Indeed, Stoel Rives knew that an LOP was simply a promise to pay a medical services provider by the patient and/or his attorney and if there was no recovery in connection with litigation, Tri-Med "suffer[ed] a loss equal to the purchase price paid for the applicable LOP."

97. Despite knowing that material misrepresentations and omissions were being made in connection with the offer and sale of securities as part of the "investment program," Stoel Rives did not provide any advice to Tri-Med regarding the application of the anti-fraud provisions of the Florida and federal securities laws to the operations of Tri-Med as it had been retained to do.

Stoel Rives' And Johnson's Knowledge Of Ongoing Unlawful Conduct

98. Despite their knowledge of fraud and concluding that Anderson and other Insiders had engaged in numerous violations of state and federal laws on behalf of Tri-Med,

and also their knowledge that Insiders were not going to return the money that had been unlawfully raised on behalf of Tri-Med, Stoel Rives and Johnson continued their representation of Tri-Med, Anderson, and other entities related to Anderson. They continued to take instructions from Anderson and took affirmative steps to ensure that Anderson and the other Insiders could continue operating the "investment program" and that Tri-Med investors never learned of the Insiders' fraud and other violations of law.

99. They also continued to accept fee payments from Tri-Med for matters they handled for Tri-Med, Insiders, and other entities related to Anderson, which they knew were made with money that originated from investors in Tri-Med whose money was obtained through fraud and other violations of securities and other laws.

100. The Insiders' fraud and other misconduct continued unabated after the Stoel Rives Memo was issued, and Stoel Rives and Johnson knew it was ongoing. For example, as discussed in more detail below, in January 2013, Stoel Rives agreed to represent Anderson in connection with a personal investment he was making in a restaurant. In connection with this work on a personal venture for Anderson, Stoel Rives' received – and accepted – payment of its fees directly from Tri-Med even though Stoel Rives knew (a) that Tri-Med's money was obtained through fraud and other violations of Florida and federal securities laws and (b) Tri-Med investors were never informed their money would be used to pay for legal fees incurred on a personal venture by Anderson. Anderson ultimately used his investment in the restaurant to divert, misappropriate, and convert $300,000 from Tri-Med.

101. The above is just one of numerous examples establishing Stoel Rives' and Johnson's knowledge of ongoing fraud and other civil and criminal misconduct, and as alleged

in more detail below, Stoel Rives and Johnson knowingly assisted Anderson to divert, misappropriate, and convert Tri-Med's and investors' funds to other undisclosed ventures. Stoel Rives and Johnson knew that, as disclosed to investors, Tri-Med was in the business of buying LOPs, and that it was never disclosed that investors' money would be used to engage in any other activities, such as funding other companies or buying real estate.

102. In May 2013, Stoel Rives and Johnson performed extensive research on risks surrounding LOPs under Florida law, including (a) difficulties securing payment of LOPs; (b) questions concerning the enforceability of LOPs; (c) obligations of attorneys with regard to LOPs; (d) whether constructive trusts apply to LOPs; (e) the ability (or lack thereof) to assign rights to personal injury settlements; and (f) whether a non-medical professional can obtain an ownership interest in a medical professional association. Johnson considered strategy and collection options regarding LOPs and spoke with a Florida attorney in June 2013 regarding issues with the ability to collect and assign LOPs.

103. Stoel Rives and Johnson recognized problems and risks under Florida law concerning Tri-Med's ability to enforce and assign any LOPs it purchased. Stoel Rives and Johnson knew that the Assignment Of Interest Certificates received by Tri-Med investors were not valid assignments because, among other reasons, the investors never took ownership of any underlying LOP. As a result, Stoel Rives and Johnson knew that material representations made to Tri-Med investors regarding the liens and assignments of LOPs to them were false. Yet, Stoel Rives failed to provide to Tri-Med any advice concerning the application of Florida and federal securities laws to these issues, including fraud, and did not advise Tri-Med to disclose or otherwise correct these misrepresentations to investors or regulators.

104. Anderson also advised Stoel Rives that he used Tri-Med funds to operate his other entities, including Tri-Med Management. Stoel Rives, however, did not take any action to protect Tri-Med from these unlawful transfers.

105. In addition, in August 2013, Stoel Rives and Johnson learned that Anderson was committing fraud upon Tri-Med Management, including misappropriating its assets. As noted above, Stoel Rives and Johnson knew that at least a portion of Tri-Med Management's assets originated from Tri-Med. Nevertheless, and despite their knowledge of ongoing violations and criminal conduct, Stoel Rives and Johnson continued to represent Tri-Med, Tri-Med Management, and Anderson.

106. Stoel Rives and Johnson knew that the principals of Tri-Med were continuing to illegally sell securities and raise money from investors. Anderson advised Stoel Rives and Johnson in mid-2013 that Tri-Med was continuing to receive millions of dollars from investors in connection with the sale of securities. Stoel Rives and Johnson also knew that investors were electing to re-invest in Tri-Med upon receiving or becoming eligible to receive a return of "principal."

107. They also knew that sales agents were continuing to use Stoel Rives' name and the names of its lawyers to confirm the purported legitimacy of Tri-Med's "investment program." In fact, at least three investors contacted Stoel Rives beginning in June 2013 to discuss their potential investments in Tri-Med. Despite the Stoel Rives Memo it authored in December 2012, which advised that Tri-Med securities should no longer be sold, Stoel Rives and Johnson knew the Insiders disregarded their advice and were continuing to sell Tri-Med securities in violation of Florida and federal laws. Stoel Rives and Johnson took no action to

stop that practice, nor did they cease the representation or disclose the ongoing criminal conduct.

108. Stoel Rives and Johnson received a call from Mr. Jonathan Winson in or about June 2013. According to Johnson's handwritten notes, he had certain questions about Tri-Med, including the interest rate on the investment and that the money will be held in trust by a law firm. After contacting Stoel Rives, Mr. Winson invested $10,000 with Tri-Med in July 2013 and lost it all, except for $342 which was returned to him as "interest" payments. Johnson did not seek any information from Mr. Winson about his interest in Tri-Med, including any representations or documentation that may have been provided to him.

109. Johnson received another call from another potential investor, Frank Yanacek, on September 9, 2013, wherein the investor said he was "considering investing" and requested she "provide him more information about Tri Med and the investment...." Johnson did not speak with this investor; rather, she referred the investor to Anderson – a man with an outstanding felony arrest warrant whom Johnson and Stoel Rives knew had raised money from Tri-Med investors through fraud and other violations of laws and was continuing to violate the law by both unlawfully selling securities and diverting investors' money for unauthorized purposes, including personal investments. Johnson did not seek any information from Mr. Yanacek about his interest in Tri-Med, including any representations or documentation that may have been provided to him.

110. On September 12, 2013, just three days later, Johnson spoke with another prospective investor, Plaintiff Waters, who was referred to her by a Tri-Med sales agent, about an investment in Tri-Med. According to Johnson, Plaintiff Waters "wanted to know what

advice I was providing to Tri Med to protect the investors...." Johnson, however, failed to disclose to Plaintiff Waters any of the securities violations, including fraud, outlined in the Stoel Rives Memo, or even to simply inform him that Tri-Med should not be offering or selling securities because it was doing so illegally. Johnson also did not seek any information from Plaintiff Waters about his interest in Tri-Med, including any representations or documentation that may have been provided to him.

111. Instead, Johnson told Plaintiff Waters that she would speak with the principals of Tri-Med, whom she knew had defrauded investors like Plaintiff Waters and were continuing to unlawfully solicit and sell securities to investors, so that they could contact him directly. Plaintiff Waters ultimately invested with Tri-Med the following month. He lost approximately 97% of his initial investment.

112. In January 2014, Anderson contacted Stoel Rives and Johnson about creating a "rollover" contract because investors were approaching their respective 2-year anniversary of their original investments. Anderson advised Johnson that many of the investors would like to keep investing in Tri-Med and "rollover" their investments for another 2 years. Thus, Stoel Rives and Johnson knew that Anderson was continuing to communicate with investors about investing in Tri-Med again. They also knew that although those investors were solicited unlawfully and through material misrepresentations and omissions, and that Anderson had done nothing to rectify those problems and was still in control of their fraudulently- and otherwise unlawfully-obtained money.

113. In response, Johnson informed Anderson that he should complete the PPM, which Stoel Rives began drafting approximately 13 months earlier, and follow the advice in the Stoel Rives Memo to run the investments as a fund.

114. Stoel Rives and Johnson knew Tri-Med was continuing to sell securities in violation of laws and despite the recommendations in the Stoel Rives Memo. Despite this knowledge, Stoel Rives and Johnson did not take any action in the best interests of Tri-Med, including but not limited to, withdrawing from or declining representation; disclosing the ongoing fraud to the highest authority in the company and/or innocent officers of the company, including its Chief Information Officer, Ravi Patel; or disclosing the ongoing fraud to in investors, regulators, or law enforcement. To the contrary, Stoel Rives continued to represent Tri-Med, to provide legal services to Insiders and entities associated with Anderson, and to be knowingly paid for such services with defrauded investors' money until no sooner than the Receiver's appointment in March 2014.

115. The Insiders touted their relationships with Defendants and other professionals to investors to assure the investors that Tri-Med's "investment program" was safe and that their money was protected by prominent attorneys and accountants. For example, in their "2012 Investors Newsletter," the Insiders wrote in reference to Stoel Rives, "We now retain a new nationwide law firm with over 400 attorneys across the country. We have lots of lawyers in lots of states, that equals lots of safety checks from lots of folks, but that's ok with us!"

116. Defendants knew that the Insiders and sales agents were using their names and professional reputations to foster their fraudulent scheme. By lending their imprimaturs and

professional reputations to Tri-Med's scheme, Defendants helped the Insiders steal millions of dollars from over 300 investors.

Corces Firm's And Corces' Knowledge Of Unlawful Conduct

117. On or about April 5, 2013, Tri-Med retained Corces and the Corces Firm to serve as an escrow agent. The parties executed an Escrow Agreement, which is attached hereto as **Exhibit A**.

