

IN THE SUPREME COURT OF THE STATE OF NEVADA

MANUEL IGLESIAS and EDWARD
MOFFLY,

Petitioners,

v.

EIGHTH JUDICIAL DISTRICT
COURT OF THE STATE OF
NEVADA IN AND FOR THE
COUNTY OF CLARK and the
Honorable NANCY ALLF, District
Court Judge,

Respondents,

and

N5HYG, LLC, A MICHIGAN
LIMITED LIABILITY
COMPANY; AND, NEVADA 5, INC.,
A NEVADA CORPORATION,

Real Parties in Interest.

Electronically Filed
No. 06 2021 01:10 p.m.
Elizabeth A. Brown
Clerk of Supreme Court
Distr. Ct. Case No. A-17-702604-B
Dept. XXVII

**PETITIONERS' APPENDIX TO
PETITION UNDER
NRAP 21 FOR WRIT OF
PROHIBITION, OR IN THE
ALTERNATIVE, WRIT OF
MANDAMUS**

(VOLUME II)

Pursuant to NRAP 30, Petitioners MANUEL IGLESIAS and EDWARD
MOFFLY, hereby submit their *Petitioners' Appendix to Petition Under NRAP
21 for Writ Of Prohibition, or in the Alternative, Writ Of Mandamus.*

KORY L. KAPLAN, ESQ.
Nevada Bar No. 13164
Kaplan Cottner
850 E. Bonneville Ave.
Las Vegas, Nevada 89101
(702) 381-8888
kory@kaplancottner.com
Attorney for Petitioners

PROOF OF SERVICE

Pursuant to Nev. R. App. P. 25, I certify that I am an employee of Kaplan Cottner; that, in accordance therewith, I caused a copy of **PETITIONERS' APPENDIX TO PETITION UNDER NRAP 21 FOR WRIT OF PROHIBITION, OR IN THE ALTERNATIVE, WRIT OF MANDAMUS** to be mailed on the 9th day of June, 2021, by depositing, in a sealed envelope, a true and correct copy in the United States mail, postage prepaid a Compact Disc containing PDF copies and via email, and addressed to the following:

Attorneys of Record	Parties Represented
Ogonna M. Brown, Esq. 3993 Howard Hughes Parkway Suite 600 Las Vegas, NV 89169	<i>N5HYG, LLC, a Michigan limited liability company; and, in the event the Court grants the pending Motion for Reconsideration, NEVADA 5, INC., a Nevada corporation</i>
G. Mark Albright, Esq. D. Chris Albright, Esq. 801 South Rancho Drive Suite D-4 Las Vegas, NV 89106	<i>N5HYG, LLC, a Michigan limited liability company; and, in the event the Court grants the pending Motion for Reconsideration, NEVADA 5, INC., a Nevada corporation</i>
E. Powell Miller, Esq. (<i>pro hac vice</i>) Christopher Kaye, Esq. (<i>pro hac vice</i>) 950 W. University Dr. Suite 300 Rochester, MI 48307	<i>N5HYG, LLC, a Michigan limited liability company; and, in the event the Court grants the pending Motion for Reconsideration, NEVADA 5, INC., a Nevada corporation</i>
The Honorable Nancy Allf Eighth Judicial District Court Department 27 200 Lewis Avenue Las Vegas, NV 89155	<i>Presiding Judge over Case No. A-17-762664-B</i>

/s/ Sunny Southworth
An employee of Kaplan Cottner

Chronological Table of Contents

Vol.	Tab	Date	Document	Page No.
I.	1.	10/05/2017	Complaint and Jury Demand	PET000001- PET000030
I.	2.	06/28/2018	Motion for Partial Dismissal of Claims and Parties	PET000031- PET000121
I.	3.	07/13/2018	First Amended Complaint and Jury Demand	PET000122- PET000160
I.	4.	07/13/2018	Plaintiff's Opposition to Defendants' Motion for Partial Dismissal of Claims and Parties	PET000161- PET000165
I.	5.	08/17/2018	Motion to Dismiss the First Amended Complaint and to Strike Supplemental Pleadings and Jury Demand	PET000166- PET000228
II.	6.	08/17/2018	Appendix of Exhibits to Motion to Dismiss the First Amended Complaint and to Strike Supplemental Pleadings and Jury Demand	PET000229- PET000479
III.	7.	08/17/2018	Appendix of Exhibits to Motion to Dismiss the First Amended Complaint and to Strike Supplemental Pleadings and Jury Demand	PET000480- PET000730
IV.	8.	08/17/2018	Appendix of Exhibits to Motion to Dismiss the First Amended Complaint and to Strike Supplemental Pleadings and Jury Demand	PET000731- PET000808
IV.	9.	09/18/2018	Plaintiff's Opposition to Motion to Dismiss the First Amended Complaint and to Strike Supplemental Pleadings and Jury Demand	PET000809- PET000867
IV.	10.	09/18/2018	Exhibits to Plaintiffs' Opposition to Dismiss the First Amended Complaint and to Strike Supplemental Pleadings and Jury Demand	PET000868- PET000981
V.	11.	09/18/2018	Exhibits to Plaintiffs' Opposition to Dismiss the First Amended Complaint and to Strike Supplemental Pleadings and Jury Demand	PET000982- PET001188
VI.	12.	09/26/2018	Reply In Support of Motion to Dismiss the First Amended	PET001189- PET001302

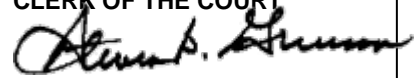
			Complaint and to Strike Supplemental Pleadings and Jury Demand	
VI.	13.	10/12/2018	Supplement to Motion to Dismiss the First Amended Complaint and to Strike Supplemental Pleadings and Jury Demand	PET001303-PET001308
VI.	14.	10/19/2018	Transcript of Proceedings for Hearing on All Pending Motions, Wednesday, October 3, 2018	PET001309-PET001436
VII.	15.	11/26/2018	Notice of Entry of Decision and Order	PET001437-PET001445
VII.	16.	12/05/2018	Defendant Ray Gonzalez's Limited Motion for Clarification of Decision and Order and Ex Parte Application for Order Shortening Time and Order Thereon	PET001446-PET001453
VII.	17.	12/07/2018	Plaintiff's Opposition to Defendant Ray Gonzalez's Limited Motion for Clarification of Decision and Order and Ex Parte Application for Order Shortening Time and Order Thereon	PET001454-PET001458
VII.	18.	01/17/2019	Transcript of Proceedings of Hearing on December 12, 2018 Regarding All Pending Motions	PET001459-PET001468
VII.	19.	05/24/2019	Notice of Entry of Findings of Fact, Conclusions of Law, and Order	PET001469-PET001503
VII.	20.	06/03/2019	Motion for Reconsideration and Clarification of Order on Defendants' Motion to Dismiss Based on Claim Preclusion and, alternatively, Motion to Stay	PET001504-PET001523
VII.	21.	06/03/2019	Appendix of Exhibits to Motion for Reconsideration and Clarification of Order on Defendants' Motion to Dismiss Based on Claim Preclusion and, alternatively, Motion to Stay	PET001524-PET001687
VIII.	22.	06/03/2019	Appendix of Exhibits to	PET001688-

			Motion for Reconsideration and Clarification of Order on Defendants' Motion to Dismiss Based on Claim Preclusion and, alternatively, Motion to Stay	PET001762
VIII.	23.	06/03/2019	Plaintiffs' Motion for Reconsideration Regarding the Dismissal of Nevada 5, Inc.	PET001763- PET001768
VIII.	24.	06/25/2019	Plaintiffs' Opposition to Defendants' Motion for Reconsideration or Clarification	PET001769- PET001938
IX.	25.	06/25/2019	Plaintiffs' Opposition to Defendants' Motion for Reconsideration or Clarification	PET001939- PET002189
X.	26.	06/25/2019	Plaintiffs' Opposition to Defendants' Motion for Reconsideration or Clarification	PET002190- PET002198
X.	27.	06/25/2019	Opposition to Plaintiff's Motion for Reconsideration Regarding the Dismissal of Nevada 5, Inc.	PET002199- PET002205
X.	28.	07/12/2019	Plaintiffs' Reply in Support of their Motion for Reconsideration Regarding Dismissal of Nevada 5 (Addressing the Opposition of Former Defendant Gonzalez)	PET002206- PET002215
X.	29.	07/12/2019	Plaintiffs' Reply in Support of Their Motion for Reconsideration Regarding the Dismissal of Nevada 5, Inc.	PET002216- PET002286
X.	30.	07/22/2019	Transcript of Proceedings of Hearing on July 17, 2019 Regarding Plaintiffs' Motion for Reconsideration Regarding the Dismissal of Nevada 5, Inc., Motion for Reconsideration and Clarification of Order on Defendants' Motion to Dismiss Based on Claim Preclusion and, alternatively, Motion to Stay	PET002287- PET002324
X.	31.	12/03/2019	Notice of Entry of Findings	PET002325-

			of Fact, Conclusions of Law, and Order Granting Plaintiffs' Motion for Reconsideration Re: Nevada 5, Inc.	PET002332
X.	32.	12/03/2019	Notice of Entry of Findings of Fact, Conclusions of Law, and Order Granting Defendants' Motion for Reconsideration Re: Claim Preclusion	PET002333- PET002352
X.	33.	12/13/2019	Second Amended Complaint	PET002353- PET002434
XI.	34.	01/04/2021	Defendant Manuel Iglesias and Edward Moffly's Answer to Second Amended Complaint	PET002435- PET002572
XI.	35.	02/22/2021	Defendants' Partial Motion for Judgment on the Pleadings	PET002573- PET002629
XI.	36.	03/08/2021	Plaintiff Nevada 5's Opposition to, and Request to Strike, Defendants' Partial Motion for Judgment on the Pleadings	PET002630- PET002685
XII.	37.	03/08/2021	Plaintiff Nevada 5's Opposition to, and Request to Strike, Defendants' Partial Motion for Judgment on the Pleadings	PET002686- PET002719
XII.	38.	03/10/2021	Reply in Support of Plaintiff N5HYG, LLC's Motion for Partial Summary Judgment	PET002720- PET002759
XII.	39.	03/24/2021	Transcript of Proceedings for Hearing on All Pending Motions, Wednesday, March 17, 2021	PET002760- PET002805
XII.	40.	03/30/2021	Notice of Entry of Order Denying Defendants' Partial Motion for Judgment on the Pleadings	PET002806- PET002815

“Exhibit 6”

“Exhibit 6”



APEN

Joel E. Tasca, Esq.
Nevada Bar No. 14124
Maria A. Gall, Esq.
Nevada Bar No. 14200
Kyle E. Ewing, Esq.
Nevada Bar No. 14051
BALLARD SPAHR LLP
1980 Festival Plaza Drive, Suite 900
Las Vegas, Nevada 89135
Telephone: (702) 471-7000
Facsimile: (702) 471-7070
tasca@ballardspahr.com
gallm@ballardspahr.com
ewingk@ballardspahr.com

Julian W. Friedman
New York Registration No. 1110220
BALLARD SPAHR LLP
919 3rd Avenue, Floor 37
New York, New York 10022
Telephone: (212) 223-0200
Facsimile: (212) 223-1942
friedmanj@ballardspahr.com

*Attorneys for Defendants Hygea Holdings
Corp., Manuel Iglesias, Edward Moffly,
Daniel T. McGowan, Frank Kelly, Martha
Mairena Castillo, Lacy Loar, Glenn Marrichi,
Keith Collins, M.D., Jack Mann, M.D.,
Joseph Campanella, and Carl Rosenkrantz*

DISTRICT COURT

CLARK COUNTY, NEVADA

N5HYG, LLC, a Michigan limited liability
company, et al.,

Plaintiffs,

v.

HYGEA HOLDINGS CORP., a Nevada
corporation, et al.,

Defendants.

CASE NO.: A-17-762664-B

DEPT NO.: 27

**APPENDIX OF EXHIBITS TO MOTION TO DISMISS THE FIRST AMENDED
COMPLAINT AND TO STRIKE SUPPLEMENTAL PLEADINGS
AND JURY DEMAND**

Exhibits	Document	Appendix Page
A.	N5HYG – Hygea Stock Purchase Agreement	1-57
B.	Chart of Claims	58
C.	Receivership Findings of Fact & Conclusions of Law	59-80
D.	August 9, 2018, Receivership Action Order	81- 83
E.	Receivership Complaint	84 – 92
F.	Receivership Emergency Motion	93 - 111
G.	Table 1	112 - 113
H.	Compilation Condensed Trial Transcript	114 - 569

Dated: August 17, 2018

BALLARD SPAHR LLP

By: /s/ Maria A. Gall

Joel E. Tasca, Esq.
Nevada Bar No. 14124
Maria A. Gall, Esq.
Nevada Bar No. 14200
Kyle A. Ewing, Esq.
Nevada Bar No. 14051
1980 Festival Plaza Drive, Suite 900
Las Vegas, Nevada 89135

Julian W. Friedman
New York Registration No. 1110220
919 3rd Avenue, Floor 37
New York, New York 10022

Attorneys for Defendants Hygea Holdings Corp., Manuel Iglesias, Edward Moffly, Daniel T. McGowan, Frank Kelly, Martha Mairena Castillo, Lacy Loar, Glenn Marrichi, Keith Collins, M.D., Jack Mann, M.D., Joseph Campanella, and Carl Rosenkrantz

CERTIFICATE OF SERVICE

I certify that on August 17, 2018, and pursuant to N.R.C.P. 5(b), a true and correct copy of the foregoing **APPENDIX OF EXHIBITS TO MOTION TO DISMISS THE FIRST AMENDED COMPLAINT AND TO STRIKE SUPPLEMENTAL PLEADINGS AND JURY DEMAND** was served on the following parties via the Court's electronic service system:

G. Mark Albright, Esq.
D. Chris Albright, Esq.
ALBRIGHT, STODDARD, WARNICK & ALBRIGHT
801 South Rancho Drive, Ste D-4
Las Vegas, Nevada 89106

Attorneys for Plaintiffs

Patrick J. Reilly, Esq.
Sydney R. Gambee, Esq.
HOLLAND & HART LLP
9555 Hillwood Drive, 2nd Floor
Las Vegas, Nevada 89134

Attorneys for Defendant Ray Gonzalez

I further certify that on August 17, 2018, and pursuant to N.R.C.P. (b), a true and correct copy of the foregoing **APPENDIX OF EXHIBITS TO MOTION TO DISMISS THE FIRST AMENDED COMPLAINT AND TO STRIKE SUPPLEMENTAL PLEADINGS AND JURY DEMAND** was served on the following parties by e-mail.

Richard Williams Esq.
8110 SW 78th Street
Miami, Florida 33143
rlwilliams.law@gmail.com

Defendant Pro Per

/s/ C. Bowman
An Employee of BALLARD SPAHR LLP

Exhibit A

**STRICTLY CONFIDENTIAL
EXECUTION VERSION**

STOCK PURCHASE AGREEMENT

by and among

NSHYG LLC,

HYGEA HOLDINGS CORP.,

and

THE SELLER PRINCIPALS NAMED HEREIN,

Dated as of October 5, 2016

TABLE OF CONTENTS

	Page
1. <u>DEFINITIONS</u>	2
2. <u>GENERAL RULES OF INTERPRETATION; SCHEDULES</u>	10
2.1. <u>General Rules</u>	10
2.2. <u>Disclosure Schedules</u>	10
3. <u>STOCK PURCHASE</u>	10
3.1. <u>The Stock Purchase</u>	10
3.2. <u>Closing</u>	10
3.3. <u>Consideration</u>	11
3.4. <u>Deliverables by Seller</u>	11
3.5. <u>Deliverables by Buyer</u>	11
3.6. <u>Seller Closing Conditions</u>	12
3.7. <u>Buyer Closing Conditions</u>	12
4. <u>REPRESENTATIONS AND WARRANTIES OF SELLER</u>	12
4.1. <u>Organization</u>	12
4.2. <u>Power and Authorization</u>	13
4.3. <u>Authorization of Governmental Authorities</u>	13
4.4. <u>Non-contravention</u>	13
4.5. <u>Capitalization; Subsidiaries</u>	13
4.6. <u>Financial Matters</u>	14
4.7. <u>Absence of Undisclosed Liabilities</u>	15
4.8. <u>Absence of Certain Developments</u>	15
4.9. <u>Debt</u>	17
4.10. <u>Ownership of Assets</u>	17
4.11. <u>Accounts Receivable</u>	17
4.12. <u>Real Property</u>	17
4.13. <u>Intellectual Property</u>	18
4.14. <u>Legal Compliance; Illegal Payments; Permits</u>	18
4.15. <u>Compliance with Healthcare Laws</u>	19
4.16. <u>Tax Matters</u>	22
4.17. <u>Employee Benefit Plans</u>	24
4.18. <u>Environmental Matters</u>	26

TABLE OF CONTENTS

(continued)

	Page
4.19. <u>Contracts</u>	26
4.20. <u>Affiliate Transactions</u>	28
4.21. <u>Employees</u>	28
4.22. <u>Litigation; Government Orders</u>	30
4.23. <u>Insurance</u>	30
4.24. <u>No Brokers</u>	30
4.25. <u>Books and Records</u>	30
4.26. <u>SEC Documents</u>	31
5. <u>REPRESENTATIONS AND WARRANTIES OF BUYER</u>	31
5.1. <u>Organization</u>	31
5.2. <u>Power and Authorization</u>	31
5.3. <u>Authorization of Governmental Authorities</u>	31
5.4. <u>Non-contravention</u>	31
5.5. <u>No Brokers</u>	31
6. <u>COVENANTS</u>	32
6.1. <u>Publicity</u>	32
6.2. <u>Fees and Expenses</u>	32
6.3. <u>Post-Closing Monthly Payments to Buyer</u>	32
6.4. <u>Buyer Investor Protections</u>	32
6.5. <u>Revised Physician Compensation Arrangements; Billing & Coding Audit</u>	34
6.6. <u>2014 & 2015 Financials</u>	34
6.7. <u>SEC Compliance</u>	34
6.8. <u>Stock Certificate</u>	34
6.9. <u>Compliance with Laws</u>	34
6.10. <u>Further Assurances</u>	34
7. <u>INDEMNIFICATION</u>	34
7.1. <u>Indemnification by Seller</u>	34
7.2. <u>Indemnification by Buyer</u>	35
7.3. <u>Certain Limitations</u>	36
7.4. <u>Personal Guarantees of Seller Principals</u>	36
7.5. <u>Survival</u>	36

TABLE OF CONTENTS

(continued)

	Page
7.6. <u>Third Party Claims</u>	37
7.7. <u>Direct Claims</u>	39
7.8. <u>Manner of Payment</u>	39
7.9. <u>No Contribution</u>	39
7.10. <u>Effect of Investigation</u>	39
7.11. <u>Remedies Cumulative</u>	39
7.12. <u>Tax Treatment</u>	39
8. <u>MISCELLANEOUS</u>	40
8.1. <u>Notices</u>	40
8.2. <u>Succession and Assignment; No Third-Party Beneficiary</u>	40
8.3. <u>Amendments and Waivers</u>	41
8.4. <u>Entire Agreement</u>	41
8.5. <u>Schedules</u>	41
8.6. <u>Counterparts; Electronic Signature</u>	41
8.7. <u>Severability</u>	41
8.8. <u>Headings</u>	41
8.9. <u>Construction</u>	42
8.10. <u>Governing Law</u>	42
8.11. <u>Jurisdiction; Venue; Service of Process</u>	42
8.12. <u>Waiver of Jury Trial</u>	43

**STRICTLY CONFIDENTIAL
EXECUTION VERSION**

STOCK PURCHASE AGREEMENT

by and among

NSHYG LLC,

HYGEA HOLDINGS CORP.,

and

THE SELLER PRINCIPALS NAMED HEREIN,

Dated as of October 5, 2016

TABLE OF CONTENTS

	Page
1. <u>DEFINITIONS</u>	2
2. <u>GENERAL RULES OF INTERPRETATION; SCHEDULES</u>	10
2.1. <u>General Rules</u>	10
2.2. <u>Disclosure Schedules</u>	10
3. <u>STOCK PURCHASE</u>	10
3.1. <u>The Stock Purchase</u>	10
3.2. <u>Closing</u>	10
3.3. <u>Consideration</u>	11
3.4. <u>Deliverables by Seller</u>	11
3.5. <u>Deliverables by Buyer</u>	11
3.6. <u>Seller Closing Conditions</u>	12
3.7. <u>Buyer Closing Conditions</u>	12
4. <u>REPRESENTATIONS AND WARRANTIES OF SELLER</u>	12
4.1. <u>Organization</u>	12
4.2. <u>Power and Authorization</u>	13
4.3. <u>Authorization of Governmental Authorities</u>	13
4.4. <u>Non-contravention</u>	13
4.5. <u>Capitalization; Subsidiaries</u>	13
4.6. <u>Financial Matters</u>	14
4.7. <u>Absence of Undisclosed Liabilities</u>	15
4.8. <u>Absence of Certain Developments</u>	15
4.9. <u>Debt</u>	17
4.10. <u>Ownership of Assets</u>	17
4.11. <u>Accounts Receivable</u>	17
4.12. <u>Real Property</u>	17
4.13. <u>Intellectual Property</u>	18
4.14. <u>Legal Compliance; Illegal Payments; Permits</u>	18
4.15. <u>Compliance with Healthcare Laws</u>	19
4.16. <u>Tax Matters</u>	22
4.17. <u>Employee Benefit Plans</u>	24
4.18. <u>Environmental Matters</u>	26

TABLE OF CONTENTS

(continued)

	Page
4.19. <u>Contracts</u>	26
4.20. <u>Affiliate Transactions</u>	28
4.21. <u>Employees</u>	28
4.22. <u>Litigation; Government Orders</u>	30
4.23. <u>Insurance</u>	30
4.24. <u>No Brokers</u>	30
4.25. <u>Books and Records</u>	30
4.26. <u>SEC Documents</u>	31
5. <u>REPRESENTATIONS AND WARRANTIES OF BUYER</u>	31
5.1. <u>Organization</u>	31
5.2. <u>Power and Authorization</u>	31
5.3. <u>Authorization of Governmental Authorities</u>	31
5.4. <u>Non-contravention</u>	31
5.5. <u>No Brokers</u>	31
6. <u>COVENANTS</u>	32
6.1. <u>Publicity</u>	32
6.2. <u>Fees and Expenses</u>	32
6.3. <u>Post-Closing Monthly Payments to Buyer</u>	32
6.4. <u>Buyer Investor Protections</u>	32
6.5. <u>Revised Physician Compensation Arrangements; Billing & Coding Audit</u>	34
6.6. <u>2014 & 2015 Financials</u>	34
6.7. <u>SEC Compliance</u>	34
6.8. <u>Stock Certificate</u>	34
6.9. <u>Compliance with Laws</u>	34
6.10. <u>Further Assurances</u>	34
7. <u>INDEMNIFICATION</u>	34
7.1. <u>Indemnification by Seller</u>	34
7.2. <u>Indemnification by Buyer</u>	35
7.3. <u>Certain Limitations</u>	36
7.4. <u>Personal Guarantees of Seller Principals</u>	36
7.5. <u>Survival</u>	36

TABLE OF CONTENTS

(continued)

	Page
7.6. <u>Third Party Claims</u>	37
7.7. <u>Direct Claims</u>	39
7.8. <u>Manner of Payment</u>	39
7.9. <u>No Contribution</u>	39
7.10. <u>Effect of Investigation</u>	39
7.11. <u>Remedies Cumulative</u>	39
7.12. <u>Tax Treatment</u>	39
8. <u>MISCELLANEOUS</u>	40
8.1. <u>Notices</u>	40
8.2. <u>Succession and Assignment; No Third-Party Beneficiary</u>	40
8.3. <u>Amendments and Waivers</u>	41
8.4. <u>Entire Agreement</u>	41
8.5. <u>Schedules</u>	41
8.6. <u>Counterparts; Electronic Signature</u>	41
8.7. <u>Severability</u>	41
8.8. <u>Headings</u>	41
8.9. <u>Construction</u>	42
8.10. <u>Governing Law</u>	42
8.11. <u>Jurisdiction; Venue; Service of Process</u>	42
8.12. <u>Waiver of Jury Trial</u>	43

EXHIBITS

Exhibit A: List of Subsidiaries

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (as amended or otherwise modified in accordance with the terms hereof, this "Agreement"), dated as of October 5, 2016 (the "Effective Date"), is entered into by and among **NSHYG LLC**, a Michigan limited liability company ("Buyer"), **HYGEA HOLDINGS CORP.**, a Nevada corporation ("Seller"), and the Seller Principals (defined below). Buyer, Seller and the Seller Principals are sometimes referred to in this Agreement collectively as the "Parties" or individually as a "Party." Any reference to "Seller" herein shall include any predecessor of Seller. Unless the context otherwise requires, terms used in this Agreement that are capitalized and not otherwise defined in context will have the meanings set forth or cross-referenced in Article 1.

RECITALS

WHEREAS, the Seller Principals each own (directly and indirectly, as applicable) common stock of Seller ("Common Stock") which in the aggregate constitutes 30.36% of the issued and outstanding Common Stock (not taking into account the exercise of any warrants, options or similar rights to acquire Common Stock, and prior to taking into account the Contemplated Transactions);

WHEREAS, Seller owns (directly and indirectly, as applicable) 100% of the issued and outstanding capital stock or other equity interests of each of the entities listed on Exhibit A hereto (collectively, the "Subsidiaries," and each, a "Subsidiary");

WHEREAS, through the Subsidiaries, Seller owns and operates a health care business focused primarily on the delivery of primary-care-based health care to patients (currently numbering approximately 175,000 patients) through its integrated group practices and through the Palm Network, Seller's independent practice association and managed services organization (collectively, the "Business") throughout Florida and Georgia;

WHEREAS, Seller and the Seller Principals have determined it is in their collective best interest that Seller issue to Buyer an amount of Common Stock such that immediately following such issuance Buyer shall own Twenty-Three Million Four Hundred Thirty-Seven Thousand Five Hundred (23,437,500) shares of Common Stock, constituting 8.57% of all of the issued and outstanding Common Stock, not taking into account the exercise of any warrants, options or similar rights to acquire Common Stock, but taking into account the Contemplated Transactions (the "Acquired Stock");

WHEREAS, as payment for the Acquired Stock, Buyer shall contribute the Consideration to Seller;

WHEREAS, Buyer, Seller and Seller Principals have determined that the Consideration, which reflects a price per share of Acquired Stock equal to \$1.28 (the "Per-Share Price"), is consistent with the fair market value of the Acquired Stock and includes a payment for the goodwill inherent in the Acquired Stock;

WHEREAS, Seller Principals will receive an indirect financial benefit from the Contemplated Transactions; and

WHEREAS, the Buyer, Seller and Seller Principals desire to make certain representations, warranties, covenants and agreements in connection with this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the premises and mutual promises herein made, and in consideration of the representations, warranties, covenants and agreements herein contained, the Parties, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS.

As used herein, the following terms shall have the following meanings:

“1934 Act” is defined in Section 4.26.

“2013 Yearly Financials” is defined in Section 4.6.1.

“2014 & 2015 Yearly Financials” is defined in Section 4.6.1.

“409A Plan” is defined in Section 4.17.8.

“Acquired Stock” is defined in the Recitals.

“Action” means any claim, action, cause of action, law suit (whether in contract or tort or otherwise) or audit, litigation (whether at law or in equity and whether civil or criminal), assessment, grievance, arbitration, investigation, hearing, mediation, charge, complaint, inquiry, demand, notice or proceeding to, from, by or before any Governmental Authority or any mediator.

“Affiliate” means, with respect to any specified Person at any time, (a) each Person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person at such time, (b) each Person who is at such time an officer, manager (with respect to a limited liability company), or a member of a board of directors of, or direct or indirect beneficial holder of at least 5% of any class of the capital stock of, such specified Person, (c) if such specified Person is an individual, the Family Members of such Person and (d) the Family Members of each officer, manager, director, or holder described in clause (b) above.

“Agreement” is defined in the Preamble.

“AJCA” is defined in Section 4.17.8.

“Ancillary Agreements” means each agreement, document, instrument or certificate contemplated by this Agreement or to be executed by Buyer, Seller, or any Seller Principal in connection with the consummation of the Contemplated Transactions, in each case only as applicable to the relevant party or parties to such Ancillary Agreement, as indicated by the context in which such term is used.

“Business” is defined in the Recitals.

“Business Day” means any day, other than a Saturday, Sunday or any other day on which banks located in New York are authorized or required by applicable Legal Requirement to be closed.

“Business Employee” is defined in Section 4.21.3.

“Buyer” is defined in the Preamble.

“Buyer Indemnified Persons” is defined in Section 7.1.

“Buyer Investor Protections” is defined in Section 6.4.

“Center” is defined in Section 4.15.1.

“Closing” is defined in Section 3.2.

“Closing Date” is defined in Section 3.2.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Common Stock” is defined in the Recitals.

“Compensation” means, with respect to any Person, all wages, earnings, salaries, commissions, compensation, remuneration, incentives, bonuses, or benefits of any kind or character whatsoever (including issuances or grants of equity interests or the right to acquire equity interests or compensation based on the value or increase in value of equity interests), required to be made or that have been made directly or indirectly by any Seller to such Person or Affiliates of such Person.

“Consideration” is defined in Section 3.3.

“Contemplated Transactions” means, collectively, the transactions contemplated by this Agreement, including (a) the transfer by Seller of the Acquired Stock to Buyer in exchange for the Consideration and (b) the execution, delivery, and performance of this Agreement and the Ancillary Agreements.

“Contractual Obligation” means, with respect to any Person, any contract, agreement, deed, mortgage, lease, sublease, license, sublicense or other legally enforceable commitment, promise, undertaking, obligation, arrangement, instrument or understanding, whether written or oral, to which or by which such Person is a party or otherwise subject or bound or to which or by which any property, business, operation or right of such Person is subject or bound.

“Data Room” means that certain virtual data room hosted by Seller in connection with the Contemplated Transactions using Sharepoint Online/Microsoft Office 365 under the folder name “Investors.”

“Debt” means, with respect to any Person, all Liabilities of such Person, without duplication (a) for borrowed money (including overdraft facilities) or in respect of loans or advances (including, in any case, any prepayment premiums due or arising as a result of the consummation of the Contemplated Transactions), (b) evidenced by notes, bonds, debentures, or similar Contractual Obligations, (c) for deferred rent or the deferred purchase price of property, goods, or services (other than trade payables or accruals incurred in the Ordinary Course of Business, but in any case including any deferred purchase price Liabilities, earnouts, contingency payments, installment payments, deferred revenue, customer deposits, seller notes, promissory notes, or similar Liabilities, in each case related to past acquisitions and whether or not contingent), (d) under capital leases or synthetic obligations which would be required to be capitalized in accordance with GAAP, (e) in respect of letters of credit and bankers’ acceptances (in each case whether or not drawn, contingent, or otherwise), (f) for obligations arising under any interest rate, commodity, or other similar swap, cap, collar, futures contract, or other hedging arrangement, (g) for any credit card payables with respect to charges having a transaction date of 30 days or more prior to the Closing Date or related to non-business related activities, (h) all accrued interest expense, (i) accounts payable over 60 days, (j) accounts payable to any of such Person’s Affiliates, directors, shareholders, officers, employees, or Representatives, (k) overdrawn or negative balance cash accounts, (l) all

obligations of the type referred to in clauses (a) through (k) above of other Persons secured by any Encumbrance on any property or asset of such Person, whether or not such obligation is assumed by such Person all obligations of the type referred to in clauses (a) through (k) above of any other Person the payment of which such Person has Guaranteed, and (n) accrued but unpaid interest, fees, penalties, premiums (including in respect of prepayment) arising with respect to any of the items described in clauses (a) through (l) above).

“Direct Owners” is defined in Section 4.5.1.

“Disclosed Contract” is defined in Section 4.19.2.

“Disclosure Schedules” is defined in Section 2.2.

“Effective Date” is defined in the Recitals.

“Encumbrance” means any charge, claim, community or other marital property interest, condition, equitable interest, lien, lease, license, option, pledge, security interest, mortgage, deed of trust, right of way, easement, encroachment, servitude, preemptive right, anti-dilution right, right of first offer or first refusal, or buy/sell agreement and any other restriction, encumbrance, or covenant with respect to, or condition governing the use, construction, voting (in the case of any security or equity interest), transfer or exercise of or receipt of income from, any other attribute of ownership.

“Environment” means soil, surface waters, groundwater, land, stream sediments, surface or subsurface strata, ambient air, or indoor air, including any material or substance used in the physical structure of any building or improvement.

“Environmental Laws” means any Legal Requirement relating to (a) releases or threatened releases of Hazardous Substances, (b) pollution or protection of health or the environment or natural resources, or (c) the manufacture, handling, transport, use, treatment, storage, recycling or disposal of or exposure to Hazardous Substances.

“Equity Value” means the enterprise value of Seller (including all of its subsidiaries) less Debt, all calculated in accordance with GAAP.

“ERISA” is defined in Section 4.17.1.

“ERISA Affiliate” is defined in Section 4.17.1.

“ERISA Employer” is defined in Section 4.17.1.

“Family Member” means, with respect to any individual, (a) such Person’s spouse, (b) each parent, brother, sister or natural or adopted child of such Person or such Person’s spouse, (c) each trust created for the benefit of one or more of the Persons described in clauses (a) and (b) above and (d) each custodian or guardian of any property of one or more of the Persons described in clauses (a) through (c) above in his or her capacity as such custodian or guardian.

“Federal Health Care Program” means any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government or a state health care program, including, but not limited to, the Medicare and Medicaid programs.

“Financials” is defined in Section 4.6.1.

“Fundamental Representations” means the representations and warranties of Seller set forth in Section 4.1 (Organization), Section 4.2 (Power and Authorization), Section 4.5 (Capitalization; Subsidiaries), Section 4.10 (Ownership of Assets), Section 4.14 (Legal Compliance; Illegal Payments; Permits), Section 4.15 (Compliance with Healthcare Laws), Section 4.16 (Tax Matters), Section 4.17 (Employee Benefit Plans), Section 4.21 (Employees) and Section 4.24 (No Brokers).

“GAAP” means generally accepted accounting principles in the United States, as in effect on the Closing Date or as of the period(s) indicated.

“Government Order” means any order, writ, judgment, injunction, decree, stipulation, ruling, determination, or award entered by or with any Governmental Authority.

“Governmental Authority” means any United States federal, state, or local or any foreign government, or political subdivision thereof, or foreign state, or any multinational organization or authority or any authority, agency, or commission entitled to exercise any administrative, executive, judicial, legislative, police, or regulatory power, any court or tribunal (or any department, bureau or division thereof), or any arbitrator or arbitral body.

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing or otherwise supporting in whole or in part the payment of any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligations of the payment of such Debt or to protect such obligee against loss in respect of such Debt (in whole or in part). The term “Guarantee” used as a verb has a correlative meaning.

“Hazardous Substance” means and includes each substance designated as a hazardous waste, hazardous substance, hazardous material, pollutant, contaminant or toxic substance or as designated with words of similar meaning and regulatory effect under any Environmental Law, petroleum and petroleum products or derivatives, asbestos and urea formaldehyde, polychlorinated biphenyls, Medical Waste, and any other substance for which liability or standards of conduct may be imposed under Environmental Law.

“Healthcare Laws” means all federal and state laws, rules or regulations, and published program instructions relating to the regulation, provision or administration of, or payment for, healthcare products or services, including, but not limited to (a) the federal Anti-Kickback Statute (42 U.S.C. §1320a-7b(b)), the Physician Self-Referral Law, commonly known as the “Stark Law” (42 U.S.C. §1395nn), the criminal health care fraud statute (18 U.S. Code § 1347, the civil False Claims Act (31 U.S.C. §3729 et seq.), the Federal Food, Drug, and Cosmetics Act (21 U.S. Code §301 et. seq.), the Federal Controlled Substances Act (21 U.S. Code §801 et. seq.), the Clinical Laboratory Improvement Amendments of 1988 (42 U.S. Code §263a et. seq.), TRICARE (10 U.S.C. Section 1071 et seq.), Sections 1320a-7, 1320a-7a and 1320a-7b of Title 42 of the United States Code and the regulations promulgated pursuant to such statutes; (b) the Health Insurance Portability and Accountability Act of 1996 (Pub. L. No. 104-191) and the regulations promulgated thereunder; (c) Medicare (Title XVIII of the Social Security Act) and the regulations and program instructions and other legally enforceable requirements promulgated thereunder; (d) Medicaid (Title XIX of the Social Security Act) and the regulations and other legally enforceable

requirements promulgated thereunder; (e) quality, safety and medical necessity laws, rules or regulations relating to the regulation, provision or administration of, or payment for, healthcare products or services; (f) rules governing the provision of services to employees with workers compensation coverage or licensure or certification as a healthcare organization to provide such services; and (g) licensure laws, rules or regulations relating to the regulation, provision or administration of, or payment for, healthcare products or services, including laws relating to the so-called “corporate practice of medicine” and fee splitting, each of (a) through (g) as amended from time to time.

“Indemnified Person” means, with respect to any Indemnity Claim, each Buyer Indemnified Person or Seller Indemnified Party asserting the Indemnity Claim (or on whose behalf the Indemnity Claim is asserted) under Article 7.

“Indemnifying Party” means, with respect to any Indemnity Claim, the party or parties against whom such Indemnity Claim may be or has been asserted.

“Indemnity Claim” means a claim for indemnity Article 7.

“Indirect Owners” is defined in Section 4.5.1.

“Intellectual Property Rights” means the entire right, title, and interest in and to all proprietary rights of every kind and nature however denominated, throughout the world, including (a) patents, patent applications, industrial designs, industrial design applications, and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, divisionals, extensions, reviews and reexaminations in connection therewith, (b) confidential information, trade secrets, database rights, and all other proprietary rights in Technology, (c) trademarks, trade names, service marks, service names, brands, trade dress and logos, and all other indicia of origin, all applications, registrations, and renewals in connection therewith, and the goodwill and activities associated therewith, (d) domain names, rights of privacy and publicity, and moral rights, including all rights of authorship, use, publication, reproduction, distribution, performance transformation, moral rights and rights of ownership of copyrightable works, copyrights and registrations and applications associated therewith, mask work rights (e) any and all registrations, applications, recordings, licenses, common-law rights, and contractual rights relating to any of the foregoing, and (e) all rights of privacy and publicity, including rights to the use of names, likenesses, images, voices, signatures and biographical information of real persons, as well as all Actions and rights to sue at law or in equity for any past or future infringement or other impairment of any of the foregoing, including the right to receive all proceeds and damages therefrom, and all rights to obtain renewals, continuations, divisions, or other extensions of legal protections pertaining thereto, and (f) all copies and tangible embodiments or descriptions of any of the foregoing (in whatever form or medium).

“IRS” means the Internal Revenue Service.

“Legal Requirement” or “Law” means any constitution, law (including common law), statute, standard, ordinance, code, rule, regulation, resolution, or promulgation, or any Government Order, or any license, franchise, permit, or similar right granted under any of the foregoing, or any similar provision or duty or obligation having the force or effect of law, including, and for the avoidance of doubt, any Healthcare Law.

“Liability” means, with respect to any Person, any liability or obligation of such Person, whether known or unknown, whether asserted or unasserted, whether determined, determinable or otherwise, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential, whether due or to become due.

“Litigation Conditions” is defined in Section 7.6.2.

“Losses” is defined in Section 7.1.

“Material Adverse Effect” means any event, circumstance, development, condition, occurrence, state of facts, change or effect that, when considered individually or in the aggregate has been, or would be reasonably likely to be, materially adverse to (a) the business condition (financial or otherwise), or the business, assets, liabilities of Seller, or (b) the ability of Seller or either Seller Principal to perform their respective obligations under this Agreement or to consummate the Contemplated Transactions, in either case, other than any event, circumstance, development, condition, occurrence, state of facts, change or effect arising out of: (i) general business, financial, credit or economic conditions in the United States; (ii) acts of war (whether or not declared), sabotage or terrorism, military actions or the escalation thereof; (iii) any change in or adoption of any applicable Legal Requirement or GAAP, and (iv) natural disasters, acts of nature or acts of god such as landslides, floods, fires, explosions, lightning and induction caused by lightning causing damage to equipment, earthquakes subsidence, storms, cyclones, typhoons, hurricanes, tornados, tsunamis, perils of sea, volcanic activity, and other extreme weather conditions and any other extraordinary operation of the forces of nature; except, in the case of subparts (i), (ii), (iii) or (iv) of this definition, only to the extent that such events, circumstances, developments, conditions, occurrences, states of facts, changes or effects do not have a disproportionate effect on Seller relative to other participants in the industries in which Seller operates.

“Most Recent Balance Sheets” is defined in Section 4.6.1.

“Most Recent Balance Sheet Date” is defined in Section 4.6.1.

“Most Recent Financials” is defined in Section 4.6.1.

“Ordinary Course of Business” means an action taken by any Person in the ordinary course of such Person’s business which is consistent with the past customs and practices of such Person.

“Party” is defined in the Preamble.

“Payment Date” is defined in Section 6.3.

“Payor” means any insurer, health maintenance organization, third party administrator, employer, union, trust, governmental program (including but not limited to any Third Party Payor Program), or other consumer or customer of health care services that has authorized Seller as a provider of health care services to the members, beneficiaries, participants or the like, thereof or to whom Seller has submitted a claim for services.

“Per-Share Price” is defined in the Recitals.

“Permits” means, with respect to any Person, any license, accreditation, bond, franchise, permit, consent, approval, right, privilege, certificate, registration, accreditation or other similar authorization issued by, or otherwise granted by, any Governmental Authority or any other Person to which or by which such Person is subject or bound or to which or by which any property, business, operation, or right of such Person is subject or bound.

“Person” means any individual or corporation, association, partnership, limited liability company, joint venture, joint stock, or other company, business trust, trust, organization, labor union, Governmental Authority, or other entity of any kind.

"Physician Owner" is defined in Section 4.5.1.

"Plan" is defined in Section 4.17.1.

"Post-Closing Monthly Payment" is defined in Section 6.3.

"Procedure" shall mean any procedure or procedures on the list of Medicare-covered procedures for ambulatory surgical centers in accordance with regulations issued by the U.S. Department of Health and Human Services.

"Pro Rata Share" is defined in Section 7.4.2.

"Put Notice" is defined in Section 6.3.

"Put Option" is defined in Section 6.3.

"Put Price" is defined in Section 6.3.

"Real Property" is defined in Section 4.12.

"Real Property Leases" is defined in Section 4.12.

"Reimbursed Transaction Expenses" is defined in Section 6.2.

"Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, disposing or dumping of a Hazardous Substance into the Environment (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Substance) and any condition that results in the exposure of a person to a Hazardous Substance.

"Representative" means, with respect to any Person, any director, manager, officer, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"SEC" is defined in Section 4.26.

"SEC Documents" is defined in Section 4.26.

"Seller" is defined in the Preamble.

"Seller Indemnification Obligations" is defined in Section 7.4.

"Seller Indemnified Parties" is defined in Section 7.2.

"Seller Intellectual Property Rights" means all Intellectual Property Rights owned by Seller or used by Seller in connection with each of the Business as currently conducted, including all Intellectual Property Rights in and to Seller Technology.

"Seller Owners" is defined in Section 4.5.1.

"Seller Principals" means the following Seller Owners: (a) Manuel Iglesias (Co-Founder, Director and Chief Executive Officer of Seller) and (b) Edward Moffly (Co-Founder, Director and Chief Financial Officer of Seller).

"Seller Technology" means any and all Technology used in connection with the Business as currently conducted.

"Seller's Knowledge" shall mean the knowledge of each of the Seller Principals, Richard Williams (the Chief Legal Officer and General Counsel of Seller), and each officer, manager or member of the board of directors (or equivalent governing body) of Seller and each Subsidiary. For purposes of this Agreement, any such individual shall be deemed to have knowledge of a particular fact or other matter if (a) such individual is actually aware of such fact or other matter or (b) a prudent individual could be expected to discover or otherwise become aware of such fact or other matter after reasonable investigation.

"Subsidiary" is defined in the Recitals.

"Subsidiary Equity Interests" is defined in Section 4.5.2.

"Tax" or "Taxes" means (a) any and all federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs, duties, capital stock, franchise, profits, built-in gain, withholding, social security (or similar taxes, including FICA), unemployment, disability, real property, intangible property, personal property, escheat, abandoned or unclaimed property obligation, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind or any charge or fee of any kind in the nature of (or similar to) taxes imposed by any Governmental Authority or any Legal Requirement, including any interest, penalty, or addition thereto, in each case whether disputed or not and (b) any Liability for the payment of any amounts of the type described in clause (a) of this definition as a result of (i) being a member of an affiliated, consolidated, combined or unitary group or being a party to any agreement or arrangement whereby liability for payment of such amounts was determined or taken into account with reference to the Liability of another Person, in each case, for any period, (ii) as a result of any tax sharing, tax indemnification or tax allocation agreement, arrangement or understanding (other than commercial contracts (A) a principal subject matter of which is not Taxes, (B) containing customary Tax indemnification provisions, and (C) entered into in the ordinary course of business), (iii) or as a result of being liable for the payment of another Person's taxes as a transferee or successor, by contract or otherwise.

"Tax Return" means any return, statement, election, form, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule, supplement or attachment thereto, and including any amendment thereof.

"Technology" means all inventions, works, discoveries, innovations, know-how, information (including ideas, research and development, formulas, algorithms, compositions, processes and techniques, data, designs, drawings, specifications, graphics, illustrations, artwork, documentation, and manuals), databases, computer software, firmware, computer hardware, integrated circuits and integrated circuit masks, electronic, electrical, and mechanical equipment, and all other forms of technology, including improvements, modifications, works in process, derivatives, or changes, whether tangible or intangible, embodied in any form, whether or not protectable or protected by patent, copyright, mask work right, trade secret law, or otherwise, and all documents and other materials recording any of the foregoing.

"Third Party Claim" is defined in Section 7.6.1.

"Third Party Payor Programs" means all Third Party Payor Programs (including but not limited to, Federal Health Care Programs, workers compensation, or any other state health care programs, as well as Blue Cross and/or Blue Shield, managed care plans, or any other private insurance program).

"Treasury Regulations" means the regulations promulgated under the Code.

"Trigger Event" is defined in Section 6.3.

"Yearly Financials" is defined in Section 4.6.1.

2. **GENERAL RULES OF INTERPRETATION; SCHEDULES.**

2.1. General Rules. Except as otherwise explicitly specified to the contrary, (a) references to a Section, Article, Exhibit or Schedule means a Section or Article of, or Exhibit or Schedule to, this Agreement, unless another agreement is specified, (b) the word "including" shall be construed as "including without limitation", (c) references to a particular statute or regulation include all rules and regulations thereunder and any predecessor or successor statute, rules or regulation, in each case as amended or otherwise modified from time to time, (d) words in the singular or plural form include the plural and singular form, respectively, (e) words expressed in the masculine shall include the feminine and neuter genders and vice versa, (f) the word "will" shall have the same meaning as the word "shall", (g) the word "extent" in the phrase "to the extent" means the degree to which a subject or other thing extends and shall not simply mean "if", (h) references to "day" or "days" in the lower case means calendar days, (i) references to the "date hereof" are to the date of this Agreement, (j) the words "hereof", "herein", "hereto", and "hereunder", and words of similar import, shall refer to this Agreement as a whole and not any particular provisions of this Agreement, (k) references to dollars or "\$" are to United States dollars, and (l) references to a particular Person include such Person's successors and assigns to the extent not prohibited by this Agreement.

2.2. Disclosure Schedules. Disclosure in any section of the Schedules to this Agreement (the "Disclosure Schedules") shall apply only to the indicated section of this Agreement except to the extent that it is readily apparent from the face of such disclosure that such disclosure is relevant to another section of this Agreement. The inclusion of any information in the Schedules shall not be deemed to be an admission or acknowledgment, in and of itself that such information is required by the terms hereof to be disclosed, is material or has resulted in or is reasonably likely to result in a Material Adverse Effect. Complete and correct copies of all documents referred to in the Disclosure Schedules were made available to Buyer in the Data Room or sent via electronic mail to Dan Miller (Managing Director of Buyer's parent company) at DMiller@RINCapital.com prior to the Closing Date.

3. **STOCK PURCHASE.**

3.1. The Stock Purchase. Upon the Closing, in exchange for the Consideration contributed by Buyer to Seller, Buyer shall purchase from Seller and Seller shall sell, issue, transfer, assign, convey and deliver to Buyer the Acquired Stock free and clear of any and all liens, mortgages, liens, pledges, security interests, conditional sales agreements, right of first refusals, options, restrictions, liabilities, encumbrances, or charges.

3.2. Closing. The closing of the Contemplated Transactions hereby (the "Closing") will take place remotely via the electronic exchange of documents and signature pages on the Effective Date (the "Closing Date"), or in such other manner as the Parties agree in writing. For accounting and

computational purposes (other than for Tax purposes), the Closing will be deemed to have occurred at 12:01 a.m. (Eastern Time) on the Closing Date.

3.3. Consideration. The consideration to be paid for the Acquired Stock shall be Thirty Million and no/100 Dollars (\$30,000,000.00) (the "Consideration"). The Consideration shall be paid as of the Closing effected by wire transfer of immediately available funds to an account provided to Buyer by Seller in writing prior to the Closing.

3.4. Deliverables by Seller. At the Closing, Seller shall deliver (or cause to be delivered) to Buyer the following items:

3.4.1. all documents that are necessary to transfer to Buyer good and valid title to the Acquired Stock free and clear of any lien, with any necessary transfer tax stamps affixed or accompanied by evidence that all equity transfer taxes have been paid;

3.4.2. a certificate of incumbency verifying the authority of the respective officers of Seller executing this Agreement, and any other agreements contemplated hereby, or making certifications for Closing;

3.4.3. a certificate from the Secretary of Seller certifying that all board of directors and shareholder approvals necessary to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which Seller is a party have been obtained and attaching thereto: (i) a copy of the articles of organization of Seller, and (ii) a copy of the resolutions of the board of directors of Seller, evidencing the approval of this Agreement and the Ancillary Agreements to which each is a party and the transactions contemplated hereby and thereby;

3.4.4. a certificate signed by Seller certifying the satisfaction of the conditions set forth in Sections 3.7(b) and 3.7(c);

3.4.5. duly executed counterparts of each Ancillary Agreement to which a Seller or a Seller Principal is a party;

3.4.6. all of the consents, waivers and similar instruments that are set forth on Schedule 4.3, each in form and substance reasonably satisfactory to Buyer; and

3.4.7. such other documents and certificates as Buyer may reasonably request or as may be required pursuant to this Agreement.

3.5. Deliverables by Buyer. At the Closing, Buyer shall deliver (or cause to be delivered) to or on behalf of Seller the following items:

3.5.1. payment of the Consideration in accordance with Section 3.3;

3.5.2. a certificate of incumbency verifying the authority of the respective officer(s), manager(s) and/or director(s) of Buyer executing this Agreement, or any other agreements contemplated hereby, or making certifications for Closing;

3.5.3. a certificate from the Secretary of Buyer certifying that all governance approvals necessary to consummate the transactions contemplated by this Agreement, and the Ancillary Agreements to which it is a party have been obtained;

3.5.4. a certificate signed by Buyer certifying the satisfaction of the conditions set forth in Sections 3.6(b) and 3.6(c);

3.5.5. duly executed counterparts of each Ancillary Agreement to which a Buyer is a party; and

3.5.6. such other documents and certificates as Seller may reasonably request or as may be required pursuant to this Agreement.

3.6. Seller Closing Conditions. Seller's obligations to consummate the transactions contemplated hereunder are expressly conditioned upon the satisfaction of the following conditions (unless the same are expressly waived by Seller):

(a) receipt by Seller of the various documents and items set forth at Section 3.5 hereof;

(b) the representations and warranties of Buyer will be true and correct in all respects at and as of the Closing with the same force and effect as if made as of the Closing; and

(c) Buyer will have performed and complied in all material respects with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by them at or prior to the Closing.

3.7. Buyer Closing Conditions. Buyer's obligations to consummate the transactions contemplated hereunder are expressly conditioned upon the satisfaction of the following conditions (unless the same are expressly waived by Buyer):

(a) receipt by Buyer of the various documents and items set forth in Section 3.4 hereof;

(b) the representations and warranties of Seller will be true and correct in all respects at and as of the Closing with the same force and effect as if made as of the Closing;

(c) Seller and each Seller Principal (as applicable) will have performed and complied in all material respects with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by them at or prior to the Closing; and

(d) since the date hereof, there will have occurred no event, change, fact, or condition, nor will there exist any circumstance which, singly or in the aggregate with all other events, changes, facts, conditions and circumstances, has resulted or would reasonably be expected to result in a Material Adverse Effect.

4. REPRESENTATIONS AND WARRANTIES OF SELLER.

In order to induce Buyer to enter into and perform this Agreement and to consummate the Contemplated Transactions, Seller hereby represents and warrants to Buyer, as of the date hereof as follows:

4.1. Organization. Each of Seller and each Subsidiary is (a) duly organized, validly existing and in good standing under the laws of the state of its incorporation or formation and (b) duly qualified to do business and in good standing in each other jurisdiction where such qualification is required. Seller has delivered to Buyer true, accurate and complete copies of the organizational documents of Seller and each Subsidiary. Schedule 4.1 sets forth a true and correct list of the current directors, managers, officers and

stockholders or other equity holders of Seller and each Seller Subsidiary, as applicable. No earn-out payments, and no payments for referrals to Seller or any Subsidiary of Medicare or Medicaid patients, have been made or promised by Seller, any Subsidiary, or any Affiliate, officer, director, manager or agent thereof in connection with the acquisition of any Subsidiary or the acquisition of the business or assets of any other entity.

4.2. Power and Authorization. Seller has the requisite capacity to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance by Seller of this Agreement and each Ancillary Agreement to which Seller is a party and the consummation of the Contemplated Transactions are within the power and authority of Seller and have been duly authorized by all necessary action on the part of Seller. This Agreement and each Ancillary Agreement to which Seller is a party (a) have been duly executed and delivered by Seller and (b) are the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforceability of creditors' rights generally, and, other than with respect to any restrictive covenant contained in this Agreement or any Ancillary Agreement, general equitable principles and the discretion of courts in granting equitable relief. Seller and each Subsidiary has the full corporate or limited liability company power and authority necessary to own and use its properties and assets and carry on its business as currently conducted.

4.3. Authorization of Governmental Authorities. Except as disclosed on Schedule 4.3, no action by (including any authorization, consent or approval), or in respect of, or filing with, or notice to, any Governmental Authority is required for, or in connection with, the valid and lawful (a) authorization, execution, delivery and performance by Seller and each Ancillary Agreement to which Seller is a party or (b) consummation of the Contemplated Transactions by Seller.

4.4. Non-contravention. Except as disclosed on Schedule 4.4, neither the execution, delivery and performance by Seller of this Agreement nor the execution, delivery and performance by Seller of any Ancillary Agreement nor the consummation of the Contemplated Transactions will: (a) assuming the taking of any action by (including any authorization, consent or approval), or in respect of, or any filing with, any Governmental Authority, in each case, as disclosed on Schedule 4.3, violate any Legal Requirement applicable to Seller, any Subsidiary or the Business; (b) result in the modification, acceleration, termination, breach or violation of, or default under, any Contractual Obligation to which Seller or any Subsidiary is a party; (c) require any action by (including any authorization, consent or approval) or in respect of (including notice to), any Person under any Contractual Obligation of Seller or any Subsidiary; (d) result in the creation or imposition of an Encumbrance upon, or the forfeiture of, the Common Stock or any asset owned or held by Seller or any Subsidiary; or (e) result in a breach or violation of, or default under, the organizational documents of Seller or any Subsidiary.

4.5. Capitalization; Subsidiaries.

4.5.1. Capitalization of Seller. Except for those warrants to purchase Common Stock listed on Schedule 4.5.1, complete and correct copies of which have been made available by Seller to Buyer, other than the Common Stock, Seller has not issued, nor has agreed to issue, any equity interest of any kind (including any preferred stock, warrants, options, "phantom equity," or other equity interests of any kind whatsoever, including any security or other instrument convertible into an equity security of Seller, or any derivative right of any of the foregoing). None of the Common Stock (including, for the avoidance of doubt, the Acquired Stock) is subject to, and none of Seller, either Seller Principal or, to Seller's Knowledge, any of the Seller Owners is a party to, any shareholders' agreement or similar agreement, any voting agreement, any pre-emptive rights, any rights of first offer or rights of first refusal, or any

similar Encumbrance of any kind with respect to the Common Stock. All of the issued and outstanding shares of Common Stock have been duly authorized, validly issued, and are fully paid and non-assessable, as applicable. Seller has complied in all material respects with all federal and state securities Laws and exemptions (including all applicable rules and regulations promulgated by the SEC, any applicable state securities regulators, and/or any exchange upon which any Common Stock is traded) in connection with the issuance and sale of all of the Common Stock (including the Acquired Stock). All of the issued and outstanding Common Stock is held of record and beneficially owned by the Persons set forth on Schedule 4.5.1 (the “Direct Owners”) in the respective amounts set forth on Schedule 4.5.1. When used in this Agreement: (a) the term “Indirect Owner” means each Person that has a direct or indirect beneficial ownership interest in a Direct Owner; (b) the term “Seller Owners” means, collectively, all of the Direct Owners and the Indirect Owners; and (c) the term “Physician Owner” means each Seller Owner who is a physician (including any medical doctors, doctors of osteopathy, physiatrists, chiropractors or dentists). Schedule 4.5.1 sets forth a list of all Physician Owners, as well as the respective approximate percentages of direct or indirect beneficial ownership interest held by each such Physician Owner in one or more Direct Owners. The Acquired Stock has been duly authorized, validly issued and, upon payment of the Consideration, will be fully paid and non-assessable and, upon the Closing, Buyer shall have sole and exclusive, good and valid title to the Acquired Stock, not subject to any Encumbrance.

