

**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.,

Judge Anthony Rondolino

Defendants.

vs.

TMFL HOLDINGS, LLC

Relief Defendant.

/

**THE RECEIVER'S VERIFIED THIRD INTERIM REPORT
AND INCORPORATED THIRD REPORT OF INVENTORY**

Receivership Information and Activity from July 23, 2014, through November 20, 2014.

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INTRODUCTION

Burton W. Wiand, the Court-appointed Receiver for Tri-Med Corporation (“**Tri-Med**”), Tri-Med Associates Inc. (“**TMA**”), and TMFL Holdings, LLC (“**TMFL**”) (collectively the “**Receivership Entities**”), hereby files this Verified Third Interim Report and Incorporated Third Report of Inventory (“**Third Interim Report**”) to inform the Court, the investors, and others interested in the Receivership Entities of activities to date, as well as the proposed course of action.¹

The Receiver was appointed on March 5, 2014. By March 7, 2014, the Receiver established an informational website, www.trimedreceivership.com. The Receiver will update this website periodically with the Receiver’s most significant actions to date, important court filings in this proceeding, and other news that might be of interest to the public. This Third Interim Report, as well as all previous and subsequent reports, will be posted on the Receiver’s website.

THE RECEIVER HAS SEEN EVIDENCE OF AND BEEN ADVISED BY A NUMBER OF INVESTORS THAT THEY HAVE BEEN CONTACTED BY JEREMY ANDERSON AND/OR OTHER DEFENDANTS IN THIS CASE OR OTHER PEOPLE ASSOCIATED WITH THE PURPORTED “INVESTMENT PROGRAM” UNDERLYING THIS CASE. INVESTORS ARE STRONGLY CAUTIONED TO EXERCISE SIGNIFICANT CARE AND DILIGENCE IN ANY DEALINGS WITH THESE INDIVIDUALS.

¹ This Third Interim Report is intended to report on information and activity from July 23, 2014, through November 20, 2014. As directed by the Court, the Receiver will submit his next Interim Report to the Court 120 days from the date of this Report.

Overview of Significant Activities During this Reporting Period

During the time covered by this Interim Report, the Receiver and professionals he has retained have engaged in the following significant activities:

- Recovered the total amount of **\$589,814.18** in payment of accounts receivable since the appointment of the Receiver through November 17, 2014;
- Assisted the Florida Office of Financial Regulation (“OFR”) with successfully opposing and prevailing on the Defendants’ motion to vacate and dissolve the Receivership and injunction after a lengthy hearing on October 22, 2014 wherein the Court found that the evidence was “clear and convincing” that the Defendants have engaged in “a fraudulent scheme to steal people’s money” and that the appointment of the Receiver was warranted. The Court denied the Defendants’ motion on October 24, 2014;
- Prevailed on a petition for a writ of mandamus in a Minnesota state court action initiated by Defendant Jeremy Anderson and prevented him from circumventing this Court’s asset freeze order and obtaining approximately \$15,000 of potential Receivership assets. As a result of the Receiver’s efforts these funds remain frozen;
- Filed claims in a bankruptcy proceeding initiated by medical service providers which sold medical accounts receivable to and otherwise received money from Receivership Entities and have reached an agreement through mediation to resolve the Receiver’s claims relating to these activities which may result in substantial collections for the Receivership;
- Sought and obtained the Court’s approval to sell medical equipment by public auction from October 28, 2014 through November 7, 2014, with a minimum bid of \$35,000, although unfortunately the auction closed without the receipt of any viable bids;
- Participated in the depositions of 11 individuals, including all six Defendants. All of the Defendants invoked the Fifth Amendment privilege against self-incrimination and refused to answer any substantive questions;
- Prepared and mailed letters to 258 attorneys who, along with their clients, provided Letters of Protection relating to receivables that were bought by Receivership Entities, informing them of the Receiver’s involvement and, with respect to all but one medical provider, that all negotiations for payment and payment must be directed to the Receiver; and
- Maintained an informational website for investors and other interested parties and continued to field numerous calls and correspondence from investors seeking information regarding the Receivership.

The above activities are discussed in more detail in the pertinent sections of this Interim Report.

BACKGROUND

I. Procedure and Chronology.

On March 5, 2014, the OFR filed a complaint in the Circuit Court for the Sixth Judicial Circuit in Pinellas County against Tri-Med, TMA, Jeremy Anderson, Anthony N. Nicholas, III, Eric Ager, Irwin Ager, and Teresa Simmons Bordinat, a/k/a Teresa Simmons (the individuals listed here and Anthony N. Nicholas, Jr. are collectively referred to as “**Defendants**”) charging them with violations of the Florida securities laws and seeking to enjoin their violations of these laws in connection with a fraudulent scheme to offer and sell unregistered securities. On March 26, 2014, the OFR amended the complaint to include Anthony N. Nicholas, Jr. as a defendant and on May 12, 2014, the OFR filed a second amended complaint to include TMFL as a relief defendant. The OFR alleged that the Defendants used the Receivership Entities to defraud approximately 232 investors from at least October 2011 forward by using false claims and purported above market rates of return to lure investors into purportedly investing in medical-practice-related accounts receivable subject to Letters of Protection (“**LOPs**”).² The OFR also alleged that the Defendants raised more than \$13 million from these investors and