118. The Escrow Agreement provides that Tri-Med "has received, and anticipates receiving in the future, funds from investors and/or lenders which the Company will use to finance certain medical procedures and surgeries," and that Corces and the Corces Firm would take custody of money received from "investors and/or lenders."[4] It further provides that Tri-Med "will receive payment from certain medical providers for the funding of medical procedures and surgeries," and that Tri-Med "desires that the repayments received from medical providers not be comingled with other Company funds." Corces and the Corces Firm knew the money they would receive relating to Tri-Med was funds received from investors in the "investment program."

119. Corces and the Corces Firm's Escrow Agreement required Corces to obtain written evidence from Anderson or Nicholas III in connection with each disbursement that "will enable the Escrow Agent to attribute the disbursement to a particular investor and/or

[4] The terms "investors" and "lenders" as used in the Escrow Agreement are interchangeable and refer to the same individuals – Tri-Med investors – since investments in the "investment program" were in the form of a loan.

lender, or the funding of a particular medical procedure." Corces and the Corces Firm did not have discretion to distribute funds held in the escrow account.

120. Despite only having the authority to distribute funds to investors or to fund medical procedures, at the direction of a Tri-Med principal, Corces issued five checks from the escrow account to Tim Patrick Enterprises between August 2013 and December 2013 for purported professional services Tim Patrick ("**Patrick**") provided to Tri-Med. Patrick, a suspended attorney during the relevant time, was employed by Tri-Med as a "risk management officer," which required him to, among other things, purportedly evaluate and negotiate the proposed LOPs to be purchased on behalf of Tri-Med with investor funds, and he played an integral part in the scheme to defraud investors, including by approving and executing fraudulent Assignment Of Interest Certificates that were sent to investors. Corces, however, knew that Tim Patrick Enterprises was not an investor or provider of medical services and that Tri-Med principals were willing to transfer money received from investors or generated from the sale of LOPs purchased with investors' money to improper recipients. In total, Corces and his firm paid Tim Patrick Enterprises $37,000 for its purported services.

121. In addition, Corces used the escrow account to improperly pay the Corces Firm for its purported role as Escrow Agent again at the direction of a Tri-Med principal. On October 23, 2013, Corces issued a check from the escrow account to Charles Corces, P.A., for $4,737.50. The Corces Firm was not paid from Tri-Med's operating account, but rather from funds that Corces and the Corces Firm knew were earmarked for investors or to fund medical procedures. As a result, once again Corces and the Corces Firm knew that principals of Tri-Med were willing to transfer investors' money to improper recipients.

122. Corces and his firm did not receive any written evidence from Anderson or Nicholas III that would "enable the Escrow Agent to attribute the disbursement to a particular investor and/or lender, or the funding of a particular medical procedure" in connection with the disbursements to Charles Corces, P.A., and Tim Patrick Enterprises, yet they nevertheless made those disbursements, which were part of and furthered the fraudulent scheme.

123. Corces and his firm knew it was improper to use the funds held in escrow to pay Charles Corces, P.A., and Tim Patrick Enterprises and that Tri-Med principals were willing to engage in such misconduct.

124. Indeed, on November 25, 2013, Corces sent an email to Anderson, which stated:

> I must admit I am more than a little concerned with the activity and status of the Tri-Med Escrow Account over which I am operating pursuant to the provisions of an Escrow Agreement. Some time ago you represented to me that I should pay certain of Tim Patrick's invoices, as well as mine out of the escrow account, as opposed to being paid out of Tri-Med's operating account. It was represented to me that this was due to Anthony Nicholas being hospitalized and he not being able to manually issue the checks. As I referenced, this was some time age (*sic*). As of today, there has been no activity in the escrow account (save and except the checks to Tim and I) for some months. There have been no presentation of checks for deposit, or checks to distribute.... Now, I am presented with a request to issue a check to Tim Patrick for $11,000, against out of the escrow account. At this rate the escrow account will be depleted and presumably someone will be left to do much explaining to someone.

125. Almost a month later, on December 23, 2013, Anderson requested Corces improperly pay Patrick another $11,000 from the escrow account. Instead of using Nicholas being hospitalized as an excuse, this time Anderson told Corces that Nicholas was now "in Spain and has been for a month." Corces and his firm elected to make this improper payment to Tim Patrick Enterprises from the escrow account on or about December 27, 2013, which was part of and furthered the fraudulent scheme, even though they knew this was improper.

126. As noted above, Corces had serious concerns about the lack of activity in the escrow account and the disbursements he and his firm were being asked to make. The money Corces and the Corces Firm obtained and held in escrow was supposed to originate from investors and should have been distributed exclusively either to investors to repay their principal investment or to medical services providers to buy LOPs. Instead of receiving instructions and transferring the money to investors or medical services providers, however, Corces and the Corces Firm continued to hold approximately $200,000. The escrow account maintained a balance of between $140,000 and $265,000 during the time Corces and the Corces Firm served as Escrow Agent. The Insiders, with Corces and his firm's assistance, used some of these funds for improper purposes as part of their fraudulent scheme.

127. Approximately $10 million was raised from investors on behalf of Tri-Med after Corces and his firm agreed to become its escrow agent. Corces and his firm knew of Anderson's improper and unlawful conduct as a result of the lack of activity in the escrow account and the instructions to improperly use money that was supposed to be held in escrow for investors.

DEFENDANTS KNOWINGLY ASSISTED INSIDERS WITH VIOLATIONS OF THE LAW AND ONGOING CRIMINAL CONDUCT

128. Defendants knowingly assisted the Insiders with their fraud, breaches of fiduciary duty, conversion of Tri-Med's assets, and other unlawful conduct in at least nine different ways, and that assistance furthered the fraudulent scheme. In return for that assistance, Stoel Rives and Johnson accepted approximately $200,000 in legal fees, all of which they knew originated from investors that were defrauded and otherwise solicited and sold securities unlawfully. Indeed, all of these legal fees were paid to Stoel Rives and Johnson

by Tri-Med even though some of them were incurred for services provided to Insiders and other entities controlled by Anderson that Stoel Rives and Johnson knew had nothing to do with Tri-Med's business.

129. Stoel Rives' and Johnson's actions are particularly remarkable because they knew Anderson and other Insiders had already defrauded investors and otherwise solicited and sold them securities unlawfully and that they were continuing to do so even after the Stoel Rives Memo recommended that they stop, and Stoel Rives and Johnson aided and abetted their commission of additional unlawful acts.

130. As alleged herein, Corces and his firm made improper payments to themselves and to Tim Patrick Enterprises from money Corces was supposed to be holding in escrow for investors. As such, he directly participated in the Insiders' fraud, breach of fiduciary duty, and conversion. Similarly, in return for their assistance, Corces and the Corces Firm received over $15,000 in fees.

Stoel Rives And Johnson Knowingly And Substantially Assisted Insiders In Hiding Their Commission Of Fraud And Other Securities Laws Violations

131. After learning of their unlawful conduct no later than December 7, 2012, Stoel Rives and Johnson recommended that the principals of Tri-Med change the manner in which they raise money from investors. Stoel Rives and Johnson recommended, among other things, that the principals adopt an investment fund model so that future purchasers of Monthly Income Agreements would invest by buying "Notes" from an investment fund with a fixed dollar amount, and the investors' funds then would be used to purchase a portfolio of LOPs.

132. They also recommended that each prospective investor be provided with a detailed PPM describing Tri-Med's operations and business model, including all risks

associated with that business and with investments through Monthly Income Agreements, and other information that needed to be disclosed to prospective investors to comply with securities laws.

133. On December 14, 2012, Stoel Rives began preparing a PPM which had prospective investors purchasing "Notes" through Tri-Med Funding, LLC – not through Tri-Med. Although the nature of the investments underlying Tri-Med and the Fund were identical and involved the same exact individuals, the PPM for the Fund did not make any mention of, among other things, the past violations of securities and other laws, including the anti-fraud provisions, by Insiders or the outstanding liability Tri-Med and its principals faced from prior investors and regulators. The PPM also omitted to disclose other material information, including that Anderson was a fugitive with an outstanding arrest warrant in Florida for felony larceny charges, that Nicholas Jr. had filed two personal bankruptcies, and that Eric Ager had previously been associated with a fraudulent scheme.

134. Stoel Rives and Johnson recommended and drafted the means by which they could continue with their crimes and fraud. The new structure Stoel Rives and Johnson created allowed the Insiders to keep their prior unlawful conduct hidden from the public, investors, regulators, and law enforcement. It enabled them to continue to operate and use the millions of dollars previously raised unlawfully on behalf of Tri-Med. Stoel Rives decided to prepare the PPM for the Fund without simultaneously, or first, requiring Tri-Med to conduct a rescission offer to its prior investors or to disclose the violations to prior investors or regulators so that Stoel Rives' and Johnson's client, Tri-Med, could come into compliance with the law and remedy the Insiders' past unlawful conduct on behalf of Tri-Med.

135. In fact, the omission of disclosure of prior securities laws violations, which would be indisputably material to a reasonable person's investment decision, constitutes yet another layer of securities fraud in the "investment program" that was offered through Tri-Med. Stoel Rives and Johnson drafted the PPM specifically so that Insiders could continue their "investment program" and raise additional money from investors, and Stoel Rives and Johnson intentionally omitted from the PPM any disclosure of past violations of law of which they were aware. The PPM was used by Insiders and other sales agents to solicit investors for the "investment program" as part of the structured and uniform marketing plan and it was shown to prospective investors who subsequently invested with Tri-Med. Stoel Rives knew or was reckless in not knowing that the PPM would be used, and was indeed being used, by Insiders and sales agents to solicit investors into the "investment program."

136. The PPM also did nothing to rectify any of the past violations of laws that Stoel Rives and Johnson knew had already been committed on behalf of Tri-Med and thus did nothing for any of the investors who Stoel Rives and Johnson knew already had been defrauded and otherwise solicited unlawfully.

