

**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 Cynthia J. Newton

Defendants.

vs.

TMFL HOLDINGS, LLC

Relief Defendant.

_____ /

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

Receivership Information and Activity from July 13, 2019, through November 11, 2019.

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INTRODUCTION

Burton W. Wiand, the Court-appointed Receiver for Tri-Med Corporation (“**Tri-Med**”), Tri-Med Associates Inc. (“**TMA**”), TMFL Holdings, LLC (“**TMFL**”), Interventional Pain Center, PLLC (“**IPC**”), Rejuva Medical and Wellness Center, L.L.C., and Rejuva Medical Center, L.L.C. (the two Rejuva entities are collectively referred to as “**Rejuva**”), Tri-Med Management, Inc. (“**TMM**”) n/k/a JA Management LLC (“**JA Management**”), and JRAM, LLC (“**JRAM**”) (Tri-Med, TMA, TMFL, IPC, Rejuva, TMM, JA Management, and JRAM are collectively referred to as “**Receivership Entities**”), hereby files this Verified Eighteenth Interim Report and Incorporated Eighteenth Report of Inventory (“**Eighteenth 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 has updated this website periodically and continues to update it 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 Eighteenth Interim Report, as well as all previous and subsequent reports, will be posted on the Receiver’s website.

Overview of Significant Activities During this Reporting Period

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

¹ This Eighteenth Interim Report is intended to report on information and activity from July 13, 2019, through November 11, 2019. As directed by the Court, the Receiver will submit his next Interim Report to the Court 120 days from the date of this Report.

- Continued to pursue litigation against Charles Corces, P.A. and Charles Corces;
- Engaged in collection efforts on judgments obtained against Holly Kwon and A.J. Brent;
- Obtained approval of a settlement of litigation against Tim Patrick and Tim Patrick Enterprises for **\$40,000** in scheduled payments to the Receiver;
- Continued to engage in efforts to collect funds for remaining accounts receivable;
- Recovered the total amount of approximately **\$1,800,811.69** in payment of accounts receivable since the appointment of the Receiver through November 11, 2019; and
- Maintained an informational website for investors and other interested parties and continued to field calls and correspondence from investors seeking information regarding the Receivership and claims process.

The above activities are discussed in more detail in the pertinent sections of this Eighteenth Interim Report. Although the Receiver is not responsible for criminal prosecutions, investors and others should be aware of important developments regarding certain defendants:

- Defendant Jeremy Anderson has been charged for mail fraud and wire fraud and conspiracy to commit mail fraud and wire fraud for his actions in connection with this fraudulent scheme. He was arrested, appeared in court, and pled not guilty to these charges. A jury trial for the case against him has been set for the trial term beginning January 6, 2020;
- Defendant Anthony Nicholas, Jr. was also charged for mail fraud and wire fraud and conspiracy to commit mail fraud and wire fraud for his actions in connection with this fraudulent scheme. He was arrested and entered into a plea agreement. He pled guilty to conspiracy to commit mail fraud and wire fraud and is awaiting sentencing. The court entered an order of forfeiture against him in the amount of \$10,347,226.

BACKGROUND

I. Procedure and Chronology.

On March 4, 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.² The OFR subsequently amended the complaint to include Anthony N. Nicholas, Jr. as a defendant and 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”).³ The OFR also alleged that the Defendants raised more than \$13 million from these investors and misappropriated at least \$6.2 million of these investor funds.

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. Pursuant to the Order Appointing Receiver, the Receiver has the duty and authority to, among other things, take

² 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 principle. As part of that settlement, these defendants 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.

³ 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.

immediate possession of all assets and properties of the Receivership 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.) After his appointment, the Receiver sought and successfully obtained the expansion of the Receivership to include: TMFL, IPC, Rejuva, TMM, JA Management, and JRAM. The expansion of the Receivership to include these additional entities is discussed in Section III.A.4 below and prior Interim Reports.

In September 2016, Defendants Irwin Ager and Eric Ager entered into separate plea agreements with the U.S. Attorney wherein they both pleaded guilty to conspiracy to commit mail fraud and wire fraud for their participation in this scheme. (*See generally United States v. Eric L. Ager*, Case No. 6:16-cr-178-ORL-37TBS, and *United States v. Irwin C. Ager*, Case No. 6:16-176-ORL-18DAB). In pleading guilty, the Agers admitted that they and co-conspirators perpetrated the fraudulent investment scheme alleged in this case. In April 2017, the Agers each were sentenced to two years in prison and two years of supervised release after their incarceration. They also were ordered to joint and severally pay restitution of \$11,296,714.57.