4.5.2. Capitalization of Subsidiaries; Affiliates. Seller has no subsidiaries or Affiliates other than the Subsidiaries. Exhibit A sets forth a complete list of all of the Subsidiaries. Seller owns, either directly or indirectly, 100% of the issued and outstanding capital stock, membership interests or other equity interests of each Subsidiary (including any preferred stock, warrants, options, “phantom equity,” or other equity interests of any kind whatsoever, including any derivative rights thereto) (the “Subsidiary Equity Interests”). None of the Subsidiary Equity Interests is subject to, and none of Seller, either Seller Principal, any Subsidiary or, to Seller’s Knowledge, any of the Seller Owners is a party to, any shareholders’ agreement or similar agreement, any voting agreement, any pre-emptive rights, any rights of first offer or rights of first refusal, or any similar Encumbrance of any kind with respect to any Subsidiary Equity Interests. All of the issued and outstanding Subsidiary Equity Interests have been duly authorized, validly issued, and are fully paid and non-assessable, as applicable. Seller and each Subsidiary, as applicable, have complied in all material respects with all federal and state securities Laws and exemptions (including all applicable rules and regulations promulgated by the SEC, any applicable state securities regulators, and/or any exchange upon which any Common Stock is traded) in connection with the issuance and sale of all of the Subsidiary Equity Interests. All of the issued and outstanding Subsidiary Equity Interests are held of record and beneficially owned by the Persons designated on Exhibit A in the respective amounts set forth on Exhibit A.

4.6. Financial Matters.

4.6.1. Financial Statements. Attached to Schedule 4.6.1 are true, correct and complete copies of each of the following: (a) the consolidated audited balance sheets of Seller and the Subsidiaries as of December 31, 2013 and the related statements of profit and loss and changes in equity for the fiscal year then ended (the “2013 Yearly Financials”); and (b) that certain “Hydrea Holdings Corp. Quality of Earnings Report Update – TTM June 30, 2016” prepared by independent accounting firm CliftonLarsonAllen LLP, dated as of October 3, 2016, including an unaudited consolidated balance sheet of Seller and the Subsidiaries as of June 30, 2016 (respectively, the “Most Recent Balance Sheet,” and the “Most Recent Balance Sheet”).

Date”) and the related unaudited consolidated statement of profit and loss and changes in equity of Seller and the Subsidiaries for the 6-month period then ended (collectively, the “Most Recent Financials”). Seller, together with CPA firm RT&C (Rodriguez, Trueba & Co) is in the process of completing the preparation of the consolidated audited balance sheets of Seller and the Subsidiaries as of December 31, 2014 and December 31, 2015 and the related statements of profit and loss and changes in equity for the fiscal years then ended (the “2014 & 2015 Yearly Financials” and, collectively with the Audited Financials, the “Yearly Financials”), true and correct copies of which shall be provided to Buyer promptly upon completion, but in any event no later than November 30, 2016, which 2014 & 2015 Yearly Financials (together with the Most Recent Financials), when completed and provided to Buyer, shall reflect shareholders’ equity as of June 30, 2016 that is no less than \$95,000,000. The Most Recent Financials and the Yearly Financials are referred to herein collectively as the “Financials.”

4.6.2. Except for the absence of footnote disclosure and any customary year-end adjustments that would not, individually or in the aggregate, be reasonably expected to be material, solely with respect to the Most Recent Financials, each of the Financials has been (or, with respect to the 2014 & 2015 Yearly Financials, will be) prepared in accordance with GAAP (except as set forth on Schedule 4.6.2) and presents (or, with respect to the 2014 & 2015 Yearly Financials, will present) fairly in all material respects the financial position and results of operations of Seller as at the dates and for the periods indicated therein. The Financials were (or, with respect to the 2014 & 2015 Yearly Financials, will be) derived from the books and records of Seller and the Subsidiaries.

4.7. Absence of Undisclosed Liabilities. Neither Seller nor any Subsidiary has any Liability of the type that would otherwise be required to be set forth on a balance sheet prepared in accordance with GAAP, except for (a) Liabilities set forth on the face of the Most Recent Balance Sheets, (b) Liabilities incurred in the Ordinary Course of Business since the Most Recent Balance Sheet Date, none of which can reasonably be expected to be material to Seller and applicable (none of which relate to (i) a breach of a Contractual Obligation, (ii) breach of warranty, (iii) a tort, (iv) an infringement of Intellectual Property rights, (v) violation of any Legal Requirement or (vi) an environmental liability), and (c) Liabilities listed on Schedule 4.7.

4.8. Absence of Certain Developments. Since the Most Recent Balance Sheet Date, the Business has been conducted only in the Ordinary Course of Business, except in connection with the transactions contemplated by, or entered into in connection with, this Agreement (and otherwise disclosed to Buyer). Without limiting the foregoing, except as set forth on Schedule 4.8:

4.8.1. Neither Seller nor any Subsidiary has (a) amended its organizational documents, (b) amended any term of its Common Stock or Subsidiary Equity Interests, (c) issued, sold, granted, or otherwise disposed of, any Common Stock or Subsidiary Equity Interests or (d) issued, granted or awarded any rights to acquire Common Stock, Subsidiary Equity Interests or other equity interests of any kind (including any preferred stock, warrants, options, “phantom equity,” or other equity interests of any kind whatsoever, including any derivative rights thereto);

4.8.2. Neither Seller nor any Subsidiary has become liable in respect of any Guarantee and has not incurred, assumed or otherwise become liable in respect of any Debt, except for borrowings in the Ordinary Course of Business under credit facilities in existence on the Most Recent Balance Sheet Date;

4.8.3. Neither Seller nor any Subsidiary has permitted any of its assets to become subject to an Encumbrance or sold, leased, licensed, transferred, abandoned, forfeited, or otherwise disposed of or lost the use of any of its assets (except for (i) inventory and supplies consumed in the Ordinary Course of Business, and (ii) assets sold, transferred or disposed of in the Ordinary Course of Business and replaced with items of like kind and value);

4.8.4. Neither Seller nor any Subsidiary has (a) made any declaration, setting aside or payment of any dividend or other distribution with respect to, or any repurchase, redemption or other acquisition of, any of its Common Stock or Subsidiary Equity Interests other than Tax distributions in the Ordinary Course of Business, or (b) purchased, redeemed, or otherwise acquired any of its Common Stock or Subsidiary Equity Interests;

4.8.5. there has been no loss, destruction, damage, or eminent domain taking (in each case, whether or not insured) affecting the Business or assets of Seller or any Subsidiary;

4.8.6. other than as required by applicable Legal Requirements, neither Seller nor any Subsidiary has directly or indirectly increased, made any change in, or accelerated the vesting of, any Compensation payable or paid, whether conditionally or otherwise, to (a) any current or former non-executive employee, consultant, independent contractor, partner, or agent other than in the Ordinary Course of Business or (b) any current or former executive officer or director;

4.8.7. Neither Seller nor any Subsidiary has made any loan or advance to, Guarantee for the benefit of, or made any investment in, any Person;

4.8.8. Neither Seller nor any Subsidiary has made any change in any of its methods of accounting or accounting practices or policies;

4.8.9. Neither Seller nor any Subsidiary has executed, adopted, amended, or terminated any collective bargaining agreement or other agreement with a labor union or other labor organization;

4.8.10. Neither Seller nor any Subsidiary has paid, discharged, settled, or satisfied any Action or any Liability, other than the payment of trade payables in the Ordinary Course of Business;

4.8.11. Neither Seller nor any Subsidiary has entered into any agreement or commitment relating to capital expenditures exceeding One Hundred Thousand Dollars (\$100,000) individually or Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate (and Schedule 4.8 includes a complete and detailed listing of all such agreements or commitments, regardless of value (excluding acquisitions outside the Ordinary Course of Business), for the past 2 years);

4.8.12. Neither Seller nor any Subsidiary has made, changed or revoked any Tax election, elected or changed any method of accounting for Tax purposes, filed any amended Tax Return, settled any claim or Action in respect of Taxes, or entered into any Contractual Obligation in respect of Taxes with any Governmental Authority;

4.8.13. Neither Seller nor any Subsidiary has waived any right of value or suffered any loss;

4.8.14. Neither Seller nor any Subsidiary has made any write off or write down of or made any determination to write off or write down any asset or property;

4.8.15. Neither Seller nor any Subsidiary has settled any Action, pending or threatened, or had any judgment or lien entered against it, in each case in excess of \$5,000;

4.8.16. Neither Seller nor any Subsidiary has canceled or terminated any insurance policy;

4.8.17. Neither Seller nor any Subsidiary has acquired (by merger, consolidation or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or collection of assets;

4.8.18. Neither Seller nor any Subsidiary has commenced or terminated any line of business;

4.8.19. Neither Seller nor any Subsidiary has entered into any commitment, whether orally or in writing, to do any of the things referred to elsewhere in this Section 4.8; and

4.8.20. no other event or circumstance has occurred which has had, or would reasonably be expected to have, a Material Adverse Effect.

4.9. Debt. Seller and the Subsidiaries have no Liabilities in respect of Debt totaling more than Five Hundred Thousand Dollars (\$500,000) in the aggregate except as set forth on Schedule 4.9. Schedule 4.9 sets forth a true, correct and complete list of the individual components (indicating the amount and the Person to whom such Debt is owned) of all Debt outstanding with respect to the Business.

4.10. Ownership of Assets. Except as disclosed on Schedule 4.10, either Seller or a Subsidiary has sole and exclusive, good and valid title to, or, in the case of property held under a lease or other Contractual Obligation, a sole and exclusive, enforceable leasehold interest in, or right to use and otherwise commercially exploit, all of the properties, rights, and assets, whether real or personal property and whether tangible or intangible, that are owned or purported to be owned by Seller or such Subsidiary or that are used or exploited in the business of Seller and the Subsidiaries as currently conducted. Except as disclosed on Schedule 4.10, none of the real or personal property of Seller or any Subsidiary is subject to any Encumbrance.

4.11. Accounts Receivable. All accounts and notes receivable reflected on the Most Recent Balance Sheets or that arise following such date and prior to the Closing have arisen, or will arise, in the Ordinary Course of Business, represent, or will represent, claims for bona fide services rendered by Seller, a Subsidiary, or the employees or contractors of Seller or a Subsidiary. Except as reflected on the Most Recent Balance Sheets, neither Seller nor any Subsidiary has received written notice or, to the Seller's Knowledge, oral notice from or on behalf of any obligor of any such accounts receivable that such obligor is unwilling or unable to pay any material portion of such accounts receivable.

4.12. Real Property. Schedule 4.12 sets forth a true, correct and complete list, including addresses, of each leasehold interest in real property leased, subleased, or licensed to or by, or for which a right to use or occupy has been granted to, Seller and/or any Subsidiary (the "Real Property"), and the Real Property listed on such schedule is all of the real property used by Seller and the Subsidiaries in connection with the Business. Schedule 4.12 identifies each document or instrument pursuant to which any Real Property is leased, subleased, or licensed (each a "Real Property Lease") and except for the

foregoing, there are no written or oral subleases, licenses, concessions, occupancy agreements, or other Contractual Obligations granting to any Person (other than Seller or a Subsidiary) the right of use or occupancy of the Real Property. Neither Seller nor any Subsidiary currently owns, nor has Seller or any Subsidiary previously owned, any real property whatsoever. Except as set forth in Schedule 4.12, either Seller or a Subsidiary has a valid leasehold interest in and to each of the Real Properties. There are no defaults by Seller or any Subsidiary under any Real Property Lease, and to Seller's Knowledge, no other party thereto is in default. Except as set forth in Schedule 4.12, no Affiliate of Seller is the owner, lessor, sublessor, or licensor under any Real Property Lease. Seller has delivered to Buyer accurate and complete copies of the Real Property Leases, in each case as amended or otherwise modified and in effect. To Seller's Knowledge, there is no pending or threatened appropriation, condemnation or similar Action affecting the Real Property. Since the Most Recent Balance Sheet Date, there has been no material destruction, damage or casualty with respect to any of the Real Property. The Real Property is (i) in good condition and repair (subject to normal wear and tear) and (ii) sufficient for the operation of the Business conducted therein as it is currently conducted and as it is presently proposed to be conducted. The condition and use of the Real Property conforms to each applicable certificate of occupancy and all other permits required to be issued in connection with the Real Property.

4.13. Intellectual Property. Except as disclosed on Schedule 4.13, Seller owns all rights, title and interest in and to, or will be licensed or otherwise possess, a valid and enforceable right to use all Seller Technology and all Seller Intellectual Property Rights free and clear of any Encumbrance, and without any known conflict with, or infringement of, the rights of any third parties. Except as disclosed on Schedule 4.13, Seller Intellectual Property Rights and Seller Technology includes all of the Intellectual Property Rights and Technology used in or necessary for the conduct of the Business of Seller as currently conducted.

4.14. Legal Compliance; Illegal Payments; Permits.

4.14.1. Neither Seller nor any Subsidiary is in breach or violation, in any respect of, or in default under, nor has Seller or any Subsidiary at any time during the previous ten (10) years been in breach or violation in any respect of, or default under, any Legal Requirement nor is there any circumstance or set of circumstances which could, with notice, the passage of time or otherwise, constitute such a breach, violation or default. All compensation paid, and to be paid, to Seller's and any Subsidiary's employees (inclusive of physicians, clinicians and other providers) is and at all times has been, (i) set in advance, (ii) commercially reasonable, (iii) determined in a manner that has not taken into account, directly or indirectly, the volume or value of referrals (as defined in 42 CFR 411.351) for designated health services (as defined at 42 CFR 411.351), (iv) reflective of fair market value, and (v) compliant with all of the requirements of each of the federal Anti-Kickback Statute (42 U.S.C. §1320a-7b(b)), and the Physician Self-Referral Law, commonly known as the "Stark Law" (42 U.S.C. §1395nn). Neither Seller nor any Subsidiary pays, or at any time has paid, or is bound by any contractual obligation to pay in the future, to any employee (inclusive of physicians, clinicians and other providers) any bonuses or other incentive payments. During the previous ten (10) years, no written notice has been received by, and no oral notices have been made or other claims been filed against, Seller or any Subsidiary alleging a violation of any Legal Requirement, and neither Seller nor any Subsidiary has been subject to any adverse inspection, finding, investigation, penalty assessment, audit or other compliance or enforcement action. Neither Seller, nor any Subsidiary, nor any Physician Owner, nor any of their respective directors, managers, officers, other employees or agents, has during the previous ten (10) years (i) directly or indirectly given or made, or agreed to give or make, any illegal gift, contribution, payment, incentive, or similar benefit to any supplier, customer (other than promotional gifts of nominal value), governmental official, provider or employee or other Person who was, is or

may be in a position to help or hinder Seller or any Subsidiary (or assist in connection with any actual or proposed transaction) or made, or agreed to make, any illegal contribution, or reimbursed any illegal political gift or contribution made by any other Person, to any candidate for federal, state, local, or foreign public office or (ii) caused Seller or any Subsidiary to establish or maintain any unrecorded fund or asset or made any false entries on any books or records for any purpose.

4.14.2. Seller and each Subsidiary have been duly granted all Permits under all Legal Requirements necessary for the conduct, in all respects, of the Business as currently conducted and the lawful occupancy, use, and operation of the Real Property by Seller and/or one or more Subsidiaries, as applicable. Schedule 4.14.2 describes each such Permit, including each such Permit related to Healthcare Laws. Except as set forth on Schedule 4.14.2, such Permits are valid and in full force and effect, neither Seller nor any Subsidiary is in breach or violation of, or default under, in any material respect, any such Permit, and no basis exists which, with notice or lapse of time or both, would constitute any such breach, violation or default.

4.15. Compliance with Healthcare Laws.

4.15.1. Schedule 4.15.1 sets forth a complete and comprehensive list of all ambulatory surgical centers, clinics, practices and other facilities where medical services are provided that, in each case, are operated by Seller or any Subsidiary (collectively, the “Centers”), including, with respect to each Center: (a) the physical address of such Center; (b) the types of services provided at such Center; and (c) the name of the Subsidiary that operates such Center.

4.15.2. Except as set forth on Schedule 4.15.2, neither Seller nor any Subsidiary, nor any manager, director, officer, employee or agent of Seller or any Subsidiary, has (a) violated, conducted the Business or operated any Center in violation of or noncompliance with, or used or occupied Seller’s properties or assets in violation of or noncompliance with, any Healthcare Laws in any respect, or (b) received any written notice of any alleged breach, violation of or non-compliance with, default under or any citation for violation of or noncompliance with, any Healthcare Laws nor, is there a fact, arrangement, operation, circumstance or set of circumstances which could, with the passage of time or otherwise, constitute such a breach, violation, default or noncompliance. Each Center is structured (including with respect to the ownership structure) and operated, and the business at each Center is conducted, in full and complete compliance with all applicable Healthcare Laws. Each Subsidiary that is an integrated group practice (if any) meets the definition of “group practice” as defined at 42 CFR 411.352.

4.15.3. Except as set forth on Schedule 4.15.3: (a) Seller, each Subsidiary, each Physician Owner, and each other clinical employee of Seller, a Subsidiary or a Physician Owner who provides professional medical services at any Center, has the requisite Permits and provider or supplier number(s) to bill all Third Party Payor Programs that it currently bills, (b) neither Seller, any Subsidiary, any Physician Owner, nor any clinical employee of Seller, a Subsidiary or a Physician Owner who provides professional medical services at any Center, has received any written notice that there is any investigation, audit, claim review, or other action pending or threatened that could result in a revocation, suspension, termination, probation, restriction, limitation, or non-renewal of such Person’s Permit, supplier or provider number, or such Person’s disqualification or exclusion from any Third Party Payor Program; (c) all claims for all items, services and goods provided at or by a Center and submitted by or on behalf of

Seller, any Subsidiary, any Physician Owner, or any clinical employee of Seller, a Subsidiary or a Physician Owner who provides professional medical services at any Center to Third Party Payor Programs represent claims for medically necessary items, services or goods actually provided by such Person; (d) all claims for all items, services and goods provided at or by any Center that have been submitted by or on behalf of Seller, any Subsidiary, any Physician Owner, or any clinical employee of Seller, a Subsidiary or a Physician Owner who provides professional medical services at a Center, have been submitted in compliance with applicable Laws, including any Healthcare Laws, and all rules, regulations, agreements, policies, and procedures of the Third Party Payor Programs; (e) neither Seller, any Subsidiary, any Physician Owner, nor any clinical employee of Seller, a Subsidiary or a Physician Owner who provides professional medical services at any Center, has received any written notice that there are any pending or threatened audits, investigations or claims for or relating to its claims for any items, services and goods provided at or by any Center; (f) all billing practices relating to items, services and goods provided at or by a Center, and all billing practices of, Seller, the Subsidiaries, all Physician Owners, and all clinical employees of Seller, any Subsidiary or any Physician Owner who provides professional medical services at any Center are and have been in compliance with all applicable Healthcare Laws, regulations, agreements and policies of all applicable Third Party Payor Programs, and neither Seller, any Subsidiary, nor any Physician Owner, nor any clinical employee of Seller, any Subsidiary or any Physician Owner who provides professional medical services at any Center, has billed or received any payment or reimbursement for any items, services and goods provided at or by any Center in excess of amounts allowed by any Healthcare Law, except to the extent any such amounts are immaterial and have been repaid in full as required by, and in compliance with, all applicable Healthcare Laws and Third Party Payor Program agreements; (g) neither Seller, any Subsidiary, any Seller Owner, nor any employee of Seller, any Subsidiary or any Seller Owner who provides professional medical services at any Center, or any officer, director, manager or employee or clinical contractor of Seller or any Subsidiary, has been excluded, debarred or suspended from participation in any Federal Health Care Program or had its/his/her billing privileges revoked, nor is any such exclusion, debarment, suspension, or billing privileges revocation threatened; (h) based upon and in reliance upon Seller's monthly review of (1) the "list of Excluded Individuals/Entities" on the website of the United States Health and Human Services Office of Inspector General (<http://oig.hhs.gov/fraud/exclusions.html>), and the similar lists of Medicaid program exclusion by the States of Florida, Georgia or any other states that reimburse for services associated with Seller, any Subsidiary and/or any Physician Owner and (2) the "List of Parties Excluded From Federal Procurement and Non-procurement Programs" on the website of the United States General Services Administration (<http://www.arnet.gov/epl/> and <https://www.sam.gov>), none of the shareholders, members, Seller Owners (including Physician Owners), managers, officers, directors, employees or clinical contractors of Seller or any Subsidiary has been excluded from participation in any Federal Health Care Program. None of Seller, any Subsidiary, any Physician Owner, or any officer, director or employee or clinical contractor of Seller, any Subsidiary or any Physician Owner has received any written notice from any Third Party Payor Programs of any pending or threatened investigations, audits, inquiries or surveys; and (i) Seller, the Subsidiaries, all Physician Owners, and all clinical employees of Seller, any Subsidiary or any Physician Owner who provides professional medical services at any Center are in compliance with all Medicare enrollment requirements as contained in 42 C.F.R. part 424 and program instructions issued pursuant thereto, and all information on the CMS enrollment forms (the various iterations of the CMS 855, such as the 855A, 855B, 855I and 855S) that have been filed by or on behalf of such entities or individuals is complete, current, and accurate.

4.15.4. Schedule 4.15.4 lists each current physician, physician assistant and other clinical employees and clinical contractors required to be licensed, certified and/or registered to perform services at the Centers along with their respective state(s) of licensure, certification or registration (including the licensure, certification or registration number). All such licensures, certifications and registrations are valid and contain no restrictions, and all such physicians, physician assistants and clinical employees or contractors required to be licensed, certified or registered to perform services at the Centers are so licensed, certified or registered without restriction. Seller, each Subsidiary and each physician providing services at the Center have current and valid provider contracts with the Third Party Payor Programs as set forth (or required to be set forth) on Schedule 4.15.4, and are in compliance in all respects with the conditions of participation of any Federal Healthcare Program and the various agreements and conditions necessary for reimbursement under all other applicable Third Party Payor Programs. All services furnished at the Centers have been and are being performed by personnel acting within the scope of their practice as determined by State law and who otherwise met all State requirements for performing the services at the time the services were performed. Neither the execution of this Agreement nor the consummation of the Contemplated Transactions will result in the breach or default under, or grant the ability of the counterparty to terminate, any Third Party Payor Agreement listed (or required to be listed) on Schedule 4.15.4.

4.15.5. Seller and each Subsidiary have been duly granted all Permits under all Healthcare Laws necessary for the conduct, in all respects, of the Business as currently conducted. Schedule 4.15.5 describes each such Permit. Except as set forth on Schedule 4.15.5, (a) each such Permit is valid and in full force and effect, and (b) neither Seller nor any Subsidiary is in breach or violation of, or default under, in any respect, any such Permit, and, to Seller's Knowledge, no circumstance or set of circumstances exists which, with notice or lapse of time or both, would constitute any such breach, violation nor default.

4.15.6. Except as set forth on Schedule 4.15.6, each Physician Owner (a) has paid fair market value for Common Stock of Seller, and no portion of any such payments were to reward or induce referrals of any items or services reimbursable by any Third Party Payor Program; (b) has at all times received distributions proportionate with his/her ownership of Common Stock and has not received any remuneration, in cash or in kind, in exchange for referrals of items or services that are reimbursable, in whole or in part, by any Third Party Payor Programs, including any Federal Healthcare Programs; (c) with respect to any physician-owned ambulatory surgical centers, has at all times while a Physician Owner generated at least one-third (1/3) of his/her medical practice income from all sources for the previous fiscal year or 12-month period from the performance of any Procedure; (d) has at all times while a Physician Owner used one or more of the Centers as an extension of his/her medical practice and has at all times while a Physician Owner regularly performed Procedures at one or more of the Centers; and (e) has not knowingly referred a Procedure to another Physician Owner, or to any physician, owner, or employee of Seller, a Subsidiary or another Physician Owner, for performance of such Procedure at any Center nor used any Center as a passive source of income in exchange for referrals of Procedures.

4.15.7. None of Seller, any Subsidiary or any Center has experienced a data breach or disclosure of information that would constitute a data or security incident as defined by HIPAA or any other applicable Healthcare Law.

4.15.8. No Seller Owner (i) has been convicted of a criminal offense or violation under any provision of a Healthcare Law; or related to the delivery of an item or service under a Federal health care program; or related to fraud, theft, embezzlement, breach of fiduciary

responsibility, or other financial misconduct; or related to patient abuse; or a felony of any kind, (ii) has had any civil monetary penalty, assessment or sanction imposed against him or her under any provision of a Healthcare Law or in relation to a violation of a Healthcare Law, and/or (iii) has been debarred, excluded or suspended at any time from participation in any Federal Health Care Programs.

4.16. Tax Matters. Except as set forth on Schedule 4.16:

4.16.1. Seller is, and at all times since its formation has been, a C Corporation for federal and state income tax purposes. Each of Seller's Subsidiaries is, and since its formation has been, disregarded as an entity separate from Seller. No Governmental Authority has ever challenged, disputed, or contested the classification of any Subsidiary as a disregarded entity.

4.16.2. Seller, except as noted in Schedule 4.16.2, has duly and timely filed, or has caused to be duly timely filed on its behalf or on behalf of the applicable Subsidiary, with the appropriate Governmental Authority, all Tax Returns required to be filed by it and/or each Subsidiary in accordance with all applicable Legal Requirements. All such Tax Returns are true, correct and complete in all material respects. All Taxes owed by Seller (whether or not shown on any Tax Return) have been timely paid in full to the appropriate Governmental Authority. No claim has ever been made by a Governmental Authority in a jurisdiction where Seller does not file Tax Returns that Seller is or may be subject to taxation by or required to file Tax Returns in that jurisdiction. There are no liens with respect to Taxes upon any asset of Seller.

4.16.3. Seller and each Subsidiary has deducted, withheld, and timely paid to the appropriate Governmental Authority all Taxes required by applicable Law to be deducted, withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party. Seller and each Subsidiary has timely filed or provided all information, returns or reports, including Forms 1099 and W-2 (and foreign state and local equivalents) that are required to have been filed or provided and has accurately reported all information required to be included on such returns or reports.

4.16.4. There is no foreign, federal, state or local dispute, audit, investigation, proceeding or claim concerning any Tax Return or Tax Liability of Seller pending, being conducted, claimed or raised by a Governmental Authority. Seller has provided to Buyer true and complete copies of all Tax Returns, examination reports, and statements of deficiencies filed, assessed against, or agreed to by Seller or any Subsidiary since January 1, 2010. All Tax deficiencies assessed against Seller has been fully paid or finally settled. No Tax Return of Seller has ever been audited by any Governmental Authority. Neither Seller nor any Subsidiary has received from any Governmental Authority (including from jurisdictions where Seller does not file Tax Returns) notification of intention to open an audit or review, a request for information related to any Tax matters or written notice of proposed assessment, adjustment or deficiency for any amount of Taxes proposed, asserted or assessed against Seller or any Subsidiary. To Seller's Knowledge, no such notification, request for information, or written notice of proposed assessment, adjustment or deficiency is forthcoming.

4.16.5. There are no Liens for Taxes upon any assets of Seller or any Subsidiary, except for Taxes not yet due and payable or being contested in good faith and for which adequate reserves in accordance with GAAP have been provided in the Financials.

4.16.6. Neither Seller nor any Subsidiary has waived any statute of limitations for the assessment or collection of Taxes or is the beneficiary of any extension of time within which to file any Tax Return which has not since been filed. Neither Seller nor any Subsidiary has executed any power of attorney with respect to any Tax, other than powers of attorney that are no longer in force. Neither Seller nor any Subsidiary (a) is a party to any closing agreement with any Governmental Authority in respect of Taxes or (b) has received or requested from any Governmental Authority any private letter rulings, technical advice memoranda or similar agreements or rulings relating to Taxes.

4.16.7. Neither Seller nor any Subsidiary has any Liability for the Taxes of any other Person under Treasury Regulation § 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract (other than Liabilities for Taxes arising under customary Tax indemnification provisions contained in commercial contracts entered into in the ordinary course of business, a principal subject matter of which is not Taxes), or otherwise by law.

4.16.8. Neither Seller nor any Subsidiary is a party to any Tax allocation, sharing, indemnification, or similar agreement, arrangement or similar contract (other than commercial contracts (i) a principal subject matter of which is not Taxes, (ii) containing customary Tax indemnification provisions, and (iii) entered into in the ordinary course of business).

4.16.9. Neither Seller nor any Subsidiary will be required to include any item of income in or exclude any item of deduction from, taxable income for any period or portion thereof ending after the Closing Date as a result of (i) any change in method of accounting for a Pre-Closing Tax Period, (ii) any "closing agreement" as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign law) executed on or prior to the Closing Date, (iii) any intercompany transactions or any excess loss account described in Treasury Regulation § 1.1502-19 (or any corresponding or similar provision of state, local or foreign law), (iv) the installment method of accounting, the completed contract method of accounting or the cash method of accounting with respect to a transaction that occurred prior to the Closing Date, (v) any prepaid amount received on or prior to the Closing Date, (vi) the discharge of any Debt on or prior to the Closing date under Section 108(i) of the Code (or any corresponding or similar provision of state, local or foreign law), (vii) as a result of amounts earned on or before the Closing Date pursuant to Section 951 of the Code (or any corresponding or similar provision of state, local or foreign law), or (viii) as a result of any debt instrument held prior to the Closing that was acquired with "original issue discount" as defined in Section 1273(a) of the Code or subject to the rules set forth in Section 1276 of the Code.

4.16.10. Neither Seller nor any Subsidiary has not participated in a "reportable transaction" as defined in Section 6707A of the Code or Treasury Regulation § 1.6011-4 (or any predecessor provision thereto) or any corresponding or similar provision of state or local law.

4.16.11. Seller and each Subsidiary has disclosed on its federal state and local income Tax Returns all positions taken in such Tax Returns that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code (or any corresponding or similar provision of state or local law).

4.16.12. Neither Seller nor any Subsidiary is the beneficiary of any Tax incentive, Tax rebate, Tax holiday or similar arrangement or agreement with any Governmental Authority.

4.16.13. Seller does not have a permanent establishment in any foreign country and does not and has not engaged in a trade or business in any foreign country.

4.16.14. The provisions of Section 197(f)(9) of the Code will not apply to any intangible asset owned by Seller or any Subsidiary after the Closing Date.

4.17. Employee Benefit Plans.

4.17.1. For purposes of this Agreement, the term “Plan” shall mean any employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), whether or not subject to ERISA, any other bonus, profit sharing, compensation, pension, retirement, “401(k),” “SERP,” severance, savings, deferred compensation, fringe benefit, insurance, welfare, post-retirement health or welfare benefit, health, life, stock option, stock appreciation right, stock purchase, restricted stock, phantom stock, restricted stock unit, performance shares, tuition refund, service award, company car or car allowance, scholarship, housing or living allowances, relocation, disability, accident, sick pay, sick leave, accrued leave, vacation, holiday, termination, unemployment, individual employment, consulting, executive compensation, incentive, commission, retention, change in control, other material plan, agreement, policy, trust fund or arrangement (whether written or unwritten, insured or self-insured), and any plan subject to Sections 125, 127, 129, 137 or 423 of the Code, maintained, sponsored or contributed to (or required to be maintained, sponsored or contributed to) by Seller or any trade or business, whether or not incorporated, that together with Seller would be deemed to be a “single employer” within the meaning of Section 4001(b) of ERISA or Sections 414(b), 414(c), or 414(m) of the Code (an “ERISA Affiliate” and, together with Seller, the “ERISA Employers”) or to which any ERISA Employer is a party or with respect to which any ERISA Employer has or may have any Liability, in each case for the benefit of any current or former director, consultant or employee of any ERISA Employer or any dependent or beneficiary thereof.

4.17.2. Schedule 4.17 sets forth an accurate and complete list of all Plans, and no ERISA Employer has any current or contingent obligation to contribute to, or Liability under, any Plan sponsored by any Person other than an ERISA Employer.

4.17.3. No Plan is, and no ERISA Employer has ever participated in or made contributions to: (a) a “multiemployer plan,” as defined in Section 4001(a)(3) of ERISA or (b) a plan that has two or more contributing sponsors at least two of whom are not under common control within the meaning of Section 4063 of ERISA.

4.17.4. No Plan is a “single employer plan,” as defined in Section 4001(a)(15) of ERISA, that is subject to Title IV of ERISA. No ERISA Employer has incurred any outstanding Liability under Section 4062, 4063 or 4064 of ERISA to the Pension Benefit Guaranty Corporation or to a trustee appointed under Section 4042 of ERISA.

4.17.5. The IRS has issued a currently effective favorable determination letter with respect to each Plan that is intended to be a “qualified plan” within the meaning of Section 401 of the Code, or an opinion or advisory opinion or letter as to each such Plan which is a prototype or volume submitter plan, and each trust maintained pursuant thereto has been determined to be exempt from federal income taxation under Section 501 of the Code by the IRS. Each such Plan has been timely amended since the date of the latest favorable determination letter in accordance with all applicable Laws. Nothing has occurred with respect to the operation of any such Plan that is reasonably likely to cause the loss of such qualification

or exemption or the corresponding imposition of any Liability, penalty or tax under ERISA or the Code or the assertion of claims by “participants” (as that term is defined in Section 3(7) of ERISA) other than routine benefit claims. No ERISA Employer has utilized the Employee Plans Compliance Resolution System to remedy any qualification failure of any Plan.

4.17.6. None of the ERISA Employers, the managers, officers or directors of the ERISA Employers, nor any Plan has engaged in a “prohibited transaction” (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) or any other breach of fiduciary responsibility that could subject any ERISA Employer, or any manager, officer or director of any ERISA Employer to any tax or penalty on prohibited transactions imposed by such Section 4975 or to any Liability under Sections 409 or 502 of ERISA. There has not been any “reportable event” (as such term is defined in Section 4043 of ERISA) for which the 30-day reporting requirement has not been waived with to any Plan in the last five (5) years, and no notice of reportable event will be required to be filed in connection with the transactions contemplated under this Agreement. No ERISA Employer has utilized the U.S. Department of Labor’s Voluntary Fiduciary Correction Program to correct any fiduciary violations under any Plan.

4.17.7. All Plans have been established, maintained and administered in accordance with their terms and with all provisions of applicable Laws, including ERISA and the Code, except for instances of noncompliance where neither the costs to comply nor the failure to comply, individually or in the aggregate, could have a material and adverse effect on any ERISA Employer. All reports and information required to be filed with any Authority or provided to participants or their beneficiaries have been timely filed or disclosed and, when filed or disclosed were accurate and complete. No ERISA Employer has any Liability for excise taxes under Section 4980D or 4980H of the Code.

4.17.8. Each Plan that is a “non-qualified deferred compensation plan” (within the meaning of Section 409A(d)(1) of the Code) that is subject to Section 409A of the Code (“409A Plan”) has been operated in full compliance with Section 409A of the Code since January 1, 2005 and, if necessary, was, prior to January 1, 2009, amended to fully comply with the requirements of the final regulations promulgated under Section 409A of the Code. No Plan that would be a 409A Plan but for the effective date provisions applicable to Section 409A of the Code as set forth in Section 885(d) of the American Jobs Creation Act of 2004, as amended (“AJCA”) has been “materially modified” within the meaning of Section 885(d)(2)(B) of AJCA after October 3, 2004 or has been operated in violation of Section 409A. No ERISA Employer has utilized any formally sanctioned correction program with respect to any 409A Plan.

4.17.9. None of the Plans promise or provide retiree or post-service medical or other retiree or post-service welfare benefits to any Person except as required by applicable Law and no ERISA Employer has represented, promised, or contracted to provide such retiree benefits to any employee, former employee, director, consultant or other Person, except as required by applicable Law.

4.17.10. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby (either alone or in conjunction with any other event) will: (i) increase any benefits otherwise payable under any Plan; (ii) result in any acceleration of the time of payment or vesting of any such benefits; (iii) limit or prohibit the ability to amend or terminate any Plan; (iv) require the funding of any trust or other funding vehicle; or (v) renew or extend the term of any agreement in respect of compensation for an employee of

any ERISA Employer that would create any Liability to any ERISA Employer after the Closing.

4.17.11. No employee of any ERISA Employer is entitled to any gross-up, make-whole, or other additional payment from any ERISA Employer with respect to taxes, interests or penalties imposed under Section 409A of the Code.

4.17.12. No ERISA Employer has communicated to any current or former employee, manager or director any intention or commitment to establish or implement any additional Plan or to amend or modify, in any material respect, any existing Plan.

4.17.13. No Plan is subject to the Law of any jurisdiction other than the United States.

4.18. Environmental Matters. Except as set forth in Schedule 4.18, (a) Seller and each Subsidiary is and has been for the past seven (7) years in compliance in all material respects with all Environmental Laws, (b) there has been no Release or threatened Release of any Hazardous Substances on, upon, into or from any site currently or heretofore owned, leased or otherwise operated or used by Seller or any Subsidiary, including the Centers, (c) there have been no Hazardous Substances generated by Seller or any Subsidiary that have been disposed of or come to rest at any site that has been included in any published U.S. federal, state or local "superfund" site list or any other similar list of hazardous or toxic waste sites published by any Governmental Authority in the United States, and (d) there have been no underground storage tanks located on, no PCBs (polychlorinated biphenyls) or PCB-containing Equipment or asbestos-containing materials used, stored or present on, and no hazardous waste as defined by the Resource Conservation and Recovery Act stored or present on, any site owned or operated by Seller or any Subsidiary, except for the storage of hazardous waste by Seller or a Subsidiary in the Ordinary Course of Business and in compliance, in all material respects, with Environmental Laws. Seller has delivered, or caused to be delivered, to Buyer copies of all documents, records and information in its possession or control reasonably related to any actual or potential material liability of Seller or a Subsidiary under Environmental Laws, including previously conducted environmental site assessments, compliance audits, asbestos surveys and documents regarding any Releases at, upon, under or from any property currently or formerly owned, leased or operated by Seller or any Subsidiary.

4.19. Contracts.

4.19.1. Contracts. Except as disclosed on Schedule 4.19, neither Seller nor any Subsidiary is bound by or a party to any of the following Contractual Obligations:

- (a) any Contractual Obligation relating to the acquisition or disposition of (i) any business of Seller or a Subsidiary or any portion thereof (whether by merger, consolidation, or other business combination, sale of securities, sale of assets, or otherwise) or (ii) any asset other than in the Ordinary Course of Business;
- (b) any Contractual Obligation concerning or consisting of a partnership, limited liability company or joint venture agreement;
- (c) any Contractual Obligation (or group of related Contractual Obligations) (i) under which Seller or any Subsidiary has created, incurred, assumed, or guaranteed any Debt (including any Debt owed to Seller or any Subsidiary from any other Person for any advance of loan of funds), or (ii) under which an Encumbrance has been placed on any of its assets;

- (d) any Contractual Obligation relating to confidentiality, non-solicit or non-competition restrictions or that restricts, in any respect, the conduct of the Business by Seller or any Subsidiary;
- (e) any Contractual Obligation relating to employment, personal services, consulting, an independent contractor arrangement, or similar matters;
- (f) any Contractual Obligation under which Seller or any Subsidiary is, or would reasonably be expected to become, obligated to pay any investment bank, broker, financial advisor, finder, or other similar Person (including an obligation to pay any legal, accounting, brokerage, finder's, or similar fees or expenses) in connection with this Agreement or the Contemplated Transactions;
- (g) any Contractual Obligation arising pursuant to a Third Party Payor Program;
- (h) any other Contractual Obligation (or group of related Contractual Obligations) the performance of which involves remaining consideration to be paid or received by Seller and/or any Subsidiary in excess of Two Hundred Fifty Thousand Dollars (\$250,000);
- (i) any Contractual Obligation under which Seller or any Subsidiary has engaged in any promotional sale, discount, rebate or other activity with any customer (other than in the Ordinary Course of Business);
- (j) any Contractual Obligation with any health care provider or facility;
- (k) any Contractual Obligation under which Seller or any Subsidiary is obligated to minimum purchase requirements or commitments or exclusive dealing or "most favored nation" provisions; and
- (l) any Contractual Obligation under which Seller or any Subsidiary is obligated to indemnify any Person.

4.19.2. Enforceability; Breach. Each Contractual Obligation required to be disclosed on Schedule 4.9 (Debt), Schedule 4.12 (Real Property), Schedule 4.13 (IP Contracts), Schedule 4.15 (Compliance with Healthcare Laws), Schedule 4.19 (Contracts), or Schedule 4.23 (Insurance) (each, a "Disclosed Contract") is enforceable against Seller and/or the applicable Subsidiary or Subsidiaries and, to Seller's Knowledge, each other party to such Contractual Obligation, and is in full force and effect, and will continue to be so enforceable and in full force and effect on identical terms following the consummation of the Contemplated Transactions, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforceability of creditors' rights generally, general equitable principles, and the discretion of courts in granting equitable relief. Neither Seller nor any Subsidiary has been, nor, to Seller's Knowledge, has any other party to any Disclosed Contract been, during the thirty-six (36) month period ending on the date hereof, nor is any such Person currently, in breach or violation in any material respect of, or default in any material respect under, any Disclosed Contract, nor to Seller's Knowledge has any circumstance or set of circumstances occurred that, with the lapse of time, or the giving of notice, or both, would constitute such a breach or violation. Seller has delivered to Buyer true, accurate and complete copies of each written Disclosed Contract, in each case, as amended or otherwise modified and in effect. Seller has delivered to Buyer a written summary setting forth the terms and conditions of each oral Disclosed Contract, if any.

4.20. Affiliate Transactions. Except as disclosed on Schedule 4.20, and except with respect to holdings of less than five percent (5%) of entities that are traded on a public exchange, such as the NASDAQ or the New York Stock Exchange, neither Seller nor any Subsidiary nor any shareholder, member, current or former director, manager, officer or employee, or Affiliate of Seller or any Subsidiary, is or was in the last three years a consultant, competitor, creditor, debtor, customer, client, lessor, lessee, distributor, service provider, supplier, or vendor of, or is or was in the last three years a party to any Contractual Obligation with, Seller or any Subsidiary or has or had in the last three years any interest in any of the assets used in, or necessary to, the Business as currently conducted.

4.21. Employees.

4.21.1. Except as disclosed on Schedule 4.21.1, within the last five (5) years, neither Seller nor any Subsidiary has, in connection with the operation of the Business:

(a) been subject to any material labor dispute including, but not limited to, a work slowdown, lockout, work stoppage, picketing, strike, handbidding, banner, or other concerted activity due to any organizational activities (and, to Seller's Knowledge, there are no organizational efforts with respect to the formation of a collective bargaining unit or a workers' council presently being made or threatened with respect to Seller or any Subsidiary);

(b) recognized any labor organization or group of employees as the representative of any employees, received any written demand for recognition from any labor organization or workers' council, or been party to any petition for recognition or representation right with any Governmental Authority with respect to any employees of Seller or any Subsidiary; been involved in negotiations with any labor organization or workers' council regarding terms for a collective bargaining agreement covering any employees, or any effects bargaining agreement, neutrality or card-check recognition agreement, or other labor agreement; or been a party to any collective bargaining agreement, contract or other agreement or understanding with a labor union or other employee bargaining representative, and no such agreement is being negotiated by Seller or any Subsidiary;

(c) committed any violation of Section 8 of the National Labor Relations Act as amended, 29 U.S.C. § 158, or any other labor Law of any jurisdiction where Seller or any Subsidiary employs employees;

(d) materially violated any applicable Legal Requirements pertaining to labor and employment, employment practices, terms and conditions of employment, compensation and wages and hours in connection with the employment of any employees, including any such Laws relating to labor relations, fair employment practices, immigration, wages, hours, the classification and payment of employees and independent contractors, child labor, hiring, working conditions, meal and break periods, plant shutdown and mass layoff, privacy, health and safety, workers' compensation, leaves of absence, family and medical leave, access to facilities and employment opportunities for disabled persons, employment discrimination (including discrimination based upon sex, pregnancy, marital status, age, race, color, national origin, ethnicity, sexual orientation, disability, veteran status, religion or other classification protected by law or retaliation for exercise of rights under applicable Law), equal employment opportunities and affirmative action, employee privacy, the collection and payment of all taxes and other withholdings, and unemployment insurance and is in material compliance with each of these laws and is not subject to any consent decree or continuing reporting obligations to the United States Equal Employment Opportunity Commission, any branch of the U.S. Department of Labor or any similar state or local Governmental Authority;

(e) misclassified any individuals as consultants or independent contractors rather than as employees or as exempt rather than non-exempt for purposes of the Fair Labor Standards Act or similar state Legal Requirements or violated any term and condition of any employment contract or independent contractor agreement and is not liable for any payment to any trust or other fund or to any Governmental Authority, with respect to unemployment compensation benefits, social security, employment insurance premiums, or other benefits or obligations for employees (other than routine payments made in the Ordinary Course of Business);

(f) participated in or made contributions to: (a) a “multiemployer plan,” as defined in Section 4001(a)(3) of ERISA or (b) a plan that has two or more contributing sponsors at least two of whom are not under common control within the meaning of Section 4063 of ERISA;

(g) employed any employee who is not legally eligible for employment under applicable immigration Laws, violated any applicable Laws pertaining to immigration and work authorization, or received notice from any Governmental Authority of any investigation by any Governmental Authority regarding noncompliance with applicable immigration laws, including but not limited to U.S. Social Security Administration “No-Match” letters, or failed to maintain in its files a current and valid Form I-9 for each of its active employees;

(h) been delinquent in payments to any employees for any wages (including overtime compensation), salaries, commissions, bonuses or other direct compensation for any services performed by them or any amounts required to be reimbursed to such employees; or

(i) implemented any plant closing, mass layoff or redundancy of employees that could require notice and/or consultation (without regard to any actions that could be taken by Buyer following the Closing) under applicable Laws (including the Worker Adjustment and Retraining Notification Act of 1988, as amended, 29 U.S.C. §§ 2101, et seq., or any similar state Laws).

4.21.2. Except as disclosed on Schedule 4.21.2, there are no Actions against Seller or any Subsidiary pending, or to the Seller’s Knowledge, threatened to be brought or filed, by or before any Governmental Authority by or concerning any current or former applicant, employee or independent contractor of Seller or any Subsidiary, and there have been no such Actions pending, or to the Seller’s Knowledge, threatened, in the thirty-six (36) month period ending on the date hereof.

4.21.3. Schedule 4.21.3 sets forth a true and complete list, as of the date hereof, of (i) all current directors, executive officers, managers, employees, providers (including, but not limited to, physicians, physician assistants, and surgeons) relating to the respective businesses of Seller and the Subsidiaries (the “Business Employees”), including any Business Employees who are on leaves of absence for any purpose, and (ii) their work location, title, date of hire, active or inactive status, current annual base salary or hourly wage compensation and incentive or bonus compensation, vacation eligibility, and exempt or non-exempt status. As of the date hereof, no Business Employee has given written or, to Seller’s Knowledge, oral notice to Seller or any Subsidiary of termination of employment with Seller or any Subsidiary. No Business Employee of Seller or any Subsidiary is employed pursuant to a visa, work permit or other work authorization.

4.21.4. To the Seller’s Knowledge, no petition has been filed or proceedings instituted by any labor union, workers’ council or other labor organization with any Governmental Authority seeking recognition or certification as a bargaining representative of

any employee or group of employees of Seller or any Subsidiary; there is no organizational effort currently being made or threatened by, or on behalf of, any labor union workers' council or other labor organization to organize any employees of Seller or any Subsidiary, and, to the Seller's Knowledge, there have been no such efforts for the past five (5) years; and no demand for recognition as the bargaining representative of any employee or group of employees of Seller or any Subsidiary has been made to Seller or any Subsidiary at any time during the past five (5) years.

4.21.5. There are no pending or, to the Seller's Knowledge, threatened unfair labor practice charges against Seller or any Subsidiary before the National Labor Relations Board or any analogous state or foreign Governmental Authority. Neither Seller nor any Subsidiary has, or is currently, engaged in any unfair labor practice as defined in the National Labor Relations Act.

4.21.6. Neither Seller nor any Subsidiary is subject to or has been subject to at any time in the past three (3) years, United States Executive Order 11246, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, or Section 503 of The Rehabilitation Act of 1973, in each case as amended and including all rules and regulations promulgated thereunder.

4.22. Litigation; Government Orders. Except as set forth on Schedule 4.22, there is no, and, during the thirty-six (36) month period ending on the date hereof, there have been no, Actions (a) pending, or, to Seller's Knowledge, threatened against or affecting Seller or any Subsidiary, or (b) pending, or, to Seller's Knowledge, threatened against or affecting, any officers, managers, or employees (including physician employees, physician's assistants and other clinical employees) of Seller or any Subsidiary with respect to the business of Seller or any Subsidiary. Except as set forth on Schedule 4.22, Seller is not the subject of any Government Order.

4.23. Insurance. Schedule 4.23(a) sets forth a true and complete list of all insurance policies currently in force with respect to Seller. All such policies are in full force and effect, all premiums with respect thereto covering all periods up to and including the Closing have or will have been paid, Seller is in default in any material respect thereunder, and no notice of cancellation or termination has been received by Seller with respect to any such insurance policy. Schedule 4.23(a) also describes any self-insurance or co-insurance arrangements by Seller, including any reserves established thereunder. In addition, Schedule 4.23(a) contains a list of all pending claims and all claims submitted during the thirty-six (36) month period ending on the date hereof under any insurance policy maintained by Seller. Except as disclosed on Schedule 4.23(b), no insurer has (i) denied or disputed (or otherwise reserved its rights with respect to) the coverage of any such claim pending under any insurance policy or (ii) to Seller's Knowledge, threatened to cancel any such insurance policy. There is no claim which, individually or in the aggregate with other claims, could reasonably be expected to impair any current or historical limits of insurance available to Seller.

4.24. No Brokers. Neither Seller nor any Subsidiary has any Liability of any kind to, nor is Seller or any Subsidiary subject to any claim of, any broker, finder or agent in connection with the Contemplated Transactions other than those which are described on Schedule 4.24, all of which will be paid by Seller prior to the Closing.

4.25. Books and Records. All of the books and records of Seller and each Subsidiary have been maintained in the Ordinary Course of Business and fairly reflect, in all material respects, all transactions of the Business.

4.26. SEC Documents. Seller has NOT timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the Securities and Exchange Commission (“SEC”) pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “1934 Act”) (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the “SEC Documents”). Upon written request, Seller will deliver to Buyer true and complete copies of the SEC Documents, except for such exhibits and incorporated documents. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof).

5. **REPRESENTATIONS AND WARRANTIES OF BUYER.**

In order to induce Seller to enter into and perform this Agreement and to consummate the Contemplated Transactions, Buyer represents and warrants to Seller, as of the date hereof, as follows:

5.1. Organization. Buyer is duly organized, validly existing and in good standing under the laws of the State of Michigan.

5.2. Power and Authorization. The execution, delivery and performance by Buyer of this Agreement and each Ancillary Agreement to which it is a party and the consummation of the Contemplated Transactions are within the power and authority of Buyer and have been duly authorized by all necessary action on the part of Buyer. This Agreement and each Ancillary Agreement to which Buyer is a party (a) have been duly executed and delivered by such party and (b) is and will be a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforceability of creditors’ rights generally, and, other than with respect to any restrictive covenant contained in this Agreement or any Ancillary Agreement, general equitable principles and the discretion of courts in granting equitable relief.

5.3. Authorization of Governmental Authorities. No action by (including any authorization, consent or approval), or in respect of, or filing with, any Governmental Authority is required for, or in connection with, the valid and lawful (a) authorization, execution, delivery and performance by Buyer of this Agreement and each Ancillary Agreement to which it is a party or (b) consummation of the Contemplated Transactions by Buyer.

5.4. Non-contravention. Neither the execution, delivery and performance by Buyer of this Agreement or any Ancillary Agreement to which it is a party, nor the consummation of the Contemplated Transactions, will: (a) assuming the taking of any action required by (including any authorization, consent or approval) or in respect of, or any filing with, any Governmental Authority, violate any provision of any Legal Requirement applicable to Buyer, (b) result in a breach or violation of, or default under, Buyer’s organizational documents, or (c) result in the creation or imposition of an Encumbrance upon, or the forfeiture of, any asset of Buyer, including the Acquired Stock.

5.5. No Brokers. Buyer has no Liability of any kind to any broker, finder or agent with respect to the Contemplated Transactions for which Seller or any of its Affiliates could be liable.

6. **COVENANTS.**

6.1. **Publicity.** After the Closing, Buyer will be entitled to issue any press release or make any other public announcement without obtaining Seller's prior approval so long as such press release or other public announcement does not disclose any of the specific pricing terms hereof; provided, however, that the foregoing limitation will not apply to any communications with Buyer's limited partners, members, investors, Representatives or prospective investors, if applicable. Neither Seller nor Seller Principal shall be entitled to issue any press release or make any other public announcement of any kind whatsoever with respect to this Agreement or the Contemplated Transactions without obtaining Buyer's prior approval, which shall not be unreasonably withheld or delayed.

6.2. **Fees and Expenses.** Seller shall be responsible for the following transaction expenses of Buyer and/or Buyer's Affiliates incurred or to be incurred by any of them or any of their respective Representatives in connection with the negotiation, execution, or performance of this Agreement or the Contemplated Transactions: (1) \$150,000 for legal fees and expenses; and (2) \$6,000 for the cost of certain background investigations (collectively, the "**Reimbursed Transaction Expenses**"). Seller shall pay the full amount of the Reimbursed Transaction Expenses to Buyer as promptly as practicable after the Closing, but in no event later than 2 Business Days after the Closing, by means of a wire transfer of immediately available funds pursuant to wire instructions provided by Buyer to Seller. Except as otherwise provided in the preceding sentence or elsewhere in this Agreement, all costs, expenses, and fees incurred in connection with the negotiation, execution, or performance of this Agreement or the Contemplated Transactions by Buyer shall be paid by Buyer, and all costs, expenses, and fees incurred in connection with the negotiation, execution, or performance of this Agreement or the Contemplated Transactions by Seller or a Seller Principal shall be paid by Seller.

6.3. **Post-Closing Monthly Payments to Buyer.** From and after the Closing Date, on each Payment Date prior to the occurrence of a Trigger Event, Seller shall make a payment to Buyer (each, a "**Post-Closing Monthly Payment**") in an amount equal to \$175,000.00. For purposes of this Agreement: (a) the term "**Payment Date**" shall mean (i) January 1, 2017 and (ii) the first day of each subsequent calendar month thereafter and (b) the term "**Trigger Event**" shall mean the earlier to occur of (a) the consummation of an initial public offering of Seller's common stock on an established and internationally recognized stock exchange (such as the New York Stock Exchange, NASDAQ, or the Toronto Stock Exchange); and (b) such time as Buyer shall no longer hold any of the Acquired Stock or other equity interest in Seller (or a successor to Seller). In the event that Seller fails to make any payment when due pursuant to this **Section 6.3**, then after a grace period of 10 days, such missed payment will be subject to a default interest rate of 7.0% annually, accrued on a daily basis starting on the first day of the month **immediately prior to the Payment Date** with respect to the delinquent payment. (For example, if Seller fails to make its required Post-Closing Monthly Payment on January 1, 2017, then it has a grace period of up to January 10, 2017 to make such payment. If the payment remains unpaid as of January 10 and is not made until January 12, 2017, then the amount due will be \$175,000.00 plus default interest at an annual rate of 7.0%, accrued for 43 days (31 days in December, plus 12 days in January)).