² LOPs are typically provided by motor vehicle accident victims, and their attorneys, who are seeking damages from another party’s insurance company to medical clinics that agree to see them. These treating medical clinics agree to provide treatment in exchange for a LOP from the patient and the attorney, and not from any insurance company. The LOP is essentially a promise to pay a reasonable fee for necessary medical services from any settlement or judgment obtained by the patient in connection with the accident. Often due to cash flow constraints, these medical clinics sell these accounts receivable at a discount to other businesses. While there may be legitimate businesses engaged in purchasing such accounts receivable, as discussed in the Overview of Preliminary Findings below, the evidence shows that Tri-Med engaged in widespread fraud.

misappropriated at least \$6.2 million of these investor funds.³ On October 22, 2014, the OFR and Defendants Eric Ager, Irwin Ager, and Teresa Simmons Bordinat announced to the Court that the OFR's claims against these individuals have been resolved in principal. As part of that settlement, these defendants have consented to (i) a permanent injunction against them and (ii) the Receiver's appointment and agreed to make restitution to the Receivership in an amount to be determined by the Court at a later date.

On March 5, 2014, the Honorable Anthony Rondolino issued an order appointing Burton W. Wiand as Receiver over Tri-Med and TMA, noting the imminent danger of the loss of investor funds (the "**Order Appointing Receiver**"). The Order also imposed a temporary injunction and granted other relief as to all Defendants. Among other things, this Order enjoined Tri-Med, TMA, and other Defendants from further violations of the Florida securities laws, froze their assets, and required an accounting of all investor funds and other assets by March 10, 2014.⁴ Pursuant to the Order Appointing Receiver, the Receiver has the duty and authority to, among other things, take immediate possession of all assets and properties of the Receivership

³ The Receiver has discovered that Defendants actually raised more than initially alleged by the OFR. Records reviewed by the Receiver indicate that more than \$17 million was raised from investors. This difference is attributable mainly to the fact that the OFR's analysis stopped at a point in time which allowed them to prepare and file their initial complaint while the Receiver's analysis runs up until the Court enjoined the Defendants.

⁴ The Receiver timely received a response to the Court's order requiring an accounting from all Defendants with the exception of Anthony N. Nicholas, Jr. On June 27, 2014, the Receiver filed a motion to compel (1) production of documents from Defendants Jeremy Anderson, Anthony N. Nicholas III, and Anthony N. Nicholas, Jr. and (2) Anthony N. Nicholas Jr.'s compliance with the Court-ordered accounting. A hearing on this motion was held on August 26, 2014. On October 8, 2014, the Court entered an order granting the Receiver's motion. The pertinent Defendants have not produced documents as ordered by the Court. The Receiver is preparing a motion for an order to show cause as to why these Defendants should not be held in contempt and sanctioned accordingly.

Entities and hold and manage them until further order of the Court; and marshal and safeguard all such properties and assets. (Order Appointing Receiver at 9.)

Since the appointment of the Receiver, the Defendants have filed numerous motions in an effort to derail and impede the efforts of the Receiver and the Receivership. For instance, Defendants Jeremy Anderson, Anthony Nicholas, III, and Anthony Nicholas, Jr. have filed the following motions, among others: (1) motion for replacement or removal of the Receiver; (2) motion to allow Receiver and State exposure to liability; and (3) emergency motion to vacate and dissolve the Receivership and temporary injunction.⁵ These motions were noticed for a hearing before the Court on October 22, 2014. On October 22, 2014, the Court heard evidence for most of the day. At the conclusion of the hearing, the Court found “the evidence is clear and convincing and reaches a very high level that this was a fraudulent scheme to steal people’s money.” As a result, on October 24, 2014, the Court entered an order denying the Defendants’ emergency motion to vacate and dissolve the Receivership and temporary injunction. The Court tabled the other motions mentioned above for a later date.

II. Overview of Preliminary Findings.

The Receiver is in the process of reviewing voluminous records recovered by him and is also continuing to work on obtaining additional documents from third parties. The Defendants did not keep thorough customary books and records for the Receivership Entities, which has complicated this review process. As a result of the Defendants’ poor recordkeeping, the Receiver has had to retain the services of forensic accountants to review, reconstruct, and

⁵ Defendants Teresa Simmons Bordinat, Eric Ager, and Irwin Ager also filed or joined in a motion to dissolve the injunction and other motions related to the second amended complaint. However, as stated above, these Defendants have entered into an agreement with the OFR wherein they have consented to the Receivership and entry of permanent injunctions against them. As such, the motions filed by these defendants are moot.

analyze the movement of investors' money, which was a significant expense for the Receivership. The Receiver has formed some conclusions based on his review of a substantial portion of the records received and interviews with employees, sales agents, doctors, and others. While these conclusions are not final, they are unlikely to change as the review is completed, and consequently the Receiver believes they should be shared with the Court, the investors, and other potentially interested parties.