On February 6, 2019, after reviewing evidence presented by the U.S. Attorney, a grand jury issued a twenty-count indictment against Defendant Jeremy Anderson and Defendant Anthony Nicholas, Jr. for their actions in connection with this fraudulent scheme. The allegations in the indictment are consistent with the results of the Receiver's investigation. Jeremy Anderson was arrested on March 7, 2019 and Anthony Nicolas, Jr. was arrested on March 13, 2019. On August 12, 2019, the court accepted a plea agreement and a plea of guilty from Anthony Nicholas, Jr. to conspiracy to commit mail fraud and wire fraud for his participation in this scheme. (*See generally United States v. Anthony Nicholas, Jr.*, Case No. 6:19-cr-23-ORL-40EJK). In pleading guilty, Anthony Nicholas, Jr. admitted that he and co-

conspirators perpetrated the fraudulent investment scheme alleged in this case. The Court set a sentencing hearing for October 9, 2019, but no sentencing order has been issued yet. On October 30, 2019, the Court entered an order of forfeiture in favor of the United States for \$10,347,226 in proceeds that Anthony Nicholas, Jr. obtained in connection with the conspiracy. Jeremy Anderson appeared for his arraignment on September 20, 2019 and pled not guilty. A jury trial for the case against Jeremy Anderson has been set for the trial term beginning January 6, 2020.

II. Overview of Findings.

The Receiver has reviewed voluminous records recovered by him. The Defendants did not keep thorough customary books and records for the Receivership Entities, which complicated this review process. The Receiver has formed conclusions based on his review of the records received and interviews with employees, sales agents, doctors, and others.

As the Court observed at a hearing on October 22, 2014, “the evidence is clear and convincing and reaches a very high level that this was a fraudulent scheme to steal people’s money.” 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, at most only approximately \$4 million of these investor funds were used to buy LOPs, although that figure overstates the true amount of money used to buy LOPs because it includes forged LOPs, other forged transactions, and money used to purportedly buy LOPs from an entity controlled by Defendant Jeremy Anderson that were never delivered.

As shown 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. Indeed, as noted above, three Defendants have pled guilty to federal criminal charges to date and have been sentenced to time in prison or are awaiting sentencing. Another Defendant has been arrested and is facing criminal charges. For a more detailed overview of the Receiver's findings, please refer to prior Interim Reports.

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. For more information regarding actions taken by the Receiver, please refer to prior Interim Reports.

A. Taking Possession of Receivership Property.

1. Physical Premises and Receivership Books and Records.

The Receiver secured an office which was used by Tri-Med and removed physical property that was at the premises. Through these and other efforts, the Receiver obtained books and records, office furniture, and computers and computer equipment. The Receiver's forensic information technology experts, E-Hounds, Inc., secured and analyzed the electronic data on the computers. All documents have been moved to the Receiver's offices. The Receiver has sold most of the Receivership Entities' valuable assets and is now left with personal property and other items of minimal or no value.

2. Securing Receivership Funds.

The Receiver coordinated with the OFR to move swiftly to freeze all funds of which they

were aware. As a result of these efforts, the Receiver successfully froze \$4,907,005.15 at various financial institutions. The Receiver opened two accounts for the Receivership at Valley National Bank (formerly known as USAmeriBank), a money market account with a 0.60% interest rate and a non-interest bearing checking account. The Receiver also maintains a checking account at Valley National Bank for the collection of funds for LOPs related to Preferred Physicians Funding. See Section III.B.3 below for a discussion of these LOPs. The Receiver deposited \$4,884,998.67 of frozen funds into these accounts and has earned \$1,388.34 in interest on these accounts during the time covered by this Report.⁴ As of November 11, 2019, the total balance of the Receivership accounts is \$753,386.53. Attached as **Exhibit A** to this Interim Report is a cash accounting report showing the amount of money on hand from July 13, 2019 less expenses plus revenues through November 11, 2019. A cash accounting report showing the amount of money on hand less expenses plus revenues from the inception of the Receivership through November 11, 2019 is attached as **Exhibit B**. These cash accounting reports do not reflect non-cash or cash-equivalent assets. Thus, the value of all property, including medical accounts receivable discussed below, is not included in the accounting reports.