6.4. **Buyer Investor Protections.** Notwithstanding any contrary provision in the organizational documents of Seller or any successor to Seller, from and after the Closing Date and for so long as Buyer holds any amount of Common Stock (or any analogous equity security in the event of any stock split, reverse stock split, reverse or forward merger, consolidation, recapitalization, redomestication, conversion, or other restructuring transaction of any kind), Seller and each Seller Principal shall ensure that Buyer always has the rights set forth in this **Section 6.4** below (the "**Buyer Investor Protections**"), including, as applicable: (i) by voting such Seller Principal's shares of Common Stock in favor of the Buyer Investor Protections, (ii) by voting in such Seller Principal's capacity as a director in favor of the Buyer Investor Protections, (iii) by encouraging other Seller Owners and directors of Seller to similarly

vote in favor of the Buyer Investor Protections, (iv) by requiring each transferee of any portion of a Seller Principal's Common Stock (and each transferee of such transferee, *ad infinitum*) to be bound by all of the obligations of the Seller Principals set forth in this Section 6.4 as a condition to the transfer of such Common Stock; and (v) upon the request of Buyer, by doing, executing, acknowledging, and/or delivering all such further agreements, resolutions, amendments to organizational documents, acts, assurances, deeds, assignments, transfers, conveyances, and other instruments and papers as may be reasonably required or appropriate to carry out, evidence, and/or more fully implement the Buyer Investor Protections):

(a) Preemptive Rights/Anti-Dilution Rights. From and after the Closing and at all times until a Trigger Event has occurred: (i) neither Seller nor, for the avoidance of doubt, any successor to Seller in the event of any merger, consolidation, recapitalization, redomestication, conversion, or other restructuring transaction of any kind, shall issue or sell any new equity securities of any kind (including any security or other instrument convertible into an equity security) unless it first provides Buyer a preemptive right (with sufficient notice of at least 60 days and sufficient time to close a transaction) that allows Buyer to purchase Buyer's pro rata portion of such equity securities, at a price (taking into account the total post-issuance Equity Value reflected in such transaction) equal to that paid by new subscribers in such proposed new issuance, so as to maintain Buyer's pro rata ownership of Seller's equity securities and, in the event that other Seller shareholders are offered a similar preemptive right but do not exercise it, to increase Buyer's pro rata ownership; and (ii) without limiting the foregoing, neither Seller nor, for the avoidance of doubt, any successor to Seller in the event of any merger, consolidation, recapitalization, redomestication, conversion, or other restructuring transaction of any kind, shall issue any equity securities of any kind (including any security or other instrument convertible into an equity security) or otherwise enter into any transaction, if such issuance or transaction would result in a total post-transaction Equity Value that is lower than \$493,256,955 unless: (A) it provides Buyer notice of such proposed issuance or transaction no later than 30 days prior to the consummation of such transaction; and (B) contemporaneously with the consummation of such issuance or transaction, Seller issues to Buyer, at no cost, equity securities sufficient to ensure that Buyer's post-issuance equity ownership of Seller (or such successor) is equal to or greater than the Consideration, which equity securities shall be, upon issuance, fully paid, non-assessable and free and clear of all Encumbrances.

(b) Board Representation and Observation Rights. At all times while Buyer holds any portion of the Acquired Stock, Buyer shall have the right to appoint a designee to serve as a member of Seller's Board of Directors and another designee to serve as a non-voting observer of Seller's Board of Directors.

(c) Required Reports. In addition to any reports, communication and information Buyer is entitled to receive or review in its capacity as a stockholder, and in addition to any reports, communication and information Buyer's board representatives and observers are entitled to receive or review in their capacity as such (all of which shall be provided at the same time that they are provided to other stockholders and board members and observers, as applicable), no later than 45 days after the end of each fiscal quarter of Seller and no later than 120 days after the end of each fiscal year of Seller, as applicable, Seller shall deliver to Buyer the following financial, operating and management reports with respect to the business of Seller (including the Subsidiaries), in each case including such information and in such manner as reasonably requested by Buyer from time to time: (i) consolidated Financials, including management commentary (quarterly); (ii) annual budget, including management commentary (annually); (iii) management reports on recent acquisitions, pending acquisitions, and acquisition pipeline (quarterly, or more frequently as needed); and (iv) management reports on any other business

activity likely to cause material variations in budget (quarterly, or more frequently as needed).

6.5. Revised Physician Compensation Arrangements; Billing & Coding Audit. As promptly as practicable after the Closing Date, but in no event later than December 31, 2016, Seller shall (or shall cause the applicable Subsidiary to) enter into new or amended employment agreements with all of its contracted physicians and medical service providers (and shall promptly make available to Buyer true and correct copies of all such agreements), which new or amended employment agreements (x) shall reflect a revised “best practices” bonus compensation structure in full compliance with all Healthcare Laws, but (y) shall otherwise remain substantially unchanged from the current agreements with such contracted physicians and medical service providers. Without limiting any of Buyer’s rights pursuant to Section 6.4, upon Buyer’s request at any time and from time to time, Seller shall (and/or shall cause the Subsidiaries to, as appropriate) promptly direct an independent third-party auditor to conduct a billing and coding audit of Seller and/or any of its Subsidiaries (at Buyer’s expense) and shall fully cooperate with the auditor in conducting such an audit. In the event of any such audit (whether directed by Buyer or otherwise), Seller shall keep Buyer reasonably informed of the progress of any such audit, shall promptly provide Buyer with the results and reports of any such audit, and shall consult with Buyer on the findings of any such audit and take any actions as reasonably requested by Buyer to ensure continued “best practices” compliance with all Healthcare Laws.

6.6. 2014 & 2015 Financials. As promptly as practicable upon their completion, but in no event later than November 30, 2016, Seller shall deliver true, correct and complete copies of the 2014 & 2015 Financials to Buyer, which 2014 & 2015 Financials shall comport in all respects with the provisions set forth in Section 4.6.

6.7. SEC Compliance. As promptly as practicable after the Closing Date, but in no event later than December 31, 2016, Seller shall take all necessary actions and file all necessary documents to ensure that it is compliant in all material respects with the 1934 Act.

6.8. Stock Certificate. As promptly as practicable after the Closing, but in no event later than five (5) Business Days after the Closing, Seller shall deliver to Buyer (or cause Seller’s transfer agent to deliver to Buyer) a stock certificate evidencing Buyer’s ownership of the Acquired Stock, duly issued and executed by the appropriate officers of Seller and otherwise in accordance with Seller’s Articles of Incorporation and Bylaws.

6.9. Compliance with Laws. At all times from and after the Closing Date, Seller and each Seller Principal shall, and shall cause the business of Seller (including the Business) and each of the subsidiaries of Seller (including the Subsidiaries) to, comply with all Laws.

6.10. Further Assurances. From and after the Closing Date, upon the request of either Seller or Buyer, each of the Parties shall do, execute, acknowledge, and deliver all such further acts, assurances, deeds, assignments, transfers, conveyances, and other instruments and papers as may be reasonably required or appropriate to carry out and/or evidence the Contemplated Transactions.

7. INDEMNIFICATION.

7.1. Indemnification by Seller. Subject to the provisions of this Article 7, Seller shall indemnify and hold harmless Buyer and its Affiliates, and each of the directors, officers, stockholders, partners, members, managers, employees, agents, consultants, advisors, and Representatives of each of the foregoing Persons (the “Buyer Indemnified Persons,”) from, against, and in respect of any and all Actions, Liabilities, Government Orders, Encumbrances, losses, damages, bonds, assessments, fines, penalties, Taxes, fees, costs (including reasonable costs of investigation, defense, and enforcement of this

Agreement), expenses (including actual and reasonable attorneys' and experts fees and expenses), or amounts paid in settlement (collectively referred to as "Losses") that any Buyer Indemnified Person may suffer, incur, sustain, or become subject to as a result of, arising out of, or directly or indirectly relating to:

7.1.1. any breach of, or inaccuracy in, any representation or warranty made by Seller in this Agreement, in any Ancillary Agreement, or in any certificate delivered pursuant to this Agreement;

7.1.2. any breach or violation of, or any failure to perform, any covenant or agreement of Seller or any Seller Principal in this Agreement, the Ancillary Agreements, or in any certificate delivered pursuant to this Agreement, but excluding any such covenant or other agreement that by its nature is required to be performed at, by or prior to the Closing;

7.1.3. any Losses attributable to (i) Taxes of Seller for any period ending on or before the Closing Date; (ii) Taxes of any other Person imposed on Seller (A) pursuant to Treasury Regulation § 1.1502-6 or any analogous or similar state, local, or foreign Law or regulation, with respect to any group of which Seller is or was a member on or prior to the Closing Date, or (B) as a result of any Tax sharing, Tax indemnification or Tax allocation agreement, arrangement, or understanding (other than customary Tax indemnification provisions contained in commercial contracts entered into in the ordinary course of business, a principal subject matter of which is not Taxes), or (iii) Taxes of any Person, which Taxes relate to an event or transaction occurring before the Closing, imposed on Seller as a transferee or successor or otherwise pursuant to any Law; or

7.1.4. any Losses related to any Liabilities that arise out of or relate to (in whole or in part) Seller, any subsidiary of Seller (including any Subsidiary), any business of Seller or its subsidiaries (including the Business) and/or the operation of any Center, in each case on or prior to the Closing, including but not limited to any Losses arising out of any failure to get any consent and approval of, or any failure to file any required notice with, any Person as may be necessary for Seller or any Seller Owner to consummate any of the Contemplated Transactions (and in all cases including, for the avoidance of doubt, all such Losses or Liabilities that arise out of or relate to, in whole or in part, matters, circumstances, information or documentation set forth, described or referenced on any of the Disclosure Schedules or otherwise disclosed or made available to Buyer prior to the Closing).

7.2. Indemnification by Buyer. Subject to the provisions of this Article 7, Buyer shall indemnify and hold harmless Seller and its Affiliates, and the directors, officers, stockholders, partners, members, managers, employees, agents, consultants, advisors, and Representatives of each of the foregoing Persons (the "Seller Indemnified Parties") from, against, and in respect of any and all Losses which any of them may suffer, incur, sustain, or become subject to as a result of, arising out of, or directly or indirectly relating to:

7.2.1. any breach of, or inaccuracy in, any representation or warranty made by Buyer in this Agreement, the Ancillary Agreements, or in any certificate delivered pursuant to this Agreement; or

7.2.2. any breach or violation of, or any failure to perform, any covenant or agreement of Buyer in this Agreement, or in any certificate delivered pursuant to this Agreement, but excluding any such covenant or other agreement that by its nature is required to be performed at, by or prior to the Closing.

7.3. Certain Limitations. The indemnification provided for in Section 7.1 and Section 7.2 shall be subject to the following limitations:

7.3.1. For purposes of this Article 7, any inaccuracy in or breach of any representation or warranty (and the amount of any Losses) shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty; and

7.3.2. With respect to Buyer Indemnified Persons, Losses shall specifically include diminution in value of the Acquired Units, including any diminution in value of the Acquired Units as a result of Seller being required to satisfy any indemnification obligation hereunder.

7.4. Personal Guarantees of Seller Principals.

7.4.1. Guarantee of Post-Closing Monthly Payments. Notwithstanding anything herein to the contrary, each Seller Principal hereby absolutely and unconditionally guarantees, jointly and severally with all other Seller Principals, the prompt and punctual payment by Seller of 100% of Seller's payment obligations under Section 6.3. Each Seller Principal's liability under this Section 7.4.1 is primary, direct and unconditional and shall not require Buyer to resort to any other Person, including Seller, or any other right, remedy or collateral, whether held as collateral for satisfaction of obligations set forth herein.

7.4.2. Guarantee of Seller Indemnification Obligations. Each Seller Principal hereby absolutely and unconditionally guarantees, jointly and severally with all other Seller Principals, the prompt and punctual payment by Seller of each indemnification obligation of Seller pursuant to Section 7.1 (a "Seller Indemnification Obligation"); provided, however, that in no event shall any Seller Principal's liability with respect to any Seller Indemnification Obligation exceed such Seller Principal's pro-rata portion thereof, determined in accordance with the percentage set forth for such Seller Principal on Exhibit B, which reflects such Seller Principal's approximate pro rata percentage share of the Common Stock immediately prior to the Contemplated Transactions ("Pro Rata Share"). Each Seller Principal's liability under this Section 7.4.2 is primary, direct and unconditional and shall not require Buyer to resort to any other Person, including Seller, or any other right, remedy or collateral, whether held as collateral for satisfaction of obligations set forth herein.

7.5. Survival. No claim may be made or suit instituted seeking indemnification pursuant to Section 7.1.1 or Section 7.2.1 for any breach of, or inaccuracy in, any representation or warranty (and no indemnity obligation shall arise with respect to any such claim) unless a written notice describing such breach or inaccuracy in reasonable detail in light of the circumstances then known to the Indemnified Party is provided to the Indemnifying Party: (a) at any time, in the case of any breach of, or inaccuracy in, the Fundamental Representations, the representations and warranties set forth in Section 5.1 (Organization), Section 5.2 (Power and Authorization), Section 5.5 (No Brokers), and/or in the case of any claim or suit based upon fraud, intentional misrepresentation or willful misconduct; and (b) at any time prior to the sixty (60) month anniversary of the Closing Date, in the case of any breach of, or inaccuracy in, any other representation and warranty in this Agreement. For clarity, all of the other covenants and agreements of the Parties set forth in this Agreement shall survive the Closing in accordance with their respective terms or, if no such term is specified, indefinitely; provided that no claim may be made or suit instituted seeking indemnification pursuant to Section 7.1 or Section 7.2 unless a written notice describing such claim in reasonable detail in light of the circumstances then known to the Indemnified Party, is provided to the Indemnifying Party at any time prior to the sixtieth (60th) day after

such claim is barred by the statute of limitations under applicable Law (taking into account the survival periods set forth in this Section 7.5, any tolling periods and other extensions).

7.6. Third Party Claims.

7.6.1. Notice of Third Party Claims. Promptly after receipt by an Indemnified Person of written notice of the assertion of a claim by any Person who is not a party to this Agreement (a "Third Party Claim") that may give rise to an Indemnity Claim against an Indemnifying Party under this Article 7, the Indemnified Person shall give written notice thereof to the Indemnifying Party; provided that, no delay on the part of the Indemnified Person in notifying the Indemnifying Party will relieve the Indemnifying Party from any obligation under this Article 7, except to the extent such delay actually and materially prejudices the Indemnifying Party.

7.6.2. Assumption of Defense, etc. The Indemnifying Party will be entitled to participate in the defense at its sole cost and expense of any Third Party Claim that is the subject of a notice given by or on behalf of any Indemnified Person pursuant to Section 7.6.1. In addition, the Indemnifying Party will have the right to defend the Indemnified Person against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Person so long as (i) the Indemnifying Party gives written notice that they or it will defend the Third Party Claim to the Indemnified Person within thirty (30) days after the Indemnified Person has given notice of the Third Party Claim under Section 7.6.1 stating that the Indemnifying Party will, and thereby covenants to, indemnify, defend and hold harmless the Indemnified Person from and against the entirety of any and all Losses the Indemnified Person may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim, (ii) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief against the Indemnified Person, (iii) counsel to the Indemnified Person does not determine in good faith that an actual or potential conflict exists between the Indemnified Person and the Indemnifying Party in connection with the defense of the Third Party Claim that would make separate counsel advisable, (iv) the Third Party Claim does not relate to or otherwise arise in connection with Taxes or any criminal or regulatory enforcement Action, (v) defense of the Third Party Claim by the Indemnifying Party will not, in the reasonable judgment of the Indemnified Person, have a material adverse effect on the Indemnified Person, and (vi) Indemnifying Party has sufficient financial resources, in the reasonable judgment of the Indemnified Person, to satisfy the amount of any adverse monetary judgment that is reasonably likely to result ((i) through (vi) are collectively referred to as the "Litigation Conditions"). If (i) any of the Litigation Conditions ceases to be met or (ii) the Indemnifying Party fails to take reasonable steps necessary to defend diligently the Third Party Claim, the Indemnified Person may assume its own defense, and the Indemnifying Party will be liable for all reasonable costs or expenses paid or incurred in connection with such defense. The Indemnified Person may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim; provided that, the Indemnifying Party will pay the fees and expenses of separate counsel retained by the Indemnified Person that are incurred prior to the Indemnifying Party's assumption of control of the defense of the Third Party Claim. The Indemnified Person shall make available to the Indemnifying Party or its agents, upon the reasonable request of the Indemnifying Party, all records and other materials in the Indemnified Person's possession at the time of such request, as may be reasonably required by the Indemnifying Party for its use in contesting any Third Party Claim and shall otherwise reasonably cooperate.

7.6.3. Limitations on Indemnifying Party Control. The Indemnifying Party will not consent to the entry of any judgment or enter into any compromise or settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Person unless such judgment, compromise or settlement (i) provides for the payment by the Indemnifying Party of money as sole relief for the claimant, (ii) results in the full and general release of all Indemnified Persons from all Liabilities arising out of or relating to, or in connection with, the Third Party Claim and (iii) involves no finding or admission of any violation of Legal Requirements or the rights of any Person and no effect on any other claims that may be made against the Indemnified Person. If (w) a firm written offer is made to settle any Third Party Claim for which the sole relief provided is monetary damages, (x) the amount of such monetary damages (plus all indemnifiable expenses of the Indemnified Party related to such Third Party Claim) would not exceed any of the limitations on the Indemnifying Party's indemnification obligations set forth in Article 7, (y) the Indemnifying Party agrees in writing to accept such settlement and pay all such monetary damages (plus all indemnifiable expenses of the Indemnified Party related to such Third Party Claim), and (z) the Indemnified Party refuses to consent to such settlement, then: (I) the Indemnifying Party shall be excused from, and the Indemnified Party shall be solely responsible for, all further defense of such Third Party Claim (but no party shall be excused from its indemnification obligations hereunder until the maximum liability set forth in the immediately succeeding subsection (II) has been satisfied); and (II) the maximum liability of the Indemnifying Party relating to such Third Party Claim shall be the amount of the proposed settlement (plus indemnifiable expenses of the Indemnified Party related to such Third Party Claim to the date of such refusal to consent to settlement), if the amount thereafter recovered from the Indemnified Party on such Third Party Claim is greater than the amount of the proposed settlement.

7.6.4. Indemnified Person's Control. If the Indemnifying Party does not deliver the notice contemplated by clause (i) of Section 7.6.2 within thirty (30) days after the Indemnified Person has given notice of the Third Party Claim pursuant to Section 7.6.1 (or is not permitted to assume control), the Indemnified Person may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third Party Claim in any manner it may deem appropriate (and the Indemnified Person need not consult with, or obtain any consent from, the Indemnifying Party in connection therewith) provided, however, that in such circumstance the Indemnifying Person may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claims and have access to all information from the Indemnified Party related thereto. If such notice and evidence is given on a timely basis and the Indemnifying Party conducts the defense of the Third Party Claim but any of the other conditions in Section 7.6.2 is or becomes unsatisfied, the Indemnified Person may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third Party Claim; provided that, the Indemnifying Party will not be bound by the entry of any such judgment consented to, or any such compromise or settlement effected, without its prior written consent (which consent will not be unreasonably withheld, conditioned or delayed). In the event that the Indemnified Person conducts the defense of the Third Party Claim pursuant to this Section 7.6.4, the Indemnifying Party will (i) advance the Indemnified Person promptly and periodically for the costs of defending against the Third Party Claim (including reasonable attorneys' fees and expenses) and (ii) remain responsible for any and all other Losses that the Indemnified Person may incur or suffer resulting from, arising out of, relating to, in the nature of or caused by the Third Party Claim to the fullest extent provided in this Article 7.

7.6.5. Consent to Jurisdiction Regarding Third Party Claim. Each of the Parties hereby consents to the non-exclusive jurisdiction of any court in which any Third Party Claim

may be brought against any Indemnified Person for purposes of any claim which such Indemnified Person may have against any such Indemnifying Party pursuant to this Agreement in connection with such Third Party Claim, and in furtherance thereof, the provisions of Section 8.11 are incorporated herein by reference, mutatis mutandis.

7.7. Direct Claims. In the event that any Indemnified Person wishes to make a claim for indemnification under this Article 7, the Indemnified Person shall give written notice of such claim to each Indemnifying Party. For the avoidance of doubt, where the Indemnifying Party is a Seller under this Article 7, such notice shall be to Seller. Any such notice shall describe the breach or inaccuracy and other material facts and circumstances upon which such claim is based and the estimated amount of Losses involved, in each case, in reasonable detail in light of the facts then known to the Indemnified Person; provided that, no defect in the information contained in such notice from the Indemnified Person to any Indemnifying Party will relieve such Indemnifying Party from any obligation under this Article 7, except to the extent such failure to include information actually and materially prejudices such Indemnifying Party.

7.8. Manner of Payment. Any payment to be made by Seller or Buyer, as the case may be, pursuant to this Article 7 will be effected by wire transfer of immediately available funds from Seller or Buyer, as the case may be, to an account designated by Seller or Buyer, as the case may be, within five (5) Business Days after the determination thereof.

7.9. No Contribution. Neither Seller nor any of the Seller Owners will have any right of contribution from any of Buyer Indemnified Persons with respect to any Loss claimed by a Buyer Indemnified Person.

7.10. Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and each Indemnified Person's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Person (including by any of its agents, advisors, counsel or representatives) or by reason of the fact that the Indemnified Person (or any of its agents, advisors, counsel or representatives) knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Person's waiver of any condition to the Closing of the Contemplated Transactions.

7.11. Remedies Cumulative. The rights of each Buyer Indemnified Person and Seller Indemnified Party under this Article 7 are cumulative, and each Buyer Indemnified Person and Seller Indemnified Party will have the right in any particular circumstance, in its sole discretion, to enforce any provision of this Article 7 without regard to the availability of a remedy under any other provision of this Article 7. Except as set forth in the Schedules, the Buyer Indemnified Persons' right to indemnification under this Article 7 is not adversely affected by whether or not the possibility of any Loss was disclosed to the Buyer Indemnified Persons on the date of this Agreement. The representations and warranties of Seller shall not be affected or deemed waived by reason of any investigation made by or on behalf of any Buyer Indemnified Person (including any Representatives of any Buyer Indemnified Person) or by reason of the fact that any Buyer Indemnified Person or any Representatives of any Buyer Indemnified Person knew or should have known that any representation or warranty is or might be inaccurate.

7.12. Tax Treatment. All indemnification and other payments under this Article 7 shall, to the extent permitted by applicable Legal Requirements, be treated for all income Tax purposes as adjustments to the aggregate consideration paid hereunder. None of the Parties shall take any position on any Tax Return, or before any Governmental Authority, that is inconsistent with such treatment unless otherwise required by any applicable Legal Requirement.

8. **MISCELLANEOUS.**

8.1. **Notices.** All notices, requests, demands, claims, and other communications required or permitted to be delivered, given, or otherwise provided under this Agreement must be in writing and must be delivered, given, or otherwise provided: (a) by hand (in which case, it shall be effective upon delivery); (b) by facsimile (in which case, it shall be effective upon receipt of confirmation of good transmission); or (c) by overnight delivery by a nationally recognized courier service (in which case, it shall be effective on the Business Day after being deposited with such courier service), in each case, to the address (or facsimile number) listed below:

If to Seller or either Seller Principal:

Hygea Holdings Corp.
8750 NW 36 Street, Suite 300
Miami, FL 33178
Attention: Manuel E. Iglesias, President & Chief Executive Officer
Facsimile: 866-852-0454

with a copy (which shall not constitute notice) to:

Hygea Holdings Corp.
8750 NW 36 Street, Suite 300
Miami, FL 33178
Attention: Richard L. Williams, Esq., Chief Legal Officer
Facsimile: 866-852-0454

If to Buyer:

N5HYG LLC
38955 Hills Tech Drive
Farmington Hills, MI 48331
Attention: Chris Fowler
Facsimile: (248) 536-0869

with a copy (which shall not constitute notice) to:

Oakland Law Group PLLC
38955 Hills Tech Dr.
Farmington Hills, MI 48331
Attention: Alan Gocha
Facsimile: (248) 536-1859

Each of the Parties to this Agreement may specify a different address, email address or facsimile number by giving notice in accordance with this Section 8.1 to each of the other Parties hereto.

8.2. **Succession and Assignment; No Third-Party Beneficiary.** Subject to the immediately following sentence, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns and all such successors and permitted assigns shall be deemed to be a Party hereto for all purposes hereof. No Party may assign, delegate, or otherwise transfer either this Agreement or any of his, her or its rights, interests, or obligations hereunder without the prior written consent of Buyer and Seller; except that Buyer may assign this Agreement (a) to one or more of its Affiliates, or (b) after the Closing, in connection with any disposition or transfer of all or

substantially all of the equity interests of Buyer in any form of transaction. Except for the provisions of Section 7.1 and this Section 8.2, this Agreement is for the sole benefit of the Parties hereto and their successors and permitted assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the Parties hereto and such successors and permitted assigns, any legal or equitable rights hereunder.

8.3. Amendments and Waivers. No amendment or waiver of any provision of this Agreement shall be valid and binding unless it is in writing and signed, in the case of an amendment, by Buyer and Seller, or in the case of a waiver, by the Party against whom the waiver is to be effective. No waiver by any Party of any breach or violation of, default under, or inaccuracy in any representation, warranty, covenant, or agreement hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent breach, violation, default of, or inaccuracy in, any such representation, warranty, covenant, or agreement hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No delay or omission on the part of any Party in exercising any right, power, or remedy under this Agreement shall operate as a waiver thereof.

8.4. Entire Agreement. This Agreement, together with the Ancillary Agreements and any documents, Schedules, instruments, or certificates referred to herein or delivered in connection herewith, constitutes the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes any and all prior discussions, negotiations, proposals, undertakings, understandings, and agreements (including any draft agreements) with respect thereto, whether written or oral, none of which shall be used as evidence of the Parties' intent. In addition, each Party hereto acknowledges and agrees that all prior drafts of this Agreement contain attorney work product and shall in all respects be subject to the foregoing sentence.

8.5. Schedules. Nothing in any Schedule attached hereto shall be adequate to modify, qualify, or disclose an exception to a representation or warranty made in this Agreement unless such Schedule identifies the modification, qualification, or exception. Any modifications, qualifications, or exceptions to any representations or warranties disclosed on one Schedule shall constitute a modification, qualification, or exception to any other representations or warranties made in this Agreement if it is reasonably apparent that the disclosures on such Schedule should apply to such other representations and warranties.

8.6. Counterparts; Electronic Signature. This Agreement may be executed in multiple counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart. This Agreement may be executed by facsimile or pdf signature by any Party and such signature shall be deemed binding for all purposes hereof without delivery of an original signature being thereafter required.

8.7. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. In the event that any provision hereof would, under applicable Legal Requirements, be invalid or unenforceable in any respect, each Party hereto intends that such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable Legal Requirements and to otherwise give effect to the intent of the Parties.

8.8. Headings. The headings contained in this Agreement are for convenience purposes only and shall not in any way affect the meaning or interpretation hereof.

8.9. Construction. The Parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The Parties hereto intend that each representation, warranty, covenant, and agreement contained herein shall have independent significance. If any Party hereto has breached or violated, or if there is an inaccuracy in, any representation, warranty, covenant, or agreement contained herein in any respect, the fact that there exists another representation, warranty, covenant, or agreement relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached or violated, or in respect of which there is not an inaccuracy, shall not detract from or mitigate the fact that the Party has breached or violated, or there is an inaccuracy in, the first representation, warranty, covenant, or agreement.

8.10. Governing Law. This Agreement, the negotiation, terms, and performance of this Agreement, the rights of the Parties under this Agreement, and all Actions arising in whole or in part under or in connection with this Agreement, shall be governed by and construed in accordance with the domestic substantive laws of the State of Nevada, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

8.11. Jurisdiction; Venue; Service of Process.

8.11.1. Jurisdiction. Each Party to this Agreement, by his, her, or its execution hereof, (a) hereby irrevocably submits to the exclusive jurisdiction and venue of the Nevada state and/or United States federal courts located in Clark County, Nevada for the purpose of any Action between any of the Parties hereto arising in whole or in part under or in connection with this Agreement, any Ancillary Agreement, the Contemplated Transactions, or the negotiation, terms or performance hereof or thereof, (b) hereby waives to the extent not prohibited by applicable Legal Requirements, and agrees not to assert, by way of motion, as a defense or otherwise, in any such Action, any claim that he or she is not subject personally to the jurisdiction of the above-named court, that venue in such court is improper, that his, her or its property is exempt or immune from attachment or execution, that any such Action brought in the above-named court should be dismissed on grounds of *forum non conveniens* or improper venue, that such Action should be transferred or removed to any court other than the above-named court, that such Action should be stayed by reason of the pendency of some other Action in any other court other than the above-named court or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (c) hereby agrees not to commence or prosecute any such Action other than before the above-named court. Notwithstanding the foregoing, (i) a Party hereto may commence any Action in a court other than the above-named court solely for the purpose of enforcing an order or judgment issued by the above-named court, and (ii) the dispute resolution procedures set forth in this Section 8.11.1 shall be the sole and exclusive means by which the Parties may resolve any disputes arising thereunder and any resolution of any such dispute in accordance with such dispute resolution procedures shall be valid and binding on all of the Parties hereto.

8.11.2. Service of Process. Each Party hereto hereby (a) consents to service of process in any Action between any of the Parties hereto arising in whole or in part under or in connection with this Agreement, any Ancillary Agreement, the Contemplated Transactions, or the negotiation, terms or performance hereof or thereof, in any manner permitted by Nevada law, (b) agrees that service of process made in accordance with clause (a) or made by overnight delivery by a nationally recognized courier service at his or her address specified pursuant to Section 8.1 shall constitute good and valid service of process in any such Action, and (c)

waives and agrees not to assert (by way of motion, as a defense or otherwise) in any such Action any claim that service of process made in accordance with clause (a) or (b) does not constitute good and valid service of process.


8.12. Waiver of Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, EACH OF THE PARTIES HERETO HEREBY WAIVES, AND COVENANTS THAT HE OR IT SHALL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT, OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT, ANY ANCILLARY AGREEMENT, THE CONTEMPLATED TRANSACTIONS, OR THE NEGOTIATION, TERMS OR PERFORMANCE HEREOF OR THEREOF, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. THE PARTIES HERETO AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY, AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES HERETO. THE PARTIES HERETO FURTHER AGREE TO IRREVOCABLY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING AND ANY SUCH PROCEEDING SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

[Remainder of the page intentionally left blank – signature pages follow]

IN WITNESS WHEREOF, each of the undersigned Parties has executed this Agreement as of the date first above written.

BUYER:

N5HYG LLC,
a Michigan limited liability company

By: 
Name: Manoj Bhargava
Title: Manager

SELLER:

HYGEA HOLDINGS CORP.,
a Nevada corporation

By: _____
Name: Manuel Iglesias
Title: Chief Executive Officer

SELLER PRINCIPALS:

By signing below, each of the undersigned individuals agrees to be bound by all of the obligations of the Seller Principals under this Agreement, including without limitation the personal guaranty obligations set forth in Section 7.4.

Manuel Iglesias, individually

Edward Moffly, individually

IN WITNESS WHEREOF, each of the undersigned Parties has executed this Agreement as of the date first above written.

BUYER:

NSHYG LLC,
a Michigan limited liability company

By: _____
Name: Manoj Bhargava
Title: Manager

SELLER:

HYGEA HOLDINGS CORP.,
a Nevada corporation

By: _____
Name: Manuel Iglesias
Title: Chief Executive Officer

SELLER PRINCIPALS:

By signing below, each of the undersigned individuals agrees to be bound by all of the obligations of the Seller Principals under this Agreement, including without limitation the personal guaranty obligations set forth in Section 7.4.

Manuel Iglesias, individually

Edward Moffly, individually

[Signature Page to Stock Purchase Agreement]

PET000286

EXHIBIT A**List of Subsidiaries**

Name of Subsidiary:	Jurisdiction of Incorporation/Formation:	Direct Owner of 100% of Subsidiary Equity Interests:
Hygea of Delaware, LLC	Delaware	Seller
Hygea Health Holdings, Inc.	Florida	Hygea of Delaware, LLC
All Care Management Services, LLC	Florida	Hygea of Delaware, LLC
Physicians Group Alliance, LLC	Florida	Hygea of Delaware, LLC
Physicians Group Alliance of Atlanta, LLC	Florida	Hygea of Delaware, LLC
Physicians Group Alliance of Georgia, LLC	Florida	Hygea of Delaware, LLC
Physicians Group Alliance of South Florida, LLC	Florida	Hygea of Delaware, LLC
Physicians Group Management of Orlando, LLC	Florida	Hygea of Delaware, LLC
Florida Group Healthcare, LLC	Florida	Hygea of Delaware, LLC
Palm Medical Network, LLC	Florida	Hygea of Delaware, LLC
Hygea of Georgia, LLC	Georgia	Hygea of Delaware, LLC
AARDS II, INC	Florida	Hygea of Delaware, LLC
Gemini Healthcare Fund, LLC	Florida	Hygea Health Holdings, Inc.
Palm PGA MSO, Inc.	Florida	Hygea Health Holdings, Inc.
Palm Allcare MSO, Inc.	Florida	Hygea Health Holdings, Inc.
Palm Allcare Medicaid MSO, Inc.	Florida	Hygea Health Holdings, Inc.
Mobile Clinic Services, LLC	Florida	Hygea Health Holdings, Inc.
Hygea IGP of Central Florida, Inc.	Florida	Hygea Health Holdings, Inc.
Hydrea Acquisition Orlando, LLC	Florida	Hygea Health Holdings, Inc.

Name of Subsidiary:	Jurisdiction of Incorporation/Formation:	Direct Owner of 100% of Subsidiary Equity Interests:
Hygea Acquisition Atlanta, LLC	Georgia	Hygea Health Holdings, Inc.
Hygea Acquisition Longwood, LLC	Florida	Hygea Health Holdings, Inc.
Physician Management Associates SE, LLC	Florida	Hygea Health Holdings, Inc.
Physician Management Associates East Coast, LLC	Florida	Hygea Health Holdings, Inc.
Hygea South Florida, Inc.	Florida	Hygea Health Holdings, Inc.
Palm MSO System, Inc.	Florida	Hygea Health Holdings, Inc.
Med Plan Clinics, Inc.	Florida	Hygea Health Holdings, Inc.
Med Plan Clinic, LLC	Florida	Gemini Healthcare Fund, LLC
Medcare Quality Medical Centers, LLC	Florida	Gemini Healthcare Fund, LLC
Med Plan Health Exchange, LLC	Florida	Gemini Healthcare Fund, LLC
Medcare Westchester Medical Center, LLC	Florida	Gemini Healthcare Fund, LLC
Med Scripts, LLC	Florida	Gemini Healthcare Fund, LLC
Med Plan, LLC	Florida	Gemini Healthcare Fund, LLC
Mid Florida Adult Medicine, LLC	Florida	Hygea Acquisition Longwood, LLC

Exhibit B

Pro Rata Share of Seller Principals

Name of Seller Principal:	Pro Rata Share:
Manuel Iglesias	20.75%
Edward Moffly	9.61%
<u>TOTAL:</u>	30.36%


Exhibit B

Chart of Claims

"Cause of Action"	Description	Plaintiff(s)	Defendants
1	"Statutory Securities Fraud" Violation of NRS 90.570 (Nevada Uniform Securities Act)	Both	All
2	"Federal Statutory Securities Fraud" Violation of 15 U.S.C. § 77q (Securities Act of 1933)	Both	All
3	"Failure to Comply with State Registration Requirements" Violation of NRS 90.460 (Nevada Uniform Securities Act)	Both	All
4	"Failure to Comply with Federal Registration Requirements" Violation of 17 C.F.R. 250.503 (Securities Act of 1933)	Both	All
5	"Control Person Liability under the Nevada Uniform Securities Act" Violation of NRS 90.660 (Nevada Uniform Securities Act)	Both	All Individual Defs.
6	"Control Person Liability under the Federal Securities Act" Liability under 15 U.S.C. § 77o (Securities Act of 1933)	Both	All Individual Defs.
7	"Common Law Fraud" (Nevada Common Law)	Both	All
8	"Negligent Misrepresentation" (Nevada Common Law)	Both	All
9	"Silent Fraud/Material Omissions" (Nevada Common Law)	Both	All
10	"Breach of Contract" (Nevada Common Law)	N5HYG	Hygea, Iglesias, Moffly
11	"Rescission of Contract" (Nevada Common Law Remedy)	N5HYG	Hygea, Iglesias, Moffly
12	"Breach of Fiduciary Duty and Waste of Corporate Assets" (Nevada Common Law)	Both	All Individual Defs.
13	"Breach of the Duty of Candor" (Nevada Common Law)	Both	All Individual Defs.
14	"Breach of the Duty of Loyalty" (Nevada Common Law)	Both	All Individual Defs.
15	"Minority Shareholder Oppression" (Nevada Common Law)	N5HYG	All Individual Defs.
16	"Tortious Interference with Contract" (Nevada Common Law)	Both	All Individual Defs.
17	"Civil Conspiracy" (Nevada Common Law)	Both	All
18	"Concert of Action" (Nevada Common Law)	Both	All
19	"Unjust Enrichment" (Nevada Common Law)	Both	All Individual Defs.
20	"Constructive Fraud" (Nevada Common Law)	Both	All
21	"Claim for Accounting" (Nevada Common Law)	N5HYG	All Individual Defs.

PET000291

Exhibit C

REC'D & FILED
2018 MAY 30 PM 1:45
SUSAN HERRIWETHER
CLERK
BY 
RECEIVED

IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR CARSON CITY

CLAUDIO ARELLANO; et. al.,
Plaintiffs,

Case No. 18 OC 00071 1B
Dept No. II

v.

**FINDINGS OF FACT AND
CONCLUSIONS OF LAW**

HYGEA HOLDINGS CORP.; et. al.,
Defendants.

On May 14, 2018, the bench trial of this matter commenced, with the trial continuing through May 18, 2018. Plaintiffs Claudio Arellano, Crown Equities LLC; Fifth Avenue 2254 LLC; Halevi Enterprises LLC; Halevi SV 1 LLC; Halevi SV 2 LLC; Hillcrest Acquisitions LLC; Hillcrest Center SV I LLC; Ibh Capital LLC; Leonite Capital LLC; N5HYG LLC ("N5HYG"); and RYMSSG Group, LLC (collectively, the "Plaintiffs"), appeared at trial, by and through their counsel of record, Christopher D. Kaye, Esq., and David Viar, Esq., of the The Miller Law Firm, P.C., and Clark Vellis, Esq. of Holley, Driggs, Walch, Fine, Wray, Puzey, and Thompson. Defendants Hygea Holdings Corp. ("Hygea" or the "Company"), Manuel Iglesias, Edward Moffly, Daniel T. McGowan, Frank Kelly, Martha Mairena Castillo, Glenn Marrichi, Keith Collins, M.D., Jack Mann, M.D., and Joseph Campanella (collectively, the "Defendants" and, together with the Plaintiffs, the "Parties") also appeared at the trial, by and through their counsel of record, Maria A. Gall, Esq., and Kyle A. Ewing, Esq., of Ballard Spahr, LLP, and Severin A.

1 Carlson, Esq. and Tara C. Zimmerman, Esq. of Kaempfer Crowell.

2 The Court, having reviewed and considered the pleadings and papers on file herein and
3 evidence admitted during the trial; having heard and considered the witnesses called to testify at
4 the trial; having considered the oral and written arguments of counsel; and for good cause
5 therefore, hereby enters the following findings of fact and conclusions of law:

6 FINDINGS OF FACT AND CONCLUSIONS OF LAW

7 I. PROCEDURAL BACKGROUND

8 This is an action in which Plaintiffs sought the appointment of a receiver over the
9 Company pursuant to NRS 78.650, NRS 78.630, and NRS 32.010. Plaintiffs filed this action on
10 January 26, 2018, in the Eighth Judicial District Court of Nevada, in and for Clark County by the
11 filing of an Emergency Complaint (the "Complaint"). On the same day, Plaintiffs filed an
12 Emergency Petition (the "Petition") for Appointment of Receiver, requesting preliminary
13 injunctive relief and the appointment of a temporary receiver.

14 Hygea opposed that Petition on February 20, 2018. The Eighth Judicial District Court,
15 specifically Department XXVII, heard oral argument on the Petition but reserved decision
16 thereon pending a to-be-set evidentiary hearing. Prior to opposing the Petition, on February 16,
17 2018, Defendant Hygea filed a Motion for Change of Venue (the "Venue Motion") in the Eighth
18 Judicial District Court. That court heard the Venue Motion on order shortening time on March
19 7, 2018, and granted the venue change by way of its March 8, 2018, Order. The case was
20 subsequently transferred to this Court.

21 Upon transfer, this Court scheduled a status hearing for April 6, 2018, and asked the
22 Parties to submit memoranda advising the Court of outstanding motions and any other matters
23 each party wanted to discuss at the status hearing. Among other things, the Company in its
24 memorandum requested that the Court combine the to-be-set evidentiary hearing with the trial on

1 the merits pursuant to N.R.C.P. 65(a)(2). At the April 6, 2018, status hearing, Hygea reiterated
2 its request and moved orally to advance the trial of the action on the merits and consolidate the
3 same with the hearing of Plaintiffs' Petition under N.R.C.P. 65(a)(2) (the "Consolidation
4 Motion"). After hearing argument from the Parties, the Court granted the Consolidation Motion

5 The Court offered the weeks of April 23, 2018, May 14, 2018, or a week in or after July
6 2018 for a consolidated trial of the matter. Hygea suggested a week in or after July 2018 so that
7 the Court could first decide the Company's pending Motion to Dismiss, or alternatively, for
8 Summary Judgment, but indicated that it would be prepared to proceed the week of May 14,
9 2018 if necessary; Plaintiffs requested the week of April 23, 2018. The Court set trial of the
10 matter for five (5) calendar days beginning May 14, 2018.

11 Prior to the consolidated trial, the Parties conducted limited discovery pursuant to the
12 Court's April 23, 2018, Order granting limited relief from N.R.C.P. 16 in light of the
13 consolidated trial. Also pursuant to the April 23, 2018, Order and in preparation for the trial of
14 the matter, on April 23, 2018, the Parties disclosed their witnesses and Plaintiffs scheduled the
15 trial depositions of two witnesses. At a hearing on Defendants' Motion for a Protective Order to
16 preclude the trial depositions of Norman Gaylis, M.D. and Dan Miller and Plaintiffs' Motion to
17 Preclude the Testimony of Craig Greene, the Court offered to continue the trial of the matter.
18 Defendants represented that they were not opposed to a continuance so that the Court could
19 decide what Defendants believed to be threshold issues raised in their Motion to Dismiss, or
20 alternatively, for Summary Judgment, but that if the Court declined to address the motion,
21 Defendants were prepared to proceed on May 14, 2018. Plaintiffs represented that they did not
22 want a continuance and were prepared to proceed on May 14, 2018. Based on the Parties'
23 representations, the Court did not continue the trial, and a bench trial of this matter was held
24 from May 14, 2018, through May 18, 2018.

1 On May 16, 2018, Defendants moved at the close of the evidence offered by Plaintiffs for
2 judgment as a matter of law under N.R.C.P. 50(a) with respect to all claims. After hearing
3 argument from both Parties, the Court denied Plaintiffs' request for a receiver under NRS 32.010
4 because, based on *State ex re. Nenzel*, 49 Nev. 145, 241 P. 317 (1925), NRS 32.010 requires that
5 there be an action pending other than that for the request for a receivership, and in this case,
6 there were no other claims pending. The Court also denied Plaintiffs' request for a receiver
7 under NRS 78.630 after finding that there was not sufficient evidence that Hygea has been and is
8 being conducted at a great loss and great loss and greatly prejudicial to the interest of its
9 creditors and stockholders. The Court further denied Plaintiffs' request for a receiver in part
10 under NRS 78.650 after finding that there was no evidence that Hygea had willfully violated its
11 charter (NRS 78.650(1)(a)), that Hygea's directors had been guilty of fraud or collusion in its
12 affairs (NRS 78.650(1)(b)), that Hygea abandoned its business (NRS 78.650(1)(f)), that Hygea
13 had become insolvent (NRS 78.650(1)(h)), or that Hygea is not about to resume its business with
14 safety to the public (NRS 78.650(1)(j)).

15 The Court, however, found that there was some evidence that Hygea's management's
16 failure to be able to account for cash flow to the degree that an audited financial statement could
17 be prepared, even though not required by the regulators, created a reasonable inference that the
18 directors have been guilty of gross mismanagement (NRS 78.650(1)(b)), that the directors have
19 been guilty of misfeasance, malfeasance, or nonfeasance (NRS 78.650(1)(c)), that Hygea is
20 unable to conduct the business or conserve its assets by reason of the act, neglect or refusal to
21 function of any of its directors (NRS 78.650(1)(d)), that the assets of Hygea are in danger of
22 waste, sacrifice, or loss (NRS 78.650(1)(e)), and that Hygea, although solvent, is for cause not
23 able to pay its debts or other obligations as they mature (NRS 78.650(1)(i)). Accordingly, the
24 Court denied Hygea's motion for judgment as a matter of law with respect to the foregoing, and

1 the trial proceeded with Hygea's defense on those issues.

2 On May 17, 2018, during the fourth day of the trial, after Plaintiffs claimed that they
3 were prejudiced by the late disclosure of a custodian of records affidavit authenticating a
4 previously produced V Stock Transfer List Defendants proposed be admitted to demonstrate the
5 Company's shares issued and outstanding, the Court again asked if the Parties wished to
6 continue the trial. Neither Plaintiffs nor Defendants indicated that they wanted a continuance.
7 Thus, after the trial concluded on May 18, 2018, the Court orally announced its preliminary
8 findings of fact and conclusions of law on the record and rendered judgment on the matter in
9 favor of Defendants. The Court now sets forth its final findings of fact and conclusions of law.

10 II. FINDINGS OF FACT

11 The Court finds that the following facts were proven by a preponderance of the evidence:

12 1. N5HYG entered a Stock Purchase Agreement (the "SPA") in October of 2016 in
13 which it purchased 23,437,500 shares of Hygea Holdings Corp., which, at that time, represented
14 8.57% of the issued and outstanding stock of Hygea.

15 2. Section 6.4(a) of the SPA contains a provision providing for certain preemptive
16 and anti-dilution rights, including the right to notice if Hygea issued stock that would dilute
17 N5HYG's pro rata ownership of Hygea's shares.

18 3. Section 6.3(a) of the SPA contains a provision providing for certain post-closing
19 monthly payments to N5HYG, including a payment in the amount equal to \$175,000 until the
20 occurrence of a "trigger event" as defined by the SPA. Hygea stopped paying the \$175,000 post-
21 closing payment after June of 2017 and has accrued \$1,750,000 in missed payments to N5HYG.

22 4. Hygea has failed to adequately share financial information with its stockholders,
23 and some information provided by the Company to its stockholders has not been accurate.

24 5. Hygea has not provided audited financial statements to its stockholders, including

1 N5HYG, and the last set of audited financial statements Hygea completed was for the year 2013.

2 6. Minutes from a January 27, 2017, meeting of Hygea's Board of Directors (the
3 "Board") indicate that, at that time, Hygea's audited financial statements for the years 2014 and
4 2015 would be completed within a matter of weeks. However, the audited financial statements
5 for 2014 and 2015 were never completed.

6 7. The failure to complete audited financial statements were material for a time,
7 when Hygea sought to "go public" on the Canadian financial markets.

8 8. At the point that Hygea's Board decided that it would no longer be in the
9 Company's best interests to "go public," the Board decided not to pursue audited financial
10 statements, including those for the years 2014 and 2015.

11 9. Audited financial statements are not required by any regulatory agency for a
12 private company such as Hygea, and the Board made a statutorily protected business decision
13 not to incur the expense or otherwise spend the resources necessary to obtain audited financial
14 statements.

15 10. In 2017 Hygea hired FTI Consulting, Inc. and specifically Mr. Timothy Dragelin
16 of FTI, a testifying witness, to provide Hygea with certain management consulting. FTI's
17 mission was to assist the Company in completing the financial statement audits for the years
18 2014 and 2015, with the hope that Hygea would go public, and to develop a work plan for the
19 company and its proposed "RTO" or reverse takeover in Canada.

20 11. Mr. Dragelin testified that Hygea's books and records were not complete when
21 Mr. Dragelin was working at Hygea and that there were no finalized financial statements, and,
22 that being the case, no financial statements were in any shape to be audited.

23 12. Mr. Dragelin further testified that the combination of incomplete financial
24 statements, lack of supporting documentation required to complete the audits, and significant

1 discord among management, posed significant impediments to Hygea's profitable operation.

2 13. Mr. Dragelin testified that prior to Mr. Sergey Savchenko being hired as the
3 Company's director of finance, there was little financial management at Hygea but that once Mr.
4 Savchenko did come on board, Mr. Savechenko was helpful in moving forward Hygea's ability
5 to prepare timely financial documents.

6 14. Mr. Dragelin further testified that there remained, however, a lack of
7 documentary support for large revenues and a lack of documentation regarding acquisitions and
8 loans at the time that he left Hygea in June or July 2017.

9 15. Mr. Dragelin explained that FTI's role was that of a consultant and, accordingly,
10 he and his team made certain proposals to Hygea, some of which Hygea accepted and some of
11 which it declined to accept.

12 16. Mr. Dragelin also explained challenges to gathering and completing Hygea's
13 financial data based on the nature of its business. For instance, Hygea would not have had real
14 data on costs until the end of 2017, at which point the Centers for Medicare and Medicaid
15 Services would make two annual adjustment payments going forward, a preliminary one in
16 September of 2018 and a final in July of 2019; he explained that how Hygea would be paid in
17 2018 relates to data from as far back as 2016 and 2017.

18 17. In Mr. Dragelin's opinion, some of Hygea's stated financial numbers that were
19 discussed with him lacked credibility and were outside the bounds of what he considered
20 credible assumptions. Mr. Dragelin believes a number of proposals by Hygea relating to
21 financial numbers that FTI thought could be supported.

22 18. Mr. Dragelin observed officers of Hygea ignoring issues, including financial
23 issues, failing to value its acquisitions, and making assumptions that were not appropriate,
24 possibly resulting in overvaluing of an acquisition or several acquisitions.

1 19. Mr. Dragelin observed that Hygea required only the signatory authority of its
2 Chief Executive Officer, then Mr. Iglesias, with respect to which Hygea vendors were approved,
3 who could pay those vendors, and general access to Hygea's cash accounts.

4 20. Mr. Dragelin witnessed an intentional misstatement of financial information by
5 Mr. Iglesias when Mr. Igelsias told Mr. Dragelin that a loan-type transaction would be otherwise
6 structured.

7 21. Based upon observations it appeared to Mr. Dragelin that Mr. Iglesias appeared to
8 have a misunderstanding with respect to the relationship between Hygea's balance sheet and its
9 EBITDA number (earnings before interest, taxes, depreciation, and amortization).

10 22. Exhibit 41-B, which are minutes memorializing an August 9, 2017, Board
11 meeting (the "August 2017 Minutes"), explains that Mr. Iglesias, then the CEO of Hygea,
12 reported to the Board that the focus would be to maximize the return on Hygea's own system
13 and focus inward, slowing acquisitions and concentrating on Hygea's position in the current
14 political climate.

15 23. The August 2017 Minutes also reported that one of the blemishes on Hygea's
16 progress was cash flow and that there were substantial obligations soon coming due, including
17 an approximately \$9 million payment to the sellers of VRG Group MedPlan on August 24,
18 which the Company would not be able to honor.

19 24. The August 2017 Minutes also report that the CEO wished to raise approximately
20 \$15 million to \$20 million in equity financing through a private placement in case the
21 Company's plans for going public were further delayed.

22 25. The August 2017 Minutes also reflect that Mr. Dragelin pointed out that
23 numerous of the Company's processes were not formalized, that acquisitions were not properly
24 and/or timely integrated into Hygea's system, that there was a lack of coordination among the

1 Company's departments, and that other matters contributed to the result that information flow at
2 Hygea was not what it should be.

3 26. The August 2017 Minutes further state that Mr. Dragelin advised that various
4 deficiencies in the Hygea organization were already being overcome at that point in time; he
5 explained that Mr. Sergey Savchenko, also a testifying witness at the trial, had been retained by
6 the Company as its director of finance for his expertise in both financial and more general
7 accounting and that various trust issues within management were being addressed, but that the
8 Company's liquidity challenges still required resolution.

9 27. The August 2017 Minutes further indicate that Mr. Dragelin said the company
10 needed "real-time" financial statements on a monthly basis.

11 28. The August 2017 Minutes further state that Mr. Daniel McGowan, a Hygea
12 director, opined that the Company could live or die on the audits.

13 29. Finally, the August 2017 Minutes reflect that Dr. Norman Gaylis stated that the
14 Company needed to do a better job of integrating acquired practices to market to replace
15 hospitals with Hygea's resources and to develop better contracts.

16 30. Exhibit 25 is an electronic mail message from Christopher Fowler, a testifying
17 witness at the trial who is an employee of RIN Capital, LLC ("RIN") and the
18 agent/representative of N5HYG, to Mr. McGowan, dated September 20, 2017 (the "September
19 20 E-Mail"). In the email Mr. Fowler lists items that he wants to see addressed or clarified,
20 including that the Board never received the Bridging Finance, Inc. cash flow projections, which
21 show negative monthly cash flow.

22 31. Mr. Fowler further stated in the September 20 E-Mail that the projections
23 provided by the Board did not include acquisition payables of \$16.4 million, which, in Mr.
24 Fowler's view, indicated more than \$5 million in negative cash flow.

1 32. Mr. Fowler further complained in the September 20 E-Mail that the Bridging
2 Finance cash flow projections required a statement of written assumptions, and that, in his view,
3 the Board was not being properly informed of outstanding legal matters, including a yet-to-be-
4 filed lawsuit from N5HYG.

5 33. Mr. Fowler further indicated in the September 20 E-Mail that the Board should
6 undertake to review all outstanding contracts, that Hygea's CEO (at that time, Mr. Iglesias) was
7 mismanaging by, for instance, failing to provide accurate quarterly and annual audited financial
8 statements to stockholders, by failing to inform the Board of current or pending defaults under
9 multiple contractual agreements which could affect cash flow by significantly underperforming
10 versus the plan, by failing to provide timely and accurate projections with written assumptions to
11 the Board, and by failing to adhere to corporate policies and procedures.

12 34. Hygea was a rapidly growing corporation and that this rapid growth caused a lot
13 of challenges for Hygea.

14 35. Hygea has issued stock as "currency" to buy medical practices since October of
15 2016.

16 36. Had Hygea used treasury stock to buy medical practices, which does not require
17 the issuance of new shares, Hygea would not have diluted N5HYG's ownership share of Hygea;
18 there is no evidence in the record, however, indicating whether Hygea possessed any treasury
19 stock at any relevant time.

20 37. Hygea has a number of creditors, including Dr. Norman Gaylis, a testifying
21 witness at the trial (approximately \$2.3 million owing); CuraScript (between \$2 million and \$2.5
22 million owing); American Express (approximately \$8.5 million owing); Bridging Finance
23 (between approximately \$60 million and \$75 million owing with interest accruing at fifteen
24 percent (15%) per annum).

1 38. For a period of time Hygea employed Mr. Dan Miller, another testifying witness,
2 as the Company's Chief Operations Officer, but Mr. Miller left Hygea because it was failing to
3 pay him; there was a time during which Hygea was also unable to pay other executives in a
4 timely matter.

5 39. Hygea stopped (at least for some time) using a recognized payroll company and
6 instead went to paper checks to pay its payroll; the checks were, at least for a time, received
7 more sporadically by Hygea's employees, and Hygea provided no explanation as to why the
8 change to paper checks was made.

9 40. In February of 2018, payroll checks issued to two Hygea employees working at
10 the offices of Dr. Edward Persaud "bounced."

11 41. It had become evident that Hygea needed operational changes by the latter half of
12 2017; Hygea, for instance, had a history of not timely closing its financial statements, making it
13 difficult for executives to manage the business.

14 42. Hygea offered Dr. Gaylis the position of President of Hygea in November of
15 2017, but Dr. Gaylis declined that position when he did not receive requested information
16 demonstrating that Hygea was compliant in paying its payroll taxes, information showing that
17 Hygea was dealing with other financial obligations, or information explaining how certain
18 obligations would be met.

19 43. Dr. Gaylis is still affiliated with Hygea as an employee-physician and as a
20 stockholder, and, on February 28, 2018, Dr. Gaylis communicated that he believed Hygea
21 needed an immediate change of management and that the change in management needed to be
22 "complete," or, alternatively, a receiver.

23 44. In Dr. Gaylis's opinion, if a receiver is appointed, it is likely Hygea's contracts
24 with health management organizations ("HMO's") would be terminated.

1 45. The appointment of a receiver would put Hygea at increased risk for cancellation
2 of the contracts it has with the HMOs, which account for approximately 70 percent (70%) of
3 Hygea's gross revenue.

4 46. If the Company's HMO contracts were terminated, it would likely be the death
5 knell for Hygea.