As the Court also observed at the October 22nd hearing, there is abundant evidence that the Defendants, through the Receivership Entities, were operating a fraudulent investment scheme. The Defendants raised money mainly from elderly Florida investors through the promise of high interest rates from the purported purchase of medical accounts receivable purportedly subject to LOPs which they represented were secured, guaranteed, and/or backed by major insurance companies. The Defendants fraudulently likened their "investment program" to bank CDs. While Defendants raised approximately \$17 million from investors, significantly less was used to purchase medical accounts receivable. The Receiver's investigation has revealed that from 2011 until this case was filed, only approximately \$4 million of these investor funds were used to buy LOPs.⁶ The Defendants guaranteed annual rates of return ranging from approximately 5% to 8% with purported interest payments paid monthly for a term of up to two years. They purportedly assigned different accounts receivable to different investors and guaranteed that if the receivable was not paid by the end of the two-year term, Tri-Med would still pay back to the investor the full principal amount or the investor could roll the investment

⁶ The Receiver previously reported that a slightly higher amount was used to purchase accounts receivable, however, the Receiver's continued investigation has revealed that the slightly higher amount included bogus purported receivables which were fabricated to hide unlawful diversions of funds and had no connection to a medical receivable.

amount over and continue receiving “interest payments” for another term.⁷ The Defendants routinely represented that the LOPs were fully backed or paid by a major insurance company. In reality, the LOPs were not backed or paid by any insurance companies as there was no established right to collect from an insurance company; rather, the LOPs merely gave medical providers some right to collect for all or part of their services from any settlement money the patients might receive.

The above representations were false and are part of the many acts of securities fraud perpetrated by the Defendants that the Receiver has already uncovered and many of which were presented to the Court during the October 22nd hearing. For more examples of material facts that were not disclosed to investors or of material misrepresentations made by the Defendants, please refer to the Second Interim Report.

Further, during the scheme Tri-Med’s attorneys provided to the Defendants a comprehensive memorandum that clearly notified the Defendants they were violating state and federal securities laws. The memorandum notified the Defendants they were violating securities laws by, among other things, not providing full and fair disclosure of information to investors; making inaccurate or misleading representations; 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. This memorandum bluntly notified the Defendants that **“Tri-Med and its principals have potential exposure to liability for claims by purchasers, as well as exposure for sanctions by Federal securities regulators.”** It also explained that **“[u]ntil the Investors are repaid in full, the only way to eliminate the potential**

⁷ While there are some informal records indicating an allocation of portions of receivables to investors, there were no actual assignments and no security interests were recorded on behalf of any investor.

claims by purchasers would be to conduct a rescission offer to all prior purchasers who purchased [investments from Tri-Med].”

The memorandum also warned that, “Florida securities regulators could impose sanctions, require a rescission offer or pursue other civil or criminal liabilities,” and concluded that, “Tri-Med should discontinue all offers and sales of [investments] . . . immediately.” Although the Defendants knew they were violating state and federal securities laws, they continued their investment scheme in violation of those laws. Roughly a year after that memorandum, Defendants were told by the same attorneys: **“You still have all of the problems outlined in our memo and our recommendation remains that you shouldn’t sell securities . . . unless you are doing everything else we recommend in our memo to comply with the securities law.”**

As shown by the above sample of evidence and in the Receiver’s prior Interim Reports, and also by the evidence presented by the OFR during the October 22nd hearing, the Receiver has discovered significant evidence that investor funds were regularly used for purposes that are very different from the representations made to investors, that the Defendants made numerous material misrepresentations and omissions to investors, and that the Defendants knew full-well that they were violating federal and state securities laws.

III. Actions Taken By The Receiver And Inventory Of Property.

Since his appointment on March 5, 2014, the Receiver has taken a number of steps to fulfill his mandates under the Order Appointing Receiver.

A. Taking Possession of Receivership Property.

1. Physical Premises and Receivership Books and Records.

On the day of his appointment, the Receiver took possession of an office at 34931 U.S. Hwy 19, Suite 104, Palm Harbor, Florida (the “Office”). The Office was being leased to Tri-

Med and Defendant Anthony Nicholas, III, but was being used primarily by Eric Ager for TMA and by a clerical assistant. The Receiver secured the premises and inventoried and removed physical property that was at the premises. The office contained books and records of the Receivership Entities, office furniture, and computer equipment. TMA also was being operated out of Teresa Simmons' home and a "virtual office,"⁸ which are both in Lake Mary, Florida. The Receiver seized five boxes of documents and two computers from Ms. Simmons' home on the same day of his appointment. The Receiver also searched two office suites in Clearwater, Florida, which were leased to Tri-Med. These office suites were empty except for a desk and chair which had been provided by the landlord.

On March 7, 2014, the Receiver was notified that a principal of Tri-Med had delivered Tri-Med documents and computers to a former employee to try to evade the Receiver's efforts to recover them. An agent of the Receiver immediately went to the former employee's home and seized the documents and computers. The Receiver also learned of two storage units in a public storage facility on Gunn Highway in Tampa, Florida. One unit was being leased by Tri-Med and the other by Defendant Jeremy Anderson. The Receiver seized and secured the units and inventoried the contents, which consisted of exercise equipment, office furniture, and household items. None of the items in the storage units appear to have any significant value.

The Receiver has retained experienced forensic information technology experts with the firm of E-Hounds, Inc., to assist in securing and analyzing the electronic data on the computers. All of the computers seized have been delivered to E-Hounds and its personnel have secured the

⁸ The virtual office was leased from a Regus facility which provides a business address, call and mail handling, and very limited use of a private office. No documents or computers were kept at this virtual office.

data and their forensic analysis is underway. All documents have been moved to the Receiver's offices and are being reviewed.