Approximately \$28,998.85 in funds remain frozen and have not been transferred to the Receivership accounts yet. These funds 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. One of the Receiver's highest priorities is to locate and recover any additional funds.

⁴ This amount includes funds which were frozen and subsequently recovered in connection with the expansion entities discussed in Section III.A.4 below.

3. Medical Accounts Receivable.

While Defendants operated a fraudulent investment scheme, records indicate that they used no more than approximately \$4 million of the approximately \$17 million raised from investors to actually buy medical accounts receivable, although that figure overstates the true amount of money used to buy receivables because it includes forged receivables, other forged transactions, and money purportedly used to buy receivables from an entity controlled by Defendant Jeremy Anderson that were never delivered. The Receivership Entities kept very poor and incomplete records of the accounts receivables. As a result of this, the Receiver's efforts to identify all receivables actually purchased by the Receivership has been a time-intensive process involving forensic accountants and extensive communications with medical providers and attorneys for patients.

The Receiver has identified more than 3,500 accounts receivable which appear to have been purchased by Tri-Med since its inception, although that figure includes forged transactions and receivables from an entity that Defendant Jeremy Anderson controlled and the proceeds of which have never been turned over to the Receiver. Because of the close relationship between Defendants and certain medical providers, there is substantial concern as to the legitimacy of a number of receivables purportedly purchased by Tri-Med. The Receiver's investigation indicates that there are problems with a number of the receivables that were actually or purportedly purchased, and that a significant amount of those receivables may not exist or be collectible.

The Receiver has undertaken a painstaking review of the accounts receivable to determine which receivables remain outstanding and to try to collect funds which are owed or owing to the Receivership for any remaining legitimate receivables. The Receiver has encountered difficulties when trying to obtain information from attorneys who represent accident

victims who provided a LOP.⁵ On January 25, 2019, the Receiver sent certified correspondence to 26 attorneys identified as having clients with outstanding LOPs and accounts receivable with large balances. The correspondence requested that the attorneys provide the status of each patient's case for a provided list of patients' names. Many attorneys responded that most of what the Receivership records were showing as outstanding LOPs were resolved before the Receiver was appointed or the litigation underlying the LOPs did not culminate in any settlement or judgment. The Receiver is continuing to work on obtaining information from additional attorneys and will seek the Court's assistance in obtaining this information, if necessary.

Despite all of the Receiver's efforts, his experience with collection efforts to date has been disappointing. There is little likelihood that investor Claimants will recover the full allowed amount of their claims. Since the appointment of the Receiver through November 11, 2019, the Receiver has recovered the total amount of approximately \$1,800,811.69 in payment of

⁵ For example, David A. Petersen, a physician who asserted an interest in a receivable for medical procedures performed on November 18, 2013, failed to provide documents to the Receiver evidencing this interest. The Receiver served a subpoena to Dr. Petersen on June 29, 2018. Dr. Petersen ignored the subpoena and failed to produce any documents or file an objection. The funds available to satisfy this receivable in the amount of \$86,000 were held in trust by the patient's attorney. On January 28, 2019, the Receiver filed a verified motion for entry of an order for Dr. Petersen to show cause why he should not be held in contempt for failing to respond to the subpoena. A hearing on this motion was held on March 19, 2019. Dr. Petersen did not appear at the hearing. The Court granted the Receiver's motion and entered an order to show cause why Dr. Petersen should not be held in contempt for failure to comply with the subpoena. A hearing on the order to show cause was held on April 22, 2019. Dr. Petersen again failed to appear, move for a continuance, or otherwise communicate to the Court or Receiver's counsel that he was unable to attend. On June 10, 2019, the Court entered an order of civil contempt and sanctions extinguishing any purported interest of Dr. Petersen in the medical account receivable of \$86,000 and ordering Dr. Petersen to pay the Receiver's legal fees and costs in the total amount of \$4,593.40. The Receiver received payment of \$4,593.40 on June 28, 2019. The Receiver also received the *pro rata* distribution for the receivable which was the subject of Dr. Petersen's purported interest in the amount of \$36,880.19 on August 21, 2019.

accounts receivable.⁶ Because of a number of variables, including the underlying validity of purported receivables, the Receiver cannot predict the amount of eventual recoveries. For more information regarding the medical accounts receivable, please refer to the Receiver's Fourteenth Interim Report and earlier reports.