6 47. In 2017, Hygea prioritized maximizing revenue and, in so doing, failed to pay
7 sufficient attention to operational inefficiencies that resulted in limited infrastructure, records,
8 and processes to make, monitor, and manage Hygea's money.

9 48. Mr. Iglesias and his family members are, collectively, Hygea's largest
10 stockholders.

11 49. Mr. Iglesias and his family are also creditors of Hygea, having loaned Hygea
12 approximately \$4 million to cover operational costs in 2017. In 2018, Mr. Iglesias and his
13 family loaned additional amounts to Hygea, including after having secured a \$3 million
14 promissory note.

15 50. Mr. Iglesias acknowledged that he lacked the technical expertise to take Hygea to
16 the next level.

17 51. Mr. Iglesias testified that the total number of Hygea shares issued and outstanding
18 is approximately 432 million.

19 52. The relationship between Hygea and RIN, an agent of N5HYG that advised
20 N5HYG to invest in Hygea, soured when the Board decided to pursue private equity financing
21 rather than attempt to go public.

22 53. Liquidation of Hygea would result in a loss of all stockholder equity.

23 54. All Parties involved in the case have indicated that their goal is to have Hygea
24 succeed so that Hygea will continue to have value for the stockholders.

1 55. Bridging Finance is currently funding Hygea's short-term cash shortfall.

2 56. Hygea's Board recently appointed a new Chief Executive Officer, Chief
3 Operating Officer, and Chief Financial Officer.

4 57. After Mr. Iglesias resigned as Chief Executive Officer, the Board appointed Dr.
5 Keith Collins, another testifying witness and a director of Hygea since 2013, as Chief Executive
6 Officer, while Mr. Iglesias became the co-chair of the Board.

7 58. Other members of the Board include Mr. McGowan, currently the other co-chair
8 of Hygea's Board and a longtime Hygea director, who was a leader in the New York state
9 healthcare market, and Mr. Glenn Marrichi, who was at one point an executive of a national
10 marketing company.

11 59. Dr. Keith Collins' education and experience include a term as Chief Medical
12 Officer of an HMO with six smaller plans that evolved into a multibillion dollar, publicly traded
13 organization with operations in sixteen states; Dr. Collins eventually served as a vice president
14 for business development of said HMO, which role included acquisition turnaround and HMO
15 plan start-ups.

16 60. Dr. Collins was the founding Chief Executive Officer of the fastest growing
17 HMO in New York City for a time.

18 61. Dr. Collins was vice president to another health network operating in New York
19 and New Jersey and that, all in, he has over twenty years of experience creating and/or operating
20 physician networks, all of which were successful to at least some extent and none of which
21 failed.

22 62. The Board also appointed Mr. Savchenko as Hygea's acting Chief Financial
23 Officer; Mr. Savchenko has a very strong financial background, including in connection with
24 absorbing acquisitions at other organizations.

1 63. Dr. Collins, since taking the helm at Hygea, has been very active in his interaction
2 with the Board, meeting with the Board every week to ten days; ensuring that Hygea replaced all
3 executives that are appointed by the Board; and championing the establishment of a Board
4 governance committee to better steer management's oversight of practices and its governance of
5 a larger organization with appropriate checks and balances.

6 64. Dr. Collins recommended and oversaw the Board's approval of Dr. Gaylis as the
7 new vice president of medical affairs and, as referenced above, Mr. Savchenko as the new,
8 acting Chief Financial Officer.

9 65. Dr. Collins also identified twelve key employees at Hygea, made changes to their
10 roles and duties, interviewed those people and the people they interface with, and made further
11 appropriate changes to those roles.

12 66. Dr. Collins testified that Hygea's new management forecasts cash surpluses from
13 operations beginning in July.

14 67. Dr. Collins takes his new role as Chief Executive Officer extremely seriously, in
15 part because federal regulations dictate that any person associated with a failed provider that
16 takes money from Medicare, such as Hygea, is forbidden from working with another Medicare
17 provider for two years and, as a practical matter, that person is forever tainted in the Medicare
18 industry; Dr. Collins' reputation is extremely valuable to him and such a taint would be
19 unacceptable.

20 68. Hygea made the decision not to pursue a public financing offering in the fall of
21 2017 and conceded that Hygea has not always been able to pay its debt timely, in part because
22 Hygea has experienced projected income failing to materialize.

23 69. Hygea is not paying Bridging Finance, which has agreed to capitalize Hygea's
24 monthly interest payment until Hygea either goes public or is sold to a private equity investor.

1 70. The Bridging Finance debt is accumulating interest at fourteen percent (14%),
2 which results in approximately \$1 million a month in interest debt, currently being capitalized to
3 the principal of the loan; Hygea's operational cash flow projections for 2018 do not include this
4 monthly amount and also do not provide for payments associated with an approximately \$8.5
5 million balance associated with an American Express line of credit.

6 71. Hygea's projected operating cash flow through 2018 shows an operating loss
7 through June of 2018 and then a relatively modest (compared to the size of the business) positive
8 cash flow for the last six months of 2018.

9 72. When Hygea acquires a new medical practice, it takes anywhere from six to
10 twelve to even twenty-four months before Hygea begins collecting cash revenue, but Hygea
11 incurs the cash expenses associated with the acquisition immediately.

12 73. Bridging Finance is helping to finance the short-term critical debts and
13 obligations of Hygea.

14 **III. LEGAL PRINCIPLES**

15 As stated above, Plaintiffs petitioned for a receiver pursuant to NRS 32.010, 78.630, and
16 78.650. Given the Court's decision on Defendants' motion for judgment as a matter of law, only
17 subsections 1(b)–(j), (i), and (j) of NRS 78.650 remained at issue following closure of Plaintiffs'
18 case.

19 With respect to those claims that remained at issue, NRS 78.650 provides in *relevant* part
20 that:

21 1. Any holder or holders of one-tenth of the issued and outstanding stock
22 may apply to the district court . . . for an order dissolving the corporation and
23 appointing a receiver to wind up its affairs, and by injunction restrain the
24 corporation from exercising any of its powers or doing business whatsoever,
 except by and through a receiver appointed by the court, whenever:

 . . .

1 (b) Its trustees or directors have been guilty of . . . gross mismanagement in
2 the conduct or control of its affairs;

3 (c) Its trustees or directors have been guilty of misfeasance, malfeasance or
4 nonfeasance;

5 (d) The corporation is unable to conduct the business or conserve its assets by
6 reason of the act, neglect or refusal to function of any of the directors . . . ;

7 (e) The assets of the corporation are in danger of waste, sacrifice or loss
8 through attachment, foreclosure, litigation or otherwise;

9 . . .
10 (i) The corporation, although not insolvent, is for any cause not able to pay its
11 debts or obligations as they mature . . . ;

12 . . .

13 4. The court may, if good cause exists therefor, appoint one or more receivers
14 for such purpose, but in all cases directors or trustees who have been guilty of no
15 negligence nor active breach of duty must be preferred in making the
16 appointment. The court may at any time for sufficient cause make a decree
17 terminating the receivership, or dissolving the corporation and terminating its
18 existence, or both, as may be proper.

19 Among other things, NRS 78.650 demands that the stockholder(s) petitioning for the
20 appointment of a receiver hold one-tenth of the corporation's issued and outstanding stock. In
21 *Shelton v. Second Judicial Dist. Court in & for Washoe Cty.*, the Nevada Supreme Court held
22 that "[w]here the statute provides for the appointment of receivers, the statutory requirements
23 must be met or the appointment is *void and in excess of jurisdiction*." 64 Nev. 487, 494, 185
24 P.2d 320, 323 (1947). Moreover, a district court must find that the applicant(s) for the receiver
holds one-tenth of the issued and outstanding stock of the corporation at the time the court
considers the application. *Searchlight Dev., Inc. v. Martello*, 84 Nev. 102, 109, 437 P.2d 86, 90
(1968) ("The district court does not have jurisdiction to appoint a corporate receiver, unless the
applicant holder or holders of one-tenth of the issued and outstanding stock has legal title *at the*

1 *time the court considers the application.”*) (emphasis added).

2 IV. ANALYSIS

3 A. Do Plaintiffs Hold One-Tenth of Hygea’s Stock Issued and Outstanding?

4 As the Nevada Supreme Court stated in *Searchlight*, the time at which the Court must
5 determine whether Plaintiffs hold the requisite one-tenth of the Company’s shares issued and
6 outstanding is the time at which the Court is considering the stockholders’ application for the
7 appointment of a receiver. *See Searchlight*, 84 Nev. at 109, 437 P.2d at 90. The Parties
8 stipulated to the amount of shares that Plaintiffs own, so the Court has the numerator for the ten
9 percent calculation, but the Court *does not* have any evidence of the total number of issued and
10 outstanding shares as of today, this week, this month, or at *any time* during the last eighty-eight
11 days since Mr. Edward Moffly, Hygea’s former Chief Financial Officer and a Hygea director,
12 made his declaration on February 19, 2018 or since even further back, to the time that Hygea and
13 N5HYG executed the SPA in October of 2016. Neither of those—Mr. Moffly’s declaration nor
14 the SPA—inform the Court as to what the number of issued and outstanding shares is as of the
15 beginning of the trial on Monday, May 14, 2018, or the end of trial on May 18, 2018.

16 Plaintiffs have argued that it would be unfair to hold them to their burden of proof on the
17 ten percent stock ownership issue because that information is within the possession of either
18 Hygea or its agent, V Stock Transfer (“V Stock”). That might be a plausible argument if
19 Plaintiffs came to this Court with evidence of their efforts to obtain information from Hygea or
20 V Stpcl Transfer as to what the current number of shares issued and outstanding is. There are
21 discovery procedures to obtain that information. The Court acknowledges that this was an
22 expedited process, but notes that—had Plaintiffs moved for such relief—the Court could have
23 ordered production of documents or at least tried to get Hygea to produce information from V
24 Stock, but the Plaintiffs appear to assume that any information they would have received

1 regarding the number of issued and outstanding shares would be inaccurate. That may or may
2 not be true, but the Court cannot make such a determination because the Plaintiffs did not get or
3 attempt to get issued and outstanding share information from Hygea or V Stock.

4 The question before the Court is then as follows: “is it fair to hold Plaintiffs to their
5 burden?” In answering that question, the Court considers what Plaintiffs did to try to determine
6 the actual number of shares issued and outstanding as of May 14, 2018 (the start of trial) and
7 through May 18, 2018 (the time at which the Court considered appointment of a receiver), which
8 the Court finds is hardly anything. There is no evidence that Defendants in any way interfered
9 with Plaintiffs’ ability to secure that information. Accordingly, Plaintiffs accepted the risk of
10 bearing the burden of not knowing the number of shares issued and outstanding as they
11 proceeded to trial without either obtaining the information or moving for a continuance to
12 provide time to obtain the information. Had Plaintiffs come to Court with evidence that they had
13 tried in good faith to secure the number of shares issued and outstanding and/or showed
14 inaccuracies or an outright refusal or inability of Hygea or V Stock to produce the number, the
15 Court could have made adverse inferences against Hygea and the individual Defendants,
16 precluded Defendants from even arguing that the Plaintiffs owned less than ten percent, or other
17 sanctions. The record, however, is devoid of any evidence of Plaintiffs’ efforts.

18 With that being the case, the Court does not know the number of shares issued and
19 outstanding. Accordingly, it lacks the denominator necessary to complete the calculation and
20 analysis necessary to determine whether Plaintiffs in fact hold ten percent of Hygea shares
21 issued and outstanding. As such, the Court finds that Plaintiffs have failed to demonstrate by a
22 preponderance of the evidence whether they hold ten percent (or “one-tenth”) of Hygea’s issued
23 and outstanding stock. Under *Searchlight*, the Court cannot consider appointment of a receiver
24 under NRS 78.650. *See id.*

1 **B. Even if Plaintiffs Held One-Tenth of Hygea's Stock Issued and Outstanding,**
2 **Is There a Basis and Good Cause for the Appointment of a Receiver?**

3 An appellate court may disagree with this Court's analysis on the 10% issue, therefore
4 the Court also provides analysis and substantive conclusions of law consistent with the above
5 findings of fact on the remaining grounds for appointment of a receiver. With respect to those
6 remaining grounds, the Court finds as follows:

- 7 • Under subsection 1(b), the Court finds that Plaintiffs have failed to establish—by
8 a preponderance of the evidence—that the directors have been guilty of gross
9 mismanagement in the conduct or control of Hygea's affairs;
- 10 • Under subsection 1(c), the Court finds that Plaintiffs have failed to establish—by
11 a preponderance of the evidence—that the directors have been guilty of
12 misfeasance or malfeasance; however, the Court *does* find, that Plaintiffs have
13 established by a preponderance of the evidence that the directors have been guilty
14 of nonfeasance;
- 15 • Under subsection 1(d), 1(e), and (1)(i), that nonfeasance resulted in Hygea not
16 being able to conserve its assets by reason of the directors' neglect, placed
17 Hygea's assets in danger of waste, sacrifice, or loss, and caused Hygea to not be
18 able to pay its debts or obligations as they mature except through costly
19 agreements and/or loans.

20 While the Court acknowledges that it is easy for the Plaintiffs to come to Court (and for
21 the Court now to sit) and pass judgment on the Board, the Court finds that the directors appear to
22 have been sitting in the driver seat of Hygea, where they properly belong, but allowed
23 themselves to be blinded by the huge success of the business's acquisitive model in early 2017
24 and failed to pay attention to what was going on in the back seat, the processes and procedures
 for accounting for and managing Hygea's income. The Board should have been paying attention
 to both, and in particular how Hygea's management was governing the Company's affairs.
 Accordingly, the Court finds that while Plaintiffs have not established that any director was
 guilty of any misfeasance or malfeasance by a preponderance of the evidence, Plaintiffs have
 shown that the Board *is* guilty of nonfeasance.

1 The fact that the Court finds that the Board was guilty of nonfeasance under NRS
2 78.650(1)(c) does not, however, mean that a receiver is automatically appointed or end the
3 Court's analysis. The legislature could have chosen to word NRS 78.650 such that if a district
4 court finds that any of the items listed in NRS 78.650(1) are found that a receiver *must* be
5 appointed. Instead, though, NRS 78.650(4) provides that this Court *may*, if good cause exists,
6 appoint a receiver, providing the Court with discretion to consider other factors. *See* NRS
7 78.650(4).

8 The Court considers first and foremost that Hygea's business model is both ingenious
9 and successful and/or can be successful if properly managed going forward. The Court finds that
10 Hygea currently appears to be in trouble because its infrastructure, records, and processes did not
11 keep pace with its rapid acquisition of medical practices. Hygea's Board should have detected
12 these issues earlier than it did and should have addressed the issues related to infrastructure,
13 records, and processes before now. The Court also gives considerable weight in its
14 considerations to the fact that all Parties profess the desire to have Hygea continue to operate.
15 Further, the Court considers the fact that the appointment of a receiver will (in the best case)
16 increase the risk that the HMO's will cancel the contracts they have with Hygea, which could
17 very well cause the death of the Company. If that occurs, all Parties lose.

18 Finally, the Court finds that in addition to the increased risk of HMO's terminating their
19 contracts with Hygea, the appointment of a receiver would heap additional confusion on the
20 management of Hygea, which has just changed over its C-Suite executives for new leadership.
21 Similarly, the time that would be required for a new receiver or other leader to get acquainted
22 with Hygea and put positive change in motion would likely provide additional stress and
23 detriment to Hygea. Accordingly, and in light of all of the foregoing, the Court concludes that
24

1 Dr. Collins, Hygea's new Chief Executive Officer, is at least as qualified to continue to guide
2 Hygea as its CEO as would be the receiver proposed by the Plaintiffs.

3 **V. CONCLUSIONS OF LAW**

4 1. Plaintiffs have failed to establish by a preponderance of the evidence that they
5 hold one-tenth of the issued and outstanding stock of Hygea and have thus failed to establish that
6 this Court has jurisdiction to appoint a receiver under NRS 78.650(1) and the Nevada Supreme
7 Court's decision in *Searchlight*. 84 Nev. at 109, 437 P.2d at 90.

8 2. Accordingly, the Amended Complaint and Petition for Appointment of a Receiver
9 must be, and the same hereby are, **DENIED**, and judgment is entered in favor of Defendants.

10 Out of an abundance of caution, however, the Court makes the following conclusions on
11 the substantive merits of Plaintiffs' Amended Complaint and Petition for Appointment of a
12 Receiver under subsections (1)(b)–(e) and (i) of NRS 78.650:

13 3. Hygea's Board is guilty of nonfeasance as a whole under NRS 78.650(1)(c).


14 4. No good cause exists to appoint a receiver over Hygea.

15 5. Relatedly, and in light of this conclusion but also because the Court has found the
16 Board generally guilty of nonfeasance.

17 6. Finally, the Court concludes that good cause does exist to instead allow Dr.
18 Collins to continue to serve as the Chief Executive Officer of Hygea.

19 7. Accordingly, Plaintiffs' Amended Complaint and Petition for Appointment of a
20 Receiver must be, and the same hereby are, **DENIED**, and judgment is entered in favor of
21 Defendants.

22 Dated this 30 day of May, 2018.

23 
24 THE HONORABLE JAMES WILSON
DISTRICT COURT JUDGE

1 **CERTIFICATE OF SERVICE**

2 Pursuant to NRCP 5(b), I certify that I am an employee of The First Judicial
3 District Court, and I certify that on this 31 day of May 2018 I deposited for mailing at
4 Carson City, Nevada, or caused to be delivered by messenger service, a true and correct
5 copy of the foregoing order and addressed to the following:

6 Maria Gall, Esq.
7 1980 Festival Plaza Drive, Suite 900
8 Las Vegas, NV 89135
9 GallM@ballardspahr.com

James Puzey, Esq.
800 South Meadows Parkway, #800
Reno, NV 89521
jpuzey@nevadafirm.com

10 Severin Carlson, Esq.
11 50 West Liberty ST., #700
12 Reno, NV 89501
13 scarlson@kcnvlaw.com

G. Mark Albright, Esq.
801 S. Rancho Drive, Suite D-4
Las Vegas NV 89106
gma@albrightstoddard.com

14 Christopher D. Kaye, Esq.
15 950 W. University Dr. #300
16 Rochester, Michigan 48307
17 cdk@millerlawpc.com

18
19
20
21
22
23
24
25
26
27
28

for Baylie Hellman
Law Clerk

Exhibit D

REC'D & FILED

2018 AUG 10 AM 8:28

SUSAN MERRIWETHER
CLERK

BY  REFILED

IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR CARSON CITY

CLAUDIO ARELLANO; CROWN
EQUITY'S LLC; FIFTH AVENUE 2254 LLC;
HALEVI ENTERPRISES LLC; HALEVI SV
1 LLC; HALEVI SV 2 LLC; HILLCREST
ACQUISITIONS LLC; HILLCREST
CENTER SV I LLC; HILLCREST CENTER
SV II LLC; HILLCREST CENTER SV III
LLC; IBH CAPITAL LLC; LEONITE
CAPITAL LLC; N5HYG LLC; and RYMSSG
GROUP, LLC,

Plaintiffs,

v.

HYGEA HOLDINGS CORP.; MANUEL
IGLESIAS, an individual; EDWARD
MOFFLY, an individual; DANIEL T.
MCGOWAN, an individual; FRANK KELLY;
MARTHA MAIRENA CASTILLO, an
individual; GLENN MARRICHI, M.D., an
individual; KEITH COLLINS, M.D., an
individual; JACK MANN, M.D., an individual;
and JOSEPH CAMPANELLA, an individual,

Defendants.

Case No.: 18 OC 00071 1B

Dept. No.: II

**ORDER GRANTING IN PART AND
DENYING IN PART PLAINTIFFS'
MOTION TO AMEND FINDINGS OF FACT
AND CONCLUSIONS OF LAW**

The Court, having considered Plaintiffs' Motion to Amend Findings of Fact and
Conclusions of Law, Defendants' Response thereto, and Plaintiffs' Reply in support thereof, and
the Court otherwise being duly advised on the premises, hereby orders as follows:

///

PET000316

1 **IT IS SO ORDERED:**

2 Plaintiffs' Motion is GRANTED in part and DENIED in part. In order to better reflect
3 the evidence presented and admitted at the May 2018 bench trial of this matter, the trial
4 proceedings as reflected by the record, and the Court's consideration of the issues of fact and law
5 properly before it in this action, the Findings of Facts and Conclusions of Law entered May 30,
6 2018 are hereby amended as follows:
7

8 **First Paragraph, Page 1, line 16** is amended to include Plaintiff Hillcrest Center SV II
9 LLC as one of the Plaintiffs.

10 **Findings of Fact ("FOF") Paragraph 2** is amended to state (strikethrough text deleted;
11 underlined text added):
12

13 2. Section 6.4(a) of the SPA contains a provision providing for certain
14 preemptive and anti-dilution rights, including the right to notice to
15 N5HYG if Hygea is issuing ~~if Hygea issued~~ stock that would dilute
16 N5HYG's pro rata ownership of Hygea's shares.

17 **FOF Paragraph 9** is amended to state (strikethrough text deleted):
18

19 9. Audited financial statements are not required by any regulatory agency
20 for a private company such as Hygea, and the Board made a ~~statutorily~~
21 ~~protected business~~ decision not to incur the expense or otherwise spend
22 the resources necessary to obtain audited financial statements.

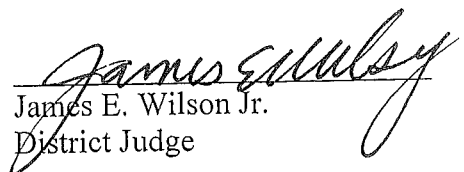
23 **FOF Paragraph 51** is deleted in its entirety.
24

25 Plaintiff's motion as to all other requested changes is denied.
26

27 **IT IS FURTHER ORDERED:**

28 Defendant prepare and file within ten days an Amended Findings of Fact and
Conclusions of Law consistent with this order.

August 9, 2018


James E. Wilson Jr.
District Judge

CERTIFICATE OF SERVICE

I certify that I am an employee of the First Judicial District Court of Nevada; that on August 9, 2018, I served a copy of this document by placing a true copy in an envelope addressed to:

Clark V. Vellis, Esq.
800 South Meadows Parkway, #800
Reno, NV 89521

Maria A. Gall, Esq.
1980 Festival Plaza Drive, Suite
900
Las Vegas, NV 89135

Tara Zimmerman, Esq.
50 West Liberty St., Suite 700
Reno, NV 89501

the envelope sealed and then deposited in the Court's central mailing basket in the Court Clerk's Office for delivery to the United States Post Office at 1111 South Roop Street, Carson City, Nevada for mailing.

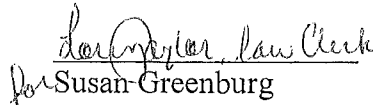

for Susan Greenburg
Judicial Assistant

Exhibit E

HW
 HOLLEY•DRIGGS•WALCH
 FINE•WRAY•PUZEY•THOMPSON

1 HOLLEY, DRIGGS, WALCH,
 2 FINE, WRAY, PUZEY & THOMPSON
 James W. Puzey, Esq. (NV Bar No. 5745)
 jpuzey@nevadafirm.com
 3 Clark V. Vellis, Esq. (NV Bar No. 5533)
 cvellis@nevadafirm.com
 4 Ogonna M. Brown, Esq. (NV Bar No. 7589)
 obrown@nevadafirm.com
 5 800 South Meadows Parkway, #800
 Reno, Nevada 89521
 6 Telephone: 775-851-8700
 Facsimile: 702-851-7681

7 ALBRIGHT, STODDARD, WARNICK
 8 & ALBRIGHT
 G. Mark Albright, Esq. (NV Bar No. 1394)
 9 gma@albrightstoddard.com
 D. Chris Albright, Esq., (NV Bar No. 4904)
 10 dca@albrightstoddard.com
 801 South Rancho Drive, Suite D-4
 11 Las Vegas, Nevada 89106
 Telephone: 702-384-7111
 12 Facsimile: 702-384-0605
Attorneys for Plaintiffs

13 THE MILLER LAW FIRM, P.C.
 14 Christopher D. Kaye, Esq.
 (Admitted *pro hac vice*)
 15 cdk@millerlawpc.com
 950 W. University Drive, Suite 300
 16 Rochester, Michigan 48307
 Telephone: 248-841-2200
 17 *Attorneys for Plaintiff N5HYG, LLC*

18 **IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
 19 **IN AND FOR CARSON CITY**

20 CLAUDIO ARELLANO; CROWN EQUITY'S
 21 LLC; FIFTH AVENUE 2254 LLC; HALEVI
 ENTERPRISES LLC; HALEVI SV 1 LLC;
 22 HALEVI SV 2 LLC; HILLCREST
 ACQUISITIONS LLC; HILLCREST CENTER
 23 SV I LLC; HILLCREST CENTER SV II LLC;
 HILLCREST CENTER SV III LLC; IBH
 24 CAPITAL LLC; LEONITE CAPITAL LLC;
 N5HYG LLC; and RYMSSG GROUP, LLC,

Plaintiffs,

v.

27 HYGEA HOLDINGS CORP.; MANUEL
 28 IGLESIAS, an individual; EDWARD

Case No.: 18 OC 00071 1B
 Dept. No.: II

**FIRST AMENDED COMPLAINT FOR
 APPOINTMENT OF RECEIVER**

REC'D & FILED
 2018 APR 19 AM 11:03
 SUSAN MERRIWEATHER
 CLERK
 BY _____
 DEPUTY

1 MOFFLY, an individual; DANIEL T.
2 MCGOWAN, an individual; FRANK KELLY;
3 MARTHA MAIRENA CASTILLO, an
4 individual; GLENN MARRICHI, M.D., an
5 individual; KEITH COLLINS, M.D., an
6 individual; JACK MANN, M.D., an individual;
7 and JOSEPH CAMPANELLA, an individual,

8
9 Defendants.

10 Plaintiffs CLAUDIO ARELLANO; CROWN EQUITY'S LLC; FIFTH AVENUE 2254
11 LLC; HALEVI ENTERPRISES LLC; HALEVI SV 1 LLC; HALEVI SV 2 LLC; HILLCREST
12 ACQUISITIONS LLC; HILLCREST CENTER SV I LLC; HILLCREST CENTER SV II LLC;
13 HILLCREST CENTER SV III LLC; IBH CAPITAL LLC; LEONITE CAPITAL LLC; N5HYG
14 LLC; and RYMSSG GROUP, LLC, state for their Complaint as follows:

15 1. Defendant HYGEA HOLDINGS CORP. ("Hygea") is a Nevada corporation. Its
16 business is acquiring and managing physician practices and similar medical providers.

17 2. Defendant MANUEL IGLESIAS ("Iglesias") is a citizen and resident of the State
18 of Florida. He is a member of Hygea's Board of Directors.

19 3. Defendant EDWARD MOFFLY ("Moffly") is a citizen and resident of the State of
20 Florida. He is a member of Hygea's Board of Directors.

21 4. Defendant DANIEL T. MCGOWAN ("McGowan") is a citizen and resident of the
22 State of New York. He is a member of Hygea's Board of Directors.

23 5. Defendant FRANK KELLY ("Kelly") is a citizen and resident of the State of
24 Georgia. He is a member of Hygea's Board of Directors.

25 6. Defendant MARTHA MAIRENA CASTILLO ("Castillo") is a citizen and resident
26 of the State of Florida. She is a member of Hygea's Board of Directors.

27 7. Defendant GLENN MARRICHI, M.D. ("Marrichi") is a citizen and resident of the
28 State of Georgia. He is a member of Hygea's Board of Directors.

8. Defendant KEITH COLLINS, M.D. ("Collins") is a citizen and resident of the State
of Florida. He is a member of Hygea's Board of Directors.

9. Defendant JACK MANN, M.D. ("Mann") is a citizen and resident of the State of New York. He is a member of Hygea's Board of Directors.

10. Defendant JOSEPH CAMPANELLA ("Campanella") is a citizen and resident of the State of California. He is a member of Hygea's Board of Directors.

11. Plaintiff CLAUDIO ARELLANO ("Arellano") is an individual residing in the State of Florida.

12. Plaintiff Arellano paid \$2,813,200 for his 2,813,200 shares of Hygea pursuant to a December 2014 Stock Purchase Agreement (the "Arellano Stock Purchase Agreement"). **Exhibit "1,"** pp. 10-11. Pursuant to the terms of the Arellano Stock Purchase Agreement, Arellano holds 2,313,200 shares in Hygea as of the date of this filing; the balance of 500,000 shares is due to be issued to him in December 2018.

13. N5HYG paid \$30 million for its shares of Hygea in an October 2016 Stock Purchase Agreement (the "N5HYG Stock Purchase Agreement"). Hygea represented the 23,437,500 shares that N5HYG bought to represent 8.57 percent of the shares of Hygea.

14. All Plaintiffs are aware of an action that was initially filed in this Court on October 5th, 2017. It was assigned to Department 25 and received case number A-17-762664-B. One of the defendants removed the case to Federal District Court of Nevada, where it is currently pending at *N5HYG, LLC, et al v. Hygea Holdings Corp., et al*, No. 2:17-cv-02870-JCM-PAL, Judge James C. Mahan.

15. In that action, Defendant Hygea filed a motion to dismiss the plaintiffs' complaint [Dkt. # 11], to which Hygea attached as Exhibit A the aforesaid Stock Purchase Agreement stating that Hygea sold to N5HYG "Twenty-Three Million Four Hundred Thirty-Seven Thousand Five Hundred (23,437,500) shares of Common Stock, constituting 8.57% of all of the issued and outstanding Common Stock" **Exhibit "2,"** p. 1.

16. Plaintiff Fifth Avenue 2254, LLC ("Fifth Avenue") is a limited liability company organized under the laws of the State of New York.

17. Plaintiff Fifth Avenue is a registered shareholder of Hygea possessing 100,000 shares. **Exhibit "3,"** p. 1.

1 18. Plaintiff Hillcrest Acquisitions, LLC ("Hillcrest Acquisitions") is a limited liability
2 company organized under the laws of the State of New York.

3 19. Plaintiff Hillcrest Acquisitions is a registered shareholder of Hygea possessing
4 250,000 shares. **Exhibit "3,"** p. 2.

5 20. Plaintiff Hillcrest Center SV I, LLC ("Hillcrest SV I") is a limited liability company
6 organized under the laws of the State of New York.

7 21. Plaintiff Hillcrest Center SV I is a registered shareholder of Hygea possessing
8 250,000 shares, for which it paid \$125,000. **Exhibit "3,"** p. 3.

9 22. Plaintiff Hillcrest Center SV II, LLC ("Hillcrest SV II") is a limited liability
10 company organized under the laws of the State of New York.

11 23. Plaintiff Hillcrest Center SV II is a registered shareholder of Hygea possessing
12 250,000 shares, for which it paid \$125,000. **Exhibit "3,"** p. 4.

13 24. Plaintiff Hillcrest Center SV III, LLC ("Hillcrest SV III") is a limited liability
14 company organized under the laws of the State of New York.

15 25. Plaintiff Hillcrest Center SV III is a registered shareholder of Hygea possessing
16 500,000 shares, for which it paid \$125,000. **Exhibit "3,"** p. 5.

17 26. Plaintiff Leonite Capital, LLC ("Leonite") is a limited liability company organized
18 under the laws of the State of Delaware.

19 27. Plaintiff Leonite is a registered shareholder of Hygea possessing 500,000 shares,
20 for which it paid \$125,000. **Exhibit "3,"** p. 6.

21 28. Plaintiff Crown Equity's LLC ("Crown") is a limited liability company organized
22 under the laws of the State of Delaware.

23 29. Plaintiff Crown is a registered shareholder of Hygea possessing 250,000 shares.

24 30. Plaintiff Halevi Enterprises, LLC ("Halevi Enterprises") is a limited liability
25 company organized under the laws of the State of Delaware.

26 31. Plaintiff Halevi Enterprises is a registered shareholder of Hygea possessing
27 500,000 shares.

1 32. Plaintiff Halevi SV1, LLC (“Halevi SV1”) is a limited liability company organized
2 under the laws of the State of Delaware.

3 33. Plaintiff Halevi SV1 is a registered shareholder of Hygea possessing 250,000
4 shares.

5 34. Plaintiff Halevi SV2, LLC (“Halevi SV2”) is a limited liability company organized
6 under the laws of the State of Delaware.

7 35. Plaintiff Halevi SV2 is a registered shareholder of Hygea possessing 250,000
8 shares.

9 36. Plaintiff Ibh Capital LLC (“Ibh”) is a limited liability company organized under the
10 laws of the State of Delaware.

11 37. Plaintiff Ibh is a registered shareholder of Hygea possessing 250,000 shares.

12 38. Plaintiff RYMSSG Group, LLC (“RYMSSG”) is a limited liability company
13 organized under the laws of the State of Delaware.

14 39. Plaintiff RYMSSG is a registered shareholder of Hygea possessing 250,000 shares
15 for which it paid \$100,000.

16 40. Plaintiff N5HYG, LLC (“N5HYG”) is a limited liability company organized under
17 the laws of the State of Michigan for the purpose of acquiring owning shares in Hygea. All of its
18 membership shares are owned by Nevada 5, Inc., a corporation organized under the laws of the
19 State of Nevada.

20 41. Based on the N5HYG Stock Purchase Agreement’s calculations, Plaintiff Arellano,
21 Crown, Fifth Avenue, Halevi Enterprises, Halevi SV1, Halevi SV2, Hillcrest Acquisitions,
22 Hillcrest SV I, Hillcrest SV II, Hillcrest SV III, Ibh, Leonite, and RYMSSG thus collectively own
23 5,663,200 shares – approximately 2.07 percent of the shares of Hygea.

24 42. Together, based upon Hygea’s calculations and representations set forth in the
25 N5HYG Stock Purchase Agreement, the Plaintiffs herein currently own more than 10 percent of
26 the shares of Hygea.

27 43. Hygea has well more than 30 shareholders.

28 44. Venue and jurisdiction are proper in this Court.

1 45. Hygea is managed by a Board of Directors. Its top executives are CEO Manuel
2 Iglesias (“Iglesias”) and CFO Ted Moffly (“Moffly”).

3 46. Hygea’s business model is that it acquires and manages independent medical
4 practices, primarily doctors’ practices, focusing on the Southeastern United States and Florida in
5 particular. It acquires practices from their doctor owners; the doctors go from being owners to
6 employees, paid a salary by Hygea or its subsidiary medical practice. Hygea’s fundamental value
7 proposition is: let the doctors focus on medical care, while Hygea uses its economies of scale and
8 operational expertise to effectively operate the practices from a business perspective.

9 47. Hygea’s opportunity to service its substantial network of patients, which Hygea has
10 represented to be in excess of 100,000, is perhaps its greatest asset.

11 48. Hygea is failing and running out of cash.

12 49. Apparently, Hygea paid its payroll through its American Express account for some
13 time until it was apparently poised to fail to “make payroll” this past fall, until it ultimately was
14 apparently able to do so. Upon information and belief, Hygea owes approximately \$10 million to
15 American Express. **Exhibit “4.”**

16 50. Given Hygea’s apparent troubles, Hygea hired an outside consultant, FTI, to review
17 its financial performance. FTI has met with constant “roadblocks,” as Moffly and Iglesias have
18 refused to share information. Nonetheless, FTI has concluded that certain financial information
19 provided by Hygea’s management to its shareholders was “fabricated”; determined that Hygea’s
20 performance was negatively impacted by severe operational deficiencies; and was told by Iglesias
21 that Iglesias had “cooked the books” to avoid problems with a previous lender. **Exhibit “4.”**

22 51. This is consistent with Plaintiffs’ experience with Hygea.

23 52. Based on the recent representations of Hygea representatives, Plaintiffs have since
24 learned that the payroll payments have again ceased, including payments owed to physicians and
25 some management-level and other administrative staff. Further, Hygea has failed to pay payroll
26 taxes and is delinquent in payments to one or more large lenders. **Exhibit “4.”**

1 53. These financial conditions suggest that the company is at or near the point of
2 insolvency, which is consistent with what Plaintiffs have been able to learn about Hygea's
3 finances.

4 54. The coming days and weeks are pivotal to Hygea's survival. Healthcare companies
5 such as Hygea typically receive substantial public insurance reimbursements from the government
6 (i.e., for Medicare/Medicaid.). These payments come twice a year – the first of which is
7 traditionally early in the calendar year – and are existentially significant for the company. If these
8 funds or other income are mismanaged or, worse, improperly diverted by Moffly or Iglesias, then
9 then Hygea will continue to be unable to make payroll. If it fails to pay its physicians, they will
10 abandon their Hygea-owned practices and Hygea will entirely collapse.

11 55. The impact of such a collapse would be felt among Hygea doctors and other
12 employees, whose livelihoods would be greatly harmed; patients, whose treatment would suffer
13 from the likely interruption in service; and Hygea's shareholders, including, but not limited to
14 Plaintiffs, whose investments would be jeopardized if Hygea's greatest asset is wasted.

15 56. Moreover, Hygea has periodically, and again recently, represented to shareholders
16 that one or more "white knight" investors would provide an influx of capital to assist the company.
17 Of course, this has never come to fruition. Moreover, even if true, such an influx of cash would
18 further heighten the need for a receiver to oversee any such transaction, given Hygea,
19 management's demonstrated inability to properly manage its finances.

20 57. Plaintiff Arellano filed a complaint for damages against Hygea, Iglesias, and
21 another Hygea executive captioned as Filing # 60229406 in the Circuit Court of the 11th Judicial
22 Circuit, Miami-Dade County, Florida on August 10, 2017. However, this action involves different
23 parties, a discreet claim under a Nevada statute which specifically confers jurisdiction on this
24 Court, and seeks a remedy separate, apart, and distinct from the existing action.

25 58. Plaintiff N5HYG joined in filing a complaint for damages against Hygea, Iglesias,
26 Moffly, and Hygea's Board of Directors captioned as case number A-17-762664-B in this Court
27 on October 5th 2017. It was assigned to Department 25. A default was entered against Hygea,
28 although Hygea has moved to have it set aside. One of the defendants removed it to Federal Court,

where it was assigned case number 2:17-cv-02870-JCM-PAL. The plaintiffs in that action have moved to remand the case to this Court. Further, this action involves different parties, a discreet claim under a Nevada statute which specifically confers jurisdiction on this Court, and seeks a remedy separate, apart, and distinct from the existing action.

COUNT I – APPOINTMENT OF A RECEIVER

59. Plaintiffs restate each allegation as if set forth fully here.

60. Nevada law provides for the appointment of a receiver under the circumstances set forth here.

61. For example, under NRS 78.650, the Court may appoint a receiver for the mismanagement of Hygea.

62. Likewise, a receiver may be appointed under NRS 32.010 *et seq* and NRS 78.630.

63. Plaintiffs have been forced to retain attorneys to prosecute this action and are entitled to recover attorneys fees incurred.

WHEREFORE Plaintiffs pray that this Honorable Court appoint a receiver to manage Hygea Holdings Corp. and such other related relief that the Court deems appropriate.

DATED this 18th day of April, 2018.

**HOLLEY, DRIGGS, WALCH,
FINE, WRAY, PUZEY & THOMPSON**

JAMES W. PUZEY, ESQ.
NV Bar #5745
CLARK V. VELLIS, ESQ.
NV Bar #5533
OGONNA M. BROWN, ESQ.
NV BAR #007589
800 South Meadows Parkway, #800
Reno, Nevada 89521

ALBRIGHT, STODDARD, WARNICK
& ALBRIGHT
G. Mark Albright, Esq. (NV Bar No. 1394)
D. Chris Albright, Esq., (NV Bar No. 4904)
801 South Rancho Drive, Suite D-4
Las Vegas, Nevada 89106
Attorneys for Plaintiffs

THE MILLER LAW FIRM, P.C.
Christopher D. Kaye, Esq.
(Admitted *pro hac vice*)
950 W. University Drive, Suite 300
Rochester, Michigan 48307
Attorneys for Plaintiff N5HYG, LLC

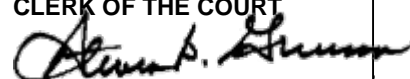
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on the 18th day of APRIL, 2018, and pursuant to NRCP 5(b), I caused to be delivered by U.S. Mail a true copy of the foregoing document addressed as follows:

Joel E. Tasca, Esq.
Maria A. Gall, Esq.
Kyle E. Ewing, Esq.
BALLARD SPAHR LLP
1980 Festival Plaza Dr., Ste. 900
Las Vegas, NV 89135
Attorneys for Defendant

Christina C. Miller
An employee of Holley, Driggs, Walch,
Fine, Wray, Puzey & Thompson

Exhibit F



PETN
G. MARK ALBRIGHT, ESQ.
Nevada Bar 001394
D. CHRIS ALBRIGHT, ESQ.
Nevada Bar No. 004904
ALBRIGHT, STODDARD, WARNICK & ALBRIGHT
801 South Rancho Drive, Suite D-4
Las Vegas, Nevada 89106
Tel: (702) 384-7111
Fax: (702) 384-0605
gma@albrightstoddard.com
dca@albrightstoddard.com

Attorneys for Plaintiffs

DISTRICT COURT
CLARK COUNTY, NEVADA

CLAUDIO ARELLANO; CROWN EQUITY'S
LLC; FIFTH AVENUE 2254 LLC; HALEVI
ENTERPRISES LLC; HALEVI SV 1 LLC;
HALEVI SV 2 LLC; HILLCREST
ACQUISITIONS LLC; HILLCREST CENTER
SV I LLC; IBH CAPITAL LLC; LEONITE
CAPITAL LLC; N5HYG LLC; and RYMSSG
GROUP, LLC,

Plaintiffs,

vs.

HYGEA HOLDINGS CORP.,

Defendant

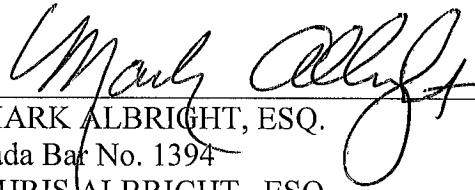
CASE NO.: A-18-768510-B
DEPT. NO.: Department 13

EMERGENCY PETITION FOR APPOINTMENT OF RECEIVER

For their Emergency Petition for Appointment of a Receiver, Plaintiffs rely upon their
Complaint, the attached Memorandum of Law, all authorities cited therein, all affidavits, and any
other materials or information provided to this Honorable Court.

1 DATED this 26th day of January, 2018.

2 ALBRIGHT, STODDARD, WARNICK
3 & ALBRIGHT

4 By 
5 G. MARK ALBRIGHT, ESQ.
6 Nevada Bar No. 1394

7 D. CHRIS ALBRIGHT., ESQ.
8 Nevada Bar No. 14466
9 801 South Rancho Drive, Suite D-4
10 Las Vegas, Nevada 89106
11 *Attorneys for Plaintiffs*

12 **MEMORANDUM OF LAW IN SUPPORT OF PETITION FOR APPOINTMENT**
13 **OF RECEIVER**

14 **INTRODUCTION**

15 Hygea is on the brink of collapse, and if the Court does not protect it over the next few
16 weeks, it will almost certainly fail. Hygea is a holding company for medical practices: basically, it
17 buys doctors' offices; pays the doctors a salary; and – in theory – makes money through
18 economies of scale and effective operations. Its promised strength is in its opportunity and
19 capability (if managed correctly) to service its substantial network of patients, which Hygea has
20 represented to be in excess of 100,000.

21 But over the last several months, it has missed payments to its lenders, employees, and
22 other creditors. Now the substantial reimbursements from the government for Medicare/Medicaid
23 patients are coming due. If the established pattern persists, any such funds paid to Hygea will
24 disappear, lost to mismanagement or worse. If the ineffective management continues through this
25 imminent reimbursement period, doctors will be unpaid, and abandon their Hygea-owned
26 practices. The subsidiary practices rendered worthless, Hygea will collapse at a total loss to its
27 shareholders and jeopardizing patient care. Only the Court can avert this scenario.

BACKGROUND

Defendant Hygea Holdings Corp. (“Hygea”) is a Nevada corporation that buys and runs medical practices. It buys the practices from their doctor owners; the doctors go from being owners to employees, and receive a salary from Hygea. Hygea’s value proposition is: let Hygea use its economies of scale and operational expertise to effectively operate the practices from a business perspective, and let the doctors focus on medical care. Hygea’s opportunity to service its substantial network of patients is perhaps its greatest asset.

The Plaintiffs are significant shareholders in Hygea, having collectively paid well in excess of \$30 million for their shares. In a recent public filing, Hygea represented the 23,437,500 shares that N5HYG bought to represent 8.57 percent of the shares of Hygea. *See Exhibit “B”* attached to the Complaint on file herein. Based on those calculations, Plaintiff Arellano, Crown, Fifth Avenue, Halevi Enterprises, Hillcrest Acquisitions, Hillcrest SV I, Hillcrest SV II, Hillcrest SV III, Ibh, Leonite, and RYMSSG thus collectively own 5,663,200 shares – approximately 2.07 percent of the shares of Hygea. Together, based upon Hygea’s calculations and representations set forth in the N5HYG Stock Purchase Agreement, the Plaintiffs herein currently own more than 10 percent of the shares of Hygea. Based on representations Hygea has made to Plaintiffs, Hygea has well over 30 shareholders, in addition to Plaintiffs.

Hygea’s top executives are CEO Manuel Iglesias (“Iglesias”) and CFO Ted Moffly (“Moffly”). Due to extensive mismanagement, Hygea is failing and running out of cash.

Given Hygea’s apparent troubles, Hygea hired an outside consultant in 2017, FTI, to review its financial performance. FTI was met with constant “roadblocks,” as Moffly and Iglesias refused to share information. Nonetheless, FTI concluded that certain financial information provided by Hygea’s management to its shareholders was “fabricated”; determined that Hygea’s performance was negatively impacted by severe operational deficiencies; and was told by Iglesias that Iglesias had “cooked the books” to avoid problems with a previous lender. **Exhibit “D”**

1 attached to the Complaint on file herein. This is consistent with Plaintiffs' experience with
2 Hygea.¹

3 As its financial position began to worsen, Hygea apparently paid its payroll through its
4 American Express account for some time until it was apparently poised to fail to "make payroll"
5 this past fall, until it ultimately was apparently able to do so. Upon information and belief, Hygea
6 owes approximately \$10 million to American Express. And now, based on the recent
7 representations of Hygea representatives, Plaintiffs have since learned that the payroll payments
8 have again ceased, including payments owed to physicians and some management-level and other
9 administrative staff. **Exhibit "D."** attached to the Complaint on file herein. Indeed, Hygea is
10 already defending at least one recent lawsuit filed by an employee to whom it failed to pay
11 overtime. *See Espinoza v. Hygea Holdings Corp., et al*, Case 1:17-cv-24180 (N.D. Fla. 2017).
12

13 In short, Hygea has had problems making its primary payments – payroll – and this
14 problem has reached a crisis level where the paychecks simply are not being paid. Further, Hygea
15 has failed to pay payroll taxes and is delinquent in payments to one or more large lenders. **Exhibit**
16 **"D,"** attached to the Complaint on file herein. These financial conditions suggest that the
17 company is at or near the point of insolvency, which is consistent with what Plaintiffs have been
18 able to learn about Hygea's finances.
19

20 The coming days and weeks are pivotal to Hygea's survival. Healthcare companies such as
21 Hygea typically receive substantial Medicaid/Medicare reimbursement checks from state
22 governments/the United States government. These payments come twice a year – the first of
23 which is traditionally early in the calendar year – and are existentially significant for the company.
24 If these funds or other income are mismanaged or, worse, improperly diverted by Moffly or
25

26
27 ¹ It is also consistent with Hygea's failure to provide financial information required under the
28 N5HYG Stock Purchase Agreement. Under Section 6.6, Hygea promised to provide accurate and
complete 2014 and 2015 financials by November 30, 2016. This deadline is past, but Hygea has
failed to provide the promised financials or the promised projections and assumptions.

1 Iglesias, then Hygea will continue to be unable to make payroll. If it fails to pay its physicians,
2 they will abandon their Hygea-owned practices and Hygea will entirely collapse.

3 The impact of such a collapse would be felt among Hygea doctors and other employees,
4 whose livelihoods would be greatly harmed; patients, whose treatment would suffer from the
5 likely interruption in service; and Hygea's shareholders, including, but not limited to Plaintiffs,
6 whose investments would be jeopardized if Hygea's greatest asset is wasted.

7 Moreover, Hygea has periodically, and again recently, represented to shareholders that one
8 or more "white knight" investors would provide an influx of capital to assist the company. Of
9 course, this has never come to fruition. Moreover, even if true, such an influx of cash would
10 further heighten the need for a receiver to oversee any such transaction, given Hygea
11 management's demonstrated inability to properly manage its finances.
12

13 ARGUMENT

14 **I. The Court should appoint a receiver under NRS 78.650.**

15 Fortunately, Nevada's Private Corporations statute gives the Court broad authority to
16 rescue Hygea by appointing a receiver. Under NRS 78.650:

- 17 1. Any holder or holders of one-tenth of the issued and outstanding stock may
18 apply to the district court in the county in which the corporation has its
19 principal place of business or, if the principal place of business is not located in
20 this State, to the district court in the county in which the corporation's
21 registered office is located, for an order dissolving the corporation and
22 appointing a receiver to wind up its affairs, and by injunction restrain the
23 corporation from exercising any of its powers or doing business whatsoever,
24 except by and through a receiver appointed by the court, whenever:

25 (a) The corporation has willfully violated its charter;

26 (b) Its trustees or directors have been guilty of fraud or collusion or gross
27 mismanagement in the conduct or control of its affairs;

28 (c) Its trustees or directors have been guilty of misfeasance, malfeasance or
nonfeasance;

(d) The corporation is unable to conduct the business or conserve its assets
by reason of the act, neglect or refusal to function of any of the directors
or trustees;

- (e) The assets of the corporation are in danger of waste, sacrifice or loss through attachment, foreclosure, litigation or otherwise;
- (f) The corporation has abandoned its business;
- (g) The corporation has not proceeded diligently to wind up its affairs, or to distribute its assets in a reasonable time;
- (h) The corporation has become insolvent;
- (i) The corporation, although not insolvent, is for any cause not able to pay its debts or other obligations as they mature; or
- (j) The corporation is not about to resume its business with safety to the public.

- 2. The application may be for the appointment of a receiver, without at the same time applying for the dissolution of the corporation, and notwithstanding the absence, if any there be, of any action or other proceeding in the premises pending in such court.

Thus, “[u]nder [this statute], the district court may appoint a temporary receiver in a number of instances, including, but not limited to, situations where corporate directors are guilty of fraud or gross mismanagement or where the assets of the corporation are in danger of waste.” *Med. Device All., Inc. v. Ahr*, 116 Nev. 851, 862, 8 P.3d 135, 142 (2000), *abrogated on other grounds*, *Costello v. Casler*, 127 Nev. 436, 440 n.4, 254 P.3d 631, 634 (2011). This is exactly the sort of situation in which such an appointment is appropriate.

A. The Court has authority to appoint a receiver under NRS 78.650(1).

As set forth above, NRS 78.650(1) applies if the plaintiffs own between them at least ten percent of the corporation’s stock. As described above, based upon Hygea’s calculations and representations set forth in the N5HYG Stock Purchase Agreement, the Plaintiffs herein currently own more than 10 percent of the shares of Hygea, thus exceeding the statutory threshold.

Even if the statute applied only to non-closely held corporations, there is no doubt that Hygea is not a closely held corporation for purposes of the statute. First, in order to qualify as a closely held corporation exempt from the NRS 78.650, Hygea would need to have fewer than 30

1 shareholders: “[a]ll of the issued stock of the corporation of all classes, exclusive of treasury
2 shares, must be represented by certificates and must be held of record by a specified number of
3 persons, *not to exceed 30.*” NRS 78A.0201)(a) (emphasis added). As of October 2016, Hygea
4 represented that it had 275, **Exhibit “B,”** p. 2, attached to the Complaint on file herein, and there
5 is no indication that number has since decreased.

6 Moreover, Hygea has not satisfied the manifold additional requirements to be considered a
7 closely held corporation under Nevada law. For example, pursuant to NRS 78A.020(2), “[t]he
8 articles of incorporation of a close corporation *must*:

9
10 (a) Set forth the matters required by NRS 78.035 except that the articles *must* state
that there will be *no board of directors if so agreed* pursuant to NRS 78A.070.

11 (b) Contain a heading stating the name of the corporation and that it is a close
12 corporation.

13 *Id* (emphasis added). Hygea’s Articles of Incorporation (“Articles”) do not satisfy either
14 requirement. NRS 78A.020(2)(a) is not satisfied because the Articles clearly provide that “the
15 number of directors shall not be reduced to less than one (1)” and there is no mention of NRS
16 78A.070 as required by the statute. **Exhibit “E,”** at 3. Furthermore, NRS 78A.020(2)(b) is not
17 satisfied because nowhere do the Articles indicate that Hygea is a close corporation. *See generally,*
18 **Exhibit “E.”** In fact, the Articles clearly indicate that they are adopted “PURSUANT TO NRS
19 78” which governs ordinary corporations, and not NRS Chapter 78A, governing close
20 corporations. *See, e.g.,* NRS 78A.020 *et. seq.*

21
22 In short, Hygea has failed to satisfy the many requirements of a close corporation under
23 Nevada law, any one of which is sufficient to preclude Hygea from being considered closely held.²

24 **B. Appointment of a receiver under NRS 78.650(1) is appropriate.**

25
26
27 ² Even if Hygea were a closely held corporation, this would not prevent the Plaintiffs from requesting
28 dissolution. *See, e.g., Bedore v. Familian*, 125 P.3d 1168, 1171, 122 Nev. 5, 10 (2006) (“NRS 78A.140(1)(a) allows
shareholders of a close corporation to request dissolution or appointment of a receiver when division among the
shareholders threatens ‘irreparable injury.’”).

1 This is exactly the sort of case in which appointment of a receiver under NRS 78.650(1) is
2 appropriate. First of all, the top executives Iglesias and Moffly have engaged in misconduct in
3 mismanaging the business, and, at the very least, the Board has failed in its obligation to oversee
4 them. Under the statute, a trustee for the corporation is warranted if:

5 (a) Its trustees or directors have been guilty of fraud or collusion or gross mismanagement
6 in the conduct or control of its affairs; or

7 (b) Its trustees or directors have been guilty of misfeasance, malfeasance or nonfeasance;

8 Misfeasance or nonfeasance equates to negligence. *See, e.g., Robertson v. Sichel*, 127 U.S.
9 507, 515–516, 8 S.Ct. 1286, 3 L.Ed. 203 (1888) (“A public officer or agent is not responsible for
10 the misfeasances or positive wrongs, or for the nonfeasances, or negligences, or omissions of duty,
11 of the subagents or servants or other persons properly employed by or under him, in the discharge
12 of his official duties,” quoted approvingly in *Ashcroft v. Iqbal*, 556 U.S. 662, 676, 129 S. Ct. 1937,
13 1948, 173 L. Ed. 2d 868 (2009)). At the very least, Hygea’s top management has been negligent.
14 In fact, there is substantial evidence that the conduct has risen to the level of intentional
15 culpability. The financial statements provided to shareholders were “fabricated,” and Iglesias
16 admitted to “cooking to books” in order to avoid “problems” with a lender.

17 Hygea’s financial distress is an independent reason why a receiver should be appointed.
18 Under NRS 78.650(1)(h), a receiver is warranted if “[t]he corporation has become insolvent.”
19 Here, Hygea is apparently presumably insolvent. “A debtor is insolvent if the sum of the debtor's
20 debts is greater than all of the debtor's assets at a fair valuation.” Nev. Rev. Stat. Ann. §
21 112.160(1). Here, there is no way to prove insolvency until a receiver is appointed and is able to
22 review the company’s books. But “[a] debtor who is generally not paying his or her debts as they
23 become due is presumed to be insolvent.” Nev. Rev. Stat. Ann. § 112.160(2). As discussed above,
24 Hygea has missed its payment to its shareholders and lender, and is currently failing to make
25 payroll. It is thus presumptively insolvent.
26
27
28

1 Even if Hygea is not presumptively insolvent, it falls within NRS 78.650(1)(i), which
2 provides for a receiver if “[t]he corporation, although not insolvent, is for any cause not able to
3 pay its debts or other obligations as they mature.”

4 Of course, management’s misconduct and the failure to pay obligations are related. If
5 Hygea is not, in fact, facing insolvency-level distress, then disastrous mismanagement is the only
6 explanation for why it is failing to make payments as rudimentary as payroll and payroll taxes.
7 Conversely, if, *arguendo*, management was honest and competent, then the failure to make payroll
8 and other required payments can only be explained by objectively dire financial circumstances that
9 would themselves justify the appointment of a receiver. In truth, it is surely the case that
10 management’s misconduct has at the very least exacerbated the present desperate situation.
11

12 In any event, subsections (d) and (e) clearly apply as well. They provide for a receiver if:

13 (d) The corporation is unable to conduct the business or conserve its assets by
14 reason of the act, neglect or refusal to function of any of the directors or trustees;

15 (e) The assets of the corporation are in danger of waste, sacrifice or loss through
16 attachment, foreclosure, litigation or otherwise;

17 As discussed above, Hygea is scheduled to receive substantial government reimbursements
18 over the next few days and weeks. If the pattern of mismanagement holds, these funds will likely
19 be mismanaged or diverted. If that is allowed to happen, the funds needed to pay doctor, nurse,
20 and clinical staff salaries will be unavailable. Doctors will abandon their Hygea practices and the
21 corporation will collapse.