Since obtaining control of the Receivership Entities, the Receiver and his professionals have had discussions with a number of people associated with the Receivership Entities, including employees, sales agents, investors, medical providers, legal counsel, and real estate property managers. The Receiver's attorneys have participated in the depositions of 11 individuals, including all six Defendants. All of the Defendants invoked the Fifth Amendment privilege against self-incrimination and refused to answer any substantive questions. Two other individuals, William Parkhurst and Robert McClellan, were noticed for depositions but failed to appear. On October 20, 2014, the Receiver filed motions to compel these individuals to appear for their depositions and produce documents and for sanctions against them for their failure to appear. Mr. McClellan attended the October 22, 2014 hearing and attempted to present concerns relating to the scope of the injunction. The Court suggested that the Receiver and Mr. McClellan confer to try to resolve their issues. After the hearing, the Receiver reached out to Mr. McClellan and it is the Receiver's view that some of Mr. McClellan's concerns have been resolved and that the relief he sought is no longer necessary. The Receiver has invited Mr. McClellan to provide input to him with respect to any future concerns he may have.

Since the Receiver's appointment, he has served 62 subpoenas for documents on various financial institutions, medical clinics, real estate companies, and sales agents which may have documents relevant to the Receivership. On March 29, 2014, the Receiver served a subpoena on non-party Interventional Pain Center, PLLC ("**IPC**"), a medical services provider in Minnesota.

Defendant Anderson created IPC and is intimately involved in IPC's operations.⁹ From the Receiver's review of documents in this case, IPC received nearly \$1 million from defrauded investors. IPC has refused to comply with the subpoena. Accordingly, on November 12, 2014, the Receiver filed a motion to compel IPC's compliance with the subpoena in Minnesota state court. *See OFR v. Tri-Med Corp, et al*, Case No. 27-cv-14-3953 (Minn. Dist. Ct., 4th Jud. Dist.). No order on this motion has been entered yet.

2. Securing Receivership Funds.

The Receiver coordinated with the OFR to move swiftly to freeze all funds of which they were aware. The Receiver and his attorneys engaged in a preliminary review of documents and other information for the purpose of identifying institutions that potentially held relevant financial accounts or lines of credit. The Receiver immediately provided copies of the asset freeze order to the pertinent institutions. Since the appointment of the Receiver, he has served the Order appointing the Receiver and freezing the assets of the Receivership Entities on 89 individuals and entities who possibly could have assets and/or records belonging to Receivership Entities.

As a result of these efforts, the Receiver successfully froze \$4,906,671.33 at various financial institutions, including Wells Fargo Bank, N.A., Regions Bank, and Bank of America. The Receiver opened two accounts for the Receivership at USAmeriBank, a money market account with a 0.5% interest rate and a non-interest bearing checking account. The Receiver has deposited \$4,849,532.99 of the frozen funds into these accounts and has earned \$8,745.01 in interest on these accounts during the time covered by this Report. As of November 15, 2014, the

⁹ Defendant Anderson, through his counsel, has denied involvement with IPC's business operations. Despite these denials, evidence recovered by the Receiver shows that Defendant Anderson is intimately involved in this entity's business operations.

total balance of the Receivership accounts is **\$5,460,152.53**. Attached as **Exhibit A** to this Interim Report is a cash accounting report showing the amount of money on hand from July 23, 2014 less expenses plus revenues through November 15, 2014. This cash accounting report does not reflect non-cash or cash-equivalent assets. Thus, the value of all property, including real property and medical accounts receivable, discussed below is not included in the accounting report.

The remaining \$57,138.34 of the funds which have been frozen, but not yet transferred to the Receivership accounts are currently being held in various accounts in the names of individual Defendants and related entities. The Receiver will attempt to obtain as much of these funds as possible.

On or about July 17, 2014, Defendant Anderson on behalf of Tri Med Management, Inc., a Minnesota corporation he controls, retained legal counsel, and filed a petition for a writ of mandamus in Minnesota state court to dissolve this Court's asset freeze order over a bank account held with Associated Bank, N.A. in Minnesota. *See Tri-Med Management v. Associated Bank, N.A.*, Case No. 27-cv-14-12364 (Minn. Dist. Ct., 4th Jud. Dist.). Defendant Anderson filed this petition without any notice to this Court, the Receiver, or the OFR in direct violation of the order. After learning of this petition, the Receiver contacted Anderson's counsel and promptly moved to intervene in the action in an effort to protect the Receivership's interests in the assets held in the account and prevent Defendant Anderson from surreptitiously circumventing this Court's asset freeze order. Based on information obtained from Associated Bank, the account has a balance of approximately \$15,000. A hearing on the petition to circumvent the asset freeze order was held on August 6, 2014. The Court denied this petition on September 23, 2014. A hearing on the Receiver's motion to intervene was held September 8,

2014. The Court granted the motion to intervene on September 18, 2014. As of result of the Receiver's efforts these funds remain frozen under the protection of the Court's asset freeze order.

One of the Receiver's highest priorities is to locate and recover any additional funds. On March 25, 2014, the Receiver retained the experienced forensic accounting firm, Yip & Associates, Inc. to assist in tracing funds. This task has been extremely difficult because the Defendants failed to maintain adequate books and records or a customary accounting system. As a result, Yip & Associates has had to reconstruct the entire flow of funds through the Receivership Entities. The work of Yip & Associates is substantially complete. Maria Yip has reached the conclusion that the fraudulent scheme at issue was a Ponzi scheme and she gave testimony at the October 22, 2014 hearing regarding this conclusion. The work of Yip & Associates is a significant expense to the Receivership, but is necessary to (1) identify the Receivership's assets and liabilities, (2) identify individuals and entities who received diverted investor funds so that the Receiver may seek to recover those funds, and (3) ascertain the amounts owed, if any, to each investor so that the Receiver can administer the claims process and distribute funds to investors.