4. Expansion of the Receivership.

Beginning on April 28, 2014 and through February 28, 2017, the Receiver sought and obtained the Court's approval of the expansion of the Receivership to include entities which were funded with money stolen from Tri-Med investors and/or were controlled by Defendants in this case. These entities include the following: 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. n/k/a JA Management LLC; and JRAM, LLC. The Receiver sought to expand the Receivership to include these entities so that assets bought with Tri-Med investors' money could be brought under the Receiver's control and protection. As a result of these expansions, the Receiver recovered (1) approximately \$39,333,25 from bank accounts at various institutions, (2) \$25,000 from the sale of various assets, including a medical device, obtained from an office used by one of these entities, and (3) two residential properties which were sold for the combined net amount of \$287,098.34. For more information regarding the expansion of the Receivership, please refer to prior Interim Reports.

⁶ A significant amount of receivables were purchased from Florida Surgery Consultants ("FSC"). Tri-Med entered into an agreement with FSC prior to the Receivership regarding payment of those accounts receivable. Pursuant to this agreement, Tri-Med is to receive only either 50% or 55% of the face value of the receivable depending on the type of service provided. On June 18, 2019, an attorney for FSC sent a letter to the Receiver indicating that while there is approximately \$592,000 outstanding accounts receivable, \$243,000 of this amount may not be collectible and regardless, the Receiver has been paid in full under the terms of the agreement with FSC. The Receiver is investigating these statements and will proceed appropriately based on the results of the investigation.

5. Real Properties.

As previously mentioned, the Receiver's investigation revealed that investor funds were misappropriated for unauthorized uses, including the purchase of real estate and the transfer of funds to TMFL. Specifically, Defendants used investor funds to purchase five parcels of residential real estate. With the Court's approval, the Receiver sold all of these properties and received the combined net amount of \$768,448.60 from these sales. Please refer to prior Interim Reports for more information regarding these properties.

B. Litigation.

During the time covered by this Interim Report, the Receiver has (1) continued collection efforts on a judgment against purported sales agent A.J. Brent; (2) continued collection efforts on a consent judgment against Holly Kwon; and (3) continued to pursue litigation against Charles Corces, P.A., and Charles Corces seeking damages based on their participation in the scheme orchestrated by Defendant Jeremy Anderson and others; and (4) obtained approval of a settlement agreement with Tim Patrick and Tim Patrick Enterprises in connection with litigation against them.⁷ The Receiver previously resolved litigation relating to a bankruptcy proceeding initiated by medical services providers which sold medical accounts receivable to Receivership Entities.⁸

⁷ The Receiver has resolved claims he intended to assert against Stephen Marlowe and his law firm, Marlowe McNabb Machnik, P.A. (f/k/a Marlowe McNabb, P.A.), and Brian Stayton and his law firm, The Stayton Law Group, P.A., for their roles in the scheme underlying this case. The Receiver resolved these claims for the payment of \$600,000 pursuant to the settlements. For more information regarding these settlements, please refer to the Receiver's Ninth Interim Report.

⁸ The Receiver also resolved litigation against Richard Paul Williams, Kristine Williams, and APEX Chiropractic of Champlin PLLC (the "**Williams Defendants**") for payment of \$140,400 (footnote cont'd)

1. Litigation Against “Sales Agents.”

On February 17, 2015, the Receiver initiated actions against “sales agents” seeking to recover commissions and/or other payments which were fraudulently transferred to them.⁹ The Receiver has resolved all litigation against the purported sales agents with the exception of collection efforts on a judgment against A.J. Brent.

On March 6, 2017, the Receiver filed a motion for summary judgment in the action against A.J. Brent. On May 15, 2017, after a hearing, the Court granted the Receiver’s motion for summary judgment and entered an order and final judgment in favor of the Receiver for \$139,599.98 with interest accruing from the date of the judgment at the applicable statutory rate. The Receiver is engaging in post-judgment discovery and collection efforts.