22 In short, a receiver would be appropriate if the corporation was mismanaged, *or* failing to
23 pay its bills, *or* if there was a risk of future mismanagement. Here, there is mismanagement *and*
24 missed critical payments *and* an imminent risk of corporate collapse from further mismanagement.
25 Once again, this is exactly the sort of situation for which the statute was enacted.

26 **II. Hygea’s distress also warrants appointment of a receiver under additional statutes.**
27
28

Several additional bases exist for the appointment of a receiver. For example, for many of the same reasons as explained above, a receiver would be warranted under NRS 78.630:

1. Whenever any corporation becomes insolvent or suspends its ordinary business for want of money to carry on the business, or if its business has been and is being conducted at a great loss and greatly prejudicial to the interest of its creditors or stockholders, any creditors holding 10 percent of the outstanding indebtedness, or stockholders owning 10 percent of the outstanding stock entitled to vote, may, by petition setting forth the facts and circumstances of the case, apply to the district court of the county in which the principal office of the corporation is located or, if the principal office is not located in this State, to the district court in the county in which the corporation's registered office is located for a writ of injunction and the appointment of a receiver or receivers or trustee or trustees.

2. The court, being satisfied by affidavit or otherwise of the sufficiency of the application and of the truth of the allegations contained in the petition and upon hearing after such notice as the court by order may direct, shall proceed in a summary way to hear the affidavits, proofs and allegations which may be offered in behalf of the parties.

3. If upon such inquiry it appears to the court that the corporation has become insolvent and is not about to resume its business in a short time thereafter, or that its business has been and is being conducted at a great loss and greatly prejudicial to the interests of its creditors or stockholders, so that its business cannot be conducted with safety to the public, it may issue an injunction to restrain the corporation and its officers and agents from exercising any of its privileges or franchises and from collecting or receiving any debts or paying out, selling, assigning or transferring any of its estate, money, lands, tenements or effects, except to a receiver appointed by the court, until the court otherwise orders.

As explained above, the corporation is presumptively insolvent; it has "suspend[ed] its ordinary business for want of money to carry on the business" in that it has ceased to pay its doctors; and "its business has been and is being conducted at a great loss and greatly prejudicial to the interest of its creditors or stockholders" as indicated by its severe financial distress and inability to pay obligations.

Additionally, it is also appropriate to appoint a receiver in this case pursuant to NRS 32.010, which provides that:

"Cases in which receiver may be appointed. A receiver may be appointed by the court in which an action is pending, or by the judge thereof:

1. In an action by a vendor to vacate a fraudulent purchase of property, or by a creditor to subject any property or fund to the creditor's claim, or between

1 partners or others jointly owning or interested in any property or fund, on
2 application of the plaintiff, or of any party whose right to or interest in the property
3 or fund, or the proceeds thereof, is probable, and where it is shown that the
property or fund is in danger of being lost, removed or materially injured.

...

4 6. In all other cases where receivers have heretofore been appointed by the
usages of the courts of equity.”

5 NRS 32.010. Plaintiffs clearly have demonstrated a property interest in Hygea that is in danger of
6 materially injury, in light of Hygea’s precarious financial position, its mismanagement, and the
7 possible looting by management. Moreover, the appointment of a receiver under these
8 circumstances is entirely consistent with the Court’s equitable authority. For all of these reasons,
9 the appointment of a receiver is undoubtedly warranted.

10
11 **III. Plaintiffs propose Fredrick P. Waid to serve as receiver**

12 Plaintiffs propose that the Court appoint Fredrick P. Waid, Esq. as receiver over Hygea.
13 Mr. Waid has extensive experience and has been appointed by numerous state and federal courts
14 to serve as a receiver, special servicer, successor trustee, and interim corporate officer. **Exhibit**
15 **“F.”** In addition, he has worked with the SEC and other regulatory agencies to investigate
16 investment-related and other violations. *Id.* Over the last twenty years, Mr. Waid has also served
17 as an officer and director at numerous healthcare companies, including Med Qual, HCR Net,
18 Claimlogic, Nevada Cancer Center, and Sierra Health Affiliates, and he is currently an officer and
19 director of Evincemed Corp., a healthcare information technology company. *Id.* He also spent
20 twenty-one years as an officer and director of Farmers & Merchants Bank, Red Rock Community
21 Bank, and Bank of Las Vegas. *Id.*

22
23 Mr. Waid’s extensive experience in banking and finance, as a receiver, and as a regulatory
24 investigator, combined with his extensive experience in the healthcare industry, make him an ideal
25 candidate to serve as receiver over Hygea—a financially distressed healthcare company that has
26 been mismanaged and defrauded by its officers. Mr. Waid has informed Plaintiffs that he is
27 available to take on the role of receiver should the Court decide to appoint him.
28

CONCLUSION

For all of the reasons set forth throughout, the Court should appoint a receiver to manage the affairs of Hygea Holding Corp.

DATED this 26th day of January, 2018.

ALBRIGHT, STODDARD, WARNICK
& ALBRIGHT


By 
G. MARK ALBRIGHT, ESQ.
Nevada Bar No. 1394
D. CHRIS ALBRIGHT., ESQ.
Nevada Bar No. 14466
801 South Rancho Drive, Suite D-4
Las Vegas, Nevada 89106
Attorneys for Plaintiffs

EXHIBIT “E”

PET000342

STATE OF NEVADA

BARBARA K. CEGAVSKE
Secretary of State



JEFFERY LANDERFELT
Deputy Secretary
for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

December 11, 2015

Job Number: C20151209-2075
Reference Number: 00010152027-48
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20080570516-84	Articles of Incorporation	2 Pages/1 Copies
20110361332-02	Amendment	1 Pages/1 Copies



Respectfully,

Handwritten signature of Barbara K. Cegavske in black ink.

BARBARA K. CEGAVSKE
Secretary of State

Certified By: Christine Rakow
Certificate Number: C20151209-2075
You may verify this certificate
online at <http://www.nvsos.gov/>

Commercial Recording Division
202 N. Carson Street
Carson City, Nevada 89701-4201
Telephone (775) 684-5708
Fax (775) 684-7138

PET000343



DEAN HELLER
 Secretary of State
 206 North Carson Street
 Carson City, Nevada 89701-4298
 (775) 684 6708
 Website: secretaryofstate.biz

Filed in the office of	Document Number
	20080570516-84
Ross Miller Secretary of State State of Nevada	Filing Date and Time 08/26/2008 9:45 AM
	Entity Number E0550162008-5

Articles of Incorporation

(PURSUANT TO NRS 78)

Important: Read attached instructions before completing form.

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Corporation:	Piper Acquisition II, Inc.		
2. Resident Agent Name and Street Address: <small>(Nevada resident agent must be a resident of Nevada)</small>	VCorp Services, LLC Name 1409 Bonita Avenue Street Address Las Vegas, NEVADA 89104 City State Zip Code Optional Mailing Address City State Zip Code		
3. Shares: <small>(Number of shares authorized to be issued)</small>	Number of shares with par value: 260,000,000 Per value: \$.0001 Number of shares without par value: -0-		
4. Names & Addresses of Board of Directors/Trustees: <small>(Minimum 1 director/trustee must be a resident of Nevada)</small>	1. Stephen M. Fleming, Esq. Name c/o Fleming PLLC 403 Merrick Ave, 2nd Fl Street Address E. Meadow, NY 11554 City State Zip Code 2. _____ Name Street Address City State Zip Code 3. _____ Name Street Address City State Zip Code		
5. Purpose: <small>(Optional - see instructions)</small>	The purpose of this Corporation shall be: To engage in any lawful activity		
6. Names, Address and Signature of Incorporator: <small>(Attach additional page if there is more than 1 incorporator)</small>	Stephen M. Fleming, Esq. Name c/o Fleming PLLC 403 Merrick Ave, 2nd Fl Address E. Meadow, NY 11554 City State Zip Code Signature		
7. Certificate of Acceptance of Appointment of Resident Agent:	I hereby accept appointment as Resident Agent for the above named corporation. Authorized Signature of R.A. or On Behalf of R.A. Company Date: 8/26/08		

This form must be accompanied by appropriate fees. See attached fee schedule.

NV001 - 10/18/2004 CT System Online

Nevada Secretary of State Form 70 ARTICLES 2003
 Revised on: 11/01/03

PET000344

Exhibit A

EIGHT: The corporation is authorized to issue two classes of stock. One class of stock shall be common stock, par value \$0.0001, of which the Corporation shall have the authority to issue 250,000,000 shares. The second class of stock shall be preferred stock, par value \$0.0001, of which the corporation shall have the authority to issue 10,000,000 shares. The preferred stock, or any series thereof, shall have such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as shall be expressed in the resolution or resolutions providing for the issue of such stock adopted by the board of directors and may be made dependent upon facts ascertainable outside such resolution or resolutions of the board of directors, provided that the matter in which such facts shall operate upon such designations, preferences, rights and qualifications; limitations or restrictions of such class or series of stock is clearly and expressly set forth in the resolution or resolutions providing for the issuance of such stock by the board of directors.

NINTH: The governing board of this corporation shall be known as the Board of Directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the bylaws of this corporation, providing that the number of directors shall not be reduced to less than one (1).

TENTH: After the amount of the subscription price, the purchase price, of the par value of the stock of any class or series is paid into the corporation, owners or holders of shares of any stock in the corporation may never be assessed to pay the debts of the corporation.

ELEVENTH: The corporation is to have a perpetual existence.

TWELFTH: No director or officer of the corporation shall be personally liable to the corporation or any of its stockholders for damages for breach of fiduciary duty as a director or officer for any act or omission of any such director or officer; however, the foregoing provision shall not eliminate or limit the liability of a director or officer for (a) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law; or (b) the payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes. Any repeal or modification of this Article by the stockholders of this corporation shall be prospective only and shall not adversely affect any limitation on the personal liability of a director or officer of the corporation for acts or omissions prior to such repeal or modification.

THIRTEENTH: No shareholder shall be entitled as a matter of right to subscribe for or receive additional shares of any class of stock of the corporation, whether now or hereafter authorized, or any bonds, debentures or securities convertible into stock, but such additional shares of stock or other securities convertible into stock may be issued or disposed of by the Board of Directors to such persons and on such terms as in its discretion it shall deem advisable.

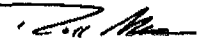
FOURTEENTH: This corporation reserves the right to amend, alter, change or repeal and provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed by statute, or by the Articles of Incorporation, and all rights conferred upon the Stockholders herein are granted subject to this reservation.



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4820
(775) 684 8708
Website: www.nvsos.gov



090201

Filed in the office of  Ross Miller Secretary of State State of Nevada	Document Number 20110361332-02 Filing Date and Time 05/16/2011 8:00 AM Entity Number E0550162008-5
--	--

Certificate of Amendment
(PURSUANT TO NRS 78.385 AND 78.390)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

PIPER ACQUISITION II, INC.

2. The articles have been amended as follows: (provide article numbers, if available)

Article ONE NAME: The complete name of the Corporation shall be Hygea Holdings Corp.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise a least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of Incorporation* have voted in favor of the amendment is:

64.4%

4. Effective date of filing: (optional)

5/16/11

(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X

Signature of Officer

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote. In addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Amend Profit-After
Revised: 3-8-09

PET000346

EXHIBIT “F”

PET000347

FREDRICK P. WAID, ESQ.

10080 W. Alta Drive, Suite 200, Las Vegas, Nevada 89145
(702) 385-2500 office (702) 280-5759 mobile
fwaid@hutchlegal.com

Fred is an Of Counsel member of the law firm of Hutchison & Steffen. He is also an officer and director of Evincemed Corp., a healthcare information technology company. Since 1997, Fred has served as an officer, director, general counsel and advisor to various healthcare companies including Med Qual, HCR Net, Claimlogic, Nevada Cancer Center and Sierra Health Affiliates.

Fred has been appointed by state and federal courts as a receiver, special servicer, successor trustee and interim corporate officer. He has led and worked on investigative teams with the Securities and Exchange Commission and other regulatory agencies.

From 1994 until 2015, Fred served as an officer and director of Farmers & Merchants Bank, Red Rock Community Bank and Bank of Las Vegas.

A graduate of Baylor Law School and Brigham Young University, Fred has served on a number of charitable boards and foundations.

Fred and his wife are the parents of six children.

Exhibit G

Table 1

Substantive Receivership Complaint Allegation	Corresponding Amended Complaint Paragraph(s)
<p>N5HYG paid \$30 million for its shares of Hygea in an October 2016 Stock Purchase Agreement (the “N5HYG Stock Purchase Agreement”). Hygea represented the 23,437,500 shares that N5HYG bought to represent 8.57 percent of the shares of Hygea.</p> <p>¶ 12</p>	<p>¶ 1</p>
<p>Hygea is managed by a Board of Directors. Its top executives are CEO Manuel Iglesias (“Iglesias”) and CPO Ted Moffly (“Moffly”).</p> <p>¶ 45</p>	<p>¶¶ 2,3, & 4</p>
<p>Hygea is managed by a Board of Directors. Its top executives are CEO Manuel Iglesias (“Iglesias”) and CPO Ted Moffly (“Moffly”).</p> <p>Hygea’s business model is that it acquires and manages independent medical practices, primarily doctors’ practices, focusing on the Southeastern United States and Florida in particular. It acquires practices from their doctor owners; the doctors go from being owners to employees, paid a salary by Hygea or its subsidiary medical practice. Hygea’s fundamental value proposition is: let the doctors focus on medical care, while Hygea uses its economies of scale and operational expertise to effectively operate the practices from a business perspective. ¶ 46</p>	<p>¶ 38</p>
<p>Hygea is failing and running out of cash. ¶ 48</p>	<p>¶¶ 29 & 57</p>
<p>Apparently, Hygea paid its payroll through its American Express account for some time until it was apparently poised to fail to “make payroll” this past fall, until it ultimately was apparently able to do so. Upon information and belief, Hygea owes approximately \$10 million to American Express. ¶ 49</p>	<p>¶ 57</p>
<p>Given Hygea’s apparent troubles, Hygea hired an outside consultant, FTI, to review its financial performance. FTI has met with constant “roadblocks,” as Moffly and Iglesias have refused to share information. Nonetheless, FTI has concluded that certain financial information provided by Hygea’s management to its shareholders was “fabricated”; determined that Hygea’s performance was negatively impacted by severe operational deficiencies; and was told by Iglesias that Iglesias had “cooked the books” to avoid problems with a previous lender. ¶ 50</p>	<p>¶¶ 58, 59, 60, 61, 62, & 75</p>

Substantive Receivership Complaint Allegation	Corresponding Amended Complaint Paragraph(s)
<p>Based on the recent representations of Hygea representatives, Plaintiffs have since learned that the payroll payments have again ceased, including payments owed to physicians and some management-level and other administrative staff. Further, Hygea has failed to pay payroll taxes and is delinquent in payments to one or more large lenders. ¶ 52</p>	<p>¶¶ 29 & 57</p>
<p>These financial conditions suggest that the company is at or near the point of insolvency, which is consistent with what Plaintiffs have been able to learn about Hygea's finances. ¶53</p>	<p>¶¶ 29, 30, & 57</p>
<p>The coming days and weeks are pivotal to Hygea's survival. Healthcare companies such as Hygea typically receive substantial public insurance reimbursements from the government (i.e., for Medicare/Medicaid.). These payments come twice a year - the first of which is traditionally early in the calendar year- and are existentially significant for the company. If these funds or other income are mismanaged or, worse, improperly divelied by Moffly or Iglesias, then then Hygea will continue to be unable to make payroll. If it fails to pay its physicians, they will abandon their Hygea-owned practices and Hygea will entirely collapse. ¶ 54</p>	<p>¶¶ 61, 65, 67, 73, & 75</p>
<p>Moreover, Hygea has periodically, and again recently, represented to shareholders that one or more "white knight" investors would provide an influx of capital to assist the company . Of course, this has never come to fruition. Moreover, even if true, such an influx of cash would further heighten the need for a receiver to oversee any such transaction, given Hygea, management's demonstrated inability to properly manage its finances. ¶ 56</p>	<p>¶¶ 73, 74, & 75</p>

Exhibit H

1 FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
2 IN AND FOR CARSON CITY
3

4 CLAUDIO ARELLANO; CROWN EQUITIES
5 LLC; FIFTH AVENUE 2254 LLC; HALEVI
6 ENTERPRISES LLC; HALEVI SV I LLC,
7 et al,

8 Plaintiffs,

9 -vs-

Case No. 18 OC 00071 1B

10 HYGEA HOLDINGS CORP,

11 Defendant.
12 _____/

13
14 TRIAL TRANSCRIPT
15 VOLUME I
16 PAGES 1 - 280
17

18 DATE: Monday, May 14, 2018

19 TIME: 9:00 a.m.

20 LOCATION: Carson City District Court

21 885 E. Musser Street

22 Carson City, Nevada
23
24

25 REPORTER: Daren Bloxham RPR/CSR-685

Fortz Legal Support

www.FortzLegal.com

844.730.4066

FORTZ
Legal

PET000353 001

FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR CARSON CITY

CLAUDIO ARELLANO; CROWN EQUITIES
LLC; FIFTH AVENUE 2254 LLC; HALEVI
ENTERPRISES LLC; HALEVI SV I LLC,
et al,

Plaintiffs,

-vs-

Case No. 18 OC 00071 1B

HYGEA HOLDINGS CORP,

Defendant.

_____ /

TRIAL TRANSCRIPT

VOLUME I

PAGES 1 - 280

DATE: Monday, May 14, 2018

TIME: 9:00 a.m.

LOCATION: Carson City District Court

885 E. Musser Street

Carson City, Nevada

REPORTER: Daren Bloxham RPR/CSR-685

<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES: 2 THE MILLER LAW FIRM, PC 3 By: Mr. Christopher D. Kaye 4 Mr. David B. Viar 5 Mr. William Kallas 6 950 West University Drive, Suite 300 7 Rochester, Michigan 48307 8 248.841.2200 9 cdk@millerlawpc.com 10 dbv@millerlawpc.com 11 wk@millerlawpc.com 12 Appearing on behalf of the Plaintiffs 13 OAKLAND LAW GROUP 14 By: Mr. Kevin J. Watts 15 38955 Hills Tech Drive 16 Farmington Hills, Michigan 48331 17 248.536.3282 18 kwatts@oaklandlawgroup.com 19 Appearing on behalf of the Plaintiffs 20 HOLLEY DRIGGS WALCH FINE WRAY PUZEY THOMPSON 21 By: Mr. Clark V. Vellis 22 800 S. Meadows Parkway, Suite 800 23 Reno, Nevada 89521 24 775.851.8700 25 cvellis@nevadafirm.com Appearing on behalf of the Plaintiffs BALLARD SPAHR, LLP By: Mr. Kyle E. Ewing Ms. Maria A. Gall 1980 Festival Plaza Drive, Suite 900 Las Vegas, Nevada 89135 702.471.7000 ewingk@ballardspahr.com gallm@ballardspahr.com Appearing on behalf of the Defendant KAEMPFER CROWELL By: Mr. Severin A. Carlson Ms. Tara Zimmerman 50 West Liberty Street, Suite 700 Reno, Nevada 89501 775.852.3900 scarlson@kcnvlaw.com tzimmerman@kcnvlaw.com Appearing on behalf of the Defendant</p>	<p style="text-align: right;">Page 4</p> <p>1 P-R-O-C-E-E-D-I-N-G-S 2 --oOo-- 3 THE COURT: Good morning. Please be seated. 4 18 OC 71, Arellano v. Hygea. This is the time set for 5 trial. 6 Counsel, I'm going to have you start from the 7 left and state your appearances and who you have with 8 you, if they're parties, from the left. My left. 9 MR. VELLIS: Clark Vellis on behalf of 10 plaintiffs, Your Honor. 11 MR. VIAR: David Viar on behalf of 12 plaintiffs. 13 MR. KAYE: Your Honor, Christopher Kaye 14 presenting for the plaintiffs, representing N5HYG, LLC. 15 We have with us Chris Fowler, who is the agent 16 representative of N5HYG, LLC, as well as Kevin Watts, 17 who the Court -- with whom the Court is familiar with, 18 and William Kalas from our office, who will not be 19 arguing or presenting but is here to provide 20 assistance. 21 We will also have Paige Szymanski in the same 22 capacity, although all she is engaged in preparation 23 and some of the logistics right now, but she will be 24 joining us. 25 Thank you, Your Honor.</p>
<p style="text-align: right;">Page 3</p> <p>1 I N D E X 2 OPENING ARGUMENTS 3 By Mr. Kaye 22 4 By Ms. Gall 40 5 6 WITNESS: Christopher Fowler 7 EXAMINATION 8 Direct By: Mr. Viar 53 9 Cross By: Ms. Gall 115 10 Redirect By: Mr. Viar 129 11 Recross By: Ms. Gall 139 12 13 WITNESS: Dan Miller (via video) 144 14 WITNESS: Norman Gaylis (via video) 196 15 16 EXHIBITS RECEIVED 17 Exhibit 2 73 18 Exhibit 19 89 19 Exhibit 20 89 20 Exhibit 41 98 21 Exhibit 25 104 22 Exhibit 22 108 23 Exhibit 36 112 24 Exhibit 82 128 25 Exhibit 193 128 Exhibit 7 141 Exhibit 39 192 Exhibit 38 194 Exhibit 122 195</p>	<p style="text-align: right;">Page 5</p> <p>1 THE COURT: Thank you. 2 MS. GALL: Good morning, Your Honor. Maria 3 Gall from Ballard Spahr representing Hygea Holdings 4 Corp. and the individual defendants. I have with me my 5 co-counsel, Mr. Carlson, from Kaempfer Crowell. 6 I have my colleague, Kyle Ewing, from Ballard 7 Spahr; my co-counsel, Tara Zimmerman, from Kaempfer 8 Crowell. And then also I have Mr. Keith Collins -- I'm 9 sorry, Dr. Keith Collins, who is one of the individual 10 defendants, but also the client representative for 11 Hygea Holdings Corp. I also have with me Mr. Manuel 12 Iglesias, the former CEO of Hygea, who's also one of 13 the individual defendants. 14 THE COURT: All right. Thank you. So I had 15 placed on your tables the written rulings on -- I think 16 those are all the pending motions. Am I correct on 17 that, nothing else is left outstanding? 18 MS. GALL: I believe that's correct, 19 Your Honor. 20 MR. KAYE: I believe that's correct as well, 21 Your Honor. 22 THE COURT: All right. And I think as we had 23 discussed the last time that I spoke with you, 11 and a 24 half hours each? 25 MS. GALL: That is our understanding,</p>

<p style="text-align: right;">Page 6</p> <p>1 Your Honor.</p> <p>2 MR. KAYE: That's our understanding as well,</p> <p>3 Your Honor.</p> <p>4 THE COURT: All right. So the law clerk,</p> <p>5 Ms. Hellman, will be keeping track of the time.</p> <p>6 Mr. Kaye, are you ready to proceed?</p> <p>7 MR. KAYE: Your Honor, I am. There were a</p> <p>8 few preliminary evidentiary issues --</p> <p>9 THE COURT: All right.</p> <p>10 MR. KAYE: -- that we were inclined, I think</p> <p>11 both, to present to the Court at the outset. And I</p> <p>12 would characterize them that, first of all, in the --</p> <p>13 in the motion for contempt, there is an indication that</p> <p>14 materials -- financial materials created by Hygea or</p> <p>15 further financial materials created by Hygea will not</p> <p>16 be admitted into evidence.</p> <p>17 Your Honor, we are -- we are prepared to</p> <p>18 ourselves present the sell side due diligence report</p> <p>19 and unaudited draft quality of earnings report that I</p> <p>20 believe was provided on April 30th.</p> <p>21 So we would -- we would -- it wasn't entirely</p> <p>22 clear to me where those fell within the order, but we</p> <p>23 are prepared to allow those to come in and use those</p> <p>24 ourselves.</p> <p>25 THE COURT: Ms. Gall?</p>	<p style="text-align: right;">Page 8</p> <p>1 by the order.</p> <p>2 MS. GALL: And, Your Honor, we would -- we</p> <p>3 would like to argue that for those documents, we would</p> <p>4 like to at least be able to make an argument to the</p> <p>5 Court why good cause is necessary for their</p> <p>6 admissibility.</p> <p>7 THE COURT: I'll allow you to do that.</p> <p>8 MS. GALL: Thank you, Your Honor.</p> <p>9 MR. KAYE: Your Honor, the other evidentiary</p> <p>10 issue that I think remains outstanding is the question</p> <p>11 of certain documents, particularly business-related</p> <p>12 emails and the general issue as to their admissibility.</p> <p>13 Now, of course, we can -- well, I would say</p> <p>14 that we've agreed on the authenticity of documents. We</p> <p>15 can, of course, argue on a document-by-document basis</p> <p>16 as to -- as to whether or not they constitute hearsay</p> <p>17 and, if so, whether or not they fall within the hearsay</p> <p>18 exception.</p> <p>19 What I think there may be an inclination to</p> <p>20 do is because these are objections that are going to be</p> <p>21 coming from the defense, to have sort of a standing</p> <p>22 objection to preserve that objection.</p> <p>23 And we might make some brief arguments about</p> <p>24 them right now so that there's a record for that, but</p> <p>25 then we proceed to examine witnesses and -- and submit</p>
<p style="text-align: right;">Page 7</p> <p>1 MS. GALL: Your Honor, clearly I don't have</p> <p>2 an objection to those being used. I did want to seek</p> <p>3 one clarification with respect to your order on the</p> <p>4 motion to strike, that we had represented that we would</p> <p>5 not be introducing the bank statements or the financial</p> <p>6 documents that were subject to the motion to strike.</p> <p>7 There are other financial documents that we</p> <p>8 did produce on April 23rd that we will seek to</p> <p>9 introduce, of course, subject to any objections on</p> <p>10 their admissibility. And I just wanted to make sure</p> <p>11 Your Honor -- Your Honor's order did not encompass</p> <p>12 those financial documents.</p> <p>13 THE COURT: Were those included in what they</p> <p>14 had moved to strike?</p> <p>15 MS. GALL: I do not believe the ones we</p> <p>16 produced on April 23rd were included in counsel's</p> <p>17 motion to strike.</p> <p>18 MR. KAYE: Conceptually, the motion to strike</p> <p>19 was the things that have not been produced.</p> <p>20 THE COURT: Okay.</p> <p>21 MR. KAYE: The one caveat that I would add to</p> <p>22 what I said earlier is that, of course, we would</p> <p>23 continue to argue that any forthcoming or any future or</p> <p>24 additional documents created by Hygea are -- financial</p> <p>25 documents created by Hygea are preemptively prohibited</p>	<p style="text-align: right;">Page 9</p> <p>1 documents, and then the Court can -- you know, can</p> <p>2 comprehensively or on a case-by-case basis make a</p> <p>3 determination without us having to stop and sort of</p> <p>4 stop the presentation to make that argument every time.</p> <p>5 THE COURT: Are these the only emails you're</p> <p>6 trying to offer, or are both sides going to be trying</p> <p>7 to offer emails?</p> <p>8 MS. GALL: I think, Your Honor, we may</p> <p>9 attempt to offer emails. But as the defense, it will,</p> <p>10 of course, depend on for the plaintiffs' presentation</p> <p>11 what they present on direct and what we will need to</p> <p>12 use on cross, especially in this case where we haven't</p> <p>13 had full discovery.</p> <p>14 And then, of course, our defense is always</p> <p>15 forming in a case such as this where we haven't had</p> <p>16 full discovery and haven't gone through the full course</p> <p>17 of the case.</p> <p>18 THE COURT: I'm -- if you want to make some</p> <p>19 preliminary arguments now, that's fine.</p> <p>20 MR. KAYE: Your Honor, I'd be happy to do</p> <p>21 that. I don't know if Ms. Gall and counsel would</p> <p>22 prepare -- would prefer to proceed herself, as they are</p> <p>23 presumptively going to be her objections.</p> <p>24 MS. GALL: Correct, Your Honor. So for many</p> <p>25 of the emails, and I do not know specifically the ones</p>

<p style="text-align: right;">Page 10</p> <p>1 that plaintiffs may seek to introduce, but at least the 2 ones that were presented on the joint exhibit list to 3 this Court are from in many instances witnesses who 4 are -- rather, I should say authors who will not be 5 witnesses in this matter. 6 The emails themselves, of course, as a 7 writing constitute hearsay. I do not believe that they 8 fall within the business records exception, 9 particularly if you don't have a witness here to be 10 able to lay the foundation that -- that the email was 11 conducted in the regular course of business. 12 And in addition, that the creation of the -- 13 that particular email itself was within the author's 14 duty in the conduct of its business. And I think you 15 need at least those -- that testimony to lay the 16 foundation so that the -- that the Court can test the 17 trustworthiness of the email to bring it in under the 18 business records exception of the hearsay exception 19 rule. 20 In addition, certain of the emails contain 21 double hearsay, where the author is actually speaking 22 to something that someone else said. And for that, I 23 haven't heard from plaintiffs' counsel what the hearsay 24 exception to the hearsay within hearsay might be for 25 certain of the emails.</p>	<p style="text-align: right;">Page 12</p> <p>1 records. 2 These are all emails that people are 3 preparing or presenting or memorandums or associate 4 sorts of documents, meeting minutes, etc., that are 5 prepared within the course of business. And they're 6 prepared in the course of business and received in the 7 course of business. 8 I would also add that even if any of them 9 fall just outside the definition of a business record, 10 they certainly fall within the NRS 51.075 that suggests 11 that the hearsay exceptions, such as the business 12 record exception, are illustrative and not exhaustive. 13 And that if the circumstances indicate that 14 the -- that the matter is trustworthy, then it should 15 be taken -- can be taken into consideration by the 16 Court. 17 I would suggest that that's particularly 18 salient in a case like this, which is a bench trial, 19 and the Court can make the appropriate estimation of 20 the weight to which any sort of evidence may be 21 afforded. 22 Beyond that, many of the emails and many of 23 the documents that I think counsel is referring to that 24 are not coming from Hygea and that are not -- or are 25 not being prepared by N5HYG's representatives are</p>
<p style="text-align: right;">Page 11</p> <p>1 And so, Your Honor, as a standing objection, 2 we would argue that if there hasn't been the proper 3 foundation laid for those emails, and if we don't have 4 an opportunity to cross the witness -- rather, I say 5 "witness," but the author of the emails in court, then 6 I would ask that they be excluded under the hearsay 7 rule if offered -- if offered for the purpose of 8 asserting the truth of the matter therein. 9 MR. KAYE: Your Honor, a few brief responses. 10 First of all, many of these emails are, in fact, 11 written by either employees or agents or consultants of 12 Hygea itself, and in many cases by individuals who are 13 themselves individual defendants. So it's a party 14 statement, offered party admission against interest 15 that simply falls outside the hearsay rule. 16 Second of all, many of the documents -- I 17 think that this we'll see in context, but many of the 18 documents contain information or assertions that we are 19 now offering for the truth of the matter asserted 20 because, frankly, we don't think the matter asserted 21 therein is true. 22 So many, many of these simply aren't hearsay 23 to begin with. For the ones that may fall within the 24 definition of hearsay, we think that they 25 comprehensively fall within the exception for business</p>	<p style="text-align: right;">Page 13</p> <p>1 documents that come from Hygea's lender, Bridging 2 Finance, who we'll hear about throughout the trial. 3 Now, these have a special indication of 4 trustworthiness as well because in these -- these 5 documents are statements of people who are either with 6 or affiliated with Bridging Finance, which has already 7 provided a declaration in this case in support of the 8 defendants' response to the petition for the 9 appointment of a receiver, and who's listed on their 10 witness list. 11 And beyond that, why would the lender be 12 making stuff up about the -- about its borrowing? 13 Beyond that, many of the -- Bridging is a Canadian 14 entity, so that creates special problems in terms of 15 securing testimony because it's -- it's not just 16 outside this Court's subpoena power vis-a-vis the other 17 49 states in the United States, it's a foreign country 18 with its own unique subpoena process. 19 So for all those reasons, and paramount being 20 that I think we just ought to -- ought to sort of lay 21 all of our cards on the table and get the facts out, we 22 think that those documents should come in. 23 THE COURT: I don't see how I can address it 24 except on a -- I mean, I have an overall picture, but I 25 think it's going to be a case-by-case basis.</p>

<p style="text-align: right;">Page 14</p> <p>1 MS. GALL: I agree, Your Honor. I think we 2 are simply seeking guidance from the Court in each 3 instance whether the Court prefers us to make a 4 standing objection or whether in each instance the 5 Court prefers, for instance, myself or Mr. Kaye, 6 depending on the situation, to make the objection, the 7 argument, and then have the Court rule at that time. 8 THE COURT: I think the objection has to be 9 made at the time. 10 MS. GALL: Understood, Your Honor. 11 MR. KAYE: Thank you, Your Honor. 12 MS. GALL: Your Honor, may we address a 13 couple more preliminary matters that counsel and I 14 conferred on yesterday? 15 THE COURT: Go ahead. 16 MS. GALL: And then I have one separate I'd 17 like to present to the Court for the record. 18 THE COURT: Before you do, we can move that 19 table so that you can sit closer to be able to confer 20 if you want. 21 MS. ZIMMERMAN: Okay. 22 THE COURT: Go ahead. 23 MS. GALL: Your Honor, as you know, there's a 24 protective order in this case. Many of the documents 25 were marked confidential or attorneys' eyes only. As</p>	<p style="text-align: right;">Page 16</p> <p>1 need to make, I need to make an oral motion for 2 preservation of the record. I'd like to make a 3 Rule 41(b) motion for dismissal based on -- I do not 4 see in the courtroom at this time the law firm Albright 5 Stoddard, which acts as, I believe, counsel for 13 of 6 the 14 plaintiffs, and which also for purposes of 7 Supreme Court Rule 42 is the attorney of record for 8 out-of-state counsel in this matter. 9 I will say I do read Supreme Court Rule 42 is 10 applicable that that is subject to order of the Court, 11 so I do understand that the Court could order that 12 Albright Stoddard need not be present. 13 However, I, of course, defer to Your Honor on 14 that. And also I think we do need a representation as 15 far as with respect to the 13 other plaintiffs, those 16 plaintiffs other than N5HYG, LLC, if lead trial counsel 17 is representing them in this trial. 18 MR. KAYE: Your Honor, as I've indicated, I 19 represent N5HYG, LLC. This is a joint prosecution of 20 this matter, and I'm presenting on behalf of all the 21 plaintiffs. 22 Mr. Vellis is counsel for all of the 23 plaintiffs and is -- is local counsel for all the 24 plaintiffs but represents each of the plaintiffs. I 25 will let him address the issue raised regarding his --</p>
<p style="text-align: right;">Page 15</p> <p>1 we've accelerated towards the trial of this matter, 2 we've had to consider how we're going to handle those 3 documents. 4 Of course, I want Mr. Kaye to weigh in, but I 5 think we came to an accord, subject to this Court's 6 approval, that during the course of the trial, we will 7 use unredacted versions of those documents, and then 8 following the trial, before the exhibits are admitted 9 into the public record, we would redact those documents 10 as to portions that were not testified about. 11 I would invite Mr. Kaye to correct me if I've 12 misrepresented our discussion in any way. 13 MR. KAYE: I don't think that's a 14 misrepresentation at all. But the one issue is, 15 perhaps, I don't know that we would need to redact 16 everything that hasn't been testified about, simply the 17 sensitive matters -- 18 MS. GALL: Agreed. 19 MR. KAYE: -- that have not been testified 20 about. 21 THE COURT: Okay. 22 MS. GALL: Would that be acceptable to the 23 Court, Your Honor? 24 THE COURT: Yes. 25 MS. GALL: And then one other matter that I</p>	<p style="text-align: right;">Page 17</p> <p>1 his status here vis-a-vis Albright Stoddard. 2 MR. VELLIS: Yeah, Your Honor. We do 3 represent all of them as local counsel. It is a joint 4 presentation exactly as Mr. Kaye said. Mr. Albright's 5 daughter, I don't believe, is going to appear at any 6 point in time, but I don't think that -- I don't 7 exactly know what the conflict is that they're talking 8 about. 9 MS. GALL: If I can clarify, Your Honor. 10 It's simply that under Rule 42, when out-of-state 11 counsel is admitted, the attorney of record, which is 12 the attorney that submits the pro hac motion, which 13 here was Albright Stoddard, must be present at all 14 hearings in the trial of the matter unless the court 15 orders otherwise. We're merely preserving our 16 objection and moving under 41(b) for violation of the 17 rule, unless the Court orders otherwise. 18 MR. KAYE: And we would ask for relief in 19 this instance from -- from the operation of the rule. 20 It's not an issue that I've looked at closely in the -- 21 in terms of preparing argument on it. Once again, 22 Mr. Vellis represents -- represents all of the 23 plaintiffs here and is ably able to fulfill that role. 24 MR. VELLIS: Your Honor, I believe that the 25 pro hac cap in this case was in Las Vegas, so that's</p>

<p style="text-align: right;">Page 18</p> <p>1 why it happened, and then they transferred up here. 2 When they transferred up here, they got local counsel 3 up here. 4 I don't know what the purpose would be to go 5 back and then redo that. I mean, we're -- we're Nevada 6 counsel. I've been Nevada counsel for 20-some-odd 7 years. 8 So I don't think there's any violation here 9 that's -- that needs any kind of Court intervention at 10 all, quite frankly. I think it's simply -- it was done 11 because of the purpose of the case being in Las Vegas, 12 getting transferred and transferred very quickly, and 13 the case taking off very quickly. I'm here 14 representing all the plaintiffs. 15 THE COURT: It's your motion, so you get the 16 last word. 17 MS. GALL: Thank you, Your Honor. We 18 simply -- Holly Driggs was involved as local counsel 19 on -- in Las Vegas as well. They, however, are not the 20 attorney of record for Rule 42. We, of course, defer 21 to Your Honor's ruling on the matter. Thank you, 22 Your Honor. 23 THE COURT: I'm going to allow -- I'm going 24 to deny the motion. We'll proceed without them. 25 Because they are the ones that submitted the motion, if</p>	<p style="text-align: right;">Page 20</p> <p>1 present a brief PowerPoint presentation by way of 2 opening argument. 3 THE COURT: Okay. 4 MR. KAYE: And I'm just seeing if there's a 5 way for me to see the screen while I talk. 6 THE COURT: We can turn the screen on the 7 cart around. Are you not able to see -- because this 8 screen up here will show it. 9 MR. KAYE: Oh, it will show it? Okay. Then 10 that's -- 11 COURT CLERK: I can't lock that. It's not 12 working. I'm recording but I'm not -- 13 MR. KAYE: Your Honor, if I can do this, I'm 14 going to be just fine. 15 THE COURT: All right. 16 MR. KAYE: I don't think anyone -- 17 THE COURT: Is it going to show on mine? 18 COURT CLERK: No. 19 MR. KAYE: It might lose some of its 20 effectiveness that way. I can show you this. 21 THE COURT: I can see that. 22 MR. KAYE: Yeah. 23 THE COURT: But now you're not going to be 24 able to see it. We just had a bunch of work done on 25 this last week.</p>
<p style="text-align: right;">Page 19</p> <p>1 there's violation of the rules in that, they're the 2 ones locally that are on the hook. So if they choose 3 not to be here, I'm going to allow that. 4 MS. GALL: Thank you, Your Honor. 5 THE COURT: Anything else preliminarily? 6 MS. GALL: No, Your Honor. 7 THE COURT: All right. 8 MR. KAYE: I do have one other thing, and 9 that is we actually forgot to talk about this 10 yesterday, but one of the plaintiffs I believe is 11 misspelled in some of the papers. That is Crown 12 Equities, LLC is spelled with a possessive apostrophe 13 S. And it should actually be Crown Equities, I-E-S. 14 MS. GALL: I believe that's correct, 15 Your Honor. We will take counsel's representation that 16 that is intended to be the true plaintiff in this 17 matter. 18 MR. KAYE: That's probably the easy part. 19 THE COURT: All right. 20 MR. KAYE: Your Honor, if I can approach the 21 podium here? 22 THE COURT: Please be cautious of these rugs 23 and cords everyone. 24 MR. KAYE: And I would -- is there a way to 25 get the presentation so I can see? I'm inclined to</p>	<p style="text-align: right;">Page 21</p> <p>1 MR. KAYE: I had heard that, Your Honor. 2 THE COURT: It's a continuing headache. 3 MR. VELLIS: Your Honor, if I could, if we 4 use -- 5 THE COURT: Just a second. 6 COURT CLERK: They're still in the process 7 of -- 8 (A discussion was had off the record.) 9 THE COURT: Well, I apologize for that. 10 MR. VELLIS: May I ask a question, 11 Your Honor? 12 THE COURT: Go ahead. 13 MR. VELLIS: If we use the ELMO, is that 14 going to show up? That's not going to work either, 15 neither one of them? 16 COURT CLERK: It's not. I'm trying to look 17 to see if there's something going on, but it's not 18 working. 19 THE COURT: We just discovered that this 20 morning? Is Traci here? 21 COURT CLERK: I'll find out. Yes, Traci is 22 here. 23 THE COURT: I can see -- I can read the size 24 of print that is on there currently. If it gets 25 smaller than that --</p>

<p style="text-align: right;">Page 22</p> <p>1 MR. KAYE: It's -- unfortunately, that's as 2 big as it gets. 3 MR. VELLIS: Here's, Your Honor, what I'm 4 suggesting. If Mr. Kaye can see this, we have copies, 5 one to give to defense counsel, one to give to you so 6 that you can see that while Mr. Kaye looks at the 7 screen, if that's acceptable? 8 THE COURT: That's fine with me. 9 MR. KAYE: May I approach, Your Honor? 10 THE COURT: Yes. She's going to check with 11 our IT person to see about getting this fixed before 12 long. Go ahead. 13 MR. KAYE: Thank you, Your Honor. 14 OPENING ARGUMENT 15 MR. KAYE: Your Honor, we approach the Court 16 this morning respectfully on behalf of all of the 17 shareholders, and truly all the stakeholders of Hygea 18 Holdings Corporation in an effort to save the company. 19 Your Honor, this is a corporation that could 20 and should be making money and being successful. 21 Unfortunately, its current leadership is either unable 22 or unwilling to do what's necessary to have the proper 23 operational capacity, the proper management and 24 accounting of funds in order to make the corporation 25 succeed.</p>	<p style="text-align: right;">Page 24</p> <p>1 threaten the very survival of the corporation. 2 I want to talk about some of the legal 3 criteria here. These are in the context of NRS 78.650. 4 I've turned to the next slide. I know we're sort of 5 dealing with some technological mishap here. 6 I think that whether or not the Court 7 ultimately acts pursuant to this statute or pursuant to 8 the Court's general authority over corporations as 9 creatures of the state and general authority to appoint 10 a receiver, these are very illuminating. 11 And they're illuminating in another respect 12 as well. We just have to show that one of the criteria 13 has been met. We think we'll show that multiple 14 criteria have been met, and that we've met them in a 15 way that reinforce one another and illustrate the risk 16 to the corporation. 17 First of all, Hygea's leadership has been 18 guilty of misfeasance, malfeasance, or nonfeasance. 19 The one thing that's interesting there is we don't need 20 to show any misfeasance. We don't need to show 21 out-and-out misconduct. 22 It's enough that the corporation's leadership 23 has been negligent or has failed to act. I think we'll 24 conclude that the corporation's leadership has failed 25 to act. But there are indicia of misfeasance.</p>
<p style="text-align: right;">Page 23</p> <p>1 If the status quo continues, we believe that 2 what we're going to hear this week is going to show 3 that the corporation cannot survive, but that it's not 4 too late. And so we ask the Court to appoint a 5 receiver, not a liquidating receiver, but a receiver to 6 get the corporation back on its feet and allow it to be 7 the success that it could and should be. 8 Your Honor, first of all, I think before we 9 talk about the standards and the criteria for 10 appointment of a receiver, it's probably helpful to 11 talk a little bit about what Hygea is and what it does. 12 And I know that this is something that's been set forth 13 in the papers, and I don't think this is a very 14 controversial part of the case. 15 Hygea effectively buys up medical practices, 16 doctors' offices throughout Florida and the 17 southeastern United States. Its fundamental value 18 proposition is, Doctors, you concentrate on what you do 19 best - taking care of patients. We'll concentrate on 20 what we're supposed to do, which is manage and account 21 for the business side of things and the financial side 22 of things. 23 Unfortunately, it's just that. What's 24 supposed to be the core competency of the corporation 25 is where the problems have been pervasive, chronic, and</p>	<p style="text-align: right;">Page 25</p> <p>1 One of the witnesses we'll hear from is a 2 uniquely positioned gentleman named Dan Miller. He had 3 worked for N5HYG's agent and representative, RIN. 4 N5HYG, as the Court is aware, is the plaintiff 5 petitioner here with the largest share of stock from 6 amongst the plaintiff petitioners. 7 After N5HYG invested, he went to work as an 8 executive at Hygea, so he saw both sides of things. He 9 saw what Hygea's management said to investors before 10 they bought, and he saw what was actually going on 11 behind closed doors at the corporation. And he saw the 12 difference between those two things. So we'll hear 13 from him. 14 One of the other people that we'll hear from 15 is a consultant -- I'm turning to the next slide 16 here -- named Tim Dragelin, who Hygea hired to come in 17 and try to make some sense of what was going on with 18 the corporation's books. 19 And here's what Mr. Dragelin found. After he 20 looked at the books in 2017, significantly lower 21 revenue recognition than the company has previously 22 portrayed, for example, to investors such as N5HYG, the 23 company having significant lowered EBITDA than 24 previously indicated, earnings before interest, taxes, 25 depreciation, amortization.</p>

<p style="text-align: right;">Page 26</p> <p>1 The company with allegedly \$60 million in 2 EBITDA should be better than break even on a cash 3 basis. That's just common sense. If you're making 4 \$60 million a year, you're not living paycheck to 5 paycheck. 6 The corporation has willfully violated its 7 charter. Well, here we do have indicia that the 8 corporation has -- corporation's leadership has 9 violated its bylaws, one of the other governing 10 documents. 11 The bylaws provide for access to corporate 12 records. Any stockholder shall have the right to 13 inspect the corporation's stock ledger -- we're going 14 to hear about the stock ledger -- a list of 15 stockholders, and other books and records. 16 One of the problems that has plagued Hygea 17 and that we'll talk about is inability to get even 18 basic rudimentary information and transparency about 19 the corporation. 20 The corporation is insolvent or, although not 21 insolvent, is for any cause not able to pay its debts 22 or other obligations as they mature. Now, that second 23 part there is important because it helps us to avoid 24 having to get into a very technical discussion of 25 solvency, technically insolvent, and what is the</p>	<p style="text-align: right;">Page 28</p> <p>1 and is incurring payroll tax liabilities for 2018. Not 2 only were they not paying their primary lender, this 3 shows they weren't paying their taxes. 4 They also admit again from the same 5 declaration that leadership was not paying its top 6 executives, including Mr. Miller, again, who we'll hear 7 from. 8 And we're also going to hear from Dr. Norman 9 Gaylis, who is also somewhat uniquely situated within 10 Hygea because he's both a prominent practitioner within 11 the Hygea network of doctors, and also was the chief 12 medical officer for Hygea. 13 And this is an email that he received from a 14 fellow doctor -- from a fellow participant in the Hygea 15 network that purports that the most disturbing issue 16 was when two of the employees in the office had their 17 recent checks bounce, bounced paychecks. That's what 18 that email indicated was the most disturbing thing. 19 But the Court may find that there's other 20 things that are even more disturbing that Dr. Gaylis 21 can talk about, because Dr. Gaylis had the very 22 troubling experience of having Hygea fail to pay for 23 the medication that he was providing to his -- to his 24 patients, such that he had to cancel patient care. 25 The corporation is unable to conduct the</p>
<p style="text-align: right;">Page 27</p> <p>1 criteria, definition for that. Because there is 2 pervasive evidence that the corporation failed to pay 3 bills. 4 September 15, 2017, Bridging Finance, this is 5 the primary lender for the corporation, we'll hear some 6 numbers about how much Hygea owes them, very roughly 7 speaking. 8 And there's a little give in the numbers 9 because there's a -- the numbers seem to change 10 sometimes, and also because it's a Canadian -- Canadian 11 lender, so you have exchange rate, but about in the 12 \$60 million range. 13 Payments have not been made in July of 2017 14 and August of 2017. To put that in personal terms or 15 family's terms, they were missing mortgage payments to 16 their primary lender here. 17 Moreover, Hygea's top executives have 18 admitted to very significant mispayments. This is from 19 a declaration that Mr. Iglesias, Manuel Iglesias, the 20 corporation's apparently former CEO, and we'll talk 21 about his role in the corporation as well, but 22 apparently former CEO made when he was CEO to the Court 23 at the outset of this case. 24 Hygea has acknowledged that it continues to 25 owe back payroll taxes for the fourth quarter of 2017</p>	<p style="text-align: right;">Page 29</p> <p>1 business or conserve its assets by reasons of the 2 neglect -- the act, neglect, or refusal to function of 3 any of the directors or trustees, or the assets of the 4 corporation are in danger of waste, sacrifice, or loss 5 through attachment, foreclosure, litigation or 6 otherwise. 7 Once again, it's a network of medical 8 practitioners. If they aren't getting paid or if 9 they're not having their medicine paid for, if their 10 employees are not getting paid, there is a prima facie 11 risk that they walk away. And that poses an 12 existential risk to the corporation. If the status quo 13 continues, it can simply unravel. And that's what we 14 seek to prevent. 15 The corporation is not about to resume its 16 business with safety to the public. Safety to the 17 public is significant here. We already talked about 18 how Dr. Gaylis will testify to having to cancel patient 19 care. 20 How many patients are there? This is, again, 21 from an executive declaration. Hygea currently manages 22 over 100,000 members and patients. Over 100,000 23 individuals whose medical care is at risk and at risk 24 of instability if the corporation unravels, as it will 25 if the Court does not act we believe will be the</p>

<p style="text-align: right;">Page 30</p> <p>1 self-evident conclusion.</p> <p>2 So we have shown -- will show, excuse me,</p> <p>3 mismanagement and misconduct, governing documents</p> <p>4 violated, unpaid bills, approaching collapse, and</p> <p>5 public danger. We only need to show one of them. We</p> <p>6 think it will be clear that multiple of these are met</p> <p>7 and that the problems feed off of one another.</p> <p>8 One of the things that I think illustrates,</p> <p>9 and I think will illustrate as we discuss these this</p> <p>10 week, the problems plaguing Hygea. Once again, its</p> <p>11 core competency is supposed to be managing and</p> <p>12 accounting for money. And yet despite having a</p> <p>13 contract in October of 2016 that required it to provide</p> <p>14 audited financials, its leadership was either unwilling</p> <p>15 or unable to provide those financials.</p> <p>16 Contract with N5HYG, when N5HYG bought its</p> <p>17 stock, we think will show they were required to provide</p> <p>18 audited financials for 2014, 2015, and going forward.</p> <p>19 They're supposed to provide audited financials as time</p> <p>20 goes on.</p> <p>21 Here we begin after N5HYG has invested,</p> <p>22 January 27th, 2017. Mr. Iglesias indicates that the</p> <p>23 2014 and '15 audits should be completed within the next</p> <p>24 few weeks. Move ahead to June 28, 2017. Once again</p> <p>25 Mr. Iglesias, the audit should be complete no later</p>	<p style="text-align: right;">Page 32</p> <p>1 MR. KAYE: I very much appreciate that. My</p> <p>2 apologies if it was distracting. I didn't want to -- I</p> <p>3 didn't want to test how much give there was there.</p> <p>4 THE COURT: No, it's fine. I'm sorry to</p> <p>5 interrupt.</p> <p>6 MR. KAYE: No problem, Your Honor. I</p> <p>7 appreciate that. Very helpful, in fact.</p> <p>8 We have an email here September of 2017, and</p> <p>9 this is from an individual affiliated with Bridging</p> <p>10 Finance to Mr. Iglesias talking about some of these</p> <p>11 problems.</p> <p>12 "The audit is painful because the company has</p> <p>13 not paid any attention to operational efficiencies and</p> <p>14 prioritizing maximizing revenues. The company has</p> <p>15 limited infrastructure, records, and process to make,</p> <p>16 monitor, and manage money." That's supposed to be what</p> <p>17 the company does for the network.</p> <p>18 Comparable companies to Hygea are making much</p> <p>19 more money. That's significant. The problem here</p> <p>20 isn't -- I don't think we're going to conclude that the</p> <p>21 problem is the business model. The problem isn't the</p> <p>22 concept. The problem is a leadership that is either</p> <p>23 unable or unwilling to do what needs to be done to</p> <p>24 allow the company to survive and thrive the way it</p> <p>25 should.</p>
<p style="text-align: right;">Page 31</p> <p>1 than the end of July -- August 9th, 2017, draft</p> <p>2 coordinates. 2014 and '15 audits, once again,</p> <p>3 Mr. Iglesias, Iglesias CEO, speaking, Should be</p> <p>4 completed in the next three to four weeks.</p> <p>5 October 18th, 2017, '14 and '15, this is --</p> <p>6 this is from Mr. Moffly, the apparently former chief</p> <p>7 financial officer of the corporation, '14 and '15 are</p> <p>8 very close in at least draft form.</p> <p>9 And then when the executives come to Court in</p> <p>10 this action, February 20th, 2018, we have a declaration</p> <p>11 saying that what is now going to be an audited 2017</p> <p>12 quality of earnings report should be provided to a</p> <p>13 prospective investor by mid-March.</p> <p>14 As the Court is well aware, the Court ordered</p> <p>15 defendants to provide this document by April 23rd, and</p> <p>16 they did not. So despite a contract requiring the</p> <p>17 audited financials, despite frequent repeated promises</p> <p>18 that they were forthcoming, despite a court order, all</p> <p>19 we have is an incomplete, unaudited draft document.</p> <p>20 This is an email --</p> <p>21 THE COURT: I'm going to interrupt you for</p> <p>22 just a moment. That screen will tilt, won't it? So he</p> <p>23 doesn't have to -- there.</p> <p>24 MR. KAYE: Thank you.</p> <p>25 THE COURT: Much better.</p>	<p style="text-align: right;">Page 33</p> <p>1 Now, we think that there is a very strong</p> <p>2 prima facie case that we presented throughout this</p> <p>3 proceeding for the appointment of a receiver. I want</p> <p>4 to talk briefly about some of what we've heard</p> <p>5 throughout the case and some of what we expect to hear</p> <p>6 from the defendants' response to that.</p> <p>7 One of them is the argument about stock</p> <p>8 ownership, the argument that the plaintiff petitioners</p> <p>9 do not own enough shares in the corporation to proceed</p> <p>10 under Chapter 78.</p> <p>11 And here the key document is the Stock</p> <p>12 Purchase Agreement that N5HYG signed because in that</p> <p>13 document, Hygea warns and promises to N5HYG that it's</p> <p>14 23 -- around here a little bit -- 23.5 million shares</p> <p>15 constitutes 8.57 percent of all the issued and</p> <p>16 outstanding common stock.</p> <p>17 Moreover, under the same agreement, N5HYG has</p> <p>18 notice and antidilution rights, such that if any new</p> <p>19 shares are issued, such as to drive down Hygea's share</p> <p>20 ownership, Hygea has the right to -- excuse me -- such</p> <p>21 as to drive down N5HYG's share ownership in Hygea,</p> <p>22 N5HYG has the right to notice of that, and has the</p> <p>23 right to continue to buy to stay at par.</p> <p>24 That's conclusive, and we believe that that</p> <p>25 estops Hygea's leadership from arguing that these</p>