3. Medical Accounts Receivable.

The Receiver is in the process of analyzing and investigating what medical accounts receivable were **actually** purchased by the Receivership Entities and remain outstanding and has made substantial progress in this regard. Because no accurate and comprehensive records of purchased accounts receivables were maintained by the Defendants, this process has entailed gathering and reviewing documentation of every pertinent account receivable. The Receiver has done a comprehensive review of the accounts receivable and will use his best business judgment

to try to obtain the maximum value possible for outstanding receivables for the benefit of the defrauded investors. The Receiver is attempting to do this in the most cost effective way.

The Receiver has discovered that only approximately \$4 million was used to purchase medical accounts receivable. As noted in the previous paragraph, the Receivership Entities kept very poor and incomplete records of the accounts receivable. As a result of this, the Receiver's efforts to identify all receivables purchased by the Receivership has been a time-intensive process involving forensic accountants. The Receiver has identified more than 3,500 accounts receivable which were purchased by Tri-Med since its inception. Despite the Defendants' representations that medical accounts receivable were being purchased from numerous hospitals and surgery centers, the vast majority of the receivables were purchased primarily from the following sources: (1) clinics owned by Dr. Groteke and/or Dr. Petterson;¹⁰ (2) Interventional Pain Center with which Defendant Jeremy Anderson is intimately involved; and (3) Florida Surgery Consultants, LLC. Because of the Receivership Entities' poor recordkeeping, the Receiver is still working on determining how many of these receivables are valid and remain outstanding which is also a time intensive process, although he has made substantial progress. Again, because of the Receivership Entities' failure to maintain adequate records, it has been necessary to involve forensic accountants in this process. Because of the close relationship between the Defendants and certain medical providers, there is substantial concern as to the validity of a number of receivables purportedly purchased by Tri-Med, and the Receiver's investigation to date indicates that there may be problems with a significant amount of the receivables that were purchased. For example, some of the LOPs are bogus and simply were

¹⁰ Drs. Groteke and Petterson had a very close relationship with Defendants which included other purported business ventures and they and/or their entities received Tri-Med investors' money for unauthorized purposes which were unrelated to the purchase of medical accounts receivable.

fabricated to attempt to hide the diversion of investor funds and others were double sold by the medical provider so that both Tri-Med and other parties claim competing ownership of those receivables. Further, some LOPs contain language barring their assignment.

From the Receiver's investigation to this point, it appears that the Receivership Entities paid approximately \$4.3 million for accounts receivable in the total face value amount of \$14.8 million.¹¹ The face value amount represents the total amount of receivables purchased by Tri-Med. As noted above, the accounts receivable are based on a promise to pay a reasonable fee for medical services from any settlement or judgment obtained by a patient in connection with an accident. Once the dispute relating to the accident is resolved, the attorney representing the patient generally tries to negotiate the amount owed. It is common practice for the receivables to be paid at significantly less than face value, if indeed they are ever paid, for a number of reasons. Those reasons include that the amount billed for the procedures conducted by the medical providers is excessive; that some of the procedures conducted were unnecessary; or that the patient did not recover sufficient (if any) money to pay the receivable owed. With respect to medical accounts receivable purchased from Florida Surgery Consultants, Tri-Med entered into an agreement with Florida Surgery Consultants prior to the Receivership regarding the payment of its medical accounts receivable. Pursuant to this agreement, Tri-Med is to receive either 50% or 55% of the amount of the receivable depending on the type of service provided. Prior to the appointment of the Receiver, evidence reviewed to date indicates that the Receivership Entities received \$451,381.71 in payment of accounts receivable purchased from medical providers other than Florida Surgery

¹¹ These numbers may be modified as the Receiver continues his review and analysis of the accounts receivable and there is a strong likelihood that the numbers will decrease because, for example, this number likely includes receivables which were double sold by medical providers and ones which otherwise may not be valid.

Consultants and they received \$744,472.56 from Florida Surgery Consultants for total payments of \$1,195,854.27.

After the Receiver's appointment, he informed medical service providers other than Florida Surgery Consultants that negotiations of these accounts receivable would be handled by a representative of the Receiver in an effort to ensure that they were not resolved for less than their fair value. The Receiver intends to uniformly seek payment of 100% of the face value of the receivables, but it is anticipated that circumstances will arise where a payment in that amount is not possible. In such circumstances the Receiver will use his best judgment in negotiating settlement of the receivables keeping in mind the potential for recovery and the expenses of collection. On July 25, 2014 and August 4, 2014, the Receiver also sent a letter to approximately 258 attorneys who represent clients who provided a Letter of Protection. This letter informed these attorneys that communications regarding payment or settlement of amounts owed by their clients should be directed to the Receiver's counsel and that funds due under the receivables purchased by the Receivership Entities constitute Receivership Property and must be paid to the Receiver. Since the appointment of the Receiver through November 15, 2014, the Receiver has recovered \$26,599.76 in payment of accounts receivable purchased from medical providers other than Florida Surgery Consultants and \$563,214.42 from Florida Surgery Consultants for total payments of \$589,814.18. Because of a number of variables, including the underlying validity of purported receivables, the Receiver cannot predict the amount of eventual recoveries.