For information regarding the resolution of litigation against other sales agents, please refer to prior Interim Reports.

2. Litigation Against Holly Kwon.

On June 23, 2016, the Receiver instituted litigation against Hyon Chu Kwon a/k/a Holly Kwon (“**Kwon**”) to recover fraudulent transfers to her in the amount of \$224,550. These funds originated from Tri-Med and its investors and were wrongfully transferred to her. Kwon is/was Defendant Anderson’s longtime girlfriend and resided with him for years. On March 2, 2018, the Court approved a settlement between the Receiver and Kwon. In pertinent part, the settlement agreement provided that Kwon would pay the Receiver \$160,000 on or before March

to the Receiver according to a set payment schedule. The Williams Defendants are making their scheduled settlement payments. On September 11, 2019, the Minnesota court entered a stipulation of dismissal of this matter without prejudice.

⁹ On April 5, 2017, the OFR filed Administrative Complaints against various sales agents, including A.J. Brent, Eliot Simon, John Parker, John Burns, and William Gross for violations of the Florida securities laws.

22, 2018. If Kwon failed to pay the settlement amount by this deadline, she consented to the entry of a \$224,500 judgment against her for the amount of monies she received from Tri-Med and its investors.

Kwon failed to pay the settlement amount by the deadline. Accordingly, on March 27, 2018, the Receiver filed a motion for entry of consent final judgment against Kwon. On April 12, 2018, after a hearing on the matter, the Court entered an order and consent final judgment in the amount of \$224,500, which will bear interest at the applicable Florida statutory rate until it is fully satisfied. The Receiver recorded the judgment in Florida and Minnesota and is engaging in post-judgment discovery and collection efforts.

The Receiver discovered that Kwon owned a residential property in Tampa, Florida and recorded the judgment against the property in the amount of \$224,500 plus post-judgment interest. On April 17, 2019, Wells Fargo Bank, N.A. (“**Wells Fargo**”) initiated a foreclosure action on the property claiming a first-mortgage entitlement of \$413,309.17. To protect the Receivership’s interests, the Receiver filed an answer and affirmative defenses to the foreclosure complaint on May 28, 2019. The Receiver’s interest, however, is inferior to that of Wells Fargo. Given online estimates for a possible sale price of the property, it appears that there will be few, if any, funds remaining for junior creditors after the foreclosure and sale.

3. Litigation Against Stoel Rives and Charles Corces.

On April 7, 2016, the Receiver, along with several named defrauded investors on behalf of a putative class (the “**Named Investors**”), instituted litigation in this Court against Stoel Rives, LLP, Jodi Johnson, Esq., Charles Corces, P.A., and Charles Corces seeking to recover damages in excess of \$10 million for Tri-Med and its investors based on their participation in the fraudulent scheme orchestrated by, among others, Defendants Jeremy Anderson, Anthony Nicholas, Jr. and Anthony Nicholas III. The Receiver and the Named Investors resolved the

claims against Stoel Rives and Jodi Johnson for payment of \$3,700,000 pursuant to a settlement agreement.

The Receiver and Charles Corces, P.A. and Charles Corces (the “**Corces Defendants**”) have had discussions regarding settlement but have not come to an agreement. On January 10, 2018, the court entered an order remanding the remaining claims against the Corces Defendants to state court. On September 17, 2018, the Receiver filed a motion for leave to file an amended complaint against the Corces Defendants to streamline the Receiver’s claims by removing presently irrelevant allegations involving Stoel Rives and focusing on the Corces Defendants’ role in the scheme. The Court granted this motion on March 1, 2019. The Receiver is proceeding with this litigation.

4. Litigation Against Timothy Patrick and Tim Patrick Enterprises.

On February 9, 2017, the Receiver instituted litigation against attorney Timothy Patrick (“**Patrick**”) and Tim Patrick Enterprises, Inc. (“**TPE**”) (Patrick and TPE are collectively referred to as the “**Patrick Defendants**”) to recover fraudulent transfers to them in the amount of at least \$228,980 and to recover damages. Patrick 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 by Tri-Med. TPE is an entity owned and controlled solely by Patrick and acted as Patrick’s alter ego. At Patrick’s direction, TPE improperly received Tri-Med investors’ money for Patrick or his benefit.