<p style="text-align: right;">Page 34</p> <p>1 numbers don't say exactly what they say they do. And 2 when you add up the number of shares from all of the 3 petitioning plaintiffs, you've got a total of 4 29.35 million shares. 5 We know from the Stock Purchase Agreement 6 what the 23.5 percent is. That's 8.57 percent of the 7 outstanding shares. That works out to 27,438,381 8 shares, and 29,350,700 shares that the plaintiff 9 petitioners owned in aggregate is 10.7 percent of that 10 figure. 11 Now, we suspect that what we're going to hear 12 and what we've heard thus far in the papers is that 13 despite what's in the contract, Hygea has improperly 14 diluted N5HYG. Once again, we think that argument 15 doesn't get out of the starting gate because it 16 violates the earlier warranties, representations, and 17 promises. 18 We also think that even if you're talking 19 about the evidence there, the evidence is unpersuasive 20 because we'll hear that N5HYG's agent and 21 representative, RIN, was having a very difficult time 22 getting a hold of a shareholder roster because the 23 corporation couldn't get a handle on who its 24 shareholders were. 25 And this is an email from August of 2017 from</p>	<p style="text-align: right;">Page 36</p> <p>1 produce the HMO contracts that it said had these 2 termination provisions that put the corporation at risk 3 in the event of a receivership. 4 In fact, pervasively, these contracts say 5 that the HMO can terminate without cause. Here's one, 6 termination without cause, "A plan may terminate the 7 agreement without cause with 120 days notice. 8 Termination without cause, 90 days notice." Here's 9 another one, "Termination for any -- at any time for 10 business reasons on 90 days notice. Can be terminated 11 during the Medicare open enrollment period. 12 Termination without cause on 120 days prior written 13 notice. Either party may terminate this agreement 14 without cause on 120 days notice." 15 In other words, the concern that has been 16 raised about termination of HMO contracts we don't 17 believe is salient because they're terminable anyways. 18 We also think that the Court may hear, and I believe 19 it's been suggested already this morning, that 20 Mr. Iglesias is no longer the CEO of the corporation, 21 and that this constitutes something of significance. 22 Mr. Iglesias, however, remains a key and it may show 23 the key individual at -- at Hygea. 24 And, for example, this comes from the 25 Unaudited Draft and Incomplete Quality of Earnings</p>
<p style="text-align: right;">Page 35</p> <p>1 a Hygea executive named Sergey Savchenko to the N5HYG 2 representative saying, "In my opinion, the shareholder 3 register is not complete." 4 We don't think that the Court is going to 5 have to struggle with whether or not to trust Hygea's 6 shareholder roster because Hygea's own executives 7 didn't trust Hygea's shareholder roster. 8 We also think that we may hear and we've 9 heard already that there are HMO contracts that provide 10 that if a receiver is appointed, then the HMOs can 11 cancel the contracts, can terminate them. That would 12 be a big problem for Hygea. 13 We think that's not a very salient concern 14 for several reasons. One of them is that the kind of 15 contracts that -- the kind of receivership that we 16 think that's geared towards is something on the order 17 of liquidating receiver, which isn't just not what we 18 want, but is what we're trying to avoid and the 19 opposite of what we want. 20 Also don't know that it's going to be clear 21 from an evidentiary perspective whether those contracts 22 have actually brought Hygea in as a party as opposed to 23 the -- opposed to the constituent practices. 24 But what I think is very interesting is that 25 Hygea was asked to provide and produce and ordered to</p>	<p style="text-align: right;">Page 37</p> <p>1 Report that has recently been provided. And this is 2 the corporate organizational chart that is represented 3 therein. And that's a lot of individuals on this 4 chart. 5 And let's try to take a look at who is the 6 very top individual on the chart. Who's that person, 7 the individual who's at the very top? Zooming in, it 8 is Manuel Iglesias. He is now the co-chair of the 9 board. Hygea did not get rid of him. Hygea gave him a 10 promotion. 11 We also think that defendants may suggest 12 that for all the problems that Hygea has had, things 13 are okay because they can always borrow more money from 14 Bridging Finance. Your Honor, any more debt from 15 Bridging Finance is putting off the inevitable, digging 16 the hole deeper, and making things worse. 17 Once again, that's not something that anyone 18 needs to rely on me saying because last August, before 19 even all the more recent distress and all the recent -- 20 even before that letter that we looked at earlier about 21 the non-payment, the last August, what did Bridging 22 Finance have to say about how sustainable their debt 23 was? 24 Ms. Sharpe, this is at the board meeting, 25 Ms. Sharpe from Bridging added that the company should</p>

<p style="text-align: right;">Page 38</p> <p>1 be focused on getting her loan refinanced to a more 2 favorable rate. 3 We've already heard testimony from Mr. Miller 4 in his deposition that he believes it's a double digit 5 interest rate right now, and we think that evidence 6 will show that that's very accurate. 7 The loan is too expensive for Hygea to 8 retain. So even before the present crisis reached a 9 critical mass, Bridging Finance was already saying, You 10 can't survive with our loan. And it is not a 11 sustainable fix at this point by any stretch. 12 We also think that you may hear from the 13 defendants that the audits maybe aren't that big of a 14 deal; that even though the corporation is supposed to 15 be doing the business of managing and accounting for 16 money, its inability to secure audited financial 17 statements isn't that important. 18 We don't think that holds water on its face, 19 but we also think it's contradicted by what the 20 defendants have indicated throughout the case. We'll 21 go back to the August 2017 board minutes. These are, 22 again, the draft minutes. A representative from N5HYG 23 stresses the urgency of finishing the audits, and the 24 minutes indicate that all agreed that that will be the 25 basis for the corporation moving forward.</p>	<p style="text-align: right;">Page 40</p> <p>1 The other is that somebody takes some action 2 that leads to the appointment of a liquidating sort of 3 receiver. And we believe that there is a third option 4 that can save the company, stabilize the company, and 5 put it on the path to success, and that is for the 6 Court to appoint a receiver to get the company up on 7 its feet as we request of the Court here. 8 Thank you, Your Honor. 9 THE COURT: Thank you. Ms. Gall? 10 MS. GALL: Thank you, Your Honor. Before I 11 proceed, I take the PowerPoint to have been used as a 12 demonstrative, but it would not be entered into 13 evidence given the emails and our earlier conversation 14 regarding the hearsay objections? Is that our 15 understanding, that it's merely a demonstrative? 16 MR. KAYE: Your Honor, I would always treat 17 something like that as a demonstrative. 18 THE COURT: All right. 19 MS. GALL: Thank you. 20 THE COURT: Please proceed. 21 OPENING ARGUMENT 22 MS. GALL: Your Honor, thank you for hearing 23 this trial, including on an expedited basis. I 24 represent the defendants in this action, which is the 25 corporation Hygea Holdings Corp., and individual</p>
<p style="text-align: right;">Page 39</p> <p>1 Well, perhaps they were humoring N5HYG. Yet 2 what does Ms. Sharpe from Bridging Finance say? The 3 single most important act, in her opinion, is to finish 4 the audits. Well, perhaps that's the stockholder and 5 the lenders. Perhaps the defendants have a different 6 perspective. 7 Mr. McGowan, the co-chair of the board, 8 opines that the company can live or die on the audits. 9 It's a life or death issue, and yet the board doesn't 10 take meaningful action. 11 And we have to come to court to ask the Court 12 to provide the stability, the oversight, the proper 13 management, the proper operational controls, and the 14 proper accounting for money that the corporation so 15 desperately needs. 16 THE COURT: What was the date of the meeting 17 from these minutes? 18 MR. KAYE: That's August of 2017, so I 19 believe it's August 9th, Your Honor. 20 THE COURT: Thank you. 21 MR. KAYE: And we believe that what we will 22 see and learn this week will leave the Court with that 23 conclusion, that there are three possible outcomes 24 here. One is that the corporation continues on its 25 present trajectory and fails.</p>	<p style="text-align: right;">Page 41</p> <p>1 defendants who are necessary parties to this action, 2 given that they are the directors of the corporation. 3 I will not repeat what Mr. Kaye said about 4 the background of the corporation. I think we will 5 hear the CEO and former CEO testify to that at the 6 trial of this matter. What I will talk about is why 7 plaintiffs are bringing this application for 8 receivership, which alleges mismanagement and 9 insolvency. 10 Plaintiffs have the burden of proof here to 11 establish by a preponderance of the evidence that they 12 both have standing as 10 percent stockholders of Hygea 13 to bring this action, but also that it is more likely 14 than not that a basis for a receivership exists, and no 15 less drastic remedy, including legal remedies, would 16 achieve the objectives they seek in this receivership. 17 The evidence, however, Your Honor, will 18 demonstrate that plaintiffs do not have standing to 19 maintain this lawsuit because plaintiffs do not hold 20 10 percent of Hygea's issued and outstanding stock. 21 Rather, as of today, plaintiffs hold at most 22 6.79 percent of Hygea's issued and outstanding stock. 23 Plaintiffs have argued for estoppel based on 24 the Stock Purchase Agreement between one plaintiff, 25 N5HYG, the lead plaintiff, and Hygea based on the</p>

<p style="text-align: right;">Page 42</p> <p>1 representation that at the time that Stock Purchase 2 Agreement was entered into, that plaintiffs on a 3 non-fully diluted basis held 8.57 percent of the 4 company's stock, and that time is October 2016. 5 However, Hygea is not a corporation frozen in 6 time. And even if, as plaintiffs argue, Hygea should 7 be estopped from arguing that N5HYG holds anything less 8 than 8.57 percent of the issued and outstanding stock, 9 it does not matter, Your Honor, because in such case, 10 plaintiffs would at most collectively hold 9.94 percent 11 of Hygea's issued and outstanding stock. 12 Moreover, Your Honor, what we will see and 13 what we will see as a repeating theme throughout this 14 lawsuit is that if plaintiffs had an issue about the 15 issued and outstanding stock, they have a remedy at 16 law. They can bring a breach of contract action. 17 If they feel that Hygea has violated that 18 antidilution provision, which as plaintiffs' counsel 19 just stated, it merely provides a preemptive right, 20 then they can bring a lawsuit for breach of contract 21 against Hygea. But a receivership action is not the 22 forum to enforce their contractual rights. 23 Moreover, Your Honor, even if the Court were 24 to assume that plaintiffs had standing, the evidence 25 will demonstrate to the Court that -- that there is no</p>	<p style="text-align: right;">Page 44</p> <p>1 of the company, has a representative seat on that 2 board; and that also as a founder of the company, he 3 holds institutional knowledge that cannot simply be 4 transferred in a matter of weeks to anyone else. 5 Therefore, plaintiffs' allegations against 6 Mr. Iglesias for his purported misconduct in his 7 capacity as CEO are simply irrelevant to Hygea's state 8 today. The only relevant timeframe for determining 9 whether extraordinary relief of a receiver is warranted 10 is today. 11 To the extent plaintiffs' allegations against 12 Mr. Iglesias for purported actions Mr. Iglesias took in 13 his capacity as CEO are relevant, the evidence will 14 demonstrate that plaintiffs' allegations are simply 15 unsupported by the evidentiary record, but also that 16 Mr. Iglesias made his decisions in good faith and in 17 the best interests of the company pursuant to a 18 statutorily protected business judgment. 19 Moreover, the evidence will demonstrate that 20 Mr. Iglesias' interests as a significant shareholder 21 and stakeholder in the company are aligned with that of 22 Hygea's other stockholders and stakeholders. 23 As I said, Mr. Iglesias is the company's 24 founder. But he is not only Hygea's founder, he is 25 also a stakeholder who has been so committed to Hygea's</p>
<p style="text-align: right;">Page 43</p> <p>1 basis for the Court to resort to the extraordinary, the 2 harsh, and the last resort remedy of a receivership, 3 whether that is under NRS 78.650, 78.630, or 32.010. 4 I would offer, Your Honor, 32.010, now that 5 we've advanced to the trial of this action, is 6 inapplicable given that it's a status quo receivership 7 basis through the pendency and action. 8 With respect to the evidence, Your Honor, 9 this Court will hear from Mr. Manuel Iglesias. The 10 Court heard plaintiffs' spin on Mr. Iglesias during 11 their opening argument. They allege mismanagement by 12 Mr. Iglesias as its former chief executive officer. 13 The evidence, however, will show -- 14 Your Honor, will show that Mr. Iglesias is no longer 15 the CEO of Hygea, voluntarily resigned because he 16 recognized that the company would benefit from new 17 leadership as it seeks a catalyst event, whether that 18 be additional equity financing, debt refinancing, or 19 transfer of control. 20 The evidence will also show that despite how 21 plaintiffs characterized Mr. Iglesias' new position as 22 the co-chairman of the board as some type of -- and I 23 took this implicitly, some type of nefarious promotion, 24 the evidence will show that Mr. Iglesias, as the 25 founder of the company and as a significant shareholder</p>	<p style="text-align: right;">Page 45</p> <p>1 survival and success that he has personally invested 2 significant funds to assist the company during its 3 short-term cash constraint. 4 The Court will then hear from Hygea's new 5 CEO, Dr. Keith Collins, who also serves as a director 6 on the board of directors. Dr. Collins served as 7 Hygea's interim CEO upon Mr. Iglesias' resignation, 8 until recently when the board of directors, given their 9 confidence in Dr. Collins and given his qualifications 10 to lead a company during a time where they're seeking a 11 catalyst event, appointed Dr. Collins the company's 12 permanent CEO. Indeed, the evidence will show that 13 Dr. Collins is well qualified to lead Hygea through 14 this transition period. 15 Among other things, Dr. Collins will testify 16 regarding changes he has implemented at Hygea since 17 assuming its leadership and why, given the company's 18 HMO contracts, the appointment of a receiver would be 19 detrimental to the company's survival. 20 The Court will also hear from Dr. Jack Mann, 21 who is an independent director on Hygea's board of 22 directors. Dr. Mann will testify as to the functions 23 of Hygea's board, including its decision to install a 24 new C-suite management at Hygea, which includes 25 Dr. Collins as the company's CEO, Sergey Savchenko as</p>

<p style="text-align: right;">Page 46</p> <p>1 the company's acting CFO, and David Hernandez as the 2 company's COO. And with respect to Mr. Savchenko, the 3 Court will hear from him. 4 Plaintiffs have alleged that the company's 5 insolvent or, if not solvent, not able to pay its debts 6 as they mature. The evidence, however, will show that 7 the company is solvent and, rather, is facing a 8 short-term cash constraint, a matter Hygea has always 9 been transparent about to the Court. 10 And that despite this short-term cash 11 constraint, the company is managing its finances and 12 expects to be cash flow positive in the second quarter 13 of this year. 14 In this regard, the Court will hear from 15 Mr. Savchenko, who will also testify regarding the 16 basis for the company's EBITDA and other financial 17 information considered in the quality of earnings 18 report. 19 With respect to the financials, Hygea and the 20 independent directors will also be presenting an expert 21 witness, Mr. Craig Greene. Mr. Greene is a Nevada 22 licensed CPA who specializes in forensic accounting. 23 Mr. Greene will opine that Hygea's fair 24 market value of its assets exceeded its liabilities at 25 March 31, 2018, an amount of at least \$6 million based</p>	<p style="text-align: right;">Page 48</p> <p>1 That they are disgruntled shareholders who, 2 with respect to N5HYG, gave up their board seat and 3 gave up the opportunity to influence the management 4 that they now complain of and second guess. 5 What it will also show is that plaintiffs 6 have less drastic remedies for their grievances, 7 including remedies at law, such as making a proper 8 books and records request. 9 We heard a lot in the opening statement about 10 how Hygea has not been transparent. There are statutes 11 that provide -- if you meet the standing requirements 12 in Nevada that provide you access to certain books and 13 records and that even provides you access to the 14 financials of a company. Those statutes have not been 15 properly employed by plaintiffs. 16 Also, we heard a lot about the audited 17 financial -- I apologize. The 2014 and 2015 audits, 18 which plaintiff, N5HYG, has repeatedly argued they are 19 entitled to under the Stock Purchase Agreement. 20 Well, the Stock Purchase Agreement is a 21 contract. And if they seek to enforce that contract or 22 if they believe that Hygea has violated the contract, 23 then they should bring a breach of contract claim 24 seeking to enforce that right. 25 But a receivership action and the</p>
<p style="text-align: right;">Page 47</p> <p>1 upon a reasonable degree of accounting certainty and, 2 therefore, Hygea was not insolvent as of that date. 3 Mr. Greene will also testify that the 4 company's cash flow projections for the year 2018 have 5 been prepared based upon a reasonable degree of 6 accounting certainty. 7 Finally, the Court will hear from Kevin 8 Moreau, the in-house counsel for Hygea's secured 9 lender, Bridging Finance. Mr. Moreau will testify that 10 Bridging holds a non-revolving demand loan in excess of 11 \$70 million, "demand" meaning that Bridging can call in 12 the loan at any time and for any reason. 13 Nevertheless, Mr. Moreau will testify that 14 Bridging has not demanded on its loan and has not 15 placed Hygea into default. And Bridging, as a creditor 16 and the largest financial stakeholder of Hygea, does 17 not believe the appointment of a receiver is in the 18 best interests of the company or the company's 19 survival. 20 On the other hand, Your Honor, what the 21 evidence will show with respect to the plaintiffs is 22 that plaintiffs are simply disgruntled minority 23 shareholders. And I don't use that term pejoratively, 24 but I use it in the sense that there are other large 25 stakeholders such as Bridging at issue here.</p>	<p style="text-align: right;">Page 49</p> <p>1 extraordinary and harsh remedy of a receivership is not 2 the proper basis to enforce their rights -- their 3 purported rights under a contract. 4 Moreover, we've heard about -- we've heard 5 plaintiffs complain about this purported mismanagement 6 of the company. However, again, they have a legal 7 remedy. They can bring a breach of fiduciary duty 8 action. 9 And in Nevada, the threshold of breach of 10 fiduciary duty is high, not mere negligence. It is 11 looked at against the background of the business 12 judgment role. And only if that presumption is 13 overcome, then the Court must make a determination that 14 the directors or officers engaged in misconduct that 15 was intentional, that was knowing, or that constituted 16 fraud. And there is no evidence of that here, 17 Your Honor. 18 Finally, Your Honor, plaintiffs complain of 19 debt, and they complain of the Bridging debt. But what 20 plaintiffs do not say and what they have not been able 21 to explain and what they will not be able to explain 22 throughout the course of this trial is what a receiver 23 is going to do to bring more money into a company. A 24 receiver does not bring more money into a company. 25 When all the evidence is looked at together,</p>

<p style="text-align: right;">Page 50</p> <p>1 Your Honor, what we will see is that Hygea is a 2 functioning corporation which is facing a cash 3 constraint, but which is not solvent and which is 4 managing its debts during this time of cash constraint. 5 And it will see that Hygea has put into place 6 healthy governance procedures, such that when such is 7 looked at against the backdrop of the pont evidence 8 that plaintiffs will present, which mostly consists of 9 complaints and innuendo and allegations based on what 10 plaintiffs want pursuant to their contract, such does 11 not warrant the appointment of a receiver. Therefore, 12 we will ask at the end of this trial, Your Honor, that 13 the Court deny plaintiffs' petition. Thank you. 14 THE COURT: Thank you. What did Traci say? 15 COURT CLERK: There's nothing we can do at 16 this point in time. 17 THE COURT: Is there a -- is this a drug 18 court date? Today is the -- 19 COURT CLERK: There's no drug court because 20 of the -- 21 THE COURT: So when he's done with his law 22 and motion, can we use that courtroom? 23 COURT CLERK: They have a hearing scheduled 24 this afternoon it looks like. 25 THE COURT: They could do the hearing in here</p>	<p style="text-align: right;">Page 52</p> <p>1 this expensive technology can be used or a substitute 2 courtroom, but so far nothing. So what does -- what 3 does she need to check? What will that involve? 4 COURT CLERK: She would have to look at and 5 try to troubleshoot it. If we're recording, then I 6 don't want it to crash all the -- 7 THE COURT: Typically we will be taking a 8 break around 10:30, so would you let her know that I 9 would like her to come down at 10:30 to see if there's 10 anything that she can do? But we'll go ahead with the 11 first witness, which you are going to handle Mr. -- is 12 it Viar? 13 MR. VIAR: That's correct. David Viar. 14 THE COURT: Who is your first witness? 15 MR. VIAR: Your Honor, the plaintiffs' first 16 witness is Christopher Fowler. 17 THE COURT: Careful, please, of the rugs 18 there and the cords. 19 THE WITNESS: Thank you. 20 THE COURT: Stop there for just a moment, 21 face the clerk, and raise your right hand. 22 --oOo-- 23 CHRISTOPHER FOWLER, 24 having been first duly sworn to tell the 25 truth, was examined and testified as follows:</p>
<p style="text-align: right;">Page 51</p> <p>1 if they didn't need the presentation cart. Tell me 2 again. 3 COURT CLERK: I can have them look at it when 4 we take a break. 5 THE COURT: "They" who? 6 COURT CLERK: Traci. 7 THE BAILIFF: Or me. I can take the cart 8 down there. It may not work down there either. It may 9 not help us any. We should take the cart first. 10 THE COURT: I'm still confused. They're 11 pulling wire in his courtroom, so they're down in the 12 3rd? 13 COURT CLERK: There's a possibility JAVS 14 might be working. 15 THE COURT: I thought they would check this 16 out on Friday? 17 THE BAILIFF: It worked Friday. 18 COURT CLERK: It was fine on Friday. 19 THE COURT: The cart, we tried the cart on 20 Friday, and it worked? 21 Do you have -- your first witness, are you 22 going to want to be using the cart? 23 MR. VIAR: No, Your Honor. 24 THE COURT: Let's go ahead then and call the 25 first witness. I'm trying to figure out a way that all</p>	<p style="text-align: right;">Page 53</p> <p>1 --oOo-- 2 THE COURT: Go ahead and have a seat. 3 MR. VIAR: May it please the Court? 4 THE COURT: Yes. 5 DIRECT EXAMINATION 6 BY MR. VIAR: 7 Q. Thank you. 8 Mr. Fowler, will you please state your full 9 name for the record? 10 A. Christopher George Fowler. 11 Q. Mr. Fowler, are you employed? 12 A. Yes, I am. 13 Q. Where are you employed? 14 A. I'm employed by RIN Capital. 15 Q. Where is RIN Capital located? 16 A. Farmington Hills, Michigan. 17 Q. What does RIN Capital do? 18 A. We're an investment advisor to two 19 customers. 20 Q. Is there any specialized industry or area of 21 the economy you make your investment advice? 22 A. Yes. We're focused very heavily on 23 healthcare and healthcare-related industries. 24 Q. And what do you do for RIN Capital? 25 A. I'm a senior management director and chief</p>

<p style="text-align: right;">Page 54</p> <p>1 investment officer.</p> <p>2 Q. How long have you been the chief investment</p> <p>3 officer for RIN Capital?</p> <p>4 A. Approximately three years.</p> <p>5 Q. Can you explain to the Court your duties and</p> <p>6 responsibilities as the chief investment officer for</p> <p>7 RIN Capital?</p> <p>8 A. Yes. I'm responsible for identifying and</p> <p>9 investigating new investment opportunities and</p> <p>10 overseeing them.</p> <p>11 Q. Before I hear more about your work for RIN</p> <p>12 Capital, I want to talk a little bit about your</p> <p>13 education and your work experience that you had prior</p> <p>14 to joining RIN Capital.</p> <p>15 Did you attend college?</p> <p>16 A. Yes.</p> <p>17 Q. Where did you attend college?</p> <p>18 A. University of Southern California.</p> <p>19 Q. Did you graduate from the University of</p> <p>20 Southern California?</p> <p>21 A. Yes, I did.</p> <p>22 Q. In what year?</p> <p>23 A. In 1982.</p> <p>24 Q. After college, did you spend any time in the</p> <p>25 banking and commercial finance industries?</p>	<p style="text-align: right;">Page 56</p> <p>1 A. I was senior vice president. I was head of</p> <p>2 automotive lending for the commercial finance division</p> <p>3 of GE Capital.</p> <p>4 Q. What were the size of the transactions that</p> <p>5 you were either in charge in or participated in?</p> <p>6 A. They ranged in size between 25 million all</p> <p>7 the way up to 500 million. And over 35 years, I've</p> <p>8 completed probably over 100 deals.</p> <p>9 Q. Well, you testified earlier that it was your</p> <p>10 job at RIN to identify and investigate investment</p> <p>11 opportunities for RIN Capital clients and customers?</p> <p>12 A. Yes. That's correct.</p> <p>13 Q. Did you do that alone, or did you have a</p> <p>14 staff?</p> <p>15 A. I had a staff.</p> <p>16 Q. Well, did you or a member of your staff</p> <p>17 identify Hygea as a potential investment opportunity?</p> <p>18 A. Yes.</p> <p>19 Q. Well, was it you or was it someone from your</p> <p>20 staff?</p> <p>21 A. Sorry. It was a member of my staff. It was</p> <p>22 Dan Miller.</p> <p>23 Q. Okay. When did Mr. Miller identify Hygea as</p> <p>24 a potential investment opportunity?</p> <p>25 A. In approximately June of 2016.</p>
<p style="text-align: right;">Page 55</p> <p>1 A. Yes, I sure did.</p> <p>2 Q. Please tell the Court about your banking and</p> <p>3 finance experience.</p> <p>4 A. I spent approximately 35 years in banking</p> <p>5 and finance with predominately JPMorgan, currently</p> <p>6 known as JPMorgan, and GE Capital.</p> <p>7 Q. What did you do for JPMorgan?</p> <p>8 A. I was a senior vice president, vice</p> <p>9 president, and loan officer for approximately 15</p> <p>10 years.</p> <p>11 Q. Can you tell us a little bit about the</p> <p>12 specific type of work that you did there --</p> <p>13 A. Yeah. Most --</p> <p>14 Q. -- and where?</p> <p>15 A. Yes. I was in charge of investing and</p> <p>16 lending in middle market companies. Those are</p> <p>17 companies between 25 million in revenues all the way</p> <p>18 up to 5 billion.</p> <p>19 Q. And where were you stationed when you worked</p> <p>20 for JPMorgan?</p> <p>21 A. In Chicago and in Michigan.</p> <p>22 Q. And when you joined GE Capital, what was the</p> <p>23 timeframe for that?</p> <p>24 A. I worked for GE Capital for about 15 years.</p> <p>25 Q. What did you do for GE Capital?</p>	<p style="text-align: right;">Page 57</p> <p>1 Q. Was an investigation into the suitability of</p> <p>2 Hygea investment opportunity undertaken by RIN Capital?</p> <p>3 A. Yes. It certainly was.</p> <p>4 Q. Can you tell us a little bit about what was</p> <p>5 done to investigate or to research the opportunity with</p> <p>6 Hygea?</p> <p>7 A. Yeah. Hygea -- in Hygea's case, we reviewed</p> <p>8 the confidential information memorandum that was</p> <p>9 produced by CEA Group. We reviewed both audited and</p> <p>10 draft financial statements.</p> <p>11 We reviewed their -- the company's data room.</p> <p>12 We also had site visits, both down in Miami and in some</p> <p>13 of their clinics in various nearby cities. And we also</p> <p>14 had management meetings up in Farmington Hills,</p> <p>15 Michigan.</p> <p>16 Q. What information is reflected in a financial</p> <p>17 statement?</p> <p>18 A. Well, a financial statement in its simplest</p> <p>19 form is the revenues less expenses minus net income.</p> <p>20 But in a larger sense, it's the key metric that</p> <p>21 investors use to determine the value of their</p> <p>22 business and value of -- value their investment. And</p> <p>23 it's also the metric that bankers use to determine</p> <p>24 loans, how much to lend, their covenants. So it's a</p> <p>25 very critical document.</p>

<p style="text-align: right;">Page 58</p> <p>1 Q. What sort of experience have you had over the</p> <p>2 past 35 years in reading and understanding financial</p> <p>3 statements?</p> <p>4 A. I'm not sure I understand the question.</p> <p>5 Q. Have you worked with financial statements in</p> <p>6 your business prior to --</p> <p>7 A. Oh, yes, every day.</p> <p>8 Q. And what level of experience would you say</p> <p>9 that you have reading and understanding financial</p> <p>10 statements?</p> <p>11 A. I would say a fairly strong knowledge level</p> <p>12 of financial statements experience.</p> <p>13 Q. Can you explain to the Court the difference</p> <p>14 between an audited financial statement and an unaudited</p> <p>15 financial statement?</p> <p>16 A. Yes. An audited financial statement is</p> <p>17 generally prepared by a third-party accounting firm</p> <p>18 using the governance numbers. The numbers is -- the</p> <p>19 key component there is it's produced on -- using</p> <p>20 generally accepted accounting principles. So it's an</p> <p>21 important third-party verification of a company's</p> <p>22 performance.</p> <p>23 It also includes as part of the audit a</p> <p>24 review of policies and procedures. It includes an</p> <p>25 opinion letter. An unaudited or draft financial</p>	<p style="text-align: right;">Page 60</p> <p>1 Q. How did Nevada 5 make the investment in</p> <p>2 Hygea?</p> <p>3 A. They created a subsidiary, N5HYG.</p> <p>4 Q. And the investment was made through that</p> <p>5 entity?</p> <p>6 A. That's correct.</p> <p>7 Q. What was the amount of the investment?</p> <p>8 A. \$30 million.</p> <p>9 Q. And what is your relationship with N5HYG?</p> <p>10 A. I'm a financial representative, and I</p> <p>11 oversee the investments for the client.</p> <p>12 Q. Do you have any recordkeeping</p> <p>13 responsibilities in your position with N5HYG?</p> <p>14 A. Yes, I sure do.</p> <p>15 Q. What are your recordkeeping responsibilities</p> <p>16 with respect to N5HYG?</p> <p>17 A. Not just myself, but all of us keep a</p> <p>18 physical copy or deal book of all information that is</p> <p>19 included in the negotiations, everything that was</p> <p>20 presented to us in the due diligence from the data</p> <p>21 room. And we also keep very detailed and -- copies of</p> <p>22 all our emails.</p> <p>23 Q. Do you have any responsibility with respect</p> <p>24 to overseeing the management of the investment?</p> <p>25 A. Yes. I have to oversee not only the</p>
<p style="text-align: right;">Page 59</p> <p>1 statement is purely internally prepared by a company</p> <p>2 and does not include any of those things.</p> <p>3 Q. What was RIN Capital's expectation regarding</p> <p>4 audited financial statements?</p> <p>5 A. We expected audited financial statements</p> <p>6 just like all the other investments we make all the</p> <p>7 time.</p> <p>8 Q. Was there any requirement in connection with</p> <p>9 the investment for the receipt of audited financial</p> <p>10 statements?</p> <p>11 A. Yes, there was.</p> <p>12 Q. Where is that requirement identified?</p> <p>13 A. It would be in the Stock Purchase Agreement.</p> <p>14 Q. Is there a Stock Purchase Agreement between</p> <p>15 RIN Capital and Hygea?</p> <p>16 A. No.</p> <p>17 Q. How do you explain that?</p> <p>18 A. RIN Capital is an investment advisor, it's</p> <p>19 not the investor.</p> <p>20 Q. Well, did RIN Capital make a recommendation</p> <p>21 on Hygea?</p> <p>22 A. Yes. We advised Nevada 5 to make a</p> <p>23 significant investment in Hygea.</p> <p>24 Q. Did Nevada 5 make that investment?</p> <p>25 A. Yes, they did.</p>	<p style="text-align: right;">Page 61</p> <p>1 investment of it, but I also have to oversee the --</p> <p>2 all the paper trail and the documents.</p> <p>3 Q. Do you have any responsibility with respect</p> <p>4 to communicating with Hygea and documenting those</p> <p>5 communications?</p> <p>6 A. Yes, every -- all the time.</p> <p>7 Q. And how do you do that? You know, how do you</p> <p>8 document your communications with Hygea and Hygea's</p> <p>9 representatives?</p> <p>10 A. I certainly keep all copies of my emails,</p> <p>11 phone calls. Obviously can't keep copies of phone</p> <p>12 calls. Mail, etc.</p> <p>13 MR. VIAR: Your Honor, I have a number of</p> <p>14 exhibits that I want to discuss with the witness.</p> <p>15 We've got all the exhibits I think in boxes and large</p> <p>16 binders. Would I have time to take the important ones</p> <p>17 out and put them into separate binders --</p> <p>18 THE COURT: Okay.</p> <p>19 MR. VIAR: -- that I'd like to share with the</p> <p>20 Court and the witness and I've already provided to</p> <p>21 opposing counsel?</p> <p>22 THE COURT: Go ahead.</p> <p>23 MR. VIAR: Can I approach?</p> <p>24 THE COURT: Yes.</p> <p>25 MR. VIAR: I'm also handing a copy of the</p>

<p style="text-align: right;">Page 62</p> <p>1 book to the witness.</p> <p>2 Q. (By Mr. Viar) You mentioned that N5HYG and Hygea</p> <p>3 entered into a Stock Purchase Agreement?</p> <p>4 A. That's correct.</p> <p>5 Q. Please turn to Exhibit 2 in your book. Okay.</p> <p>6 Exhibit 2 starts at Bates number N5 -- rather,</p> <p>7 NV5000379.</p> <p>8 MR. VIAR: Just for the record, Your Honor,</p> <p>9 when I do refer to the page numbers, I'll only refer to</p> <p>10 either the last three or the last four of the -- of the</p> <p>11 number there.</p> <p>12 THE COURT: All right.</p> <p>13 Q. (By Mr. Viar) Why don't you just go ahead and</p> <p>14 take a look at Exhibit 2, Mr. Fowler.</p> <p>15 A. Okay.</p> <p>16 Q. Do you recognize that document?</p> <p>17 A. Yes.</p> <p>18 Q. What is -- what has been identified as</p> <p>19 Exhibit 2?</p> <p>20 A. It's the Stock Purchase Agreement between</p> <p>21 N5HYG, LLC and Hygea Holdings Corp.</p> <p>22 Q. What is the date of the Stock Purchase</p> <p>23 Agreement?</p> <p>24 A. October 5th, 2016.</p> <p>25 Q. If you turn to page 384, I think that you'll</p>	<p style="text-align: right;">Page 64</p> <p>1 about Hygea's capacity to dilute N5HYG stock?</p> <p>2 A. It says, "From and after the closing" --</p> <p>3 Q. I'm not asking you to read it.</p> <p>4 A. I'm not going to read the entire thing.</p> <p>5 "Going forward, certainly cannot sell any stock</p> <p>6 without notifying N5HYG so that it would always</p> <p>7 maintain its percentage ownership at par."</p> <p>8 Q. Upon that notification, would N5HYG have the</p> <p>9 right or option to purchase -- purchase that stock?</p> <p>10 A. Yes, they would.</p> <p>11 Q. Is there a right of first refusal contained</p> <p>12 in that provision?</p> <p>13 A. Yes, there is.</p> <p>14 Q. Are you aware that Hygea now claims that it</p> <p>15 has sold additional Hygea stock?</p> <p>16 A. Yes.</p> <p>17 Q. Well, when did N5HYG first become aware that</p> <p>18 Hygea was claiming that it sold additional stock in</p> <p>19 Hygea?</p> <p>20 A. Honestly, when we filed the lawsuit.</p> <p>21 Q. If it is true that Hygea has, in fact, sold</p> <p>22 additional stock without N5HYG's knowledge or consent,</p> <p>23 would that conduct be consistent with the requirements</p> <p>24 of the Stock Purchase Agreement?</p> <p>25 A. No. It would be a violation of the Stock</p>
<p style="text-align: right;">Page 63</p> <p>1 be at the first page of the agreement without the table</p> <p>2 of contents; is that correct?</p> <p>3 A. Yes.</p> <p>4 Q. And from the agreement, can you tell the</p> <p>5 Court how many shares of Hygea stock were purchased by</p> <p>6 N5HYG?</p> <p>7 A. 23,437,500 shares.</p> <p>8 Q. Does the Stock Purchase Agreement also</p> <p>9 reflect the percentage of ownership obtained by N5HYG</p> <p>10 as a result of its \$30 million investment?</p> <p>11 A. Yes. 8.57 percent.</p> <p>12 Q. Is that reflected on page 384 of the Stock</p> <p>13 Purchase Agreement?</p> <p>14 A. Yes, it is.</p> <p>15 Q. Is there an antidilution provision contained</p> <p>16 in the Stock Purchase Agreement?</p> <p>17 A. Yes, there is.</p> <p>18 Q. Would you please turn to Section 6.4(a) of</p> <p>19 the agreement. That's at Bates number 416 --</p> <p>20 A. Okay.</p> <p>21 Q. -- for the Court, for the record.</p> <p>22 Is there an antidilution provision reflected</p> <p>23 there on page 416?</p> <p>24 A. Yes, there is.</p> <p>25 Q. What does this provision of the agreement say</p>	<p style="text-align: right;">Page 65</p> <p>1 Purchase Agreement.</p> <p>2 MS. GALL: Objection, Your Honor, to the</p> <p>3 characterization. It's an ultimate legal conclusion</p> <p>4 offered by the witness.</p> <p>5 THE COURT: Sustained.</p> <p>6 Q. (By Mr. Viar) Is Hygea required to pay a</p> <p>7 dividend to N5HYG?</p> <p>8 A. Yes, they are.</p> <p>9 Q. How much and how often is Hygea required to</p> <p>10 pay a dividend to N5HYG?</p> <p>11 A. In exchange for the \$30 million, they were</p> <p>12 required to pay a 7 percent dividend per annum payable</p> <p>13 every month until the company went public.</p> <p>14 Q. What is the monthly payment on that dividend?</p> <p>15 A. \$175,000.</p> <p>16 Q. Is Hygea currently paying its monthly</p> <p>17 dividends to N5HYG?</p> <p>18 A. No, it is not.</p> <p>19 Q. When was the last time that Hygea actually</p> <p>20 made a dividend payment required under the terms of the</p> <p>21 parties' Stock Purchase Agreement?</p> <p>22 A. Hygea made seven payments from January 2017</p> <p>23 to July 2017, and then they stopped.</p> <p>24 Q. Well, I know you don't have a calculator with</p> <p>25 you, but could you tell the Court approximately how</p>

<p style="text-align: right;">Page 66</p> <p>1 much is now owed in unpaid dividends to N5HYG?</p> <p>2 A. Yes. Through the beginning of May, it</p> <p>3 should be about \$1,750,000.</p> <p>4 Q. Have you made any effort to collect the money</p> <p>5 that Hygea owes N5HYG?</p> <p>6 A. Yes, I have, many times.</p> <p>7 Q. Have you been able to collect any of the</p> <p>8 approximately \$1.7 million that Hygea owes to N5HYG?</p> <p>9 A. No, none of it.</p> <p>10 Q. Has N5HYG sued Hygea to recover the unpaid</p> <p>11 dividends?</p> <p>12 A. Yes.</p> <p>13 Q. Tell me this: Is N5HYG Hygea's only unpaid</p> <p>14 creditor?</p> <p>15 A. No. No. There are many unpaid creditors.</p> <p>16 Q. Who are the other unpaid creditors that</p> <p>17 you're aware of?</p> <p>18 MS. GALL: Objection, Your Honor, lack of</p> <p>19 foundation.</p> <p>20 THE COURT: Sustained.</p> <p>21 THE WITNESS: Some of the unpaid creditors --</p> <p>22 Q. (By Mr. Viar) No, you can't --</p> <p>23 A. Okay. Apologies.</p> <p>24 THE COURT: No problem.</p> <p>25 Q. (By Mr. Viar) You have reviewed financial</p>	<p style="text-align: right;">Page 68</p> <p>1 part of this record. I would object to any hearsay</p> <p>2 that's still contained within part of his testimony.</p> <p>3 In addition to that, I would object to the</p> <p>4 characterization that counsel is using as these being</p> <p>5 debts owed, particularly if there's no foundation as to</p> <p>6 whether they're subject to bona fide disputes.</p> <p>7 THE COURT: The one bit more of foundation</p> <p>8 that I need, I'm not sure who -- the emails he's</p> <p>9 talking about, the communications back, are those from</p> <p>10 Hygea or from Hygea and others?</p> <p>11 MR. VIAR: I'll let the witness answer the</p> <p>12 question if the Court --</p> <p>13 THE WITNESS: They're from Hygea.</p> <p>14 THE COURT: Okay.</p> <p>15 THE WITNESS: As well as others by the way.</p> <p>16 THE COURT: The objection is overruled. Go</p> <p>17 ahead.</p> <p>18 MR. VIAR: Thank you, Your Honor.</p> <p>19 Q. (By Mr. Viar) Is N5HYG Hygea's only unpaid</p> <p>20 creditor?</p> <p>21 A. No, there are others.</p> <p>22 Q. Who are the other creditors and what amounts</p> <p>23 that you're aware of?</p> <p>24 A. We're aware of Dr. Gaylis and other doctors</p> <p>25 in Florida owed in excess of \$2.5 million. We're also</p>
<p style="text-align: right;">Page 67</p> <p>1 statements and other financial records provided to you by</p> <p>2 Hygea; is that correct?</p> <p>3 A. That's correct.</p> <p>4 Q. And in those documents and in the</p> <p>5 communications that you've had with Hygea, your</p> <p>6 position as the legal representative or of the</p> <p>7 investment representative of N5HYG, have you been</p> <p>8 exposed to the creditors and the amounts owed to those</p> <p>9 creditors?</p> <p>10 A. Yes, I have.</p> <p>11 Q. And have -- has that information come to you</p> <p>12 in what form? Can you explain to the Court how it is</p> <p>13 that you're aware of that?</p> <p>14 A. It's come in the form of emails, of phone</p> <p>15 calls, and preliminary -- and information up until</p> <p>16 the -- and up until and after the board meeting of</p> <p>17 Hygea that I participated in in August 2017. And it</p> <p>18 also included financial information that was presented</p> <p>19 as a result of this trial.</p> <p>20 MR. VIAR: Your Honor, I think I've laid the</p> <p>21 proper foundation that he would have knowledge and be</p> <p>22 qualified to answer my questions.</p> <p>23 THE COURT: Ms. Gall?</p> <p>24 MS. GALL: Your Honor, I don't mind</p> <p>25 Mr. Fowler testifying to -- as what he's reviewed as</p>	<p style="text-align: right;">Page 69</p> <p>1 aware that the company owes American Express over</p> <p>2 \$8.5 million. There's been back taxes that have been</p> <p>3 owed. And we also know that Bridging Finance is owed</p> <p>4 in excess of \$60 million now, it appears to be</p> <p>5 approaching \$75 million Canadian.</p> <p>6 Q. Are you aware of the interest rate on that</p> <p>7 75 million Canadian?</p> <p>8 A. Yes.</p> <p>9 Q. What is it?</p> <p>10 A. It's now 15 percent.</p> <p>11 Q. Is Hygea making regular payments to the list</p> <p>12 of creditors that you've identified?</p> <p>13 A. Not to my knowledge.</p> <p>14 Q. Well, do you know precisely how much is owed</p> <p>15 to Hygea's creditors?</p> <p>16 A. No. Unfortunately, I don't.</p> <p>17 Q. Why is that? Why don't you know exactly how</p> <p>18 much Hygea owes to its creditors?</p> <p>19 A. Because the company will not share financial</p> <p>20 information with us. They will not share it with any</p> <p>21 of the shareholders.</p> <p>22 Q. And -- and the information that is shared, is</p> <p>23 that reliable?</p> <p>24 A. No.</p> <p>25 Q. Did Hygea promise and agree to provide N5HYG</p>

<p style="text-align: right;">Page 70</p> <p>1 with audited financial statements for 2014, '15, '16, 2 and '17? 3 A. Yes, they did. 4 Q. Has Hygea produced the promised audited 5 financial statements for those years? 6 A. No. 7 Q. Has Hygea provided any explanation for its 8 failure to produce the audited financial statements 9 that have been promised? 10 A. Yes. We've gotten lots of excuses and 11 delays and been told frequently they're working on it. 12 Q. Beyond that, that they're working on it, has 13 there been any other explanation for the failure to 14 produce the audited financial statements? 15 A. The biggest issue that we've heard from the 16 outside firm that the company hired to assist is that 17 they can't validate the revenue recognition. 18 MS. GALL: Objection, Your Honor. It's 19 hearsay on the record. 20 THE COURT: I'm going to sustain the 21 objection based upon lack of foundation at this point. 22 MR. VIAR: Your Honor, I'll revisit that 23 question later when we get into some of the documents, 24 some of the other documents. 25 Q. (By Mr. Viar) Well, what information has</p>	<p style="text-align: right;">Page 72</p> <p>1 MR. VIAR: Thank you, Your Honor. 2 Q. (By Mr. Viar) Before we left, we were talking 3 about the Stock Purchase Agreement. And I was questioning 4 you -- I identified a monthly payment of \$175,000? 5 A. Yes. 6 Q. I referred to that payment as a dividend? 7 A. Yes, you did. 8 Q. Would you look at page 415 of the Stock 9 Purchase Agreement, Section 6.3. 10 A. Yes, I see it. 11 Q. There's a -- there's a \$175,000 payment 12 referenced there? 13 A. Yes. 14 Q. Do you see that? 15 A. Yes. 16 MR. VIAR: Your Honor, I think I misspoke 17 when I called this a dividend. 18 Q. (By Mr. Viar) Can you read into the record just 19 that first part after 6.3, "Post closing monthly payment 20 to buyer." 21 A. "From and after the closing date on each 22 payment date prior to the occurrence of the trigger 23 event, seller shall make a payment to buyer in an 24 amount equal to \$175,000. 25 "For the purposes of this payment, the term</p>
<p style="text-align: right;">Page 71</p> <p>1 Hygea -- well, before I move off -- 2 THE COURT: If you're going to go to a new 3 subject, let's go ahead and take our break now. 4 MR. VIAR: Okay. 5 THE COURT: So we're going to take a break 6 until quarter 'til by this clock. We're going to have 7 the IT person come down and check, and hopefully we can 8 use this technology. We'll be in recess until then. 9 You can go ahead and step down. 10 (Recess taken at 10:29, resuming at 10:44.) 11 THE COURT: Back on 18 OC 71, Arellano v. 12 Hygea. Counsel are present. 13 Go ahead. 14 MR. VIAR: Thank you, Your Honor. 15 THE COURT: No luck on getting this stuff to 16 work. 17 MS. GALL: I don't mean to interrupt. I'd 18 like to make an objection, Your Honor, to strike from 19 the record all the testimony regarding the audited 20 financial statements for relevance because they're not 21 a basis of -- breach of contract is not a basis for 22 appointment of a receivership under 78.650, 630, or 23 32.010. 24 THE COURT: The objection is overruled. Go 25 ahead.</p>	<p style="text-align: right;">Page 73</p> <p>1 'payment date' shall be January 1, 2017, and the first 2 day of each subsequent calendar month thereafter. The 3 term 'trigger event' shall mean the earlier of, A, the 4 consummation of an initial public stock offering of 5 seller's common stock on an established and 6 internationally recognized stock exchange, such as the 7 New York Stock Exchange, NASDAQ, or Toronto Stock 8 Exchange, and B, such time as the buyer no longer holds 9 any of the acquired stock or other equity interest in 10 the seller or a successor to the seller." 11 Q. So when I referenced that \$175,000 payment as 12 a dividend, was that a correct statement -- 13 A. No. 14 Q. -- according to this? 15 A. No. It's really -- should be called a 16 post-closing monthly payment. 17 MR. VIAR: Your Honor, the plaintiffs move 18 for the admission of Exhibit 2. 19 MS. GALL: We have no objection to the 20 admission of Exhibit 2, Your Honor. 21 THE COURT: Exhibit 2 is admitted. 22 MR. VIAR: Thank you, Counsel. Thank you, 23 Your Honor. 24 Q. (By Mr. Viar) Now, you testified that there was 25 no audited financial statements provided by Hygea?</p>

<p style="text-align: right;">Page 74</p> <p>1 A. No. We did receive audited financial 2 statements for 2013 and 2012. 3 Q. My question was with respect to your 4 testimony earlier '14, '15, '16, and '17? 5 A. We -- correct. We did -- let me correct the 6 statement. We have not received audited financial 7 statements for 2014, '15, '16, or '17. 8 Q. Well, what information has Hygea produced 9 about its financial condition? 10 A. They've produced several quality of earnings 11 reports. 12 Q. What is a quality of earnings report? 13 A. A quality of earnings report is a snapshot 14 in time. It's not an audit. In the case of what's 15 been presented to us, it's also only been a draft. It 16 hasn't been complete. And it gives you a bridge to 17 what the company had done previously to where they're 18 going to. 19 Q. Please turn to Exhibits 82 and 193 in your 20 book. They're the last two exhibits in the Court's 21 book and in yours. 22 A. Okay. I'm there. 23 Q. Are you familiar with these documents? 24 A. Yes, I am. 25 Q. Are these the 2017 quality of earnings</p>	<p style="text-align: right;">Page 76</p> <p>1 in connection with the preparation of the quality of 2 earnings report. 3 THE COURT: Response? 4 MR. VIAR: Your Honor, I did not ask him to 5 account for the difference. I just asked him if there 6 was any explanation in the document for that -- for 7 that change, for that difference. 8 THE COURT: He can -- was that the question 9 you heard? If he can -- if there's an explanation in 10 the document. 11 MS. GALL: He said -- I believe the question 12 was is there any explanation for that adjustment. 13 THE COURT: Okay. Well, so if you're 14 rephrasing, do you have an objection to that if there's 15 an explanation in the document? 16 MS. GALL: If he perceives an explanation 17 within the document, I don't have an objection for 18 Mr. Fowler testifying as to his perception. 19 THE COURT: Okay. Go ahead. 20 Q. (By Mr. Viar) Is there an explanation in the 21 document for this change? 22 A. No, there's no explanation in the document. 23 Q. What else did you find when you reviewed 24 these documents? 25 A. Well, when you -- then there's another</p>
<p style="text-align: right;">Page 75</p> <p>1 reports? 2 A. Yes, they are. They say "Sell Side Due 3 Diligence Report." 4 Q. What did you find when you reviewed the 2017 5 quality of earnings reports? 6 A. Well, I found several things. April 23rd, 7 2018, report is a draft. It's incomplete, and it's 8 only seven pages. The other thing that's interesting 9 in this document is -- on page 5, it shows the 10 company's total revenues for 12/3/2017 at 11 56.2 million. And then there's a miraculous 12 adjustment of \$285 million. 13 Q. What is -- is there any explanation for that 14 adjustment? 15 MS. GALL: Objection, Your Honor. Mr. Fowler 16 is neither CliftonLarsonAllen, who prepared this 17 report, nor Hygea, who has information. There's no 18 foundation for his testimony, Your Honor. 19 MR. VIAR: Your Honor -- actually, I didn't 20 hear what you said. 21 MS. GALL: I said there's no foundation for 22 his testimony, Your Honor, to ask what accounts for the 23 adjustment because he's neither CliftonLarsonAllen, 24 which prepared the -- what has been marked as 25 Exhibit 82, nor is he Hygea, which provided information</p>	<p style="text-align: right;">Page 77</p> <p>1 document dated May something that's also a draft, 2 which is much more thorough, by CliftonAllen. 3 Q. May something? 4 A. CliftonLarson. Sorry. 5 Q. What year, May something? 6 A. May 2018. Sorry. So a couple weeks later, 7 we received a slightly more detailed report, which is 8 also in draft form. A couple of the challenges in it 9 that we found were in one particular case, there's no 10 explanation of expenses. 11 And if the expenses are blank, it's really 12 hard to tell what net income is because there is no 13 explanation in the quality of earnings for the 14 expenses. 15 Just another example is in one area of the 16 report, it shows that cash for December 31, 2017, was 17 zero. And in another case, it shows cash being 18 \$523,000. Which is it? This is supposed to be a 19 report in my mind as an investor and previously as a 20 lender that's supposed to answer all those questions. 21 Q. Does it answer any of the questions that you 22 were interested in? 23 A. No. I consider this unreliable. 24 Q. Did N5HYG offer Hygea any help getting its 25 financial house in order?</p>

<p style="text-align: right;">Page 78</p> <p>1 A. Yes.</p> <p>2 Q. What -- what sort of help did N5HYG offer to</p> <p>3 Hygea?</p> <p>4 A. We recommended to Hygea that they hire an</p> <p>5 outside consulting firm.</p> <p>6 Q. Did Hygea hire an outside consulting firm?</p> <p>7 A. Yes, they did.</p> <p>8 Q. What is the name of the consulting firm that</p> <p>9 they hired?</p> <p>10 A. They hired FTI Consulting.</p> <p>11 Q. Did FTI dispatch someone to review Hygea's</p> <p>12 financial and management procedures?</p> <p>13 A. Yes. They dispatched Tim Dragelin, who is</p> <p>14 the co-managing director of the healthcare division of</p> <p>15 FTI Consulting.</p> <p>16 Q. Did Mr. Dragelin go to work directly for FTI,</p> <p>17 or, rather, did Mr. Dragelin go to work directly for</p> <p>18 Hygea?</p> <p>19 A. I believe he went to work as a consultant</p> <p>20 for Hygea.</p> <p>21 Q. Did Mr. Dragelin report any problems with the</p> <p>22 way Hygea was reporting and managing its revenues and</p> <p>23 expenses?</p> <p>24 MS. GALL: Objection, Your Honor.</p> <p>25 Mr. Dragelin, in fact, is on their witness list. He</p>	<p style="text-align: right;">Page 80</p> <p>1 you?</p> <p>2 A. It came to me in an email.</p> <p>3 Q. Directly from Mr. Dragelin or from Hygea?</p> <p>4 MS. GALL: Objection, Your Honor; asked and</p> <p>5 answered.</p> <p>6 THE COURT: Overruled. You can answer.</p> <p>7 THE WITNESS: I'd have to refer back. I</p> <p>8 honestly don't recall.</p> <p>9 MR. VIAR: Your Honor, with respect to the</p> <p>10 work of Mr. Dragelin, he -- the work that he was doing</p> <p>11 was on behalf of Hygea. And any of his reports,</p> <p>12 comments, statements, they constitute admissions on</p> <p>13 behalf of Hygea and so would not necessarily be</p> <p>14 considered hearsay in the context of this testimony.</p> <p>15 MS. GALL: Your Honor, I have not seen, I</p> <p>16 have not been able to vet, so I have no idea what</p> <p>17 information that they're talking about. Certainly</p> <p>18 Hygea retained Mr. Dragelin as their agent.</p> <p>19 I think there's probably evidence that we'll</p> <p>20 be presenting that he was perhaps acting on behalf of</p> <p>21 RIN. So I don't know within what scope his agency he</p> <p>22 was acting in at this point and what information he</p> <p>23 shared. Again, Mr. Dragelin is on their witness list.</p> <p>24 If he is called, he can testify as to what they're</p> <p>25 attempting to solicit from Mr. Fowler.</p>
<p style="text-align: right;">Page 79</p> <p>1 can testify as to this if they call him.</p> <p>2 THE COURT: The question at this point was if</p> <p>3 he -- it's not at this point calling for hearsay. So</p> <p>4 that objection is overruled. You can answer that</p> <p>5 question.</p> <p>6 THE WITNESS: Can you repeat the question?</p> <p>7 Q. (By Mr. Viar) Did Mr. Dragelin identify any</p> <p>8 problems with the way that Hygea was reporting and</p> <p>9 managing its revenues and expenses?</p> <p>10 A. Yes, he had a number of issues.</p> <p>11 THE COURT: Okay.</p> <p>12 Q. (By Mr. Viar) What were the specific problems</p> <p>13 identified by Mr. Dragelin?</p> <p>14 MS. GALL: Objection, Your Honor. Same</p> <p>15 objection based on hearsay.</p> <p>16 Q. (By Mr. Viar) Mr. Fowler, were the results of</p> <p>17 Mr. Dragelin's work communicated to you?</p> <p>18 A. Yes, they were.</p> <p>19 Q. And were they communicated to you by</p> <p>20 representatives of Hygea?</p> <p>21 A. That I don't recall.</p> <p>22 Q. How is it that you were made aware?</p> <p>23 A. Meaning I don't know if I got it from Tim</p> <p>24 Dragelin directly or Hygea directly.</p> <p>25 Q. And what format did this information come to</p>	<p style="text-align: right;">Page 81</p> <p>1 THE COURT: The hearsay objection is</p> <p>2 sustained.</p> <p>3 Q. (By Mr. Viar) Please turn to Exhibit 19 in your</p> <p>4 book.</p> <p>5 A. I'm on Exhibit 19.</p> <p>6 Q. In your role as a legal representative of</p> <p>7 N5HYG, did you use email to correspond with Hygea and</p> <p>8 Hygea representatives on a regular basis?</p> <p>9 A. Yes.</p> <p>10 Q. Exhibit 19, do you recognize this document?</p> <p>11 A. Yes, I do.</p> <p>12 Q. What is it?</p> <p>13 A. This is that series of emails between myself</p> <p>14 and Manuel Iglesias, including copies to Ted Moffly</p> <p>15 and Dan Miller.</p> <p>16 Q. What was Mr. Iglesias' title at the time of</p> <p>17 this email?</p> <p>18 A. He was the CEO of Hygea.</p> <p>19 Q. What is the date and subject matter of the</p> <p>20 email?</p> <p>21 A. It's June 26, 2017, and subject matter is</p> <p>22 "Hygea board meeting."</p> <p>23 Q. Can you read your email to Mr. Iglesias into</p> <p>24 the record, please?</p> <p>25 A. Yes. "Chris Fowler to Manuel Iglesias.</p>