4. Promissory Note and Funds Diverted Through Purported Loans.

The Receiver has discovered evidence of a \$500,000 loan made by Tri-Med to Spine Pain Management, Inc., in Texas. The loan is secured by a convertible promissory note with a maturity date of March 27, 2014. Spine Pain Management has asserted that the note's maturity

was extended to March 27, 2015, and produced documentation of that extension. The note provides that six quarterly payments of 12% interest should have been paid on this note. Since the inception of the Receivership, three quarterly interest payments in the total amount of \$45,000 have been paid to the Receiver on this note. The Receiver is investigating this transaction and will seek to recover the amount of the note as well as any interest which has not been paid.

Defrauded investors' money also appears to have been used to make loans or other payments to various entities and individuals, including relatives or close acquaintances of Defendants. An "accounting" submitted by Defendant Anderson to the Court on March 14, 2014 purports to show that investor funds were used to make six outstanding loans: (1) \$10,000 to Jim Nicholas; (2) \$1,000 to Nick Nicholas; (3) \$36,000 to Ray's Car Service; (4) \$20,000 to Ray's Car Service; (5) \$20,000 to Dikson Rodriguez; and (6) \$50,000 to Dr. Meckerson. The Receiver's investigation of these loans has revealed that the purported loans to Dr. Meckerson and Ray's Car Service appear to be a sham. As discussed in the Second Interim Report, the Receiver's investigation and review reveal that instead of lending any money to a Dr. Meckerson, Defendant Anderson withdrew the \$50,000 purportedly loaned to this doctor and diverted the money to a Georgia limited liability company which operates a restaurant and in which Defendant Anderson has a stake and also to himself. Similarly, the Receiver's investigation to date has revealed that no loans likely were ever made to "Ray's Car Service." The Receiver's investigation also indicates that Tri-Med made an additional \$35,000 in loans to Tim Patrick. The Receiver is continuing to investigate these matters.

5. Expansion of the Receivership.

On April 28, 2014, the Receiver filed a motion to expand the scope of the Receivership to include TMFL. TMFL was created on September 13, 2013 by Anthony Nicholas, III, a principal of Tri-Med and a defendant in this case, and was used to acquire real estate. TMFL was funded entirely with money from Tri-Med investors and holds title to two residential properties that were purchased and renovated with that money. These residential properties are the following: (1) 11029 117th Street, Seminole, Florida and (2) 9035 St. Regis Lane, Port Richey, Florida. The Receiver also discovered that TMFL had two bank accounts at Wells Fargo Bank with a cumulative balance of \$10,500.64. The Receiver sought to expand the Receivership to include TMFL Holdings so that these assets bought with Tri-Med investors money could be brought under the Receiver's control and protection. On May 14, 2014, the Court granted the Receiver's motion and expanded the Receivership to include TMFL Holdings. The Receiver obtained the balance of the Wells Fargo accounts mentioned above on May 22, 2014.

6. Real Properties.

As previously mentioned, the Receiver's investigation has revealed that investor funds were misappropriated for unauthorized uses, including the purchase of real estate and the transfer of funds to TMFL. Specifically, evidence shows that Defendants used investor funds to purchase five parcels of residential real estate. Two of these properties were purchased in the name of TMFL and one property was purchased through a straw buyer who has executed a quitclaim deed to Tri-Med. Below are the addresses, purchase prices, and appraised values of each of the properties:

Address	Purchase Price
4202 Bay Club Circle, Tampa, Florida	\$95,000
909 E. Cayuga Street, Tampa, Florida	\$89,000
15316 Stonecreek Lane, Tampa, Florida	\$174,500
11029 117th Street, Seminole, Florida	\$88,500
9035 St. Regis Lane, Port Richey, Florida	\$38,000

There do not appear to be any encumbrances on these properties. The Receiver has secured possession of these properties and taken necessary measures to protect the assets, including changing the locks, obtaining property insurance, and making sure the properties are adequately monitored. All of the properties have been listed for sale. Information relating to these properties will be provided on the Receiver's website. Parties interested in purchasing any of these properties should contact:

Robbie Henderson
Keller Williams Realty
3502 Henderson Blvd., Suite 300
Tampa, Florida 33609
Phone: (813) 931-5000
Email: Info@BHBRealEstate.com.

B. Litigation.

During the time covered by this Interim Report, the Receiver has actively pursued the protection and recovery of assets involved in a bankruptcy proceeding initiated by medical service providers which sold medical accounts receivable to Receivership Entities. The Receiver also has been investigating individuals, including professionals, and entities which may have liability in connection with the Defendants' fraudulent scheme. The Receiver intends to institute

actions against such individuals and entities in the near future after obtaining approval from the Court.