137. Although Stoel Rives and Johnson (a) knew the Insiders had already committed fraud and other securities laws violations through Tri-Med and were continuing to solicit investors unlawfully despite the Stoel Rives Memo's recommendation that solicitations should be stopped and (b) worked on a PPM over the course of more than one year, Stoel Rives and Johnson performed no or inadequate due diligence on the Insiders and their past and ongoing fraud and other unlawful conduct. Had they performed adequate due diligence, they would have learned a wealth of additional material information that was not disclosed to prospective

investors before they invested, including Anderson's status as a fugitive, that Insiders were hiding Nicholas Jr.'s association with Tri-Med from the public, that Nicholas Jr. had filed for personal bankruptcy protection in 2001 and again in March 2013, and that Eric Ager had previously been associated with another fraudulent scheme.

138. As such, Stoel Rives and Johnson knowingly and substantially assisted Insiders with continuing to defraud investors and prospective investors through their advice and recommendations and preparation of a PPM which omitted material information and was used by Insiders and sales agents to solicit investors.

Stoel Rives And Johnson Knowingly And Substantially Assisted Insiders To Convert And Misappropriate Tri-Med Assets Through Balance Restaurant Group.

139. In January 2013, not long after Stoel Rives and Johnson learned of Anderson's and other Insiders' numerous securities violations, including fraud, in raising money through the "investment program," Stoel Rives and Johnson nevertheless agreed to also represent Anderson in connection with a personal investment in a now-defunct restaurant in Alpharetta, Georgia, called Kickshaw Japanese Style Tavern through an entity named Balance Restaurant Group, LLC (the "**Balance Group**"). While Stoel Rives identified its client as Balance Restaurant, LLC, on its records, Stoel Rives' and Johnson's actual client was Anderson.

140. On or about January 22, 2013, Anderson caused Tri-Med to send Stoel Rives a $10,000 check which explicitly allocated $2,500 as a retainer for "Balance Restaurant." Indeed, Stoel Rives' Client Trust Fund Form listed "Tri-Med Corporation/Jeremy Anderson" as the payor of the $2,500 retainer for the Balance Restaurant work. Johnson accepted the representation and retainer on behalf of herself and Stoel Rives.

141. Immediately following its retention by Anderson for the Balance Restaurant matter, Stoel Rives reviewed and revised the Balance Group's operating agreement, which provided that Anderson would personally own 49% of the company. Anderson ultimately received 4,900 membership interests in the Balance Group in exchange for a capital contribution of $980. As alleged in more detail below, Anderson misappropriated that and other money from Tri-Med through Balance Group.

142. Between January and July 3, 2013, Stoel Rives prepared a senior secured promissory note for Anderson in connection with a purported $199,020 "loan" (at 8% annual interest) from Anderson to the Balance Group. Stoel Rives also prepared a security agreement, which gave Anderson a security interest and lien in the Balance Group's collateral, and it prepared and filed a UCC-1 financing statement to perfect that security interest. Stoel Rives revised the operating agreement to reflect this loan and Anderson's security interest. Stoel Rives also prepared an inter-creditor agreement between Anderson and the Balance Group's other owners.

143. On August 13, 2013, Anderson wired $250,000 from Tri-Med's operating account (ending in 0065) at Wells Fargo Bank to the Balance Group's account (ending in 1804) at Bank of America. The next day, the Balance Group transferred $50,000 of that amount to Interventional Pain Center – another entity controlled by Anderson – leaving the Balance Group with a total of $200,000 from Tri-Med. Of that amount, $199,020 funded the purported loan from Anderson, and the remaining $980 funded Anderson's capital contribution to acquire his 4,900 membership interests.

144. On February 19, 2014, Anderson transferred an additional $50,000 to the Balance Group through a check he wrote from a second Tri-Med account (ending in 0107) at Wells Fargo Bank.

145. In addition to the initial retainer of $2,500, on or about May 10, 2013, September 10, 2013, and December 2, 2013, Tri-Med paid $4,682.23, $3,412.50, and $8,603.11, respectively, to Stoel Rives for the legal services it and Johnson provided to Anderson in connection with the Balance Group. Stoel Rives and Johnson accepted the representation, retainer, and fee payments even though they knew (a) the money came from Tri-Med and Tri-Med's money had been raised unlawfully from investors; (b) Tri-Med's sole business purpose was to acquire LOPs and not to invest in restaurants; (c) Tri-Med's investors were never told their money would be used to fund a restaurant or to pay legal fees for Anderson or any other person or entity; and (d) Tri-Med stood to receive no benefit whatsoever from Anderson's investment in the Balance Group. Neither Stoel Rives nor Johnson advised Tri-Med to disclose these matters to investors or anyone else, and they also did not disclose these matters to investors, regulators, law enforcement, or anyone else.

146. As such, Stoel Rives and Johnson knowingly and substantially assisted Anderson with converting and misappropriating Tri-Med's and its investors' money through Balance Group and through payment of legal fees Stoel Rives and Johnson received in connection with Anderson's personal dealings with Balance Group.

Defendants Knowingly And Substantially Assisted Insiders To Convert And Misappropriate Tri-Med's Assets Through The SIP Entities.

147. In April 2013, a $450,000 loan was made from Tri-Med to Spine Injury Physicians, LLC ("**SIP**"), and related entities, including Wellness Worx Center, PLLC

("**Wellness Worx**"), and Visum Management, LLC ("**Visum**") (collectively, the "**SIP Entities**"). Insiders also caused Tri-Med to purchase approximately $80,000 of medical equipment for the SIP Entities. Insiders used money from Tri-Med investors to fund the loan and equipment they gave the SIP Entities even though they never disclosed it to investors.

148. Corces initially drafted the promissory note and security agreements for the loan to the SIP Entities. Anderson then sent those documents to Stoel Rives to revise and draft. Stoel Rives also prepared and filed a UCC-1 financing statement to perfect Tri-Med's security interest in the SIP Entities' collateral.

149. Defendants did this even though they knew (a) the money came from Tri-Med and Tri-Med's money had been raised unlawfully, including by defrauding its investors; (b) Tri-Med's sole business purpose was to acquire LOPs and not to loan money to any clinic or to purchase equipment for it; and (c) Tri-Med's investors were never told their money would be used to fund a loan to a clinic, to buy equipment for that clinic, or to pay legal fees for Anderson or any other person or entity. Nevertheless, Defendants performed this work and thus aided and abetted these undisclosed diversions of Tri-Med's and investors' money. Notably, the SIP Entities filed for bankruptcy in January 2014 and Stoel Rives represented Tri-Med in connection with those proceedings, yet investors were never told of this material event either.

150. Tri-Med also purchased some actual LOPs from the SIP Entities. In June 2013, however, Stoel Rives and Johnson learned that the SIP Entities had sold the same LOPs twice, to both Tri-Med and a third party. As such, Stoel Rives and Johnson knew that representations to investors with respect to those LOPs (for example, that the LOPs were "**AN**

INDISPUTABLE LIEN UPON THE INDIVIDUAL CASE IT REPRESENTS" (original emphasis) and were "secured," "guaranteed," "backed," and/or "paid" by major insurance companies) were false, but neither Stoel Rives nor Johnson advised Tri-Med to disclose these misrepresentations or that Tri-Med had purchased double-sold (and therefore potentially worthless LOPs) to investors or anyone else, and they also did not disclose these matters to investors, regulators, law enforcement, or anyone else. They also never advised Tri-Med to correct the misrepresentations.

151. Through these actions and omissions, Defendants knowingly and substantially assisted Insiders with converting and misappropriating Tri-Med's and investors' money through the SIP Entities and through payment of legal fees Stoel Rives and Johnson received in connection with matters involving the SIP Entities.

Stoel Rives And Johnson Knowingly And Substantially Assisted Insiders To Convert And Misappropriate Tri-Med's Assets Through United Medical.

152. In April 2013, Anderson approached Stoel Rives and Johnson about making a $1,000,000 loan from Tri-Med to an entity called M.A.I. Spine Center, P.A. d/b/a United Medical ("**United Medical**"), for the purchase of an MRI scanner and C-Arm.

153. Stoel Rives and Johnson advised and counseled Insiders regarding the loan and drafted the loan's promissory note and security agreement. They also prepared and filed a UCC-1 financing statement to perfect Tri-Med's security interest in the collateral. Later, they prepared an amended and restated note and security agreement, which reflected renegotiated terms.

154. Per the terms of the agreement, which was executed in May 2013, Insiders caused Tri-Med to pay $100,000 directly to Siemens on or about June 4, 2013, so it could

commence construction of an MRI scanner and C-Arm. The remaining $900,000 was to be paid by Tri-Med upon notice that Siemens had completed the construction.

155. Siemens, however, did not complete construction of the medical equipment. In September 2014, six months after the OFR Proceeding was initiated and the fraudulent scheme prominently exposed to the public, Siemens returned the $100,000 to Anderson by a check made payable to Tri-Med Management instead of to Tri-Med.

156. On September 7, 2014, Anderson, on behalf of Tri-Med Management, approved various written resolutions, including the resignation of Laurie W. Huotari, a Stoel Rives attorney, as incorporator of Tri-Med Management, the election of Chad Hill ("**Hill**") as an officer, and authority to open a bank account. The written resolutions contained a document identifier showing it was prepared by Stoel Rives on behalf of Tri-Med Management. After preparation of the written resolutions, Anderson delivered the $100,000 check to Hill who deposited the money into an account for the benefit of Tri-Med Management. Anderson then further diverted, misappropriated, and converted that money rightfully belonging to Tri-Med by transferring the money from Tri-Med Management to himself and other entities he controlled, including Interventional Pain Center, in an effort to bypass the asset freeze imposed in the OFR Proceeding.