As a result of a mediation and subsequent discussions, the parties reached an agreement to settle this matter. In pertinent part, the settlement agreement provides that the Patrick Defendants will return \$40,000 to the Receiver according to a set payment schedule. On June 19, 2019, the Receiver filed a motion to approve the settlement agreement. A hearing on the

motion was held on August 20, 2019, and the Court granted the motion to approve the settlement the same day. The Patrick Defendants are making their scheduled settlement payments.

5. Bankruptcy Proceeding Involving Clinics Owned by Dr. Groteke and/or Dr. Pettersen.

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 2015, 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 and filed claims in the bankruptcy proceedings to protect the Receivership’s interests. 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 Receivership Entities purchased accounts receivable from the Debtors in the approximate face value amount of \$4 million (see prior Interim Reports for a discussion of why these receivables will generate significantly less money for the Receivership estate). 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. 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 January 20, 2015, the Court approved a settlement agreement between the Debtors, the Receiver, and PPF. Pursuant to the settlement 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. The Receiver and PPF also 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 proceeding. With respect to any double sold receivables, the Receiver and PPF agreed to evenly split any collections.

On October 7, 2016, the Receiver filed an agreed motion to enforce his settlement agreement with the Debtors and PPF to allow him to take over collections of the receivables and require PPF to provide an accounting of funds collected. The Court entered an order granting the relief requested by the Receiver on January 10, 2017. Pursuant to this order, the Receiver's professionals have taken over the collections of these receivables.

C. Claims Process

On September 9, 2015, the Receiver filed a Motion to (1) Approve Determinations And Priority of Claims, (2) Pool Receivership Assets and Liabilities, (3) Approve Plan of Distribution and a First Interim Distribution and (4) Establish Objection Procedure. (“**Claims Determination Motion**”). In the Claims Determination Motion, the Receiver set forth his recommended determination and priority of each claim. The Receiver attached detailed exhibits to the Claims Determination Motion addressing each claim. The Receiver proposed a procedure for a Claimant to object to the Receiver's determination of his or her pertinent claim or the Receiver's plan of distribution. The Receiver also requested the Court's approval to make a first interim distribution of 26% of the Allowed Amounts of Claimants with Class 1 claims on a *pro rata*

basis, resulting in a total distribution to defrauded investors of nearly \$4 million.¹⁰ The Receiver requested leave to make the first interim distribution as soon as practicable after the period for objections expired and he had reviewed any objections.¹¹ The Court entered an order granting the Claims Determination Motion on December 17, 2015.

On January 22, 2016, the Receiver mailed 281 checks totaling \$3,914,193.38 to Claimants holding claims which were entitled to receive a first interim distribution. The first interim distribution provided a recovery of 26% of the allowed amounts of Class 1 claims which received a first interim distribution. All first interim distribution checks have negotiated.

On December 1, 2017, the Receiver filed a Motion to Approve (1) Second Interim Distribution; (2) Determination of Late-Filed Claim; and (3) Disbursal of Funds. The motion sought the approval of a second interim distribution of approximately \$3,693,634.00 on a *pro rata* basis, representing an additional recovery of approximately 24% of allowed amounts of claims receiving a distribution at that time, bringing the total recovery for these Claimants to approximately 50% of their losses. The motion also sought the approval of the Receiver's determination of a late-filed claim by the Internal Revenue Service in the amount of \$4,140.00. A hearing on this motion was held on December 15, 2017, and the Court granted the motion in its entirety. On December 22, 2017, the Receiver mailed the second interim distribution checks to Claimants holding claims that were determined to be entitled to participate in the second

¹⁰ The Receiver proposed that the first interim distribution (and any subsequent distributions) be made on a *pro rata* basis subject to applicable exceptions, priorities, and other parameters discussed in the Claims Determination Motion. The amount each Class 1 claim was to receive as part of a first interim distribution is specified in Exhibits B and C to the Claims Determination Motion.

¹¹ The Receiver received objections relating to 10 claims. These objections have been resolved. For more information regarding the objections, please refer to the Fifteenth Interim Report and prior Interim Reports.

interim distribution. As of November 11, 2019, five checks in the total amount of \$102,099.05 remain outstanding. For more information regarding the claims process, please refer to prior Interim Reports.