1. Bankruptcy Proceeding

As mentioned above, one of the primary sources for the accounts receivable purchased by Tri-Med was clinics owned by Dr. Groteke and/or Dr. Pettersen. Dr. Groteke offered medical services through three different entities: Visum Management, LLC (“**Visum**”), Spine Injury Physicians, LLC (“**SIP**”), and Wellness Worx Center, PLLC (“**Wellness Worx**”) (Visum, SIP, and Wellness Worx are collectively referred to as the “**Debtors**”). In January of this year, all three of these entities filed for protection under Chapter 11 of the United States Bankruptcy Code. The Receiver retained bankruptcy counsel to assist with this matter. The Receiver discovered that the Receivership Entities provided start-up capital of \$450,000 for Visum. In exchange for this loan, the Receivership Entities received a note secured by the Debtors’ assets. The Receiver also learned that Receivership Entities used investor money to purchase medical equipment for Dr. Groteke in the amount of approximately \$79,000. On April 7, 2014, the Receiver filed three claims in the bankruptcy proceedings: (1) \$3,927,996.36 for ownership of accounts receivable purchased from the Debtors; (2) \$513,194.13 for the promissory note and interest due under the note which is secured by Visum’s assets; and (3) \$79,670.80 for a piece of medical equipment, a Siemens Compact L C-Arm, which the Receivership Entities purchased with investor funds and was in the possession of the Debtors. On July 4, 2014, the Debtors objected to the Receiver’s claims related to the accounts receivable and the promissory note. On July 7, 2014, the Court abated the objections for a notice deficiency in the objection. The matter was ordered to mediation.

a. C-Arm, Medical Equipment

The C-Arm was purchased in early 2013 with funds obtained by the Receivership Entities from investors and was installed for use free of charge in one of Dr. Groteke's clinics. The Receiver's investigation has not uncovered any payment by the clinic to Tri-Med for use of the C-Arm. On April 15, 2014, the Receiver filed a motion for relief from the bankruptcy stay with respect to the C-Arm and to allow the Receiver to take possession and control of it for the benefit of investors. The Court entered an order denying the motion on a preliminary basis and setting the matter for a final evidentiary hearing. In subsequent discussions, the Debtors' bankruptcy counsel agreed that the C-Arm is owned by Tri-Med and thus not subject to inclusion in the bankruptcy. The Debtors agreed to voluntarily transfer possession of the C-Arm to the Receiver in exchange for the Receiver's agreement to waive any claim to rent owed by the Debtors to the Receiver from their possession and use of the C-Arm. As the previous arrangement did not include the payment of rent, the Receiver did not believe that complying with the request for waiver of any claim for rent would have any ramifications to the Receivership. Remarketers familiar with the C-Arm informed the Receiver that it is a common entry level model typically used by pain management and orthopedic surgery facilities, and that the machine is subject to significant depreciation over its useable life – including a significant first year decline in value because of the continued technological improvements in this type of equipment. According to the remarketers, the estimated current fair market value of the C-Arm ranges from \$10,000.00 to \$35,000.00.

On October 1, 2014, the Receiver filed a motion to authorize him to (1) take possession of the C-Arm in exchange for waiving any claim for entitlement to rent from the clinic and (2) conduct a public auction of the C-Arm for no less than \$35,000.00. The Court granted this motion on October 24, 2014. The public auction was held over a ten-day bidding window from

October 28, 2014 through November 7, 2014 with a minimum bid of \$35,000. Unfortunately, no viable bid was received through the public auction. The Receiver is continuing efforts to market the C-Arm and hopes to complete a successful liquidation of the equipment in the near future.

b. Medical Accounts Receivable and Secured Note

As noted above, the Receivership Entities purchased approximately \$4 million in medical accounts receivable from the Debtors. The Debtors also sold accounts receivable to other companies, including Preferred Physicians Funding (“PPF”). PPF purchased approximately \$2.3 million in receivables from the Debtors. A portion of these receivables may have been double sold to both Tri-Med and PPF. Based upon the incomplete records maintained by the Debtors, the Receiver and PPF do not know the extent of the double sales at this time, but it is believed to be a small amount. The receivables PPF purchased are subject to the Receivership Entities’ security interest on their loan to the debtors (in the amount of \$513,194.13).

On October 29, 2014, the Debtors, the Receiver, PPF, and another creditor participated in a mediation in an attempt to resolve any bankruptcy issues. Subject to the approval of this Court (and the bankruptcy court), the Debtors, the Receiver, and PPF have reached an agreement. Pursuant to this agreement, the Receiver and PPF will cross-reference their records to determine any double sold receivables and create a master list of receivables. It was agreed that 100% of the amount collected on receivables Tri-Med owns will be paid to the Receiver or an account controlled by the Receiver. The Receiver and PPF also have agreed that 50% of the amount collected on receivables held by PPF will be paid to the Receiver until the Receiver has received a total amount of \$513,000. Once the Receiver has collected the \$513,000, PPF will be entitled to retain 100% of its remaining receivables. Upon payment of the \$513,000, the Receiver will withdraw his claims in the bankruptcy. With respect to any double sold receivables, the Receiver and PPF have agreed to evenly split any collections. Also pursuant to the mediation

agreement all documentation relating to approximately \$4.7 million in face value of receivables that are believed to be owned by the Receivership Entities but were being administered by the Debtors will be delivered to the Receiver and will be subject to the Receiver's ongoing collection efforts. The Receiver will prepare a motion to approve this settlement.