157. Again, Stoel Rives and Johnson knew (a) the money came from Tri-Med and Tri-Med's money had been raised unlawfully, including by defrauding its investors; (b) Tri-Med's sole business purpose was to acquire LOPs and not to loan money for the purchase of medical equipment; and (c) Tri-Med's investors were never told their money would be used to fund a loan to buy medical equipment. Neither Stoel Rives nor Johnson advised Tri-Med to

disclose these matters to investors or anyone else, and they also did not disclose these matters to investors, regulators, law enforcement, or anyone else.

158. Through these actions and omissions, Stoel Rives and Johnson knowingly and substantially assisted Insiders with converting and misappropriating Tri-Med's and investors' money through United Medical and through payment of legal fees Stoel Rives and Johnson received in connection with matters involving United Medical, which was part of and furthered the fraudulent scheme.

Stoel Rives And Johnson Knowingly And Substantially Assisted Insiders To Convert And Misappropriate Tri-Med's Assets Through GP-13 Enterprises.

159. In April 2013, Anderson caused Tri-Med to enter into a joint venture agreement with GP-13 Enterprises, PLLC ("**GP-13**"), to purchase and renovate homes in Florida to try to resell them at a profit. Anderson funded the joint venture with more than $574,000 he diverted and misappropriated from Tri-Med and its investors. Although GP-13 did not contribute any capital to the joint venture, according to the joint venture agreement, it was entitled to split any profits equally with Tri-Med. The joint venture used the Tri-Med money to buy three homes.

160. Stoel Rives and Johnson became aware of the joint venture no later than June 2013 when they began providing counsel, advice, and assistance to Anderson on efforts on behalf of Tri-Med to purchase and sell homes. Specifically, Johnson analyzed the joint venture agreement, conducted legal research, and participated in real estate closings.

161. For payment of these legal services, Stoel Rives and Johnson received and accepted money from Tri-Med. As such, Stoel Rives and Johnson accepted the representation and payment on behalf of herself and Stoel Rives even though she and the firm knew (a) the money came from Tri-Med and Tri-Med's money had been raised unlawfully, including by

defrauding its investors; (b) Tri-Med's sole business purpose was to acquire LOPs and not to invest in real estate; and (c) Tri-Med's investors were never told their money would be transferred to a joint venture or used to invest in real estate. Neither Stoel Rives nor Johnson advised Tri-Med to disclose these matters to investors or anyone else, and they also did not disclose these matters to investors, regulators, law enforcement, or anyone else.

162. Through these actions and omissions, Stoel Rives and Johnson knowingly and substantially assisted Insiders with converting and misappropriating Tri-Med's and investors' money through the joint venture with GP-13 and through payment of legal fees Stoel Rives and Johnson received in connection with matters involving this joint venture, which was part of and furthered the fraudulent scheme.

Stoel Rives And Johnson Knowingly And Substantially Assisted Insiders To Convert And Misappropriate Tri-Med's Assets Through Spine Pain Management, Inc.

163. In June 2012, Insiders caused Tri-Med to loan $500,000 to Spine Pain Management, Inc. ("**SPIN**"), through a 12% convertible promissory note with a maturity date of March 27, 2014. In early 2014, Insiders caused Tri-Med to enter into an amended 12% convertible promissory note with SPIN, which extended the maturity date of the loan to March 27, 2015.

164. At the time of the loan, Tri-Med had raised almost $3 million from investors which, as previously alleged, was based upon representations that investors' money would be used to purchase LOPs. Instead, Insiders used some of that money to fund the $500,000 loan to SPIN.

165. Stoel Rives and Johnson learned about this transaction and provided legal advice to Anderson relating to it even though they knew (a) the money used was from Tri-Med

and Tri-Med's money had been raised unlawfully, including by defrauding its investors; (b) Tri-Med's sole business purpose was to acquire LOPs and not to loan money to other companies; and (c) Tri-Med's investors were never told their money would be lent to another company. Neither Stoel Rives nor Johnson advised Tri-Med to disclose these matters to investors or anyone else, and they also did not disclose these matters to investors, regulators, law enforcement, or anyone else.

166. Through these actions and omissions, Stoel Rives and Johnson knowingly and substantially assisted Insiders with converting and misappropriating Tri-Med's and investors' money through the loan to SPIN and through payment of legal fees Stoel Rives and Johnson received in connection with matters involving SPIN, which was part of and furthered the fraudulent scheme.

Stoel Rives And Johnson Knowingly And Substantially Assisted Insiders To Convert And Misappropriate Tri-Med's Assets Through Tri-Med Management.

167. As previously alleged, Anderson owned and controlled an entity called Tri-Med Management, and he used Tri-Med Management's bank accounts as his personal accounts. Despite the similarities in name, Tri-Med Management did not have any legitimate business relationship with Tri-Med. While Tri-Med Management purportedly operated certain pain clinics Anderson controlled in Minnesota, investor funds transferred from Tri-Med to Tri-Med Management were the primary source of the latter's revenue.

168. For example, on December 6, 2012, March 20, 2013, and April 25, 2013, Anderson caused Tri-Med to issue three checks totaling $350,000 made payable to Dr. Paul Williams, individually, purportedly to buy ten assignments of medical receivables. Dr. Williams was a partner of Anderson's in a few pain clinics in Minnesota. These receivables,

however, did not exist and the assignments were forged by Anderson as a vehicle to enable him to divert, misappropriate, and convert Tri-Med's assets. Dr. Williams deposited the $350,000 in an account at Associated Bank and then immediately transferred that same exact amount to Tri-Med Management. Anderson, his entities other than Tri-Med, and Dr. Williams used that stolen money for improper purposes.

169. Anderson also caused Tri-Med to transfer approximately $150,000 directly to Tri-Med Management for a variety of improper purposes, including to pay expenses incurred by Tri-Med Management. Again, Stoel Rives knew that Anderson used Tri-Med funds for his other entities, including Tri-Med Management.

170. Stoel Rives and Johnson also had actual knowledge that Anderson and Dr. Williams were misappropriating and diverting money from Tri-Med Management for their own personal benefit. For example, on August 14, 2013, Dr. Williams sent an email to Anderson, copying Johnson, stating that he had "borrowed" money from Tri-Med Management to make improvements to his home. Dr. Williams wrote, "I wanted to follow up with you one more time regarding the home improvements on the house. As we discussed on multiple occasions you agreed to let me take a loan from the Tri-Med account for some home improvement projects (just like you were planning on doing for your homes in Florida and Minneapolis.)." Dr. Williams wrote that he stopped the renovations because it "wasn't the best business decision since you had not started your home improvement projects...."

171. Stoel Rives and Johnson knew that the money given to Dr. Williams for home improvements constituted fraud on Tri-Med Management. In her own handwritten notes, Johnson wrote: "Tri - Fraud on Co ... home improvements on home." Stoel Rives also knew

that a portion of Tri-Med Management's funding originated from Tri-Med. Stoel Rives and Johnson, however, continued to represent Tri-Med, Anderson, Tri-Med Management, and other Insiders and entities associated with Anderson despite their knowledge of Anderson's ongoing violations of law. Indeed, instead of withdrawing from representing Anderson, Tri-Med, Tri-Med Management, or any other person or entity associated with the fraudulent scheme, or disclosing the ongoing criminal conduct, Johnson and Anderson discussed how to best respond to Dr. Williams.

172. Stoel Rives and Johnson also created, counseled, and provided legal services to Anderson in connection with JA Management, LLC ("**JA Management**"), which was to be the successor to Tri-Med Management. Tri-Med paid some or all of the fees to Stoel Rives in order to create JA Management.

173. As already alleged, Stoel Rives and Johnson counseled and provided legal services to Anderson in connection with Tri-Med Management and JA Management. For those services, Stoel Rives and Johnson accepted payment from Tri-Med even though they knew (a) the money used to pay those fees was from Tri-Med and Tri-Med's money had been raised unlawfully, including by defrauding its investors and (b) Tri-Med's investors were never told their money would be used to pay the legal fees of other companies controlled by Anderson. Neither Stoel Rives nor Johnson advised Tri-Med to disclose these matters to investors or anyone else, and they also did not disclose these matters to investors, regulators, law enforcement, or anyone else.

174. Through these actions and omissions, Stoel Rives and Johnson knowingly and substantially assisted Insiders with converting and misappropriating Tri-Med's and investors'

money through Tri-Med Management and through payment of legal fees Stoel Rives and Johnson received in connection with matters involving Tri-Med Management, which was part of and furthered the fraudulent scheme.

Stoel Rives And Johnson Knowingly And Substantially Assisted Anderson To Convert And Misappropriate Tri-Med's Assets Through JRAM, LLC.

175. Stoel Rives and Johnson assisted Anderson to create JRAM, LLC ("**JRAM**"), in May 2013. JRAM is controlled by Anderson, although the owner of record is his longtime live-in girlfriend, Holly Kwon.

176. Anderson used JRAM in connection with the fraudulent scheme. First, Anderson diverted, misappropriated, and converted $10,000 from Tri-Med to make a capital contribution to JRAM. He also used $100,000 from Tri-Med as an investment in JRAM. Moreover, on or about December 20, 2013, Tri-Med purportedly purchased an "LOP" from JRAM for $45,004.42. In return, JRAM purportedly assigned Tri-Med "receivables" worth $150,014.73. According to the fabricated receivable, medical services were provided by JRAM for a patient named "Stoel Rives." But JRAM was not a medical services provider and "Stoel Rives" was not a real patient, and it did not incur charges of over $150,000. Rather, the Insiders fabricated an LOP to try to hide their unlawful transfer of $45,004.42 from Tri-Med to JRAM.

177. Stoel Rives and Johnson counseled and provided legal services to Anderson in connection with JRAM. Stoel Rives and Johnson accepted payment from Tri-Med for services they provided to Anderson in connection with JRAM even though they knew (a) the money used to pay those fees was from Tri-Med and Tri-Med's money had been raised unlawfully, including by defrauding its investors, and (b) Tri-Med's investors were never told their money

would be used to pay the legal fees of other companies controlled by Anderson. Neither Stoel Rives nor Johnson advised Tri-Med to disclose these matters to investors or anyone else, and they also did not disclose these matters to investors, regulators, law enforcement, or anyone else.