D. Investors Committee

The Receiver established an Investors Committee to give him 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. The Receiver also communicated with highly experienced securities attorney Robert Pearce who represents the interests of the Investors Committee. Mr. Pearce has over 30 years of experience in representing investor victims and previously worked for the United States Securities and Exchange Commission. Mr. Pearce represented the investor plaintiffs in the action brought against Stoel Rives, Jodi Johnson, Charles Corces, P.A. and Charles Corces discussed in Section III.B.3 above. He is available to provide counsel to all victims and can be reached at (561) 338-0037. Investors also can view his website at www.secatty.com. Information about the Investors Committee can be obtained from Mr. Pearce or the Receiver.

IV. The Next 120 Days.

The Receiver will proceed with pending litigation and collection efforts. He will continue to thoroughly consider and review any settlement offers and engage in settlement negotiations. The Receiver will make every effort to reach compromises that are in the best interests of the Receivership Entities and the investors.

The Receiver will continue to use his best business judgment and make every reasonable effort to maximize the value he receives from the accounts receivable that were purchased and remain outstanding.

The Receiver will continue to attempt to locate additional funds and other assets and may institute additional proceedings to recover assets on behalf of the Receivership Entities.

CONCLUSION

As discussed in Section III.C. above, the Receiver has conducted two interim distributions which have provided Claimants entitled to participate in these distributions a total recovery of approximately 50% of their losses. With the second interim distribution the Receiver believes that the majority of the funds he will be able to recover in this Receivership has been distributed. The Receiver will continue to try to collect and maximize the amount he can recover from the accounts receivable. The Receiver also will continue to pursue ongoing litigation, which he is hopeful will bring in additional funds; however, he anticipates that any future distribution will be modest.

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 to either email jrizzo@wiandlaw.com, or call Jeffrey Rizzo at (813) 347-5100.

Dated this 12th day of November, 2019.

Respectfully submitted,

s/Jared J. Perez

Jared J. Perez, FBN 0085192

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on November 12th, 2019, 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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s/Jared J. Perez

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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

TRI-MED CORPORATION
RECEIVERSHIP CASH ACCOUNTING REPORT
From July 13, 2019 to November 11, 2019

Beginning Balance on July 13, 2019		\$ 750,573.79
Increases In Fund Balance		
Interest Income	1,388.34	
LOP Settlements	37,080.19	
Litigation Settlements	42,433.33	
Other Income	0.00	
Total Increase in Fund Balance	<u>80,901.86</u>	
Decreases In Fund Balance		
Licenses	0.00	
Professional fees	78,089.12	
Investor Distribution	0.00	
Utilities	0.00	
Total Decrease In Fund Balance	<u><u>78,089.12</u></u>	
Net Fund Increase from July 13, 2019 through November 11, 2019	\$2,812.74	
Claimant Distributions	<u>0.00</u>	
Total Cash on Hand as of November 11, 2019		<u><u>\$ 753,386.53</u></u>

EXHIBIT B

RECEIVERSHIP CASH ACCOUNTING REPORT
From Inception to November 11, 2019

Beginning Balance		\$ 4,828,966.97
Increases In Fund Balance		
Interest Income	72,078.02	
Promissory note interest	68,600.00	
Promissory note principal payments	500,000.00	
LOP Settlements	1,800,811.69	
Litigation Settlements	4,630,488.16	
Funds Received from US Bank and Wings Financial for IPC and Rejuva accounts	46,353.69	
Other Income	1,053,323.88	
Total Increase In Fund Balance	<u>8,171,655.44</u>	
Decreases In Fund Balance		
Bank Charges	30.00	
HOA dues	252.97	
Professional fees	66,217.84	
Professional fees - court ordered	4,600,704.50	
Insurance	5,556.44	
Licenses	489.00	
Storage	18,132.39	
Settlement Payout	5,896.65	
Repairs & Main.	6,632.60	
Taxes	17,006.99	
Utilities	5,072.16	
Office Expense	3,667.82	
Total Decrease In Fund Balance	<u>4,729,659.36</u>	
Net Increase From Inception to November 11, 2019	\$3,441,996.08	
Total Claimant Distributions	<u>7,517,576.52</u>	
Total Cash on Hand as of November 11, 2019		<u><u>\$ 753,386.53</u></u>