2. Potential Future Litigation

Through the Receiver's investigation to date, he believes that the Receivership estate has causes of action against individuals, including professionals, and entities which may have liability in connection with the Defendants' fraudulent scheme. These individuals and entities are vendors and service providers who by their conduct facilitated the fraudulent scheme. The Receiver is evaluating these potential claims and will institute actions when liability is apparent and collection is likely. At this time the Receiver believes that he will likely bring actions against third party providers, participants in the scheme, and others. These potential actions may include, but are not limited to the following: (1) Timothy Allen Patrick, an attorney; (2) Stoel Rives LLP, attorneys; (3) Stephen D. Marlowe, an attorney with Marlowe McNabb, PA; (4) Charles Corces, PA, an accountant; (5) Stayton Law Group, P.A.; (6) Kingery & Crouse, P.A., accountants; (7) Dr. Groteke; (8) Spine Pain Management; (9) Chad Hill; (10) Interventional Pain Center; and (11) individuals and entities that solicited for sale and sold Tri-Med investments, including Jodie Miller, William Gross, Lauren Lindsay, Scott S. Schultz, Lisa Schagler-Smith, George Roe, John Parker, Elliot Simon, Edward Wendol, James Britain, Thomas Tyrkala, A.J. Brent, Barbara King, and Donald Brothers. The Receiver will also evaluate and bring claims against the Defendants/perpetrators of this scheme when he deems appropriate. Before instituting any action, the Receiver will seek the approval of the Court and will likely specify the attorneys who will be handling action and the terms of their compensation.

C. Claims Process

The Receiver is in the process of reviewing and analyzing documents relating to each investment to determine the amounts owed, if any, to each investor. The Receiver believes he is substantially near completion of this analysis. Due to the Defendants' poor record keeping, the Receiver has had to use the services of forensic accountants to assist with this task. It is necessary to conduct this analysis in order to administer the claims process. The Receiver and his Professionals have spent considerable time and resources examining voluminous documents relating to the Receivership Entities and, to the extent necessary, reconstructing the books and records of these entities. The Receiver will prepare the necessary motion to initiate the claims process. The motion will seek the Court's approval of (1) a procedure to administer claims and a proof of claim form, (2) a deadline for the filing of proofs of claim, and (3) notice by mail and publication. At this time, the Receiver cannot predict when the motion to initiate the claims process will be filed, but he will file the motion as soon as practicable.

IV. The Next 120 Days.

The Receiver is still receiving documents from subpoenas he has issued to third parties. It will be necessary to obtain and review all such documents in order to have a complete understanding of the flow of funds through the Receivership Entities, to identify any additional sources of recovery, and to prepare an accounting. The Receiver is working diligently on this task, but without knowing the volume of documents he expects to receive, it is difficult to estimate the time needed for completion. Further, as mentioned above, because the Receivership Entities did not maintain thorough customary books and records, this task may take more time.

During this process, the Receiver is also compiling and analyzing individual investor investments. This is a necessary task to assess and administer investor claims. The Receiver will review and analyze all documents relating to each investment to determine the amounts

owed, if any, to each investor. The Receiver recognizes the importance of the return of funds to investors and intends to commence a claims process as soon as practicable.

The Receiver will continue his investigation and analysis of the accounts receivable which were purchased and remain outstanding. He will use his best business judgment and make every reasonable effort to maximize the value he receives from these receivables.

The Receiver will continue to attempt to locate additional funds and other assets and will likely institute proceedings to recover assets on behalf of the Receivership Entities. In an effort to more fully understand the conduct at issue and in an attempt to locate more assets, the Receiver will continue to conduct interviews and/or depositions of parties and third parties who may have knowledge of the fraudulent scheme.

The Receiver will continue to review information to determine if any third parties have liability either to the Receivership estate or investors. The Receiver will likely institute litigation against individuals, including professionals, and entities which may have liability in connection with the Defendants' fraudulent scheme.

Possible Investors Committee

The Receiver is considering establishing an Investors Committee which would consist of a small number of defrauded investors. The purpose of the Investors Committee would be to provide the Receiver the ability to confer in an efficient manner with interested investors who can provide views with respect to the actions of the Receivership and provide information to other defrauded investors.

CONCLUSION

Creditors and investors in the Receivership Entities are encouraged to periodically check the informational website, www.trimedreceivership.com, for information concerning this Receivership. To minimize expenses, creditors and investors are encouraged to consult the

Receiver's website before contacting the Receiver or his counsel. However, the Receiver encourages individuals or attorneys representing investors who may have information that may be helpful in securing further assets for the Receivership estate or identifying other potential parties who may have liability to either the Receivership estate or investors to either email jrizzo@wiandlaw.com, or call Jeffrey Rizzo at (813) 347-5100.

Dated this 20th day of November, 2014.

Respectfully submitted,

s/Gianluca Morello

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Attorneys for Burton W. Wiand, as Receiver for Tri-Med Corporation, Tri-Med Associates, Inc., and TMFL Holdings, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on November 20, 2014, 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:

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Office of Financial Regulation*

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s/Gianluca Morello

Gianluca Morello, FBN 034997

RECEIVER'S VERIFICATION

I declare and affirm under the penalties of perjury that the foregoing facts are true and correct to the best of my knowledge and belief.

s/Burton W. Wiand
Burton W. Wiand, as Receiver

Exhibit A

RECEIVERSHIP CASH ACCOUNTING REPORT

From July 23, 2014 to November 15, 2014

Beginning Balance on July 23, 2014 5,034,463.77

Income

Interest Income	8,745.01
Promissory Note Interest	15,000.00
Settlement Income	482,335.68
Income from Debtors relating to settlement of LOPs and Note	92,145.71

Total Income	<u>598,226.40</u>
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Expense

Professional Fees	165,792.84
Repairs & Maint.	2,563.69
Storage	646.10
Taxes	1,447.18
Utilities	2,087.83

Total Expense	<u>172,537.64</u>
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Net Income from July 23 through November 15, 2014	<u><u>425,688.76</u></u>
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Ending Fund Balance as of November 15, 2014 5,460,152.53