178. Through these actions and omissions, Stoel Rives and Johnson knowingly and substantially assisted Insiders with converting and misappropriating Tri-Med's and investors' money through JRAM and through payment of legal fees Stoel Rives and Johnson received in connection with matters involving JRAM, which was part of and furthered the fraudulent scheme.

Stoel Rives And Johnson Charged Tri-Med For Legal Services That Had Nothing To Do With Tri-Med's Business As Represented To Investors.

179. Stoel Rives and Johnson also conducted due diligence for Anderson on other purported investment opportunities, including Bedloo, LLC ("**Bedloo**"), and Back2Sleep, LLC ("**Back2Sleep**"). With respect to Bedloo, Stoel Rives and Johnson conducted extensive due diligence on the company in October 2013, including into whether Bedloo was complying with state and federal securities laws. Stoel Rives also reviewed a note and subscription agreement for Back2Sleep in December 2013 on Anderson's behalf.

180. While neither Tri-Med nor Anderson invested in Bedloo or Back2Sleep, Stoel Rives received fees from Tri-Med for conducting this due diligence and otherwise providing to Anderson legal services in connection with Bedloo and Back2Sleep. Stoel Rives and Johnson should never have provided these services in the first place as they knew Tri-Med investors were never informed their money would be used to invest in other companies. In fact, Stoel Rives and Johnson should not have provided these services or accepted payment for

them from Tri-Med because they knew (a) the money used was from Tri-Med and Tri-Med's money had been raised unlawfully, including by defrauding its investors; (b) Tri-Med's sole business purpose was to acquire LOPs and not to invest in other companies; and (c) Tri-Med's investors were never told their money would be used to invest in other companies. Neither Stoel Rives nor Johnson advised Tri-Med to disclose these matters to investors or anyone else, and they also did not disclose these matters to investors, regulators, law enforcement, or anyone else.

181. Through these actions and omissions, Stoel Rives and Johnson knowingly and substantially assisted Insiders with converting and misappropriating Tri-Med's and investors' money through payment of legal fees Stoel Rives and Johnson received in connection with matters involving Bedloo and Back2Sleep, which was part of and furthered the fraudulent scheme.

182. Stoel Rives' and Johnson's multiple representations of Tri-Med, Anderson, Balance Restaurant, Tri-Med Management, JA Management, JRAM, and other Insiders created a conflict of interest for Stoel Rives and Johnson. They were simultaneously representing an entity they knew had been used by the Insiders in violation of securities laws, including anti-fraud provisions, and had been defrauded and looted; individuals using the entity in violation of state and federal securities laws and doing the looting; and numerous companies into which those individuals diverted Tri-Med and investor funds. Anderson could not waive any such conflict under the pertinent Rules of Professional Conduct. Indeed, public records showed Anderson resigned as a director and officer of Tri-Med shortly after it was formed, so

according to those records, Anderson had no authority to act on behalf of Tri-Med or, at minimum, they raised questions about his authority.

CLASS REPRESENTATION ALLEGATIONS

183. **Numerosity**. As previously alleged, the Named Investors assert claims on behalf of themselves and of a class of similarly situated investors, excluding the principals of Tri-Med and Tri-Med Associates, Inc., sales agents, and their related family members. Joinder of all class members is impracticable given pertinent considerations, including the size of the class, the nature and size of the pertinent claims, the locations of the class members, judicial economy, inconvenience to the parties, and the class members' abilities to bring individual suits. Most importantly, the proposed class consists of over 300 Tri-Med investors. The class has also suffered substantial losses expected to exceed $10 million (before the calculation of interest) as a result of Defendants' unlawful conduct as alleged in this complaint and their facilitation of the Tri-Med scheme. While approximately 89% of the investors were citizens of Florida when the Receiver filed the initial complaint in this matter, those investors are located throughout the state, and at least 11% of the potential class members live in other states. As such, centralized resolution of the investors' clams on a class-wide basis promotes judicial economy and will not inconvenience the parties. Finally, many of the proposed class members are elderly and invested – and lost – tens if not hundreds of thousands in retirement funds in the Tri-Med scheme. They lack the resources to pursue individual claims against the defendants.

184. **Commonality.** There are questions of law and/or fact common to the class that depend upon common contentions and are capable of classwide resolution, including but not limited to the following:

- Whether the Insiders operated Tri-Med as a continuous, unified fraudulent scheme;
- Whether Defendants knew of the scheme and/or unlawful conduct underlying or in furtherance of the scheme, such as the unlawful offer and sale of securities;
- Whether Defendants actively participated in the scheme or substantially assisted Insiders to perpetrate the scheme by, for example, knowingly assisting with unlawful conduct underlying or in furtherance of the scheme, such as assisting with transactions through which Insiders diverted and converted investors' money;
- Whether Defendants should have terminated their association with Tri-Med and/or declined any additional representation; and
- Whether Defendants lent their professional credibility and continued assistance to Insiders so that they could perpetrate and perpetuate the scheme.

These legal and factual issues relate to Defendants' knowledge of and participation in the scheme and/or in unlawful conduct underlying or in furtherance of the scheme, and they are thus common to all investors in the scheme and susceptible to resolution on a classwide basis.

185. **Typicality.** The injuries suffered by the Named Investors are identical to the injuries suffered by the other proposed class members and arise from the same continuous course of fraudulent conduct – *i.e.*, the fraudulent scheme perpetrated through Tri-Med. The remedies sought by the Named Investors are also identical to the remedies sought by the other proposed class members – *i.e.*, recovery of the funds lost in the scheme from the defendants plus any additional damages and punitive damages to which they are entitled. The claims of the Named Investors, as proposed class representatives, are thus typical of the class claims,

and it is anticipated that Defendants will have defenses that are common to all class members as well.

186. **Adequacy.** The Named Investors, as proposed class representatives, will fairly and adequately protect the interests of the class. There are no known or anticipated conflicts of interest between the Named Investors and their counsel and the other class members. Proposed class counsel is an experienced litigator who has handled securities and class action matters. Each of the Named Investors lost tens if not hundreds of thousands of dollars in the fraudulent scheme. The Named Investors and their counsel thus have every incentive to prosecute this matter vigorously on behalf of the class.

187. **Rule 23(b)(3).** Classwide resolution of investor claims is appropriate under Fed. R. Civ. P. 23(b)(3) because questions of law or fact common to the class members predominate over any questions affecting only individual members. This Amended Complaint alleges a common course of conduct directed at investors during the entire time the Insiders operated Tri-Med as a fraudulent scheme. Defendants aided, abetted, and concealed this conduct. But for Defendants' concealment and facilitation of that conduct, class members would have either rescinded their investments in Tri-Med or never invested in the first place. Because this dispute involves a single, unified scheme directed at investors spread throughout Florida and, in some instances, in other states, a class action is superior to other available methods for fairly and efficiently adjudicating the controversy.

188. This case meets the requirements of Federal Rule of Civil Procedure 23 for the reasons set forth above and is suitable for class treatment.

189. All other conditions precedent to the bringing of this action have occurred or been satisfied or waived.

COUNT I

Receiver's Florida Statutes § 726: Uniform Fraudulent Transfer Act Claim – Against All Defendants

190. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 16, 18 through 21, 31 through 36, 45 through 78, and 117 through 182 of this complaint as if set forth fully herein.

191. Because Insiders intentionally and wrongfully caused the transfer to Stoel Rives and/or Johnson of money from Tri-Med as identified in Exhibit B, and of any other asset transferred to them, under the circumstances alleged in this complaint, Tri-Med, through the Receiver, has a right to repayment of at least that amount from Stoel Rives and Johnson. Johnson is liable as a subsequent transferee, but it is currently not known how much of the money transferred to Stoel Rives was subsequently transferred to Johnson.

192. Because Insiders intentionally and wrongfully caused the transfer to the Corces Firm of money from Tri-Med as identified in Exhibit C, and any other asset transferred to the Corces Firm, under the circumstances alleged in this complaint, Tri-Med, through the Receiver, has a right to repayment of at least that amount from the Corces Firm. Corces is liable as a subsequent transferee, but it is currently not known how much of the money transferred to the Corces Firm was subsequently transferred to Corces in his individual capacity.

193. In light of this right to repayment (and independently because Insiders' conduct as alleged in this complaint with respect to Tri-Med amounted to embezzlement, breach of

fiduciary duty, fraud, and/or other violations of law), Tri-Med has a claim against Insiders and consequently is a creditor of Insiders under the Florida Uniform Fraudulent Transfer Act. Accordingly, Insiders are debtors under that act.

194. The transfers of money that Insiders caused Tri-Med to make to Defendants were inherently fraudulent because the transfers were made as part of the fraudulent scheme.

195. Those transfers were fraudulent under Florida Statutes § 726.105(1)(a) because Insiders caused Tri-Med to make the transfers with actual intent to hinder, delay, or defraud creditors of Insiders and Tri-Med.

196. Those transfers also were fraudulent under Florida Statutes § 726.105(1)(b) because: (1) Insiders caused Tri-Med to make those transfers; and (2) (i) Insiders and Tri-Med were engaged or were about to engage in a business or transaction for which their remaining assets were unreasonably small in relation to the business or transaction; or (ii) Insiders intended that they and/or Tri-Med incur, or believed or reasonably should have believed they would incur, debts beyond their ability to pay as they became due.

197. Those transfers also were fraudulent under Florida Statutes § 726.106(1) because neither Insiders nor Tri-Med received a reasonably equivalent value in exchange for those transfers to Defendants, and Insiders and Tri-Med were insolvent at all relevant times. Defendants also did not receive the transfers in good faith.

198. On behalf of Tri-Med, from which money was directly or indirectly transferred to Defendants, the Receiver is entitled to avoid and recover transfers equal to the money and other transfers that Insiders caused Tri-Med to pay to Defendants (and to any other pertinent remedy, including those available under Florida Statutes § 726.108).