<p style="text-align: right;">Page 82</p> <p>1 Hygea has not held a board meeting in 2017, and we 2 have not received 2016 financial statements or 3 projections. As a result, we would like to request 4 that a board meeting be scheduled as soon as 5 practical. If interested, we would be happy to share 6 our thoughts on agenda items." 7 Q. How did Mr. Iglesias react to your request 8 for a board meeting in June of 2017? 9 A. His response to me in the email was, "Dear 10 Chris, we are going to schedule a board meeting as 11 soon as the 2014 and '15 audits are complete. The 12 audits should be complete no later than the end of 13 July with a call or board meeting immediately 14 thereafter. I will discuss with Ted," who's Ted 15 Moffly, "when we have the financial draft for 2016. 16 We will send these to you as quickly as possible. 17 Let's talk soon." 18 Q. What was the purpose of your request that 19 Mr. Iglesias call a board meeting? 20 A. The purpose of the request was that the 21 board was not acting in a fiduciary way because they 22 were not taking active steps to get audited financial 23 statements complete going back almost three years. 24 That is -- there's no investment I've ever made that 25 wasn't able to do that.</p>	<p style="text-align: right;">Page 84</p> <p>1 August of 2017? 2 A. No, they did not. 3 Q. How did you respond to that? How did you 4 respond to Mr. Iglesias' refusal to call a board 5 meeting during that period of time? 6 MS. GALL: Objection, Your Honor, to 7 counsel's characterization of "refusal." Assumes facts 8 that are not in evidence. 9 THE COURT: Sustained. 10 Q. (By Mr. Viar) How did you respond when you 11 learned that a meeting would not take place during that 12 period of time? 13 A. I was continually -- continued frustration 14 grew, and I continued to ask for additional financial 15 information. 16 Q. Did you ask for a meeting of any kind? 17 A. Yes. My next step was to ask for a 18 shareholder list so we can have a shareholder meeting. 19 Q. Why did you attempt to schedule a shareholder 20 meeting? 21 A. Because I wanted to make sure that the -- I 22 want -- as a shareholder, I wanted the other 23 shareholders to know that we were witnessing 24 mismanagement, we were witnessing constant delay 25 tactics, whether they were incompetent or incapable or</p>
<p style="text-align: right;">Page 83</p> <p>1 MS. GALL: Objection, Your Honor, as 2 Mr. Fowler's testimony with the term "fiduciary" calls 3 for an ultimate legal conclusion. 4 THE COURT: I lost it about half way -- 5 MS. GALL: Mr. Fowler's testimony describing 6 the action as a fiduciary responsibility or action 7 calls for an ultimate legal conclusion, so we object. 8 THE COURT: Response to that? 9 MR. VIAR: What part of the statement are 10 you -- question are you objecting to? 11 MS. GALL: I'm not objecting to the question, 12 I'm objecting to his testimony, Your Honor. 13 THE COURT: Regarding the fiduciary, right, 14 that part? 15 MS. GALL: Yes. 16 MR. VIAR: I merely asked him the reason that 17 he -- he added something there at the end, and I think 18 that's what she's objecting to, Your Honor. 19 THE COURT: The objection is sustained, and 20 that testimony is stricken, that portion of the 21 testimony. Go ahead. 22 Q. (By Mr. Viar) Well, did Hygea, in fact, convene 23 a board meeting in June of 2017? 24 A. No, they did not. 25 Q. Did Hygea convene a board meeting in July or</p>	<p style="text-align: right;">Page 85</p> <p>1 unwilling. And the rest, whether the board took 2 action or not, the shareholders deserved to know. 3 Q. Please turn to Exhibit 20 in your book. 4 A. Yes. I'm on Exhibit 20. 5 Q. Okay. Do you recognize this document? 6 A. Yes, I do. 7 Q. What is it? 8 A. This is a request from me to -- 9 Q. Why don't you explain to the Court what 20 is 10 because it's more than one page. 11 A. Oh, okay. Sorry. It is -- it's a series of 12 questions to get a copy of the shareholder register, 13 which is in our stockholder agreement. We have the 14 right to request that and bylaws. 15 Q. Did you make a direct request for a copy of 16 the shareholder warrant register? 17 A. Yes, I did. 18 Q. And the purpose of that request was what 19 exactly? 20 A. To try to arrange a stockholder meeting. 21 Q. And who did -- did you make that request on? 22 Who from Hygea did you make the request on? 23 A. Sergey Savchenko. 24 Q. And with respect to Exhibit 20, can you read 25 Sergey's response to your request?</p>

<p style="text-align: right;">Page 86</p> <p>1 A. Yeah. On Friday, August 25th, Chris Fowler 2 to Sergey, "Has the stock and warrant register 3 reconciliation been completed? If so, may I have a 4 copy, please?" 5 Q. Did you get a response on the 25th? 6 A. No. 7 Q. Did you send another email? 8 A. I did. 9 Q. What's the date of the second email? 10 A. It's August 30th, 2017. 11 Q. And can you read that request into the 12 record, please? 13 A. "Sergey, can you please forward the updated 14 shareholder and warrant register at your earliest 15 convenience." 16 Q. Did Sergey respond to your email, your 17 request? 18 A. Yes, he did. 19 Q. Can you describe the response to the Court? 20 A. Sergey to Chris Fowler, "Chris, in my 21 opinion, shareholder register is not complete. Here 22 are -- here's the last version I have. It might be 23 different now, but I have not seen any newer versions. 24 I have not seen warrant schedules at all." 25 Q. Has Hygea ever been able to provide you with</p>	<p style="text-align: right;">Page 88</p> <p>1 MS. GALL: It will be the same objection, 2 Your Honor, based on relevance and style of this 3 action. I would also like to preserve my objections on 4 hearsay, but I imagine what Mr. Viar's response is 5 going to be. 6 THE COURT: Exhibit 19 is admitted. 7 Q. (By Mr. Viar) Please take a look at Exhibit 41 8 in your book. 9 A. I'm on Exhibit 41. 10 Q. If you look at the first page of Exhibit 41, 11 there's an email there. 12 A. Yes. 13 Q. Do you see that? 14 A. Yes. 15 Q. Can you identify to the Court who this email 16 is from? 17 A. It is from Manuel Iglesias. 18 Q. Was Mr. Iglesias the CEO of Hygea at that 19 time? 20 A. Yes, he was. 21 Q. And there's a reference -- well, you're not 22 the only one on the email, but are you on this email? 23 Did you receive this email? 24 A. Yes, I did. 25 Q. And is your name reflected as one of the</p>
<p style="text-align: right;">Page 87</p> <p>1 the stock register reflecting the names and the 2 shareholders and amount of stock owned by each of the 3 shareholders? 4 A. Not a complete stock register. 5 MS. GALL: Objection, Your Honor; lack of 6 foundation. 7 THE COURT: Sustained. 8 Q. (By Mr. Viar) Have you ever been provided what 9 was represented to you by anyone from Hygea to be a 10 complete and accurate list of the shareholders of the 11 company? 12 A. No, I did not receive one. 13 MR. VIAR: Your Honor, I move for the 14 admission of just the first page of Exhibit 20. 15 MS. GALL: Your Honor, I object based on 16 relevance because it's the same objection as before. 17 This is not a breach of contract action. 18 MR. VIAR: Again, Your Honor -- I'm sorry. 19 THE COURT: Exhibit -- the first page of 20 Exhibit 20 is admitted. 21 MR. VIAR: Thank you, Your Honor. I just 22 want to go back to Exhibit 19 since we're on evidence. 23 This was the email to and from Manuel Iglesias, the CEO 24 at the time of Hygea, and move for entry of 19. 25 THE COURT: Ms. Gall?</p>	<p style="text-align: right;">Page 89</p> <p>1 receivers of this email? 2 A. Yes, it is. 3 Q. If you look down to the second full 4 paragraph, will you read that -- that paragraph, that 5 line into the record, please. 6 A. The, "On January 27"? 7 Q. Yes. That one. 8 A. "The board has approved the Bridging 9 transaction. A copy of those minutes is attached for 10 your review." 11 Q. What did that indicate to you happened at 12 that time? 13 A. That Hygea had a board meeting. 14 Q. Were you entitled to notice of -- well, can 15 you explain to the Court what your role on the board 16 was at that time? 17 A. Yes. We had -- RIN Capital is an advisor to 18 N5HYG. It's just a holding company for the 19 investment. And we had both the right for a board 20 seat and observation rights. 21 And so clearly since we made the investment 22 in October of 2016, and this is dated -- reference is 23 January 27, 2017, the board had a meeting without our 24 knowledge. 25 Q. Did you or anyone else at RIN or N5HYG</p>

<p style="text-align: right;">Page 90</p> <p>1 receive notice of this meeting?</p> <p>2 A. Not to my knowledge.</p> <p>3 Q. Now, there's an attachment to this meeting</p> <p>4 that's referenced at -- rather, an attachment to the</p> <p>5 email at page 1634. Do you see that? Just turn the</p> <p>6 page.</p> <p>7 A. I'm sorry. I don't see where you're --</p> <p>8 Q. On the bottom right-hand corner.</p> <p>9 A. Say the number again, please.</p> <p>10 Q. 1634.</p> <p>11 A. Oh, 1634. Got it. Yes, I'm there.</p> <p>12 Q. Can you identify this document for the Court?</p> <p>13 A. This is a letter from Bridging Finance in</p> <p>14 Toronto, Canada.</p> <p>15 Q. Can you tell the Court who Bridging Finance</p> <p>16 is or was at that time?</p> <p>17 A. Yeah. Bridging Finance was and is a finance</p> <p>18 company in -- located in Toronto, Canada.</p> <p>19 Q. And what was their connection with Hygea at</p> <p>20 that time?</p> <p>21 A. They provided a loan to Hygea.</p> <p>22 Q. Can you -- are you familiar with this</p> <p>23 document?</p> <p>24 A. Yes, I am.</p> <p>25 Q. Who is -- who is this letter written to?</p>	<p style="text-align: right;">Page 92</p> <p>1 the part of -- well, it's not an admission by Bridging</p> <p>2 so much as it is a business record reflecting what --</p> <p>3 what is owed to Bridging.</p> <p>4 MS. GALL: I don't think Mr. Viar can testify</p> <p>5 as to what constitutes Bridging's business records.</p> <p>6 THE COURT: So is there an objection in</p> <p>7 addition to hearsay?</p> <p>8 MS. GALL: There's lack of foundation,</p> <p>9 Your Honor, in addition to the hearsay objection. And</p> <p>10 I would state he has not shown an exception to the</p> <p>11 hearsay exception.</p> <p>12 THE COURT: Both objections are sustained.</p> <p>13 Q. (By Mr. Viar) If you turn to page 1750 of that</p> <p>14 same exhibit. Actually, 1749. The title there is</p> <p>15 "Minutes of the Annual Meeting of the Members of Board of</p> <p>16 Directors."</p> <p>17 A. I'm there.</p> <p>18 Q. Can you review this document, please?</p> <p>19 A. Yes. This is the minutes of the annual</p> <p>20 board meeting of Hygea Holdings on August 9th.</p> <p>21 MS. GALL: Objection, Your Honor;</p> <p>22 mischaracterization. This is a draft of the board</p> <p>23 minutes, which I think is clearly reflected by the</p> <p>24 redlining in the minutes.</p> <p>25 THE COURT: Mine does not have any --</p>
<p style="text-align: right;">Page 91</p> <p>1 A. Mr. Iglesias.</p> <p>2 Q. And if you could -- if you could look, scroll</p> <p>3 down or look down to the last paragraph of that letter</p> <p>4 from Bridging Finance to Mr. Iglesias and just read</p> <p>5 that last paragraph into the record, please.</p> <p>6 A. Are you referring to the page 1 of that last</p> <p>7 paragraph?</p> <p>8 Q. Where it says, "Please be advised."</p> <p>9 A. "Please be advised that this constitutes a</p> <p>10 breach of covenant and an event of default under the</p> <p>11 credit agreement."</p> <p>12 Q. Let me stop you there.</p> <p>13 Why don't you go up the sentence before that</p> <p>14 where it says, "Furthermore."</p> <p>15 MS. GALL: Your Honor, I'm going object at</p> <p>16 this point. This is hearsay within hearsay. The</p> <p>17 letter, as you can see, is executed by Natasha Sharpe,</p> <p>18 who is not here.</p> <p>19 THE COURT: Why is it not hearsay?</p> <p>20 MR. VIAR: Your Honor, it's -- it's a</p> <p>21 business record that is -- that reflects the account</p> <p>22 status on a loan from Bridging Finance to Hygea, that</p> <p>23 it was sent to -- to Hygea by Bridging to Mr. Iglesias.</p> <p>24 It's a record that is kept in the ordinary</p> <p>25 course of business. It also contains an admission on</p>	<p style="text-align: right;">Page 93</p> <p>1 MR. VIAR: Turn the page, Your Honor. You</p> <p>2 may see that.</p> <p>3 THE COURT: There we go. So the objection is</p> <p>4 the question was -- didn't indicate it was a draft, it</p> <p>5 indicated it was the meeting?</p> <p>6 MS. GALL: Correct, Your Honor.</p> <p>7 THE COURT: Sustained.</p> <p>8 Q. (By Mr. Viar) Have you reviewed these minutes,</p> <p>9 Mr. Fowler?</p> <p>10 A. Yes. I've reviewed these minutes.</p> <p>11 Q. And -- and there are redlines that indicate</p> <p>12 this may be a draft set of minutes?</p> <p>13 A. I understand.</p> <p>14 Q. And is that typical of the way that minutes</p> <p>15 have come to you in your position at N5HYG?</p> <p>16 A. Yes.</p> <p>17 Q. And have you relied on those minutes in that</p> <p>18 position over time?</p> <p>19 A. Yes.</p> <p>20 MR. VIAR: Your Honor, the witness has</p> <p>21 testified that this is the way that he's received</p> <p>22 minutes from -- from Hygea in draft form. And if this</p> <p>23 is the way that they do their minutes or have done</p> <p>24 their minutes, it's not a basis for exclusion.</p> <p>25 THE COURT: Go ahead and ask your next</p>

<p style="text-align: right;">Page 94</p> <p>1 question.</p> <p>2 MR. VIAR: Well, I'm going to direct him to</p> <p>3 the last paragraph on the next page of 1750 and ask if</p> <p>4 he could read -- there's just a couple of portions of</p> <p>5 this document that I want read into the record that</p> <p>6 pertain to the operations of Hygea that are reflected</p> <p>7 in the minutes.</p> <p>8 MS. GALL: Your Honor, I don't have an</p> <p>9 objection to the admission of the minutes so long as</p> <p>10 they're recognized as a draft minutes and, therefore,</p> <p>11 not the final minutes of the company.</p> <p>12 THE COURT: All right. So you can answer the</p> <p>13 question.</p> <p>14 Q. (By Mr. Viar) If you go to the page 1750, the</p> <p>15 last full paragraph there, read that into the record,</p> <p>16 please.</p> <p>17 A. Are you referring to, "The CFO further</p> <p>18 stated"?</p> <p>19 Q. "The CEO reported."</p> <p>20 A. "The CEO reported that the one blemish on</p> <p>21 Hygea's progress is cash flow. There is substantial</p> <p>22 obligations coming soon, including an approximate</p> <p>23 \$9 million payment to the VRG Group med plan sellers</p> <p>24 on August 24th, which the company will not be able to</p> <p>25 honor.</p>	<p style="text-align: right;">Page 96</p> <p>1 THE WITNESS: Okay. "Mr. Dragelin further</p> <p>2 advised that various deficiencies in the organization</p> <p>3 are being overcome. Mr. Savchenko was brought on board</p> <p>4 as finance director for his expertise in both financial</p> <p>5 and more general accounting.</p> <p>6 "Various trust issues are being addressed.</p> <p>7 The company's liquidity must be resolved. He said the</p> <p>8 company needs real-time financials on a monthly basis.</p> <p>9 "Ms. Sharpe added that the company should be</p> <p>10 focused on getting her loan refinanced at a more</p> <p>11 favorable rate. Her role as Bridging Financing, and it</p> <p>12 is too expensive for Hygea to retain.</p> <p>13 "The most -- single most important act in her</p> <p>14 opinion is to finish the audits so more favorable</p> <p>15 take-out financing can be obtained. Mr. McGowan opined</p> <p>16 that the company can live or die on the audits."</p> <p>17 Q. (By Mr. Viar) Has Hygea obtained the audits that</p> <p>18 are referenced there?</p> <p>19 A. No.</p> <p>20 THE COURT: Obtained?</p> <p>21 Q. (By Mr. Viar) Obtained the audits that are</p> <p>22 referenced there?</p> <p>23 A. No, they have not.</p> <p>24 MR. VIAR: Your Honor, I move for the</p> <p>25 admission of the draft minutes, as there's been no</p>
<p style="text-align: right;">Page 95</p> <p>1 "He explained that the reasons that he does</p> <p>2 not want the company to incur additional debt and</p> <p>3 advised that he wishes to raise 15 to \$20 million in</p> <p>4 equity through a private placement in case the</p> <p>5 company's plans for going public are further delayed."</p> <p>6 Q. Now, if you turn to the -- if you move down</p> <p>7 to the next -- to paragraph starting with,</p> <p>8 "Mr. Dragelin further advised."</p> <p>9 A. Yes.</p> <p>10 Q. Can you remind the Court who Mr. Dragelin was</p> <p>11 at that time?</p> <p>12 A. Yeah. Mr. Dragelin was the co-head of</p> <p>13 FTI Consulting healthcare's practice.</p> <p>14 Q. What was his relationship with Hygea at that</p> <p>15 time?</p> <p>16 A. He was a paid consultant to Hygea.</p> <p>17 Q. Can you read what it says above</p> <p>18 "Mr. Dragelin" there, that full paragraph starting</p> <p>19 with, "Mr. Dragelin further advised"?</p> <p>20 MS. GALL: Your Honor, I object. It's</p> <p>21 hearsay within hearsay at this point. We've agreed to</p> <p>22 the admission of this as a draft, but not to</p> <p>23 Mr. Dragelin's statements contained therein.</p> <p>24 THE COURT: The objection's overruled. You</p> <p>25 can read that paragraph.</p>	<p style="text-align: right;">Page 97</p> <p>1 objection on that. And I also move for the admission</p> <p>2 of the first -- the first page, 1631, of Exhibit 41,</p> <p>3 that first page.</p> <p>4 THE COURT: Any objection to -- so it's</p> <p>5 Exhibit 41, the first page, 1631?</p> <p>6 MR. VIAR: Well, the first page and the back</p> <p>7 of it, which is that email, that full email there.</p> <p>8 MS. GALL: I will make an objection that it's</p> <p>9 hearsay, but I imagine Mr. Viar has a response to that.</p> <p>10 THE COURT: Exhibit --</p> <p>11 MS. GALL: 41.</p> <p>12 THE COURT: So Exhibit 41, pages 1631 --</p> <p>13 we're just using 1631 as abbreviated for NV5001631 and</p> <p>14 1632 are admitted. And then he was asking for the</p> <p>15 admission of the minutes, draft minutes, which begin at</p> <p>16 1747 and end where? Looks like ends at 1753?</p> <p>17 MR. VIAR: I'm looking at it right now,</p> <p>18 Your Honor.</p> <p>19 MS. GALL: I believe, Your Honor, it's 1749</p> <p>20 through 1753.</p> <p>21 THE COURT: 17 -- oh.</p> <p>22 MR. VIAR: Well, through 1753. That's</p> <p>23 correct, Your Honor.</p> <p>24 THE COURT: 1749 through 1753. Any</p> <p>25 objection?</p>

<p style="text-align: right;">Page 98</p> <p>1 MS. GALL: No, as long as they're identified 2 as draft. 3 THE COURT: All right. So the draft minutes 4 of the annual meeting, 1749 through 1752, are also 5 admitted. 6 Q. (By Mr. Viar) Did you attend a Hygea board of 7 directors meeting in September of 2017? 8 A. Yes, I did. 9 MS. GALL: Objection, Your Honor; foundation. 10 THE COURT: Hold on just a moment. I need 11 those page numbers again. It's 1749 to 1753? 12 MR. VIAR: That's correct, Your Honor. 13 THE COURT: Sorry. 14 MR. VIAR: It's all right. 15 THE COURT: I'm going to need you to state 16 again the question. 17 Q. (By Mr. Viar) Did you attend a Hygea board of 18 directors meeting in September of 2017? 19 A. I did. 20 THE COURT: Hold on. 21 MS. GALL: Objection, Your Honor; foundation. 22 THE COURT: Overruled. He's already 23 answered. Go ahead. 24 Q. (By Mr. Viar) In what capacity did you attend 25 that meeting?</p>	<p style="text-align: right;">Page 100</p> <p>1 Q. Were these -- are these issues documented in 2 your email? 3 A. Yes, they are. 4 Q. I just want to look at a few of these items 5 that are highlighted there. Number 1, it says 6 "financial information." 7 Can you read that into that -- one sentence 8 into the record and explain to the Court what you were 9 communicating or trying to communicate in that section 10 of your email. 11 A. Okay. "In our opinion, critical facts are 12 intentionally or through incompetence obviating 13 defects presented to board of directors, shareholders, 14 and physician practices." 15 Q. What are you referring to specifically at 16 that time? 17 A. Very specifically, we had received three 18 different sets of projections just before the board 19 meeting, and it clearly showed that the company had 20 negative cash flow. And you can't run a business with 21 negative -- it was with sustained negative cash flow. 22 Q. And there's -- the next reference is to 23 legal. Were there legal issues that were of some 24 concern to you at that time? 25 A. Yeah. Because I specifically asked the</p>
<p style="text-align: right;">Page 99</p> <p>1 A. As a board observer. 2 Q. Were you satisfied with what you heard from 3 Hygea management at that meeting? 4 MS. GALL: Objection, Your Honor; lack of 5 foundation. I do not know what was heard. 6 THE COURT: Sustained. 7 Q. (By Mr. Viar) Turn to Exhibit 25 of your book. 8 Can you identify for the Court what we have, what we're 9 looking at in Exhibit 25? 10 A. Yes. It is an email from Chris Fowler to 11 Dan McGowan dated September 20, 2017, "Subject: Hygea 12 board of directors follow-up." 13 Q. Are you the author of this email? 14 A. Yes, I was. 15 Q. What was the purpose of -- who is Dan McGowan 16 and Frank Kelly? 17 A. Dan McGowan is the chairman of the board of 18 Hygea, and Frank Kelly was the vice president of the 19 board of Hygea and head of the audit committee. 20 Q. What was the purpose of sending this email? 21 A. I was frustrated at the board meeting 22 because things were not getting done. There was a 23 complete lack of transparency, lack of action, and the 24 board was not -- did not understand what was going on 25 in my opinion.</p>	<p style="text-align: right;">Page 101</p> <p>1 question of Richard Williams, the legal director -- 2 sorry. I asked Manuel Iglesias to -- I requested a 3 legal update. And it was very clear that the summary 4 of the legal update was so high level and superfluous 5 that the -- he was obfuscating facts. 6 He was not -- we knew there were lawsuits 7 outstanding. We knew there was money owed. We knew 8 there were critical timelines where money was owed to 9 other physician practice groups. And this was not 10 shared with the board. 11 Q. Well, were there any specific lawsuits 12 that -- that were not mentioned that frustrated you? 13 A. Yeah. One in particular that he did not 14 tell the board that there was a fraud lawsuit 15 outstanding from RIN Capital. 16 Q. That didn't come up in the meeting? 17 A. No. 18 Q. Why is that significant? 19 A. Because they never told the board members. 20 Q. The third item reference there is "CEO 21 failures." Just for the record, who is the CEO at that 22 time? 23 A. The CEO was Manuel Iglesias. 24 Q. And what were the failures that are 25 identified there in your email?</p>

<p style="text-align: right;">Page 102</p> <p>1 A. The first one was the failure to provide 2 timely and accurate both quarterly and annual audited 3 financial statements, which were required in our 4 agreement; failure to inform board of directors of 5 current and pending defaults under multiple 6 agreements, which could affect the cash flow; 7 significantly underperforming versus plan; and failure 8 to provide timely accurate projections with 9 assumptions to the board; and failure to adhere to 10 corporate policies and procedures, specifically 11 relating to the control of corporate cash. 12 Q. What was the problem with the cash controls 13 that you were referring to there? 14 A. Yeah. The significant issue that was 15 clearly in evidence was only the CEO and one other 16 person had signing rights to any of the cash for this 17 entire company. And they also had -- were the only 18 people to approve vendors, which means they could 19 write checks to themselves. 20 MS. GALL: Objection, Your Honor. There's a 21 lack of foundation here. Mr. Fowler just referred to 22 evidence that I have no idea what he's referring to. 23 THE COURT: Response? 24 MR. VIAR: All he said was that the fact that 25 there were no cash controls gave him the power to</p>	<p style="text-align: right;">Page 104</p> <p>1 MR. VIAR: What she said is accurate, 2 Your Honor. 3 THE COURT: Objection is sustained. 4 Q. (By Mr. Viar) This document, this Exhibit 25, is 5 that an email that you -- that you would have kept in the 6 ordinary course of business? 7 A. Yes. 8 Q. In your offices? 9 A. Yes. 10 MR. VIAR: Your Honor, I move for the 11 admission of Exhibit 25 as a business record. 12 MS. GALL: Your Honor, I would still counter 13 that it is hearsay. It was offered for the truth of 14 the matter asserted, including -- but I have no 15 objection that they're admitting as this being based 16 upon Mr. Fowler's statements and opinions. 17 THE COURT: The objection is overruled, so 18 Exhibit 24 is admitted. 19 MR. VIAR: 25, Your Honor. 20 THE COURT: 25 is admitted. Thank you. 21 MS. GALL: Your Honor, I believe there is a 22 technological issue with the realtime reporting. It 23 looks like our connection to the wireless was lost. 24 THE COURT: Are you talking about the court 25 reporter?</p>
<p style="text-align: right;">Page 103</p> <p>1 write checks to himself. That's an accurate statement. 2 THE COURT: The objection was lack of 3 foundation. 4 MR. VIAR: All right. Based on -- do you 5 want me -- Your Honor, do you want me to lay the 6 foundation? 7 THE COURT: I'm going to sustain the 8 objection. 9 MR. VIAR: Okay. 10 Q. (By Mr. Viar) You mentioned that there were cash 11 control problems? 12 A. Yes. 13 Q. And how were these cash control problems -- 14 how did they become evident to you? 15 A. They became evident through a report that 16 was provided to me by Tim Dragelin of FTI Consulting. 17 Q. What was it in the report that identified 18 this problem? 19 MS. GALL: Objection, Your Honor. This is 20 calling for hearsay, statement within the report. It 21 is the same objection as before. Mr. Dragelin is here, 22 and he's on the witness list. He can provide the same 23 testimony that counsel is now calling for from 24 Mr. Fowler. 25 THE COURT: Response?</p>	<p style="text-align: right;">Page 105</p> <p>1 MS. GALL: Correct, Your Honor. I don't know 2 if it's just me or -- 3 MR. KAYE: Mine is fine. My apologies, 4 Your Honor. 5 MS. GALL: I apologize. Apologize. It is 6 working again. Something -- 7 THE COURT: Good. Something works. Whoa, 8 careful. 9 Q. (By Mr. Viar) Please turn to the email chain 10 attached at Exhibit 22 of your book. 11 A. I'm there. 12 Q. Can you identify this email chain to the 13 Court? 14 A. Yes. This is an email chain from me, 15 originally to Manny Iglesias and Ted Moffly, the CFO, 16 with a copy to the bank and Natasha Sharpe requesting 17 additional information about financial statements. 18 Q. Can you please turn to the first email in the 19 chain and read that email into the record, please. 20 A. "Has MNP" -- 21 Q. Explain to the judge who is it from and who 22 it went to. 23 A. MNP is a Canadian accounting firm. "Has MNP 24 completed a draft of the audited financial statements 25 for '14 through '16? We have not received a response</p>

<p style="text-align: right;">Page 106</p> <p>1 to our earlier request for an update or monthly 2 statements for 2016 and '17, so we are effectively not 3 receiving any financial updates. RIN was to be 4 supportive, but a company that provides no financial 5 information or response to inquiries is not acceptable 6 governance." 7 Q. Who did you send that email to? 8 A. Manuel Iglesias, Sergey Savchenko, with a 9 copy to Natasha Sharpe at Bridging Finance, Frank 10 Kelly, Dan McGowan, chairman of the board, and Manoj 11 Bhargava. 12 Q. What was the response to your email from 13 Mr. Moffly? 14 A. The response was on October 18th, "Chris, I 15 agree that we need to get the financial information 16 out to all stakeholders. However, we want to hand out 17 financials that they have approved. 18 "We don't want to send out monthlies that are 19 informed, not approved by MNP. Regardless, '14 and '15 20 are very close, at least in draft form. '16 is going 21 to take a bit longer." 22 Q. According to this, they were very close in 23 October of 2017? 24 A. Yes. That's correct. 25 Q. Had you received those financials that are</p>	<p style="text-align: right;">Page 108</p> <p>1 MR. VIAR: Before I go there, Your Honor, I'd 2 like to move for the admission of Exhibit 22 as a 3 business record. 4 THE COURT: Ms. Gall? 5 MS. GALL: It's hearsay. I assume Mr. Viar 6 is claiming the business record hearsay objection. 7 THE COURT: 22 is admitted. 8 Q. (By Mr. Viar) Turn to Exhibit 36 in your book. 9 A. Yes, I am there. 10 Q. What is reflected here in Exhibit 36? 11 A. This is a letter from myself as board 12 observer for N5HYG to Manuel Iglesias at Hygea 13 Holdings on October 26th, 2017. 14 Q. Can you just read the two middle paragraphs, 15 please, into the record. 16 A. "Incredibly, despite the agreement, you 17 denied N5HYG this promised investor protection by 18 refusing to allow me to observe the October 23rd 19 meeting. 20 "When I tried to join the call or observe, 21 you stated that due to advice of counsel, I would not 22 be allowed to observe, this despite the fact that the 23 agreement is clear that I am allowed to observe. 24 "I tried several times to remain on the call, 25 but you demanded that I hang up and threatened to</p>
<p style="text-align: right;">Page 107</p> <p>1 referenced there? 2 A. No. We have still not received them. 3 Q. If you look at the first page of the exhibit, 4 you responded to Mr. Moffly? 5 A. Yes. 6 Q. How did you respond to him? 7 A. On October 18th, I responded to Ted Moffly 8 with, "I understand Hygea's position. It is the 9 management of that position that is unacceptable. If 10 you were an investor in a business that failed to 11 produce timely information or even respond to 12 requests, how would you feel? 13 "Hygea's management team doesn't own 14 50 percent or more of this -- of the business, not even 15 close. Management needs to act in a fiduciary -- with 16 fiduciary responsibility to the benefit of the whole 17 and not the few." 18 Q. Did Hygea produce the audited financials or 19 any reliable financial information in response to your 20 October 18, 2017, email? 21 A. No, they did not. 22 Q. Did transparency improve after your 23 October 18, 2017, email? 24 A. No, transparency did not improve. 25 Q. Please turn to Exhibit No. 36 in your book.</p>	<p style="text-align: right;">Page 109</p> <p>1 reschedule the meeting if I did not. This was a 2 blatant violation of the Stock Purchase Agreement. 3 "In fact, it constitutes a breach of the 4 contract by both you and by Hygea. What is more, you 5 should not hide behind your lawyers or blame advice of 6 counsel for the violation. 7 "It appears that you are breaching the 8 contract in retaliation for N5HYG's efforts to enforce 9 the agreement, but N5HYG's efforts to protect itself 10 and enforce its rights certainly give you no reason to 11 commit additional violations of the contract." 12 Q. Did you at the time that you wrote that 13 letter, did you believe you had a contractual right to 14 attend the Hygea board of directors meetings? 15 A. Yes, we certainly did. 16 Q. Has your access to Hygea financial 17 information improved since you were excluded from the 18 October 2017 board of directors meeting? 19 A. No. It's gotten worse. 20 Q. Has Hygea had additional board meetings since 21 October 2017 which you have been excluded from? 22 A. I believe so. 23 Q. Has Hygea made additional promises as 24 recently as April of this year regarding audited 25 financial statements?</p>

<p style="text-align: right;">Page 110</p> <p>1 A. Yes, they have.</p> <p>2 Q. And what is that promise?</p> <p>3 MS. GALL: Objection, Your Honor, as --</p> <p>4 objecting based on foundation. I assume Mr. Viar is</p> <p>5 about to lay it.</p> <p>6 THE COURT: The foundation objection is</p> <p>7 sustained.</p> <p>8 Q. (By Mr. Viar) Has Hygea produced audited</p> <p>9 financial statements of any kind since N5HYG purchased</p> <p>10 23,437,500 shares of stock on October of 2016?</p> <p>11 A. No. Hygea has not produced any audited</p> <p>12 financial statements since the year 2013.</p> <p>13 Q. You're aware that N5HYG is seeking the</p> <p>14 appointment of a receiver in this case; is that right?</p> <p>15 A. Yes, I am.</p> <p>16 Q. Does N5HYG have any interest in liquidating</p> <p>17 the company and selling its assets?</p> <p>18 A. No. Just the opposite. If we -- if we</p> <p>19 liquidate the company, our investment will be lost,</p> <p>20 nearly all or part of it.</p> <p>21 Q. Well, what is the purpose, then, of</p> <p>22 appointing a receiver from N5HYG's standpoint?</p> <p>23 A. The purpose of appointing a receiver is to</p> <p>24 begin the process of managing the company with audited</p> <p>25 financial statements so that the investors and the</p>	<p style="text-align: right;">Page 112</p> <p>1 paragraph are you looking at, the very last? Breaching</p> <p>2 the agreement?</p> <p>3 MS. GALL: I'm looking at the penultimate</p> <p>4 paragraph that begins with, "It is a blatant," and the</p> <p>5 last paragraph as well.</p> <p>6 THE COURT: Exhibit 36 is admitted. The</p> <p>7 Court will and is required to make the decision about</p> <p>8 whether or not there's been a breach of the contract,</p> <p>9 so I'm not striking anything in those paragraphs. But</p> <p>10 I'm not going to consider the witness's opinions</p> <p>11 regarding that. So 36 is admitted.</p> <p>12 MR. VIAR: Thank you, Your Honor.</p> <p>13 THE COURT: Does that conclude your direct?</p> <p>14 MR. VIAR: Yes, it does, Your Honor.</p> <p>15 THE COURT: Are you doing the cross,</p> <p>16 Ms. Gall?</p> <p>17 MS. GALL: I am, Your Honor. I have one</p> <p>18 point of clarification about a comment Your Honor just</p> <p>19 made about the Court having to determine whether or not</p> <p>20 there's been a breach of contract.</p> <p>21 THE COURT: I should have just said "all</p> <p>22 legal issues," not -- I understand there's not a breach</p> <p>23 of contract claim.</p> <p>24 MS. GALL: Understood, Your Honor. Because</p> <p>25 that claim is pending in another litigation, does the</p>
<p style="text-align: right;">Page 111</p> <p>1 bankers, the shareholders, the physicians, all the</p> <p>2 people that depend on a company to pay its bills on</p> <p>3 time, to report accurately out to people will be able</p> <p>4 to continue to exist.</p> <p>5 We like the company. We like the business</p> <p>6 model that they're in, and we want it to succeed. But</p> <p>7 you cannot consistently not produce audited financial</p> <p>8 statements because everybody needs them. It's --</p> <p>9 there's no reason to not do it.</p> <p>10 Clearly, they're obstructing the issuance of</p> <p>11 financial statements. And it's led to the lack of</p> <p>12 financing and now -- now they're having a hard time</p> <p>13 even paying their basic bills, including payroll taxes.</p> <p>14 They already have a bill with American Express in</p> <p>15 excess of \$8.5 million. We're trying to right the ship</p> <p>16 before it gets worse.</p> <p>17 MR. VIAR: Your Honor, I move for admission</p> <p>18 of Exhibit 36, the letter from --</p> <p>19 THE COURT: Ms. Gall?</p> <p>20 MS. GALL: Your Honor, I object to the extent</p> <p>21 it is admitted for the ultimate legal conclusion that</p> <p>22 Mr. Fowler attempts to make in this letter that Hygea</p> <p>23 violated the Stock Purchase Agreement, and that</p> <p>24 constitutes a breach of that contract.</p> <p>25 THE COURT: It's admitted with that -- which</p>	<p style="text-align: right;">Page 113</p> <p>1 Court anticipate it will be making a determination on</p> <p>2 breach of contract?</p> <p>3 THE COURT: No.</p> <p>4 MS. GALL: Okay. Understood, Your Honor.</p> <p>5 Your Honor, I see we're approaching -- I know</p> <p>6 this Court keeps a very -- very good ship, and we will</p> <p>7 be recessing at 12:00, Your Honor. I would ask for a</p> <p>8 very short break before I did my cross. Of course, I</p> <p>9 defer to Your Honor on that. I know we're approaching</p> <p>10 12:00. I can certainly begin my cross if that's what</p> <p>11 Your Honor prefers.</p> <p>12 THE COURT: Do you need a break before you</p> <p>13 start your cross?</p> <p>14 MS. GALL: I would prefer that, Your Honor,</p> <p>15 at least until quarter 'til.</p> <p>16 THE COURT: We will take a five-minute break,</p> <p>17 but then we'll go ahead and finish up -- go up until</p> <p>18 noon.</p> <p>19 MS. GALL: Understood, Your Honor.</p> <p>20 THE COURT: All right. So you're free to</p> <p>21 step down. We'll be in recess.</p> <p>22 (Recess taken at 11:38, resuming at 11:44.)</p> <p>23 THE COURT: 18 OC 71, Arellano v. Hygea.</p> <p>24 Counsel are present.</p> <p>25 Ms. Gall, cross exam?</p>

<p style="text-align: right;">Page 114</p> <p>1 MS. GALL: Thank you, Your Honor. Before we 2 begin, I'd like to -- I believe the clerk has the 3 official binder of exhibits. I'd like to hand 4 Mr. Fowler the volume containing Exhibit 16. 5 COURT CLERK: Oh, wait. No. Sorry. 6 MR. VIAR: What book are we using? 7 MS. GALL: We're using the official binder 8 presented to the Court. 9 THE COURT: Volume 2? 10 MS. GALL: Yes. 11 COURT CLERK: No, volume 4. 12 MS. GALL: Correct. Volume 4. And then does 13 the witness still have the book that was earlier used? 14 THE WITNESS: No. 15 MS. GALL: Could we hand the book that was 16 earlier used back to the witness, please. 17 THE COURT: Yes. 18 COURT CLERK: One of his counsel took it. 19 THE COURT: Was it marked? You've got the 20 marked one? 21 COURT CLERK: No. 22 THE COURT: This one is not marked. 23 COURT CLERK: That little one is not marked. 24 THE COURT: Got it. Okay. 25 THE WITNESS: Gave me a lot of homework.</p>	<p style="text-align: right;">Page 116</p> <p>1 A. 416. 2 Q. Thank you. If you'll take a look at -- did 3 you say 416 or 46? 4 A. 416. 5 Q. If you take a look at 416, can you please 6 review it and tell me what your understanding of what 7 that provision reflects? 8 A. My understanding of the preemptive rights 9 and antidilution rights in the Stock Purchase 10 Agreement between Hygea and N5HYG is that this allows 11 for N5HYG to purchase additional shares if they become 12 made available or are offered to others so that their 13 percentage ownership is not diluted. 14 Q. Okay. Do you understand -- if you'll turn to 15 NV384, please. 16 A. I'm there. 17 Q. Would you please read into the record the 18 fourth whereas recital. 19 A. "Whereas seller and seller principals have 20 determined it is their collective best interests that 21 seller issue to buyer an amount of common stock that 22 is immediately following such issuance, buyer shall 23 own 23,437,500 shares of common stock, constituting 24 8.57 percent of the issued and outstanding common 25 stock, not taking into account the exercise of</p>
<p style="text-align: right;">Page 115</p> <p>1 CROSS-EXAMINATION 2 BY MS. GALL: 3 Q. Mr. Fowler, my name is Maria Gall. We've met 4 before. Good morning. 5 A. Hi, Maria. Good morning. 6 Q. Thank you for being here to testify. 7 I'd like to talk to you a little bit about 8 the Stock Purchase Agreement that was admitted into the 9 record. 10 Earlier you testified that there contained an 11 antidilution provision in that Stock Purchase 12 Agreement, correct? 13 A. Yes. 14 Q. You earlier testified that that antidilution 15 provision reflected a preemptive right to purchase 16 shares, correct? 17 A. Correct. 18 Q. Is it your understanding that that preemptive 19 right was limited to new issuances of stock? 20 A. I'll have to look at it to reconfirm. 21 Q. Sure. Can we turn back to the relevant 22 provision, which I believe -- 23 A. I'm there. 24 Q. I apologize. I might have to have you tell 25 me where it is.</p>	<p style="text-align: right;">Page 117</p> <p>1 warrants, options, or similar rights to acquire common 2 stock but taking into account the contemplated 3 transactions, the acquired stock." 4 Q. So isn't it correct to say that the 5 8.57 percent was on a non-fully diluted basis? 6 A. I believe so. 7 Q. And did you have an understanding at this 8 time that warrants and other options could be issued; 9 isn't that correct? 10 A. That the company could issue them? 11 Q. No. That, in fact -- 12 A. They always could. 13 Q. No. That, in fact, that the SPA contemplated 14 the issuance of warrants and options and similar 15 issuances, correct? 16 A. Yes. 17 Q. And could you please turn to Exhibit 16, 18 please, which is in the volume that -- the separate 19 volume that the clerk handed to you. 20 A. I'm sorry. Did you say 116? 21 Q. Correct. 22 A. I'm there. 23 Q. All right. Is this the document that you're 24 seeing, the document entitled "Hygea Cap Table as of 25 1/13/17"?</p>

<p style="text-align: right;">Page 118</p> <p>1 A. Yes, it is.</p> <p>2 Q. Okay. And Mr. Fowler, is this a RIN-created</p> <p>3 document?</p> <p>4 THE COURT: I'm sorry. Which document are we</p> <p>5 referring to?</p> <p>6 MS. GALL: I believe it's Exhibit 16. It's</p> <p>7 Bates stamped beginning NV5001222.</p> <p>8 THE COURT: Okay. Thank you.</p> <p>9 THE WITNESS: This was a document that was</p> <p>10 filed in RIN's system under the T drive.</p> <p>11 Q. (By Ms. Gall) Okay.</p> <p>12 A. I can't speak to the author of it.</p> <p>13 Q. But do you have an understanding that N5HYG</p> <p>14 produced this document to us in this litigation?</p> <p>15 A. No, I don't have that understanding.</p> <p>16 Q. Okay. Do you see the Bates stamp down below</p> <p>17 where it states NV5001222?</p> <p>18 A. Yes, I do.</p> <p>19 Q. Do you have an understanding that that is the</p> <p>20 Bates stamp that N5HYG used in this lawsuit to produce</p> <p>21 documents to us?</p> <p>22 A. I'll take your word for it. I believe so.</p> <p>23 Q. But you have not seen this document before</p> <p>24 this?</p> <p>25 A. I don't remember it.</p>	<p style="text-align: right;">Page 120</p> <p>1 calling a shareholder meeting, correct?</p> <p>2 A. That's correct.</p> <p>3 Q. Would you please turn to -- in Exhibit 2 to</p> <p>4 the document beginning at Bates stamp NV5647.</p> <p>5 A. I'm sorry. Which book are we in?</p> <p>6 Q. We're back to the Stock Purchase Agreement,</p> <p>7 which is at Exhibit 2. I apologize.</p> <p>8 A. Sorry.</p> <p>9 Q. I'd like to turn to NV5647.</p> <p>10 A. I'm sorry. I'm not following you. I'm</p> <p>11 trying to find it.</p> <p>12 Q. It's towards the back of the document.</p> <p>13 A. The entire book.</p> <p>14 Q. No, it's towards the back of Exhibit 2.</p> <p>15 Approximately maybe 20-25 pages from the end of</p> <p>16 Exhibit 2 before what's been flagged as Exhibit 8. It</p> <p>17 begins NV5000647.</p> <p>18 A. Getting close. Apologies.</p> <p>19 THE COURT: No problem.</p> <p>20 THE WITNESS: Okay. I'm there.</p> <p>21 Q. (By Ms. Gall) Thank you.</p> <p>22 A. My book says Exhibit B, "Bylaws, Hygea</p> <p>23 Holding Company."</p> <p>24 Q. Mr. Fowler, do you recognize this document?</p> <p>25 A. Yes.</p>
<p style="text-align: right;">Page 119</p> <p>1 Q. Okay. You earlier testified that the Stock</p> <p>2 Purchase Agreement between N5HYG and Hygea provided for</p> <p>3 N5HYG to hold a board seat, correct?</p> <p>4 A. That's correct.</p> <p>5 Q. But N5HYG has relinquished that right, has it</p> <p>6 not?</p> <p>7 A. No.</p> <p>8 Q. Didn't Hygea provide N5HYG an opportunity to</p> <p>9 name a person of their choice to Hygea's board of</p> <p>10 directors?</p> <p>11 A. Yes, they did.</p> <p>12 Q. And didn't N5HYG reject that opportunity?</p> <p>13 A. N5HYG rejected the opportunity because of</p> <p>14 the concerns over the fiduciary performance of this</p> <p>15 company and did not want to be an active board member</p> <p>16 knowing that -- what was going on with the company.</p> <p>17 Q. So N5HYG did not take its board seat,</p> <p>18 correct?</p> <p>19 A. We reserved our right to keep our board</p> <p>20 seat, and I maintain the right of board observer.</p> <p>21 Q. But you have not taken the board seat,</p> <p>22 correct?</p> <p>23 A. That is correct.</p> <p>24 Q. You also earlier testified that you had</p> <p>25 requested a shareholder list for the purposes of</p>	<p style="text-align: right;">Page 121</p> <p>1 Q. Is this what you understood to be the bylaws</p> <p>2 of Hygea Holdings Corp., at least as of the time the</p> <p>3 Stock Purchase Agreement was entered into?</p> <p>4 A. I would say I believe so.</p> <p>5 Q. Okay. Would you please turn to the next page</p> <p>6 beginning NV5648. Turn to the very bottom of the page</p> <p>7 where it says "Section 4, Special Meetings," and read</p> <p>8 into the record the first sentence of that provision.</p> <p>9 A. "Special meetings of the stockholders may be</p> <p>10 called at any time by the presidency or the board of</p> <p>11 directors or stockholders entitled to cast at least</p> <p>12 one-fifth of the votes which all stockholders are</p> <p>13 entitled to cast in a particular meeting."</p> <p>14 Q. At the time you made your request for a</p> <p>15 shareholder list, did N5HYG hold one-fifth of the stock</p> <p>16 of Hygea Holdings Corp.?</p> <p>17 A. No. It was our intent to call the other</p> <p>18 shareholders and gather one-fifth.</p> <p>19 Q. But you had not called the other</p> <p>20 shareholders, had you, Mr. Fowler?</p> <p>21 A. We did not and still have not received a</p> <p>22 good shareholder list, a good and accurate shareholder</p> <p>23 list.</p> <p>24 Q. Mr. Fowler, do you understand what a books</p> <p>25 and records demand is?</p>

<p>Page 122</p> <p>1 A. I believe I do.</p> <p>2 Q. Okay. What's your understanding of a books</p> <p>3 and records demand?</p> <p>4 A. That we have to make -- if someone wants to</p> <p>5 make a request, you have to make a formal request for</p> <p>6 it.</p> <p>7 Q. And have you made a books and records demand</p> <p>8 in this -- to Hygea?</p> <p>9 A. We have made multiple financial information</p> <p>10 requests. Whether it was considered a formal book and</p> <p>11 records request, I am not qualified to speak to.</p> <p>12 Q. Could you turn to -- I'm still within the</p> <p>13 bylaws. Could you turn to NV5000655.</p> <p>14 A. I believe I'm there. Article 7, "Corporate</p> <p>15 Records."</p> <p>16 Q. Could you please read into the record</p> <p>17 Article 7, Section 1.</p> <p>18 A. "Any stockholder of record in person or by</p> <p>19 attorney or other agent shall, upon written demand</p> <p>20 under oath stating the purpose thereof, have the right</p> <p>21 during the usual hours for business to inspect for any</p> <p>22 proper purpose the corporation's stock ledger, a list</p> <p>23 of its stockholders, and its books and records, and to</p> <p>24 make extraction therefrom.</p> <p>25 "A proper purpose shall mean a purpose</p>	<p>Page 124</p> <p>1 Apologize. It is not 41.</p> <p>2 THE COURT: We're going to go ahead and take</p> <p>3 our lunch recess.</p> <p>4 MS. GALL: Your Honor, I have two minutes,</p> <p>5 Your Honor.</p> <p>6 THE COURT: To finish your exam?</p> <p>7 MS. GALL: Yes.</p> <p>8 THE COURT: Go ahead.</p> <p>9 MS. GALL: Your Honor, may I confer briefly</p> <p>10 with co-counsel?</p> <p>11 THE COURT: Yes.</p> <p>12 Q. (By Ms. Gall) Would you please turn to</p> <p>13 Exhibit 25.</p> <p>14 A. Sorry. Between the two books, I can't</p> <p>15 possibly keep all these tabs straight.</p> <p>16 Q. Understand.</p> <p>17 A. Okay. I'm there.</p> <p>18 Q. Do you recall earlier testifying pursuant to</p> <p>19 this email at Section 2 that -- I'm paraphrasing here,</p> <p>20 so please correct me if I mischaracterize your</p> <p>21 testimony in any way -- that you were unhappy about the</p> <p>22 legal update that was provided to the board of</p> <p>23 directors at the September meeting referenced in this</p> <p>24 email?</p> <p>25 A. In this email, I referenced that the board</p>
<p>Page 123</p> <p>1 reasonably related to such person's interest as a</p> <p>2 stockholder. In every instance where an attorney or</p> <p>3 other agent shall be the person who seeks the right to</p> <p>4 inspection, the demand under oath shall be accompanied</p> <p>5 by a power of attorney or such other writing which</p> <p>6 authorizes the attorney or other agent to act on</p> <p>7 behalf of the stockholders. The demand under oath</p> <p>8 shall be directed to the corporation at its registered</p> <p>9 office in the state or at its principal place of</p> <p>10 business."</p> <p>11 Q. Mr. Fowler, have you made a demand pursuant</p> <p>12 to Article 7, "Corporate Records"?</p> <p>13 A. I can't speak to that. I have requested</p> <p>14 corporate records from the CFO, the director of the</p> <p>15 finance, the CEO nearly every month since our</p> <p>16 investment.</p> <p>17 Q. Mr. Fowler, you previously testified in</p> <p>18 connection with one of the documents that was entered</p> <p>19 into the record, I believe it was a September email</p> <p>20 that you sent, that you were unhappy with the legal</p> <p>21 update that was provided to the board at the September</p> <p>22 board meeting, correct?</p> <p>23 A. Can you take me to the exhibit that you're</p> <p>24 referring to?</p> <p>25 Q. I believe I can. I believe it's Exhibit 41.</p>	<p>Page 125</p> <p>1 was not being informed of the outstanding legal</p> <p>2 matters, specifically how many lawsuits were</p> <p>3 outstanding, amounts, the situation and potential</p> <p>4 liability.</p> <p>5 I also emphasized that there were no updates</p> <p>6 given regarding issues with med plan's restructuring, a</p> <p>7 major component of \$16.4 million in acquisition</p> <p>8 payables, and that given this lack of sharing of</p> <p>9 critical information, the board should undertake to</p> <p>10 review all outstanding contracts and liabilities to</p> <p>11 confirm management representations.</p> <p>12 I also referenced the fact that I believe the</p> <p>13 board had not been clearly told that what the RIN</p> <p>14 lawsuit correctly -- I should say restate -- the N5HYG,</p> <p>15 Nevada 5 lawsuit, was alleging fraud, why not?</p> <p>16 Q. Mr. Fowler, do you have an understanding of</p> <p>17 attorney-client privilege?</p> <p>18 A. I have an understanding.</p> <p>19 Q. Okay.</p> <p>20 A. But I'm not a lawyer.</p> <p>21 Q. Understood.</p> <p>22 Neither RIN nor N5HYG constitute Hygea,</p> <p>23 correct?</p> <p>24 A. That is correct.</p> <p>25 Q. And so, therefore, any information that may</p>

<p style="text-align: right;">Page 126</p> <p>1 have been communicated, legal information communicated 2 by the general counsel to the board, if it was 3 communicated to N5HYG or RIN would not fall within the 4 privilege; isn't that correct? 5 A. The information that was -- I cannot speak 6 to that. The information that was presented was at a 7 board meeting of which I was a board observer. 8 Q. And you are not part of Hygea, correct? 9 A. That's correct. 10 Q. Mr. Fowler, you later wrote a letter which 11 has been admitted into the record where you complained 12 of being excluded from the September board meeting, 13 correct? 14 A. No, I was not excluded from the September 15 board meeting. I was excluded from the October board 16 meeting. 17 Q. I apologize. From the October board meeting? 18 A. Also a January 2018 board meeting. There 19 may have been others, but that's what I know. 20 Q. Okay. Do you have an understanding as to 21 whether N5HYG could have been excluded if it had 22 accepted a director position? 23 A. I'm sorry. I'm not following your question. 24 Q. Do you have an understanding of whether if 25 N5HYG had had a board representative as a director of</p>	<p style="text-align: right;">Page 128</p> <p>1 housekeeping. During the direct, there were references 2 by me and the witness to Exhibits 82 and 193. 3 THE COURT: Okay. 4 MR. VIAR: Opposing counsel has agreed or has 5 no objection to the admission of those exhibits; is 6 that correct? 7 MS. GALL: That's correct, subject to the 8 exhibits themselves are drafts. I'd like that noted 9 for the record. 10 THE COURT: 82 -- 11 MR. VIAR: And 193, Your Honor. 12 THE COURT: -- 193 are admitted. 13 MR. VIAR: Thank you, Your Honor. 14 THE COURT: Before you begin, so I understand 15 you want to play a videotape deposition after this 16 witness. So when he's done, we'll take a short break. 17 We do have an alternate means of playing that. 18 MS. GALL: Your Honor, at this time I'd like 19 to make a motion to exclude witnesses. I believe I see 20 Mr. Dragelin sitting in the back. 21 THE COURT: All right. The rule of exclusion 22 having been invoked, anybody that's going to testify 23 will have to remain outside until they testify and not 24 discuss their testimony with other witnesses. I don't 25 know any of these people, so it's going to be up to all</p>
<p style="text-align: right;">Page 127</p> <p>1 the company, whether it could have been excluded from 2 any of the board meetings? 3 A. I did not because it also included a board 4 observer status. 5 Q. I understand. But I'm speaking specifically 6 with respect to the director position. 7 Do you have an understanding as to whether a 8 director could be excluded from a Hygea board meeting? 9 A. I -- I do not understand your question. I 10 hear the words, but I'm not following your logic. 11 Q. Do you know of any basis by which a director 12 can be excluded from a board of directors meeting? 13 A. No, I'm not familiar with that. 14 MS. GALL: Thank you, Your Honor. I do not 15 have any further questions. 16 THE COURT: We're going to take our lunch 17 recess. We'll come back in at 1:05 by this clock. 18 This will be locked up. If you want to leave your 19 things in here, nobody will have access to it. 20 (Recess taken at 12:04, resuming at 1:05.) 21 THE COURT: Please be seated. 18 OC 71, 22 Arellano v. Hygea. Counsel are all present. 23 Go ahead with redirect. 24 MR. VIAR: Good afternoon, Your Honor. Thank 25 you. Before I do that, I just wanted a little</p>	<p style="text-align: right;">Page 129</p> <p>1 of you to make sure that your witness isn't in here. 2 MS. GALL: Of course, there's always an 3 exception for parties. And we recognize if there's a 4 party in here, our motion does not apply to that. 5 THE COURT: Right. Go ahead. 6 MR. VIAR: Thank you, Your Honor. 7 REDIRECT EXAMINATION 8 BY MR. VIAR: 9 Q. Mr. Fowler, would you open your book to 10 Exhibit 2. 11 A. Yes, Exhibit 2. 12 Q. Page NV648. The reference there to NV648 is 13 the bylaws of that -- that Ms. Gall discussed with you 14 during her cross-examination? 15 A. Bear with me a moment. I'm getting there. 16 Yes. I'm looking at the bylaws. 17 Q. Ms. Gall directed you to Section 4, "Special 18 Meetings" there at the bottom of page NV648? 19 A. Yes. 20 Q. Do you remember that? 21 A. Yes. 22 Q. And she questioned you about the requirement 23 or the provision here that at least one-fifth of votes 24 of stockholders were required for a special meeting? 25 A. Correct.</p>