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants avoiding transfers from Tri-Med in the amount of money or other transfers or subsequent transfers received by Defendants, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT II

Receiver's Unjust Enrichment Claim – Against All Defendants

199. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 16, 18 through 21, 31 through 36, and 45 through 182 of this complaint as if set forth fully herein.

200. This unjust enrichment claim is asserted in the alternative, in the event the statutory remedy asserted in Count I does not provide an adequate remedy at law.

201. Defendants received a benefit when in furtherance and during the course of the fraudulent scheme, Insiders wrongfully caused Tri-Med (as indicated in Exhibits B and C) to transfer money to Defendants in an amount equal to the money and any other transfers received by Defendants. Defendants Johnson and Corces received money from Tri-Med through Stoel Rives and the Corces Firm, respectively.

202. Defendants knowingly and voluntarily accepted and retained a benefit in the form of that money.

203. The circumstances alleged in this complaint render Defendants' retention of that benefit inequitable and unjust so Defendants must pay the Receiver, acting on behalf of Tri-Med, the value of the benefit received.

204. Defendants have been unjustly enriched at the expense of Tri-Med in the amount of the transfers received by Defendants as detailed in Exhibits B and C (and also in the amount of any other transfers they received), and Tri-Med, through the Receiver, is entitled to judgment in those amounts.

205. The Receiver, on behalf of Tri-Med, is entitled to the return of that money through disgorgement or any other applicable remedy.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendants in the amount of money Defendants received from Tri-Med, together with interest and costs, and for such other and further relief as the Court may deem just and proper.

COUNT III

Receiver's Professional Negligence/Malpractice Claims – Against Stoel Rives & Johnson

206. The Receiver re-alleges each and every allegation contained in Paragraphs 1 through 16, 18 through 21, 31 through 36, 45 through 116, and 128 through 182 of this complaint as if set forth fully herein.

207. Stoel Rives is a law firm and Johnson is an attorney. They were both retained by Tri-Med (through Anderson) to provide legal services to Tri-Med, including regarding its "investment program."

208. As Tri-Med's attorneys, Stoel Rives and Johnson owed reasonable duties to Tri-Med.

209. Stoel Rives' and Johnson's conduct as alleged herein, and particularly in paragraphs 6 through 15, 79 through 116, and 128 through 182, fell below the standard of care

expected from independent and experienced counsel, and especially experienced securities counsel.

210. Through those actions and omissions, Stoel Rives and Johnson breached their duties to Tri-Med, which proximately caused millions of dollars in damages to Tri-Med (and to Tri-Med's investors).

211. Stoel Rives and Johnson not only breached their duties to Tri-Med for each of the independent actions or omissions referenced in paragraph 209 above, but they separately breached their duty because when taken collectively, the knowledge they obtained regarding the Insiders' and others' conduct on behalf of Tri-Med evidenced a clear pattern of past and ongoing fraud and other unlawful and criminal activities that, at minimum, required Stoel Rives and Johnson to refrain from following Anderson's or any other Insider's instructions, withdrawing from or declining representation, and/or disclosing the criminal conduct to law enforcement, regulators, and/or others.

212. Stoel Rives' and Johnson's actions and omissions constituted, at minimum, gross negligence.

213. In exchange for conduct that breached its duties, Stoel Rives received almost $200,000 in legal fees, and Johnson received a portion of that amount. They knew that money originated from defrauded investors and that it was obtained unlawfully.

WHEREFORE, the Receiver respectfully requests judgment against Stoel Rives and Johnson, jointly and severally, for damages in an amount to be determined at trial as well as prejudgment interest, attorneys' fees, the costs of this action, and such other and further relief this Court deems just and proper.

COUNT IV

Named Investors'/Class' Professional Negligence/Malpractice Claims – Against Stoel Rives & Johnson

214. The Named Investors, on behalf of themselves and the Class as alleged herein, re-allege each and every allegation contained in Paragraphs 1 through 16, 21 through 36, 45 through 116, and 128 through 189 of this complaint as if set forth fully herein.

215. Stoel Rives is a law firm and Johnson is an attorney. They were both retained by Tri-Med (through Anderson) to provide legal services, including regarding its "investment program."

216. As securities attorneys, Stoel Rives and Johnson owed reasonable duties to Tri-Med's investors, including to provide true, correct, and adequate information regarding the business of Tri-Med and the individuals associated with it, including in connection with drafting the PPM. Stoel Rives and Johnson knew that Tri-Med and Insiders owed a fiduciary duty to Tri-Med's investors. Stoel Rives and Johnson also knew that one of the primary objectives of its representation of Tri-Med was to benefit Tri-Med's investors.

217. Stoel Rives' and Johnson's conduct as alleged herein, and particularly in paragraphs 6 through 15, 79 through 116, and 128 through 182, fell below the standard of care expected from independent and experienced counsel, and especially experienced securities counsel.

218. Through those actions and omissions, Stoel Rives and Johnson breached their duties to the public and, more specifically, to Tri-Med's investors, which proximately caused millions of dollars in damages to them.

219. Stoel Rives and Johnson not only breached their duties to the investors through each of the independent actions or omissions referenced in Paragraph 217 above, but they separately breached their duty because when taken collectively, the knowledge they obtained regarding the Insiders' conduct on behalf of Tri-Med evidenced a clear pattern of past and ongoing fraud and other unlawful and criminal activities that, at minimum, required Stoel Rives and Johnson to refrain from following Anderson's or any other Insider's instructions, withdrawing from or declining representation, and/or disclosing the criminal conduct to law enforcement, regulators, investors, and/or others.

220. Stoel Rives' and Johnson's actions and omissions constituted, at minimum, gross negligence.

221. In exchange for conduct that breached its duties, Stoel Rives received almost $200,000 in legal fees, and Johnson received a portion of that amount. They knew that money originated from defrauded investors.

WHEREFORE, the Named Investors, on behalf of themselves and the Class as alleged herein, respectfully request judgment against Stoel Rives and Johnson, jointly and severally, for damages in an amount to be determined at trial as well as prejudgment interest, attorneys' fees, the costs of this action, and such other and further relief this Court deems just and proper.

COUNT V

Plaintiffs' Aiding, Abetting, or Participation in Fraud Claim – Against All Defendants

222. The Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, re-allege each and every allegation contained in Paragraphs 1 through 16, 18 through 36, and 45 through 189 of this complaint as if set forth fully herein.

223. The Insiders engaged in a fraudulent scheme through Tri-Med. They raised money from investors under false pretenses and other unlawful conduct, as alleged in Paragraphs 45 through 78 above, and then diverted, misappropriated, converted, and stole that money for their personal and others' benefit and enrichment.

224. Stoel Rives and Johnson had actual knowledge of the Insiders' past, then-current, and ongoing violations of law and criminal conduct, and knowingly aided, abetted, and provided substantial assistance as alleged in Paragraphs 79 through 116 and 128 through 182 above.

225. For example, Stoel Rives and Johnson knew the Insiders and sales agents violated state and federal securities laws by, among other things, not providing full and fair disclosure of information to investors; making inaccurate or misleading representations or omitting the disclosure of material information; advertising the Tri-Med "investment program" in newspapers and on Tri-Med's website; failing to register the securities and certain entities and individuals; and paying unlawful commissions.

226. Stoel Rives and Johnson willingly recommended and created a PPM to allow Insiders to keep the prior violations of law hidden from the public, investors, and regulators and permit them to continue to operate and to keep the millions of dollars previously raised on behalf of Tri-Med through unlawful conduct, including fraud. The PPM was used by Insiders and sales agents to solicit investors, and Stoel Rives knew or was reckless in not knowing that the PPM would be used, and was indeed being used, by Insiders and sales agents to solicit investors into the "investment program."

227. Stoel Rives and Johnson knew the Insiders and sales agents were continuing to unlawfully sell securities and fraudulently raise money from investors on behalf of Tri-Med, and that Insiders were diverting, misappropriating, and converting Tri-Med money that was obtained from defrauded investors, including to fund other entities controlled by Anderson.

228. Stoel Rives and Johnson knowingly assisted Insiders to use the illegally obtained money for various improper, undisclosed, and unauthorized activities. The Insiders diverted, misappropriated, and converted Tri-Med's assets for their personal use, to fund other entities, including Tri-Med Management, JRAM, and Balance Restaurant, and to fund undisclosed ventures, including investments in real estate and loans to third parties, and this amounted to, among other things, fraud on Tri-Med and its investors.

229. Stoel Rives and Johnson also knew that Tri-Med's income was derived solely from the "investment program" and that investors were never told their money would be used to buy houses, make loans, fund unrelated companies, or for any purpose other than to buy LOPs.

230. To make matters worse, the Insiders paid Stoel Rives' and Johnson's legal fees for these undisclosed and unrelated activities with Tri-Med's and investors' money, which Stoel Rives and Johnson knew had been procured through fraud and other unlawful conduct.

231. Stoel Rives' and Johnson's actions and omissions furthered a fraudulent scheme that enabled the Insiders to divert, misappropriate, and convert millions of dollars from Tri-Med and its investors. Stoel Rives' and Johnson's actions and omissions in connection with the undisclosed activities alleged herein aided and abetted the Insiders' fraudulent and

unlawful conduct. In exchange for aiding and abetting the scheme, Stoel Rives received almost $200,000 in legal fees, and Johnson received a portion of that amount.

232. Similarly, the Insiders' conduct of using money held in escrow to pay the Corces Firm and Tim Patrick Enterprises amounted to, among other things, embezzlement, conversion, breach of fiduciary duty, and fraud.

233. As alleged in Paragraphs 117 through 127, the Corces Firm and Corces knew that it was unlawful and improper to use the funds held in escrow to pay the Corces Firm and Tim Patrick Enterprises, but they did so nevertheless.

234. The Corces Firm and Corces knowingly assisted unlawful conduct, which was perpetrated in furtherance of the fraudulent scheme and enabled and assisted the Insiders and others to divert, misappropriate, and convert millions of dollars in assets from Tri-Med and its investors. The Corces Firm's and Corces' assistance aided and abetted the Insiders' fraudulent and unlawful conduct.

WHEREFORE, the Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, respectfully request judgment against Defendants, jointly and severally, for damages in an amount to be determined at trial as well as prejudgment interest, attorneys' fees, the costs of this action, and such other and further relief this Court deems just and proper.

COUNT VI

Plaintiffs' Aiding, Abetting, or Participation in Breaches of Fiduciary Duties Claim – Against All Defendants

235. The Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, re-allege each and every allegation contained in Paragraphs 1 through 16, 18 through 36, and 45 through 189 of this complaint as if set forth fully herein.

236. Anderson, Nicholas Jr., Nicholas III, and the other Insiders owed fiduciary duties to Tri-Med and its investors.

237. Anderson, Nicholas Jr., and Nicholas III, and the other Insiders breached their fiduciary duties to Tri-Med and its investors as alleged in Paragraphs 45 through 78 and 128 through 182 above by engaging in unlawful conduct, including by violating securities laws in the offer and sale of Tri-Med securities and diverting, misappropriating, and converting Tri-Med's funds for their own and others' use, paying third parties, including the Corces Firm and Tim Patrick Enterprises, with funds to be held in escrow for investors, failing to use reasonable care in operating and managing the company, failing to operate it in a reasonably prudent manner, and failing to operate it in compliance with all applicable laws and regulations.

238. Defendants knew that Anderson, Nicholas Jr., Nicholas III, and the other Insiders owed fiduciary duties to Tri-Med and its investors. Defendants also knew the Insiders were breaching their fiduciary duties to Tri-Med and its investors.

239. Stoel Rives and Johnson knowingly aided, abetted, or participated in these breaches of fiduciary duties as alleged in Paragraphs 79 through 116 and 128 through 182.

240. Defendant Corces Firm and Corces knowingly aided, abetted, or participated in these breaches of fiduciary duties as alleged in Paragraphs 117 through 128, 130, and 147 through 149.

241. Stoel Rives accepted payment from Tri-Med in order to perform legal services for Insiders and entities Anderson owned and controlled, which assisted Anderson and the other Insiders to perpetrate and perpetuate their fraudulent scheme though Tri-Med in breach of their fiduciary duties.

242. Defendants' conduct allowed, aided, and abetted the Insider's breaches of fiduciary duties to the detriment of Tri-Med and its investors.

WHEREFORE, the Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, respectfully request judgment against Defendants, jointly and severally, for damages in an amount to be determined at trial as well as prejudgment interest, attorneys' fees, the costs of this action, and such other and further relief this Court deems just and proper.

COUNT VII

Plaintiffs' Aiding, Abetting, or Participation in Conversion Claim – Against All Defendants

243. The Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, re-allege each and every allegation contained in Paragraphs 1 through 16, 18 through 36, and 45 through 189 of this complaint as if set forth fully herein.

244. Tri-Med and its investors owned, possessed, or had the right to immediate possession of personal property, including money.

245. Anderson and the other Insiders wrongfully exercised dominion and control over such property by misappropriating and converting millions of dollars in such property from Tri-Med and its investors, thereby causing damages to Tri-Med and its investors.

246. By their conduct as alleged herein, and in particular in Paragraphs 79 through 182, Defendants knowingly aided, abetted, or participated in the misappropriation and conversion of millions of dollars in property from Tri-Med and its investors. Defendants knew that Anderson and the other Insiders were wrongfully exercising dominion and control over Tri-Med's and the investors' property.

247. Defendants' conduct allowed, aided, and abetted the Insider's conversion of Tri-Med's and its investors' assets to the detriment of Tri-Med and its investors.

WHEREFORE, the Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, respectfully request judgment against Defendants, jointly and severally, for damages in an amount to be determined at trial as well as prejudgment interest, attorneys' fees, the costs of this action, and such other and further relief this Court deems just and proper.

COUNT VIII

Plaintiffs' Civil Conspiracy Claim – Against All Defendants

248. The Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, re-allege each and every allegation contained in Paragraphs 1 through 16, 18 through 36, and 45 through 189 of this complaint as if set forth fully herein.

249. Defendants conspired with Anderson, Nicholas Jr., Nicholas III, and the other Insiders to commit the wrongful conduct described herein, including breaches of fiduciary

duties and conversion. Defendants are responsible for all wrongdoing done by each of the other members of the conspiracy, including Anderson, Nicholas Jr., Nicholas III, and the other Insiders, in furtherance of the unlawful conspiracy and enterprise. In particular, Defendants are responsible for losses incurred by Tri-Med and its investors as a result of the fraudulent scheme and Anderson's, Nicholas Jr.'s, Nicholas III's, and their co-conspirators' misappropriation of millions of dollars in assets from Tri-Med and its investors.

250. There was a meeting of the minds between Anderson, Nicholas Jr., Nicholas III, and the other Insiders to defraud Tri-Med and its investors. This meeting of the minds grew to include other participants, including Defendants. Stoel Rives and Johnson joined the conspiracy and had a meeting of the minds with Anderson and his co-conspirators no later than December 2012 when she and Stoel Rives recommended and devised a plan to create the PPM for the Fund, which would permit the Insiders to continue to operate Tri-Med and use millions of dollars obtained unlawfully from investors without disclosing to those investors or anyone else the crimes and violations of law that had been committed. At a minimum, Johnson and Stoel Rives joined the conspiracy in January 2013 when they knew that Anderson diverted and misappropriated money from Tri-Med, but nevertheless knowingly assisted Anderson in connection with his personal investment in the Balance Group. In this meeting of the minds, Stoel Rives and Johnson agreed to assist Anderson and his co-conspirators with their unlawful conduct, by, among other things, assisting Anderson and others to misappropriate and convert Tri-Med's and investors' assets.

251. Defendant Corces Firm and Corces joined the conspiracy and had a meeting of the minds with Anderson and his co-conspirators in April 2013 when they elected to serve as

escrow agent and prepared a loan agreement and security agreement, but in any event, no later than August 2013 when they made unlawful and improper payments to Tim Patrick Enterprises from the escrow account. In this meeting of the minds, the Corces Firm and Corces agreed to assist Anderson and his co-conspirators to divert, misappropriate and convert Tri-Med's and investors' assets.

252. Defendants therefore knowingly combined together with Anderson and his co-conspirators in assisting them with unlawful conduct, which furthered the fraudulent scheme.

253. As described herein, and particularly in Paragraphs 79 through 116 and 128 through 182, Stoel Rives and Johnson took various overt acts designed to assist Anderson, Nicholas Jr., Nicholas III, and the other Insiders with unlawful conduct, which furthered the fraudulent scheme.

254. Similarly, as described herein, and particularly in Paragraphs 117 through 127, 130, and 147 through 149, Corces Firm and Corces took various overt acts designed to assist Anderson, Nicholas Jr., Nicholas III, and the other Insiders with unlawful conduct, which furthered the fraudulent scheme.

255. By doing so, Defendants acted pursuant to their meeting of the minds with Anderson and his co-conspirators in pursuit of the common purpose of the conspiracy: to defraud Tri-Med and its investors, including diverting, misappropriating, and converting their assets for the co-conspirators' use and benefit.

256. Defendants' conspiracy with Anderson, Nicholas Jr., Nicholas III, and the other Insiders as alleged herein is a proximate cause of actual damages to Tri-Med and its investors.

257. Defendants' actions in furthering the conspiracy were taken during the conspiracy's operation. Indeed, Defendants' actions were taken to protect and advance the unlawful conduct so it could continue, and in turn Tri-Med could continue paying fees to Defendants.

258. Defendants' actions were part of a continuing activity that was illegal in nature and essential to furthering the survival of an ongoing fraudulent scheme. But for the overt acts taken by members of the conspiracy to further the conspiracy's objectives as described herein, Anderson and his co-conspirators would not have been able to execute the fraudulent scheme and millions of dollars in damages to Tri-Med and its investors would have been avoided.

WHEREFORE, the Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, respectfully request judgment against Defendants, jointly and severally, for damages in an amount to be determined at trial as well as prejudgment interest, attorneys' fees, the costs of this action, and such other and further relief this Court deems just and proper.

COUNT IX

Receiver's Breach of Contract Claim – Against Charles Corces, P.A., And Charles Corces

259. The Receiver re-alleges each and every allegation contained in Paragraphs 16, 18 through 20, and 117 through 127 of this complaint as if set forth fully herein.

260. Tri-Med and the Corces Firm, through Corces, entered into the Escrow Agreement on or about April 5, 2013.

261. The Corces Firm and Corces agreed to, among other things, hold funds in escrow to pay investors or to fund medical procedures. Under the Escrow Agreement, they

were required to receive written evidence from Anderson or Nicholas III regarding each disbursement to "enable the Escrow Agent to attribute the disbursement to a particular investor and/or lender, or the funding of a particular medical procedure."

262. The Corces Firm and Corces breached the terms of the Escrow Agreement by paying the Corces Firm and Tim Patrick Enterprises from the escrow account.

263. The Corces Firm and Corces also breached the terms of the Escrow Agreement by failing to obtain written evidence from Anderson or Nicholas III regarding the purpose of each disbursement to "enable the Escrow Agent to attribute the disbursement to a particular investor and/or lender, or the funding of a particular medical procedure."

264. Tri-Med has been damaged as a result of these breaches.

WHEREFORE, the Receiver asks this Court to enter judgment against Defendant Corces Firm and Corces, jointly and severally, for damages in an amount to be determined at trial as well as prejudgment interest, attorneys' fees, the costs of this action, and such other and further relief this Court deems just and proper.

COUNT X

Plaintiffs' Negligence Claim – Against Corces and Charles Corces, P.A.

265. The Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, re-allege each and every allegation contained in Paragraphs 1 through 6, 16, 18 through 36, 45 through 78, 117 through 127, 130, 147 through 149, and 183 through 189 of this complaint as if set forth fully herein.

266. As escrow agent, Defendants Corces Firm and Corces owed Tri-Med and its investors, at minimum, a duty of reasonable care.

267. The Corces Firm and Corces knew or should have known that it was unlawful and improper to use the funds held in escrow to pay the Corces Firm and Tim Patrick Enterprises, but they did so nevertheless. Further, the Corces Firm and Corces knew the escrowed money should have been distributed to investors or medical services providers but that instead there was a lack of activity in the escrow account, and they took no steps to investigate the reasons for it. Had Corces and the Corces Firm complied with their duty of reasonable care, they would have prevented those diversions and discovered the unlawful reasons for the inconsistencies with the escrow account, which would have prevented millions of dollars in losses.

268. As alleged herein, and in particular in Paragraphs 117 through 127, the Corces Firm and Corces breached their duties to Tri-Med and its investors, which directly and proximately damaged them.

WHEREFORE, the Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, respectfully request judgment against Defendants the Corces Firm and Corces, jointly and severally, for damages in an amount to be determined at trial as well as prejudgment interest, attorneys' fees, the costs of this action, and such other and further relief this Court deems just and proper.

NOTICE OF INTENT TO SEEK PUNITIVE DAMAGES

The actions of Defendants, as described in this complaint, were intentional and/or grossly negligent and entitle Plaintiffs to seek punitive damages. Notice is hereby given that Plaintiffs will, at the appropriate time, request the Court to include a claim for punitive damages in this case pursuant to the procedures established in §768.22 Fla. Stats.

JURY TRIAL DEMAND

The Receiver and the Named Investors, on behalf of themselves and the Class as alleged herein, demand a jury trial on all claims.

s/Gianluca Morello
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And

s/Robert W. Pearce
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Attorney for the Named Investors and the Class

EXHIBIT A

ESCROW AGREEMENT

THIS AGREEMENT, made this 5th day of April of 2013 by and between Charles Corces, P.A., a Certified Public Accountant with offices at 800 W. Martin Luther King, Jr., Blvd., Suite # 3, Tampa, FL 33603 (hereinafter "Escrow Agent"); and Tri- Med Corporation, with offices at 34931 US Highway 19, Suite 104, Palm Harbor, FL 34684 (hereinafter referred to as the "Company").

WITNESSETH:

WHEREAS, the Company is in the business of providing financing for certain medical and surgical procedures; and

WHEREAS, the Company has received, and anticipates receiving in the future, funds from investors and/or lenders which the Company will use to finance certain medical procedures and surgeries; and

WHEREAS, the Company will receive repayment from certain medical providers for the financing of medical procedures and surgeries;

WHEREAS, the Company desires that the repayments received from the medical providers not be comingled with other Company funds; and

WHEREAS, the Company desires that Escrow Agent receive a sum of funds from attorney Brian Stayton, who has been holding certain investor and/or lender funds in his attorney trust account; and

WHEREAS, the Company desires that Escrow Agent hold funds pursuant to the terms of this Escrow Agreement, and disburse funds upon the written direction of the Company's authorized representative(s); and

WHEREAS, the Company and Escrow Agent agree to enter into this Escrow Agreement upon the terms and conditions set forth below

NOW, THEREFORE, in consideration of the sum of $10.00, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Escrow Agent agree as follows:

1. **Recitals**. The above recitals are true and correct and are an inseparable part of this Agreement.

2. **No Discretion**. Escrow Agent shall have no discretion in the distribution of the escrow funds. Distribution of the escrow funds shall be made only upon direction of the Company, by an authorized representative.

3. **Receipt of Initial Funds**. The Escrow Agent shall receive an initial transfer of funds (hereinafter the "Initial Funds") from attorney Brian Stayton. The allocation of the Initial Funds shall be provided to Escrow Agent by attorney Brian Stayton, and Escrow Agent bears no responsibility for any errors in the accounting, or allocation, of the Initial Funds prior to receipt by Escrow Agent, and the Company shall hold Escrow Agent harmless in this regard. The Company agrees to use its best efforts to provide Escrow Agent with a correct and acceptable allocation of the Initial Funds.

4. **Receipt of Funds**. From time to time, the Escrow Agent shall be presented with checks, or drafts, from investors and/or lenders. Escrow Agent shall deposit all checks, or drafts, in an account titled: "Charles Corces, PA, CPA – Tri-Med Escrow Account". The initial escrow account shall be opened at GulfShore Bank 401 S. Florida Avenue, Suite 100, Tampa, FL 33602. The Company shall provide Escrow Agent, in a form acceptable to Escrow Agent, written evidence of the names and addresses, of the investors and/or lenders, the amount tendered by each, and such other information that will enable the Escrow Agent to attribute to a particular investor and/or lender the amount of all checks, or drafts, allocable to a particular investor and/or lender.

4. **Disbursement of Funds.** Escrow Agent shall disburse funds from the Tri-Med Corporation Escrow Account only upon written direction from an authorized representative of the Company. The Company shall provide Escrow Agent, in a form acceptable to Escrow Agent, written evidence of the purpose for such disbursement, and such other information that will enable the Escrow Agent to attribute the disbursement to a particular investor and/or lender, or the funding of a particular medical procedure. Escrow Agent shall have no authority to disburse funds without the prior written direction of an authorized representative of the Company. Distribution of funds from the escrow account to the Company may be made upon written direction of the Company. Unless changed in writing, the authorized representatives of the Company are Jeremy Anderson, or, Anthony Nicholas.

6. **Interest on Escrow Account**. Any interest earned on the escrow shall be paid over to the Company by the Escrow Agent, and Escrow Agent is not responsible for allocation of interest earned among the various investors and/or lenders.

6. **Warranties, Representations and Covenants of the Company**. The Company warrants, represents and covenants to the Escrow Agent the following:

(a) The Company is organized and validly existing pursuant to the laws of the State of Florida;

(b) The Company has full power and authority to enter into this Agreement;

(c) This Agreement does not violate any Federal, State, local, or municipal law, ordinance, or regulation;

(d) The Escrow Agent is under no duty to enforce collection of any checks, or drafts, delivered to him hereunder;

(e) The Escrow Agent is under no duty to accept payment of any check, draft, or other instrument, unless it is payable in United States dollars;

(f) The Escrow Agent is protected in acting upon any notice, request, certificate, approval, consent or other paper believed to be genuine;

(g) The Escrow Agent be indemnified and held harmless by the Company against any claim, action, loss, damage, cost or expense (including reasonable attorneys' fees) by reason of Escrow Agent acting, or failing to act, in connection with any of the transactions contemplated hereby, or in the carrying out the terms of this Agreement, except such claims which are occasioned by the Escrow Agent's gross negligence or willful misconduct;

(h) The Escrow Agent shall not be liable to the Company, or to any person, with respect to any action taken or omitted to be taken in good faith;

(i) In the event of doubt as to his duties, or liabilities under the provisions of this Agreement, Escrow Agent may in his sole discretion continue to hold the monies which are the subject of this escrow until all interested persons mutually agree to the disbursement thereof, or until a judgment of a court of competent jurisdiction shall determine the rights of such interested persons, or the Escrow Agent may deposit all the monies then held pursuant to this escrow with the Clerk of the Circuit Court of Hillsborough County, Florida, and upon notifying all parties concerned of such action, all liability on the part of the Escrow Agent shall fully terminate. In the event the Escrow Agent interpleads the subject matter of this escrow, the Escrow Agent shall be entitled to recover reasonable attorneys' fees and costs incurred;

(j) The warranties, representations and covenants set forth herein shall survive the execution of this Agreement.

6. **Construction**. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Florida.

7. **Amendment**. This Agreement contains the entire agreement of the parties hereto and can only be amended, or modified, in writing by the Escrow Agent and an authorized representative of the Company.

8. **Termination**. This Agreement may be terminated by either Escrow Agent, or the Company. Upon termination of this Agreement, the balance of the escrow shall be transferred upon direction of the Company, or if no direction is received from the Company within thirty (30) days of termination, to the Company directly.

In witness whereof the parties hereto have executed this Agreement on the day and year first above written.

EXHIBIT B

Transfers to Stoel Rives

Date	Amount	Transfer Directly From
11/14/12	$5,000.00	Tri-Med Corporation
01/29/13	$10,440.59	Tri-Med Corporation
01/29/13	$10,000.00	Tri-Med Corporation
04/02/13	$12,607.00	Tri-Med Corporation
05/10/13	$4,682.23	Tri-Med Corporation
06/24/13	$20,000.00	Tri-Med Corporation
06/24/13	$7,789.50	Tri-Med Corporation
09/10/13	$11,482.64	Tri-Med Corporation
09/10/13	$3,412.50	Tri-Med Corporation
09/10/13	$2,602.00	Tri-Med Corporation
09/10/13	$555.00	Tri-Med Corporation
11/15/13	$10,284.05	Tri-Med Corporation
11/15/13	$10,096.39	Tri-Med Corporation
11/15/13	$9,579.94	Tri-Med Corporation
12/02/13	$8,603.11	Tri-Med Corporation
12/02/13	$6,374.72	Tri-Med Corporation
12/02/13	$5,187.20	Tri-Med Corporation
12/02/13	$659.11	Tri-Med Corporation
12/26/13	$31,301.36	Tri-Med Corporation
12/26/13	$8,703.06	Tri-Med Corporation
02/12/14	$3,458.06	Tri-Med Corporation
02/12/14	$2,459.00	Tri-Med Corporation
02/12/14	$1,353.27	Tri-Med Corporation
02/12/14	$991.00	Tri-Med Corporation
02/12/14	$954.90	Tri-Med Corporation
02/12/14	$851.00	Tri-Med Corporation
02/12/14	$591.00	Tri-Med Corporation
Total	**$190,019.17**	

EXHIBIT C

Transfers to the Corces Firm

Date		Amount	Transfer Directly From
06/28/13		$2,937.50	Tri-Med Corporation
07/05/13		$5,500.00	Tri-Med Corporation
08/19/13		$2,125.00	Tri-Med Corporation
10/24/13		$4,737.50	Charles Corces, P.A. Escrow
	Total	**$15,300.00**	