<p style="text-align: right;">Page 130</p> <p>1 Q. Do you remember that?</p> <p>2 A. Yes.</p> <p>3 Q. Those questions and your answers?</p> <p>4 A. Yes.</p> <p>5 Q. If you look above -- if you go back to page</p> <p>6 NV648 and look above the Section 4 to Section 2,</p> <p>7 "Annual Meetings"?</p> <p>8 A. Yes.</p> <p>9 Q. And if you could, just read that provision</p> <p>10 into the record.</p> <p>11 A. "The annual meeting of the stockholders</p> <p>12 shall be held on the 29th of December of each year, if</p> <p>13 not a legal holiday; and if a legal holiday, then on</p> <p>14 the next secular day following at 10 a.m. when they</p> <p>15 shall elect a board of directors and transact such</p> <p>16 other business as may properly be brought before the</p> <p>17 meeting.</p> <p>18 "If the annual meeting for even election of</p> <p>19 directors is not held on the date designated therefore,</p> <p>20 the directors shall cause the meeting to be held as</p> <p>21 soon thereafter as convenient."</p> <p>22 Q. When you requested a meeting in third quarter</p> <p>23 of 2017, what -- what type of meeting were you</p> <p>24 requesting?</p> <p>25 A. I was requesting the annual meeting.</p>	<p style="text-align: right;">Page 132</p> <p>1 statement, that belief?</p> <p>2 THE COURT: I'm only considering it for the</p> <p>3 basis of the question.</p> <p>4 MS. GALL: Understood, Your Honor.</p> <p>5 THE COURT: Not evidence.</p> <p>6 MR. VIAR: Just so that I'm clear too on</p> <p>7 this, this is not being offered for the truth of the</p> <p>8 matter, but to his state of mind and what he knew and</p> <p>9 whether he received notice. So if the objection is</p> <p>10 hearsay, then -- which is coming.</p> <p>11 THE COURT: May be coming. Right now it's</p> <p>12 foundation.</p> <p>13 Q. (By Mr. Viar) All right. What is -- what is the</p> <p>14 basis for that statement? How do you know that, that --</p> <p>15 that Hygea used stock as currency to purchase medical</p> <p>16 practices?</p> <p>17 A. Because they had done it in the past.</p> <p>18 Q. How did that knowledge come to -- you know,</p> <p>19 come to you, come into your possession? Was it in a</p> <p>20 report? Was it in an email? Did someone tell you</p> <p>21 that?</p> <p>22 A. I've been told that before.</p> <p>23 MS. GALL: Your Honor, objection. There's</p> <p>24 still lack of foundation and hearsay.</p> <p>25 THE COURT: There's the hearsay objection.</p>
<p style="text-align: right;">Page 131</p> <p>1 Q. Did you receive notice of annual meeting or</p> <p>2 any stockholder meeting in 2017?</p> <p>3 A. No, I did not.</p> <p>4 Q. Do you know if a stockholder meeting took</p> <p>5 place in 2017?</p> <p>6 A. I'm not aware of any stockholder meeting</p> <p>7 occurring in 2017.</p> <p>8 Q. There was also testimony during</p> <p>9 cross-examination about the issuance of additional</p> <p>10 Hygea stock. Do you remember those questions?</p> <p>11 A. Yes.</p> <p>12 Q. You testified that you were aware at least in</p> <p>13 response to Ms. Gall's questioning that there were some</p> <p>14 instances when it would be appropriate to issue</p> <p>15 additional stock?</p> <p>16 A. Yes, I was aware.</p> <p>17 Q. And you're also aware that Hygea has used</p> <p>18 stock as currency to buy medical practices?</p> <p>19 A. Yes.</p> <p>20 MS. GALL: Objection, Your Honor; foundation.</p> <p>21 THE COURT: Sustained.</p> <p>22 Q. (By Mr. Viar) You said that you were aware of</p> <p>23 the fact that -- that Hygea has used stock as currency?</p> <p>24 A. Yes.</p> <p>25 Q. What is the basis for that -- for that</p>	<p style="text-align: right;">Page 133</p> <p>1 MR. VIAR: There you go. Your Honor, again,</p> <p>2 it's not being offered for the truth of the matter.</p> <p>3 This goes to his state of mind and notice and whether</p> <p>4 there was some notice of issuance of additional stock.</p> <p>5 THE COURT: Whose state of mind?</p> <p>6 MR. VIAR: The witness's.</p> <p>7 THE COURT: Okay. Ms. Gall?</p> <p>8 MS. GALL: I think the witness has already</p> <p>9 testified that he -- on cross-examination that he was</p> <p>10 aware that there may be additional issuances. I'm not</p> <p>11 sure where this line of questioning is going or how it</p> <p>12 constitutes his state of mind.</p> <p>13 MR. VIAR: And Your Honor, again, it's being</p> <p>14 offered on this notice whether he had notice of this or</p> <p>15 not.</p> <p>16 THE COURT: And so I haven't heard a</p> <p>17 relevancy objection, but what is the relevance if he</p> <p>18 knows that they used it?</p> <p>19 MR. VIAR: He and N5HYG, he's the only</p> <p>20 representative of N5HYG who would be involved in those</p> <p>21 communications.</p> <p>22 THE COURT: Okay. So, again, what difference</p> <p>23 is the state of mind of he or HYG?</p> <p>24 MR. VIAR: The -- what was suggested in the</p> <p>25 question is that -- that N5HYG actually had notice of</p>

<p style="text-align: right;">Page 134</p> <p>1 the -- of this other -- of the stock being issued and 2 the dilution of their stock, so I'm trying to explain 3 why that was not noticed. 4 MS. GALL: Your Honor, I actually don't think 5 my cross-examination went that far. I simply asked him 6 within the SPA if N5HYG knew it could be diluted. 7 THE COURT: I'm going to overrule the 8 objection, so you can answer if you're able to. Do you 9 need it repeated? 10 THE WITNESS: Yes, please. 11 Q. (By Mr. Viar) You testified that you were aware 12 that -- that Hygea used stock as currency to purchase 13 medical practices? 14 A. Yes. 15 Q. Wouldn't that be notice -- wouldn't -- would 16 that -- would that use of stock unnecessarily dilute 17 N5HYG's interest in Hygea? 18 A. No, not necessarily. 19 Q. How can that be? 20 A. Because in the -- the most common business 21 method for issuing stock is through treasury stock. 22 Treasury stock is already stock that is outstanding 23 with the company, so it's not new issued shares. The 24 other reason I believe that's true is because I 25 received no notice.</p>	<p style="text-align: right;">Page 136</p> <p>1 Q. Okay. Did there come a point in time when 2 you made a more formal -- well, just so we're clear, 3 was information -- the financial and other information 4 that you were looking for, was that information 5 produced in response to those requests? 6 A. No. 7 Q. Did you sometime later make a more formal 8 request? 9 A. Yes. 10 MS. GALL: Objection, Your Honor; vague as to 11 the term "formal." 12 THE COURT: Overruled. Go ahead. 13 Q. (By Mr. Viar) Thank you. Please look at Exhibit 14 No. 7 in your book. 15 THE COURT: 70? 16 MR. VIAR: I said 7. 17 THE COURT: 7. 18 Q. (By Mr. Viar) Do you have that in front of you 19 now? 20 A. I do. Sorry. Go ahead. 21 Q. Are you familiar with this document? 22 A. Yes, I am. It's a demand for corporate 23 Hygea records. 24 Q. Who was -- how was this demand communicated 25 or sent to Hygea?</p>
<p style="text-align: right;">Page 135</p> <p>1 Q. But would the issuance of existing shares for 2 that purpose, would that have any effect or consequence 3 of diluting N5HYG's interest in Hygea? 4 A. No, not dilute our interest at all if you 5 use treasury shares. That's the common method for 6 using it. Otherwise, I have to solicit every 7 shareholder and understand what their antidilution is. 8 Q. There was questioning with respect to your 9 request for corporate and financial records from Hygea. 10 A. Yes. 11 Q. Do you remember those questions? 12 A. Yes, I do. 13 Q. You were asked if you, you know -- you were 14 asked if you were aware of requirements that the 15 request either be in writing or sworn, those type of 16 things? 17 A. Yes, I do. 18 MS. GALL: Objection, Your Honor. It 19 mischaracterizes my questioning. 20 MR. VIAR: I'll withdraw the question, 21 Your Honor. 22 THE COURT: All right. 23 Q. (By Mr. Viar) But you did testify and explain 24 the type of request that you had made? 25 A. Yes.</p>	<p style="text-align: right;">Page 137</p> <p>1 A. There was a letter from myself -- 2 Q. The method of service? 3 A. It is a letter from myself to Hygea by 4 certified mail, return receipt requested. 5 Q. Okay. And what is the reference in your 6 letter, the re: line? 7 A. Yeah, I'm sorry. This was dated April 17th, 8 2008. The re: line is "demand for Hygea corporate 9 records." 10 Q. Is this April 17, 2018, your most recent 11 demand for corporate records? 12 A. Yes. 13 Q. And can you just identify some of the 14 documents that you were requesting here? 15 A. List of the stock ledger, list of 16 stockholders, copies of warrants and stock options, 17 transfer documents, stock certificates, quality of 18 earnings reports, financial statements, cash flow 19 statements, balance sheet, outstanding receivables, 20 any statement of outstanding payables, all back 21 through October of 2016. 22 Q. Were these essentially the same type of 23 documents that you were requesting verbally and by 24 email of Hygea? 25 A. Yes, they were the same documents.</p>

<p style="text-align: right;">Page 138</p> <p>1 Q. And will you read the last paragraph of your 2 letter? 3 A. "I, the undersigned, as the authorized 4 representative of N5HYG, LLC, depose and state under 5 oath that I am requesting the above corporate records 6 for the purpose of evaluating Hygea's financial and 7 operational status, its compliance with N5HYG's Stock 8 Purchase Agreement, and representations made to N5HYG, 9 LLC and other shareholders by Hygea's management 10 and/or legal counsel." Signed Chris Fowler. 11 Q. Did you understand this to be a formal 12 request? 13 A. Yes, I do. 14 Q. Have -- has Hygea responded to N5HYG with the 15 documents requested in this formal request dated 16 April 17, 2018? 17 A. No. 18 Q. Do you have any -- have they sent any 19 documents at all in response to this request to you, 20 to -- 21 A. We have received -- 22 Q. -- to N5HYG? 23 A. We've received numbers -- part -- a draft of 24 number 7. We have not received 8, 9, 10, 11. We have 25 not received 12. I don't know what all the agreements</p>	<p style="text-align: right;">Page 140</p> <p>1 your letter to Hygea? 2 A. I am looking at what's in front of me. I 3 don't know. 4 Q. Okay. Do you recall sending anything else 5 with this letter? 6 A. I do not recall. 7 Q. Do you recall sending a power of attorney 8 with this letter? 9 A. I do not recall. 10 Q. Do you recall being named as an agent 11 pursuant to a power of attorney within or around the 12 time that this letter was executed? 13 A. You have to be more clear. Power of 14 attorney related to what? 15 Q. Do you recall a power of attorney being 16 granted to you by N5HYG at or around the time this 17 letter was executed? 18 A. I do not recall. 19 Q. Okay. Do you recall the requirement in 20 Hygea's bylaws that a power of attorney be included 21 with a demand for books and records? 22 A. I do not recall. 23 MS. GALL: Those are all the questions I 24 have, Your Honor. 25 THE COURT: You can step down.</p>
<p style="text-align: right;">Page 139</p> <p>1 are between Hygea and Bridging. 2 Q. But have you received additional agreements 3 since sending out the letter? 4 A. No. 5 MR. VIAR: That's all I have, Your Honor. 6 THE COURT: Redirect? 7 MS. GALL: Thank you, Your Honor. 8 THE WITNESS: Not the big book again. 9 RECROSS-EXAMINATION 10 BY MS. GALL: 11 Q. That's fine. Good afternoon, Mr. Fowler. 12 With respect to -- are you still turned to what's been 13 marked as Exhibit 7? 14 A. Yes, I am. 15 Q. And does this refresh your recollection, in 16 fact, that you did send what you have described as a 17 formal demand for the inspection of books and records? 18 A. Yes. 19 Q. Okay. Is this a true and correct copy of 20 your letter to Hygea? 21 A. I don't know what the legal definition of 22 "true and correct" is, so I don't know how to answer 23 that. 24 Q. Let me ask you differently. 25 Does this accurately reflect the entirety of</p>	<p style="text-align: right;">Page 141</p> <p>1 THE WITNESS: Thank you. 2 THE COURT: So you want to play the video 3 now? 4 MR. VIAR: Yes. 5 MR. KAYE: Yes, Your Honor. 6 MS. GALL: Your Honor, neither of us have any 7 objections for Exhibit 7 being admitted. 8 THE COURT: Exhibit 7 is admitted. We're 9 going to take -- they tell me it's going to take about 10 five minutes to hook that up. We'll plan on coming 11 back at 1:30. The cart's up here already. 12 THE BAILIFF: It's outside the door. I'm not 13 familiar with it, so I don't know how. 14 THE COURT: I'm just going to remain on the 15 bench, but you're free to move about. 16 (Recess taken at 1:22, resuming at 1:44.) 17 THE COURT: 18 OC 71, Arellano v. Hygea. All 18 counsel are present. I'm told we tested it and it 19 works. 20 MR. KAYE: Appears to, Your Honor. 21 THE COURT: We shall see. I am very sorry to 22 have you sit however long it took to get this fixed. 23 MR. KAYE: Your Honor, that -- no problem on 24 our end. 25 MS. GALL: Shall we discuss with the Court</p>

<p style="text-align: right;">Page 142</p> <p>1 how we want to proceed with objections?</p> <p>2 MR. KAYE: Yeah. Your Honor, first of all, I</p> <p>3 wanted to sort of give an introduction to what we're</p> <p>4 about to show, which is the videotaped deposition of</p> <p>5 Daniel Miller. First of all, it runs about an hour.</p> <p>6 Really, there wasn't anything that we thought was</p> <p>7 really worth cutting out.</p> <p>8 There's a few minutes here and there, and in</p> <p>9 particular there's one exhibit that he couldn't</p> <p>10 remember. But at the end of the day, it seemed that</p> <p>11 the trouble of trying to cut out two or three minutes</p> <p>12 probably, you know, outweighed the benefit of doing</p> <p>13 that.</p> <p>14 I know that counsel wants to speak to</p> <p>15 objections. I know that there are several objections</p> <p>16 on the record. And as far as we're concerned, the</p> <p>17 objections that are on the record on both, both from</p> <p>18 during my direct and during my objections during</p> <p>19 cross-examination, are preserved for the record. I</p> <p>20 believe that counsel wants to speak to sort of a</p> <p>21 scenario for some other objections she may have.</p> <p>22 The other thing before we get to that, if you</p> <p>23 don't mind, that I would -- that I would raise, there's</p> <p>24 three exhibits, and I don't know if the Court has --</p> <p>25 has a preference for how we approach this.</p>	<p style="text-align: right;">Page 144</p> <p>1 MR. KAYE: It's being viewed off of the</p> <p>2 computer, Your Honor. So it's a computer file off of a</p> <p>3 jump drive.</p> <p>4 THE COURT: So is it -- do we have a marked</p> <p>5 exhibit of the videotape?</p> <p>6 MR. KAYE: Your Honor, we've not marked an</p> <p>7 exhibit of the videotape. I don't believe we've</p> <p>8 received a DVD. I don't believe we've received it in</p> <p>9 DVD form. This is one of the ones -- I believe this</p> <p>10 one was Friday, Friday morning. I believe that we --</p> <p>11 MR. VELLIS: Do you -- Your Honor, I think</p> <p>12 what's going on is the court reporter is going to take</p> <p>13 down the entire deposition --</p> <p>14 THE COURT: That was my --</p> <p>15 MR. VELLIS: -- deposition. So in lieu of</p> <p>16 the attached exhibit which we talked about, he's going</p> <p>17 to take everything down. The purpose of that is when</p> <p>18 the objections are made, you will have it on the</p> <p>19 record, you know what the question is, everything else.</p> <p>20 There will be a full record of it on the record.</p> <p>21 THE COURT: Okay. Go ahead and begin.</p> <p>22 (Video played.)</p> <p>23 "VIDEOGRAPHER: We are now on the record.</p> <p>24 This is the video deposition of Dan Miller,</p> <p>25 being taken on May 11, 2018. The time is now 10:10</p>
<p style="text-align: right;">Page 143</p> <p>1 But there's three exhibits from the</p> <p>2 deposition that we will seek to have introduced as</p> <p>3 exhibits in this case, and that's -- Deposition</p> <p>4 Exhibit 2, which is Trial Exhibit 39; Deposition</p> <p>5 Exhibit 3, which is Trial Exhibit 38; and Deposition</p> <p>6 Exhibit 4, which is Trial Exhibit 122.</p> <p>7 And I say that, you know, by way of</p> <p>8 previewing because I don't know if, perhaps, after the</p> <p>9 deposition we'll revisit that issue and discuss their</p> <p>10 admission.</p> <p>11 MS. GALL: Your Honor, I think I would like</p> <p>12 to receive direction from the Court as to how the Court</p> <p>13 would like to proceed with objections other than form</p> <p>14 that were not made and are thereby -- did need to be</p> <p>15 preserved.</p> <p>16 I didn't know if simply I stand up here and</p> <p>17 make the objection if -- I apologize. I cannot</p> <p>18 remember your name. I'm horrible with names. If he</p> <p>19 would pause, if he's controlling the deposition, if we</p> <p>20 should pause and you can make a ruling.</p> <p>21 THE COURT: We will do it that way.</p> <p>22 MS. GALL: Thank you, Your Honor.</p> <p>23 MR. KALAS: Just stand up and I'll --</p> <p>24 MS. GALL: Okay.</p> <p>25 THE COURT: Is this a DVD?</p>	<p style="text-align: right;">Page 145</p> <p>1 a.m. We are located at 17199 North Laurel Park Drive</p> <p>2 in Livonia, Michigan. We are here in the matter of</p> <p>3 Claudio Arellano v Hygea Holdings. This is Case No. 18</p> <p>4 OC 00071 1B, being held in the First Judicial District</p> <p>5 Court of the State of Nevada, in and for Carson City.</p> <p>6 My name is Sean Duffy, legal Videographer.</p> <p>7 Will the court reporter please swear in the</p> <p>8 witness and the attorneys briefly identify themselves</p> <p>9 for the record, please.</p> <p>10 MR. SEABOLT: This is Scott Seabolt appearing</p> <p>11 on behalf of the deponent.</p> <p>12 MR. KAYE: Christopher Kaye, appearing on</p> <p>13 behalf -- representing N5HYG, LLC, and appearing on</p> <p>14 behalf of the plaintiff.</p> <p>15 MR. WATTS: Kevin Watts, on behalf of</p> <p>16 Plaintiff N5HYG.</p> <p>17 MR. EWING: Kyle Ewing, on behalf of Hygea</p> <p>18 Holdings Corp and the individual defendants.</p> <p>19 MS. GALL: Maria Gall, on behalf of Hygea</p> <p>20 Holdings Corp and the individual defendants.</p> <p>21 MR. CARLSON: Severin Carlson, on behalf of</p> <p>22 Hygea Holdings and the individual defendants.</p> <p>23 EXAMINATION.</p> <p>24 BY MR. KAYE:</p> <p>25 Q. Mr. Miller, can you please state and</p>

<p style="text-align: right;">Page 146</p> <p>1 spell your name for the record?</p> <p>2 A. Daniel Kirkwood Miller, D-A-N-I-E-L</p> <p>3 K-I-R-K-W-O-O-D, last name Miller, M-I-L-L-E-R.</p> <p>4 Q. Where do you work?</p> <p>5 A. Currently?</p> <p>6 Q. Currently.</p> <p>7 A. International Bancard in Detroit,</p> <p>8 Michigan.</p> <p>9 Q. And where did you work before that?</p> <p>10 A. Previously I was employed at Hygea in</p> <p>11 Miami.</p> <p>12 Q. And when you say Hygea, are you referring</p> <p>13 to Hygea Holdings Corp?</p> <p>14 A. Yes.</p> <p>15 Q. And what did you do there?</p> <p>16 A. I was the chief operating officer.</p> <p>17 Q. So what did that job involve?</p> <p>18 A. The job involved working with various</p> <p>19 groups of the company to make sure the operations were</p> <p>20 done in an efficient and appropriate manner.</p> <p>21 Q. To whom did you report?</p> <p>22 A. Manuel Iglesias.</p> <p>23 Q. And what was his title?</p> <p>24 A. Chief executive officer.</p> <p>25 Q. How would you describe Hygea?</p>	<p style="text-align: right;">Page 148</p> <p>1 the objection and strike the constructive termination,</p> <p>2 but the failure to pay him being the cause will remain</p> <p>3 in the record. Go ahead and start up again.</p> <p>4 (Video resumed.)</p> <p>5 "Q. And for how long were you working there</p> <p>6 without pay?</p> <p>7 A. You know, I would have to check my</p> <p>8 records, but there was three -- I think three weeks in</p> <p>9 January when I was flying down to Miami and the payroll</p> <p>10 was not paid for that period.</p> <p>11 Q. So they stopped paying you in early</p> <p>12 January?</p> <p>13 A. Correct.</p> <p>14 Q. How much do they owe you?</p> <p>15 A. Right now, Hygea is responsible for both</p> <p>16 severance payment, outstanding wages and expense</p> <p>17 reports that were submitted and approved, but not</p> <p>18 reimbursed. I don't have the number in front of me,</p> <p>19 but I believe it's a little over \$200,000 in total.</p> <p>20 Q. Did you ever discuss that issue with Mr.</p> <p>21 Iglesias?</p> <p>22 A. On a frequent basis.</p> <p>23 Q. When did you first have that conversation</p> <p>24 with him?</p> <p>25 A. Well, conversations occurred in November</p>
<p style="text-align: right;">Page 147</p> <p>1 A. Hygea was a rapidly growing company that</p> <p>2 had a lot of potential, and unfortunately, also had a</p> <p>3 lot of challenges that they were, to my understanding</p> <p>4 still working to overcome.</p> <p>5 Q. I want to come back to some of what you</p> <p>6 talked about there, but first of all I want to ask why</p> <p>7 you left Hygea.</p> <p>8 A. I was constructively terminated by Hygea</p> <p>9 in January of this year when they stopped paying me."</p> <p>10 (Video paused.)</p> <p>11 MS. GALL: Objection, Your Honor. I move to</p> <p>12 strike his response from the record regarding</p> <p>13 constructive discharge. It's an ultimate legal</p> <p>14 conclusion that hasn't been adjudicated.</p> <p>15 MR. KAYE: Your Honor, the witness is</p> <p>16 certainly able to describe what happened, and that's</p> <p>17 his term for describing what happened. The legal</p> <p>18 significance of that, of course, would be ultimately</p> <p>19 adjudicated by whatever forum that issue was being</p> <p>20 adjudicated.</p> <p>21 Frankly, I can't tell you that there is a</p> <p>22 forum in which that's being adjudicated right now. For</p> <p>23 the time being, he's describing what happened, and that</p> <p>24 should be good enough for this Court.</p> <p>25 THE COURT: I'm going to strike -- sustain</p>	<p style="text-align: right;">Page 149</p> <p>1 and December of last year because expense reports were</p> <p>2 not being reimbursed in a timely fashion. I then had a</p> <p>3 discussion with Mr. Iglesias in January after payroll</p> <p>4 checks were not received, or I did not receive a</p> <p>5 payroll check, and that was specifically regarding the</p> <p>6 payroll issue.</p> <p>7 Q. How did those conversations go?</p> <p>8 A. He explained that because of the</p> <p>9 financial constraints of the company, he was not able</p> <p>10 to pay salary or expense reports at that time for the</p> <p>11 executives."</p> <p>12 (Video paused.)</p> <p>13 MS. GALL: Objection, Your Honor, to hearsay</p> <p>14 on the record.</p> <p>15 THE COURT: This is Mr. Iglesias, right, is</p> <p>16 making that statement?</p> <p>17 MS. GALL: Correct.</p> <p>18 THE COURT: Go ahead.</p> <p>19 MR. KAYE: Your Honor, a couple of responses.</p> <p>20 First of all, the objection could have been made at the</p> <p>21 time of the deposition, and it was not made. Second of</p> <p>22 all, though, if that's Mr. Iglesias talking, that's not</p> <p>23 a hearsay. It's a statement of a party opponent.</p> <p>24 Frankly, these are admissions here.</p> <p>25 MS. GALL: I understand the second exception</p>

<p style="text-align: right;">Page 150</p> <p>1 that Mr. Kaye is providing. However, all objections 2 other than to form are preserved with respect to a 3 deposition. So I do believe the objection itself is 4 proper.</p> <p>5 THE COURT: The -- the objection is 6 overruled. This is a statement from Mr. Iglesias, who 7 was at the time -- what was he, chief executive 8 officer?</p> <p>9 MR. KAYE: I believe it's undisputed that he 10 was the chief executive officer at that time, and I 11 believe that's been testified to as well.</p> <p>12 THE COURT: It's overruled on that basis.</p> <p>13 MS. GALL: Thank you.</p> <p>14 THE COURT: Go ahead and start up again.</p> <p>15 (Video resumed.)</p> <p>16 "Q. What did you say?</p> <p>17 A. I found that to be an unacceptable answer.</p> <p>18 Q. Did you have any understanding as to why the 19 corporation was in such a situation or why it was 20 facing financial constraints?</p> <p>21 A. There seemed to be a lot of financial 22 challenges going on at Hygea.</p> <p>23 Q. Can you describe what those financial 24 challenges were that you perceived?</p> <p>25 A. A lot of vendors were not getting paid on</p>	<p style="text-align: right;">Page 152</p> <p>1 A. The company still had a long way to go when I 2 was there to achieve their goal of being a company that 3 was ready to go public from an operational 4 perspective.</p> <p>5 Q. In what sense would the -- did the company 6 still have a ways to go in terms of the operational 7 perspective?</p> <p>8 A. Well, fundamentally, Hygea was intending to 9 centralize back office operations for their 10 acquired physician practices. That had only 11 been partially completed.</p> <p>12 The systems and infrastructure that are 13 needed to run a public company, to appropriately report 14 and monitor activities were not yet in place, or at 15 least consistently, so there was a lot of transitions 16 that need to occur from small physician practices 17 that had been acquired to a large conglomerate 18 company that was properly managed and watched.</p> <p>19 Q. Beyond what you've testified regarding 20 already, was there anything else that you had an 21 impression of with respect to Hygea's performance at 22 the time you left the company?</p> <p>23 A. I'm not sure -- could you repeat the 24 question?</p> <p>25 Q. Sure. Beyond what you've testified as to</p>
<p style="text-align: right;">Page 151</p> <p>1 time, seemed to be a fair amount of effort required to 2 make sure that payroll was covered on a regular 3 basis towards the end of last year, and in general, 4 there was a lot of obligations that seemed to be 5 deferred.</p> <p>6 Q. Do you know of any other specific obligations 7 were deferred?</p> <p>8 A. There were a number of doctors that had sold 9 practices to Hygea, and a number of those doctors 10 had contacted me at the end of last year when I was 11 still employed because they were owed deferred 12 payments from their acquisition of their practices 13 and the practices -- at that point in time, those 14 had not been paid.</p> <p>15 Q. Do you know what was causing this inability 16 to make these payments?</p> <p>17 A. Well, there was obviously some financial 18 challenges, but it's difficult to understand all of 19 the causes that probably led to that issue.</p> <p>20 Q. I think you earlier testified that as a 21 general matter, there were challenges that the 22 corporation was seeking or was -- I think your word was 23 working to overcome. Are there other challenges beyond 24 what you've just been describing about financial 25 constraints?</p>	<p style="text-align: right;">Page 153</p> <p>1 already, was there anything else that informed your 2 impression of Hygea's performance at the time you 3 left the company?</p> <p>4 MR. EWING: Objection. Vague.</p> <p>5 MR. KAYE: Strike the question and I'll 6 just ask you this.</p> <p>7 BY MR. KAYE:</p> <p>8 Q. Did you have an impression of Hygea's 9 performance when you left the corporation?</p> <p>10 A. Yes.</p> <p>11 Q. And what was that perspective or that 12 impression of Hygea's performance?</p> <p>13 A. It was a company that had significant 14 financial challenges and still had a lot of operational 15 changes that needed to be made in order to operate 16 the size company that they have grown into.</p> <p>17 Q. And did you have an impression as to why that 18 was?</p> <p>19 A. There's a variety of factors, I think, that 20 led into that. I think there was management 21 challenges, I think the company grew very rapidly, 22 and I think a lot of that growth was not -- 23 appropriate systems and infrastructure and 24 management that should have been put in place with 25 the acquisitions to manage the rapid growth was not</p>

Page 154

1 done, so it's a company that had kind of outgrown
2 its systems and infrastructure and management.
3 Q. You mentioned management challenges. Can you
4 describe what those management challenges were?
5 A. I think that Hygea, in general -- well, let
6 me be specific. I think that Hygea needed more
7 management skill and talent than they had for the
8 complexity of the organization that is down there.
9 Q. You mentioned earlier that there were
10 financial -- I believe the term you used was financial
11 challenges and financial constraints that were
12 weighing to the inability to pay obligations.
13 Were you involved in the efforts to make
14 payments on Hygea's obligations other than of
15 course your efforts on behalf of yourself to be
16 paid?
17 A. No, my role as chief operating officer, my
18 interaction regarding payments was mainly vendors
19 or doctors that were owed money asking me to help
20 facilitate payments, but I was not in charge of
21 treasury or check-cutting or the financial
22 processes that would be involved with that.
23 Q. Were you able to do anything when you
24 received those requests?
25 A. I would usually speak with Manny and Ted to

Page 155

1 see what could be expedited or handled or if partial
2 payments could be made and --
3 Q. And by Manny -- excuse me.
4 A. And that would typically be, you know, ones
5 that thought were important or that were important for
6 the business, I would try to make sure that those
7 payments got made.
8 Q. When you say Manny, you're referring to
9 Manuel Iglesias?
10 A. Yeah, excuse me, Manuel Iglesias, yes.
11 Q. And is Ted a reference to Ted Moffly?
12 A. Yes.
13 Q. And what was Ted Moffly's role in the
14 corporation at that time?
15 A. CFO.
16 Q. How many of those -- roughly speaking, how
17 many of those payments were you able to secure payment
18 for?
19 A. I'll be honest with you, that was a
20 discussion that was had multiple times per week for
21 months, so, you know, it's tough to quantify that.
22 Q. Are you aware of an entity called Bridging
23 Finance?
24 A. Yes.
25 Q. And who is Bridging Finance?

Page 156

1 A. I've met Natasha. I don't know her last -- I
2 forgot her last name, who is the lead person in
3 charge of Bridging Finance. She visited Miami a
4 few times and I met her when she was down there.
5 Q. Just as a general matter, what was Bridging
6 Finance's role with relation to Hygea, if any?
7 A. Bridging Finance was the lender for Hygea,
8 they came on board in January of 2017, and they paid
9 out Macquarie, which was the prior lender.
10 Q. Do you know how much Hygea owed to Bridging
11 Finance at the time you left the corporation?
12 A. I don't know exactly what that number is, no.
13 Q. Do you know roughly?
14 A. I believe it's between 60 and 70 million.
15 Q. And do you know what the interest rate on
16 that was at that time when you left the corporation?
17 A. I don't know. I believe it was a
18 double-digit interest rate, but I don't know exactly
19 what was being charged.
20 Q. Do you know whether Hygea made all of its
21 payments on time while you were at the corporation?
22 Payments to Bridging.
23 A. I don't believe they had.
24 Q. Are you aware of any specific mispayments?
25 A. You know, there was a lot of negotiation that

Page 157

1 occurred between Manuel Iglesias, Ted and Bridging
2 that I was not a part of, and I believe they
3 discussed alternative payment arrangements as part
4 of that, but I was not privy to those discussions,
5 so I don't believe that the payments were made that
6 were originally planned, but I don't know what
7 alternative arrangements that had been made.
8 Q. I believe earlier you mentioned that you had
9 perhaps had a meeting with Natasha from Bridging?
10 A. She was down in Miami a few times, once for a
11 board meeting in August and again for a follow-up
12 visit, I believe in late September, early October.
13 Q. And when you say August, that was August of
14 2017?
15 A. That's correct.
16 Q. And did you ever interact with anyone other
17 than Natasha who was affiliated with Bridging?
18 A. John Travaglini and his co-worker, Raj -- and
19 I apologize, I forgot Raj's last name. He works at
20 Forefront Capital.
21 Q. So both of them worked at Forefront Capital,
22 to your understanding?
23 A. Yes.
24 Q. And what's your understanding as to Forefront
25 Capital's role with relation to Bridging?

<p style="text-align: right;">Page 158</p> <p>1 A. I believe they helped facilitate the 2 transaction between Bridging and Hygea. 3 Q. And can you describe those interactions with 4 Mr. Travaglini or with Raj? 5 A. Sure. They would -- I spoke with both those 6 gentlemen on a number of different occasions. 7 We talked about a lot of things related to the 8 business and what we needed to do to make sure that 9 we were continuing to improve, and they would 10 typically have a lot of questions in terms of -- 11 most of their focus, to my knowledge, was on 12 helping facilitate the audits and getting those 13 completed. 14 Q. And do you know when those conversations took 15 place or when those interactions happened? 16 A. I interacted with those guys on a regular 17 basis when I was employed at Hygea throughout that 18 period. 19 Q. We'll come back to something that you talked 20 about there. Were you involved in efforts to get 21 audited financials done? 22 A. My primary role -- 23 MR. EWING: Objection -- excuse me. 24 Objection. Foundation. 25 BY MR. KAYE:</p>	<p style="text-align: right;">Page 160</p> <p>1 complete the audit. They sent a team down, I 2 believe there were four individuals there, had been 3 at Hygea for two weeks, possibly longer, and they 4 were working on a daily basis to attempt to help 5 put together three years of audited financials, and 6 that was a long and slow process. 7 Q. Do you know why it was long and slow? 8 MR. EWING: Objection. Calls for 9 speculation. 10 MR. KAYE: If you know. 11 THE WITNESS: There was a long history of 12 not closing the financial statements on a regular 13 basis, which creates complications towards audited 14 financials. 15 BY MR. KAYE: 16 Q. And do you know what three years they were 17 trying to complete audited financials for? 18 A. '14, '15 and '16. 19 Q. When you were indirectly involved in the 20 audit process, with whom did you interact? 21 A. Typically with Sergey Savchenko or Ted 22 Moffly. 23 Q. And Ted -- you mentioned him earlier. Was 24 there anyone else named Ted at Hygea with whom you 25 worked?</p>
<p style="text-align: right;">Page 159</p> <p>1 Q. You testified a moment ago that you discussed 2 the issue of audited financials with Mr. Travaglini, 3 correct? 4 A. Correct. 5 Q. Were you aware of efforts to get audited 6 financials done at Hygea? 7 A. Yes. 8 Q. And were you ever involved in any of those 9 efforts? 10 A. No, not directly. 11 Q. Were you indirectly involved with those 12 efforts? 13 A. Sure. The entire executive team at one point 14 or another would be asked for information or asked 15 questions or occasionally information would need to 16 be pulled, and so when that happened, if I could 17 assist, I would do so. 18 Q. And to your knowledge, were those audited 19 financials ever completed? 20 A. Not to my knowledge. 21 Q. Can you describe the process of trying to get 22 the audited financials done as you perceived it? 23 A. After I started in April of 2017, shortly 24 thereafter, I believe in May, MNP had sent -- MNP 25 is the audit firm in Canada that was attempting to</p>	<p style="text-align: right;">Page 161</p> <p>1 A. Another Ted? No, I don't believe there was 2 any other Teds that I worked with at Hygea. 3 Q. And what was Sergey's role? 4 A. Director of finance. 5 Q. And what did your interactions with Ted and 6 Sergey relating to the audit involve? 7 A. Well, typically Ted and Sergey were spending 8 a large portion of their time working with the 9 auditors to attempt to compile the information 10 required for them to complete the audit, and as I 11 mentioned before, I didn't directly interact with 12 the auditors because my focus was in the 13 operational issues that had to be addressed, but 14 when needed, I would help them gather information 15 or help try to facilitate getting the auditors what 16 they needed or make sure they could sit with the 17 right operational personnel to get the information 18 they needed for testing or other purposes. 19 Q. How would you describe those interactions? 20 A. Which interactions? 21 Q. The interactions -- well, first of all, the 22 interactions with Ted or Sergey relating to these 23 audits. 24 A. I think that everyone was under a lot of 25 pressure to help get the audits done, so that was a --</p>

<p style="text-align: right;">Page 162</p> <p>1 they were positive interactions among the team, but</p> <p>2 they weren't accomplishing the result we intended, so</p> <p>3 that was challenging.</p> <p>4 Q. The completion of the audits was seen as an</p> <p>5 important goal for the corporation?</p> <p>6 A. Yes.</p> <p>7 Q. And it's a little unclear to me. Did you</p> <p>8 have interactions with the individuals from MNP also?</p> <p>9 A. No, a couple hallway conversations to</p> <p>10 introduce each other, but I really didn't get involved</p> <p>11 with them directly.</p> <p>12 Q. Other than the fact that previous years'</p> <p>13 financials hadn't closed, which I believe is what you</p> <p>14 had testified, did you ever form an impression as to</p> <p>15 why the audits didn't get done?</p> <p>16 MR. EWING: Objection. Mischaracterizes</p> <p>17 prior testimony.</p> <p>18 MR. KAYE: I'll just ask generally.</p> <p>19 BY MR. KAYE:</p> <p>20 Q. Did you ever form an impression as to why the</p> <p>21 audits weren't done?</p> <p>22 A. Well, I think as a general matter, if you</p> <p>23 don't close your financial statements on a regular</p> <p>24 basis, it's very difficult to get an audited statement</p> <p>25 complete, and we were not able -- we didn't have</p>	<p style="text-align: right;">Page 164</p> <p>1 complete?</p> <p>2 A. I don't believe I ever saw a shareholder</p> <p>3 registry that was 100 percent comprehensive and</p> <p>4 accurate.</p> <p>5 Q. When you were Hygea's chief operating</p> <p>6 officer, did anyone on behalf of N5HYG -- well, take a</p> <p>7 step back.</p> <p>8 Are you familiar with N5HYG, LLC?</p> <p>9 A. Yes.</p> <p>10 Q. And you're aware that N5HYG, LLC, is a</p> <p>11 shareholder in Hygea, correct?</p> <p>12 A. Yes.</p> <p>13 Q. While you were Hygea's chief operating</p> <p>14 officer, did anyone on behalf of N5HYG communicate to</p> <p>15 you any concerns that they had about Hygea?</p> <p>16 A. Yes.</p> <p>17 MR. EWING: Objection. Calls for</p> <p>18 hearsay.</p> <p>19 MR. KAYE: You can answer.</p> <p>20 THE WITNESS: Yes.</p> <p>21 BY MR. KAYE:</p> <p>22 Q. And who on behalf of N5HYG made those</p> <p>23 communications?</p> <p>24 A. Chris Fowler is the senior managing director,</p> <p>25 and they had expressed on multiple occasions their</p>
<p style="text-align: right;">Page 163</p> <p>1 closed financial statements for those periods so</p> <p>2 they had to start with that.</p> <p>3 Q. Were you ever involved in trying to put</p> <p>4 together a shareholder roster for Hygea?</p> <p>5 A. No, I asked about it, but I was not involved</p> <p>6 in putting it together.</p> <p>7 Q. What did you ask about it?</p> <p>8 A. There were multiple shareholders and board</p> <p>9 members that had requested a cap table or shareholder</p> <p>10 register, and that was something that Ted Moffly,</p> <p>11 Raj from Forefront, and Sergey have all worked on</p> <p>12 at various points in time.</p> <p>13 Q. To whom did you direct your questions about</p> <p>14 it?</p> <p>15 A. Typically to Ted Moffly or Sergey Savchenko.</p> <p>16 Q. And with the questions that you were asking</p> <p>17 as well as the questions that some of the other people</p> <p>18 involved in the corporation were asking, was a</p> <p>19 shareholder roster ever produced to your</p> <p>20 satisfaction?</p> <p>21 MR. EWING: Objection. Compound and</p> <p>22 vague.</p> <p>23 BY MR. KAYE:</p> <p>24 Q. Was a shareholder roster ever produced to</p> <p>25 your satisfaction that you had confidence in and was</p>	<p style="text-align: right;">Page 165</p> <p>1 desire to have audited financials and additional</p> <p>2 information.</p> <p>3 Q. And when did Mr. Fowler communicate those</p> <p>4 concerns to you?</p> <p>5 A. On a regular basis up until the summer, late</p> <p>6 summer and August, when litigation began, at which</p> <p>7 point in time I was instructed to no longer have</p> <p>8 communication with RIN Capital.</p> <p>9 Q. And who made that instruction to you?</p> <p>10 MR. EWING: Objection. Calls for</p> <p>11 hearsay.</p> <p>12 MR. SEABOLT: You can answer.</p> <p>13 THE WITNESS: Manuel Iglesias.</p> <p>14 BY MR. KAYE:</p> <p>15 Q. And other than audited financials, what were</p> <p>16 the concerns that Mr. Fowler expressed to you on behalf</p> <p>17 of N5HYG?</p> <p>18 MR. EWING: Objection. Calls for</p> <p>19 hearsay.</p> <p>20 THE WITNESS: Their primary concern was</p> <p>21 to understand both the financial condition of the</p> <p>22 company and get financial statements to understand</p> <p>23 where we were at.</p> <p>24 BY MR. KAYE:</p> <p>25 Q. And did you relay any of those concerns to</p>

<p style="text-align: right;">Page 166</p> <p>1 anyone he was at Hygea?</p> <p>2 A. Yes.</p> <p>3 Q. And to whom did you relay those concerns?</p> <p>4 A. Manuel Iglesias and Ted Moffly, and</p> <p>5 periodically the board of directors.</p> <p>6 Q. Are you aware of anyone else from Hygea to</p> <p>7 whom N5HYG expressed concerns?</p> <p>8 MR. EWING: Objection. Calls for</p> <p>9 hearsay.</p> <p>10 THE WITNESS: I believe N5HYG expressed</p> <p>11 concerns directly to the board of directors as</p> <p>12 well.</p> <p>13 BY MR. KAYE:</p> <p>14 Q. And anyone else at Hygea other than the board</p> <p>15 of directors?</p> <p>16 A. Also the CEO and CFO.</p> <p>17 Q. And to your knowledge, did N5HYG express</p> <p>18 those concerns verbally, in writing; how did they</p> <p>19 express those concerns?</p> <p>20 A. Both verbally and in writing, to my</p> <p>21 knowledge.</p> <p>22 Q. And to your knowledge, is this something that</p> <p>23 happened multiple times or a single time?</p> <p>24 A. Multiple times.</p> <p>25 Q. And what were those concerns; were they the</p>	<p style="text-align: right;">Page 168</p> <p>1 So I would ask that that be marked as Exhibit 1 at this</p> <p>2 time.</p> <p>3 (Marked for identification:</p> <p>4 Deposition Exhibit No. 1.)</p> <p>5 MR. KAYE: So Exhibit 2, if the reporter</p> <p>6 can mark the exhibit, is an email, and the Bates</p> <p>7 number beginning on the bottom right-hand corner</p> <p>8 NV5001253, and that proceeds to 1256.</p> <p>9 (Marked for identification:</p> <p>10 Deposition Exhibit No. 2.)</p> <p>11 BY MR. KAYE:</p> <p>12 Q. Do you recognize this document?</p> <p>13 A. Yes.</p> <p>14 Q. And can you describe the document?</p> <p>15 A. Yeah, it's an email I sent to Richard -- or</p> <p>16 Ricky -- who was an analyst at RIN Capital. He had</p> <p>17 requested some information from me while I was at</p> <p>18 Hygea in July.</p> <p>19 Q. And you understood RIN Capital to be working</p> <p>20 on behalf of N5HYG, correct?</p> <p>21 A. Yes.</p> <p>22 Q. Is this a true and accurate copy of the email</p> <p>23 you sent to Ricky?</p> <p>24 A. I believe so.</p> <p>25 Q. And is this an email that you wrote in the</p>
<p style="text-align: right;">Page 167</p> <p>1 same as the concerns that had been expressed to you or</p> <p>2 were there any different concerns?</p> <p>3 A. I only know directly of the concerns that</p> <p>4 were expressed to me. I would assume they would</p> <p>5 express similar concerns to the other parties they</p> <p>6 spoke with.</p> <p>7 Q. Going into a little bit more of some of the</p> <p>8 operational details perhaps. Do you know what a</p> <p>9 capitated patient is?</p> <p>10 A. Yes.</p> <p>11 Q. And what is a capitated patient?</p> <p>12 A. A capitated patient is someone who is</p> <p>13 enrolled in a capitated healthcare plan, which means a</p> <p>14 health insurance company pays the provider a fixed</p> <p>15 amount on a monthly basis to care for that patient's</p> <p>16 needs.</p> <p>17 MR. KAYE: I want to show the witness an</p> <p>18 exhibit, but before I do that, I think we've agreed</p> <p>19 before we went on the record that we will do</p> <p>20 Exhibit 1 to this deposition an aggregation of the</p> <p>21 agreements executed in which the witness, his</p> <p>22 counsel, the court reporter and the videographer</p> <p>23 agreed to be bound by the confidentiality</p> <p>24 agreement -- or the confidentiality protective</p> <p>25 order, excuse me -- in this case.</p>	<p style="text-align: right;">Page 169</p> <p>1 course of your business at Hygea?</p> <p>2 A. Yes.</p> <p>3 MR. EWING: Objection. Vague.</p> <p>4 BY MR. KAYE:</p> <p>5 Q. And was it your -- was it within the regular</p> <p>6 practice of your business at Hygea to write emails</p> <p>7 such as this?</p> <p>8 A. When requested to, yes.</p> <p>9 Q. And did you write this email at or near the</p> <p>10 time that you have this -- that you had received the</p> <p>11 request from Ricky and found the information</p> <p>12 contained in the email?</p> <p>13 MR. EWING: Objection. Compound.</p> <p>14 THE WITNESS: Could you repeat the</p> <p>15 question? I'm not sure I understand.</p> <p>16 MR. KAYE: Sure. I'll break it up.</p> <p>17 BY MR. KAYE:</p> <p>18 Q. Did you write this email at or near the time</p> <p>19 -- near the time that you received the request from</p> <p>20 Ricky for the information?</p> <p>21 A. Yes, I believe so.</p> <p>22 Q. And you -- did you write it near the time</p> <p>23 then that you collected the information that you were</p> <p>24 sending to Ricky?</p> <p>25 A. Yes.</p>

<p style="text-align: right;">Page 170</p> <p>1 Q. And did you glean information contained in 2 the email within the regular course of your business at 3 Hygea? 4 A. Yes. 5 Q. If I could just turn your attention to -- 6 there's a chart, it looks like, at the bottom half of 7 the page that says, "Member Count," and right above 8 that, that says, "See table below detailing 9 capital -- capitated patients by plan as of 10 May 2017," is that correct? 11 A. Yes. 12 Q. And turning to the second page, up at the 13 very top, there's what looks like the bottom of the 14 chart, says, "Grand Total, 39,212," is that correct? 15 A. Correct. 16 Q. So is that -- did you understand that to mean 17 or did you mean to communicate through that chart 18 that as of May 2017 Hygea had 39,212 capitated 19 patients? 20 A. That was the information I was given, yes. 21 Q. When did you join Hygea? 22 A. In April of 2017. 23 Q. And why did you join Hygea? 24 A. I saw the company as one that had a lot of 25 potential and I thought that it would be a good</p>	<p style="text-align: right;">Page 172</p> <p>1 of RIN Capital, yes. At that time, N5HYG did not 2 exist. It was formed to invest in Hygea. 3 BY MR. KAYE: 4 Q. And at that time, RIN Capital was 5 investigating the, or working on, or doing work with 6 relation to the investment for Nevada 5; is that 7 correct? 8 MR. EWING: Objection. Foundation. 9 Leading. Vague. 10 THE WITNESS: We would occasionally 11 invest money on behalf of Nevada 5, yes. 12 BY MR. KAYE: 13 Q. And what did you do in general matters to 14 learn about this potential investment? 15 A. We had a conference call initially, we had a 16 visit to Hygea, and we also had, as we progressed 17 through diligence, a lot of interaction between Hygea 18 representatives and ourselves as we gathered 19 information relative to the company. 20 Q. And what material did you review? 21 A. We reviewed a wide range of material, 22 including financial statements, contracts. There was a 23 large data room that was created in conjunction with 24 the investment. 25 MR. KAYE: I want to have marked as an</p>
<p style="text-align: right;">Page 171</p> <p>1 opportunity for personal growth and growth for 2 Hygea. 3 Q. Where did you work before Hygea? 4 A. At RIN Capital. 5 Q. Which we discussed a moment ago was N5HYG's 6 representative? 7 A. Correct. 8 Q. When did you leave RIN Capital? 9 A. Shortly before starting at Hygea. 10 Q. With whom did you work at RIN? 11 A. I worked with Chris Fowler and with Richard 12 and Mike Weintraub. Also Charlie, another one of the 13 analysts. 14 Q. And what was Charlie's last name, if you 15 remember? 16 A. I don't remember actually. I probably 17 should, but I don't. 18 Q. How did you first learn about Hygea? 19 A. We were introduced to Hygea through an 20 investment banker who was seeking equity financing. 21 Q. And when you say "we," you're referring to 22 RIN Capital working on behalf of N5HYG or N5HYG's 23 parent or affiliates? 24 MR. EWING: Objection. Leading. 25 THE WITNESS: I was working on behalf</p>	<p style="text-align: right;">Page 173</p> <p>1 exhibit the document that is Bates NV5001109, 2 please. 3 (Marked for identification: 4 Deposition Exhibit No. 3.) 5 BY MR. KAYE: 6 Q. Do you recognize this document? 7 A. Yes. 8 Q. And can you state that this -- it looks like 9 an email from Ted Moffly to you, and so looking at 10 that forwarded email -- 11 A. Yes. 12 Q. -- is that a true and accurate copy of the 13 email that you received from Ted Moffly? 14 A. I believe so. 15 Q. And did you receive that email in the course 16 of your work for RIN? 17 A. Yes. 18 Q. And did you have the impression that Ted was 19 sending it to you in the course of his work for 20 Hygea? 21 MR. EWING: Objection. Speculation. 22 BY MR. KAYE: 23 Q. Did you see anything that made you think that 24 he wasn't sending it to you in the course of his work 25 for Hygea?</p>

<p style="text-align: right;">Page 174</p> <p>1 A. No.</p> <p>2 Q. Did you regularly exchange emails,</p> <p>3 communications like this with Mr. Moffly?</p> <p>4 A. Yes.</p> <p>5 Q. And then looking up to the top of the page,</p> <p>6 it looks like you forwarded this email to Chris</p> <p>7 Fowler; is that correct?</p> <p>8 A. Correct.</p> <p>9 Q. And that's a true and accurate copy of the</p> <p>10 email that you then forwarded to Chris Fowler, correct?</p> <p>11 A. Yes.</p> <p>12 Q. And was it a usual part of your business at</p> <p>13 RIN to exchange emails such as this relating to a</p> <p>14 potential investment with Mr. Fowler?</p> <p>15 A. Yes.</p> <p>16 Q. And this email discusses the EBITDA figure</p> <p>17 for Hygea; is that correct?</p> <p>18 A. Correct.</p> <p>19 Q. Did you have an understanding at the time of</p> <p>20 what EBITDA meant?</p> <p>21 A. Yes.</p> <p>22 Q. And was EBITDA a consideration for RIN in</p> <p>23 making its investments and how much it would pay for</p> <p>24 its investments in Hygea?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 176</p> <p>1 representations in there. So I don't think there's any</p> <p>2 question that representations are received.</p> <p>3 It seems to -- it seems to me to be that the</p> <p>4 lack of foundation issue is -- I'm not sure, frankly,</p> <p>5 it's speculation on my part, but that it seems to be</p> <p>6 the relationship between this and other representations</p> <p>7 that are out there. I think it's a prima facie case</p> <p>8 that there's going to be other representations out</p> <p>9 there.</p> <p>10 MS. GALL: I think the issue is, Your Honor,</p> <p>11 we never find out what those other representations are.</p> <p>12 MR. KAYE: Your Honor, what my response would</p> <p>13 be, we do find out the other representations are</p> <p>14 generally consistent with the representations set forth</p> <p>15 here.</p> <p>16 THE COURT: In this deposition we find that</p> <p>17 out?</p> <p>18 MR. KAYE: I believe that that's what -- I</p> <p>19 believe that's the question that they're objecting to,</p> <p>20 whether or not the representation set forth in the</p> <p>21 document are generally consistent with the</p> <p>22 representations that they received otherwise.</p> <p>23 In part, that's an effort to get within 11</p> <p>24 and a half hours, not go through an exhaustive</p> <p>25 representation conversation by conversation, email by</p>
<p style="text-align: right;">Page 175</p> <p>1 Q. Were the representations in this email</p> <p>2 relating to EBITDA consistent with the representations</p> <p>3 you had otherwise been receiving from Hygea?</p> <p>4 MR. EWING: Objection. Lacks foundation.</p> <p>5 THE WITNESS: Yes, I believe so."</p> <p>6 (Video paused.)</p> <p>7 MS. GALL: Objection, Your Honor. We can a</p> <p>8 play a little bit more, but my recollection is that we</p> <p>9 made a lack of foundation objection, and I don't</p> <p>10 believe Mr. Kaye laid the foundation afterwards.</p> <p>11 MR. KAYE: Your Honor, it appears here --</p> <p>12 first of all, there's foundation that EBITDA was a</p> <p>13 consideration for RIN in making its investment for how</p> <p>14 much it would pay for Hygea, and that the</p> <p>15 representations in this email relating to EBITDA were</p> <p>16 consistent with the other representations that had been</p> <p>17 received.</p> <p>18 Obviously if there was any sense of what</p> <p>19 EBITDA was and that this was in consideration, it would</p> <p>20 have come from RIN -- excuse me -- would have come from</p> <p>21 Hygea. That's the potential source of information</p> <p>22 here.</p> <p>23 The document, which is -- is an exhibit to</p> <p>24 the deposition and which we will seek to have admitted</p> <p>25 and I think is clearly an admissible document contains</p>	<p style="text-align: right;">Page 177</p> <p>1 email, email-by-email inquiry, especially given the</p> <p>2 fact that while this is a very significant issue. This</p> <p>3 is one piece of -- this is one piece of the puzzle, and</p> <p>4 we could probably spend an entire trial talking about</p> <p>5 that particular issue.</p> <p>6 THE COURT: I'm going to overrule the</p> <p>7 objection now, but if as we go through if you want to</p> <p>8 renew it or --</p> <p>9 MS. GALL: Understood, Your Honor.</p> <p>10 THE COURT: -- go ahead and start it up</p> <p>11 again.</p> <p>12 (Video resumed.)</p> <p>13 MR. KAYE: I want to mark as an exhibit</p> <p>14 and hand to the witness the two-page document that</p> <p>15 begins NV5001167 and goes on to 1168.</p> <p>16 (Marked for identification:</p> <p>17 Deposition Exhibit No. 4.)</p> <p>18 BY MR. KAYE:</p> <p>19 Q. So I'll do the same thing as before with</p> <p>20 respect to the forwarding of the email. The forwarded</p> <p>21 email there is an email once again from Mr. Moffly to</p> <p>22 you, dated September 29, 2016, that indicates --</p> <p>23 well, let me ask you this: Do you recognize that</p> <p>24 document?</p> <p>25 A. Yes.</p>

<p style="text-align: right;">Page 178</p> <p>1 Q. And is this a true and accurate copy of the 2 email that you received from Mr. Moffly? 3 A. Yes, it appears to be. 4 Q. And looking at the top of the page where it 5 looks -- the document indicates that you had 6 forwarded Mr. Moffly's email to Sean Darin and Mary 7 Hutchison. Do you recognize that? 8 A. Yes. 9 Q. And is that a true and accurate copy of the 10 forward -- the email you forwarded to Sean Darin 11 and Mary Hutchison? 12 A. Yes. 13 Q. And would forwarding an email like that be 14 something that you would do within the course of 15 your business at RIN? 16 A. Yes. 17 Q. And once again, did you have any reason to 18 believe that the underlying email Mr. Moffly was not 19 sending as part of the business with Hygea? 20 A. Could you repeat that question? 21 Q. Did you have any reason to think that when 22 Mr. Moffly sent you this email he wasn't doing so 23 on behalf of Hygea? 24 A. No. 25 Q. And did you have any reason to think that he</p>	<p style="text-align: right;">Page 180</p> <p>1 document? 2 THE REPORTER: Can we go off the record 3 for a minute? 4 MR. KAYE: Sure. 5 VIDEOGRAPHER: We are now off the record. 6 The time is 10:53 a.m. 7 (Discussion off the record.) 8 VIDEOGRAPHER: We are now back on the 9 record. The time is 10:58 a.m. 10 (Marked for identification: 11 Deposition Exhibit No. 5.) 12 MR. KAYE: I believe the witness is being 13 handed what's been marked as Exhibit 5, which is a 14 printout of a spreadsheet beginning NV5001827 and 15 continuing to 1850. And we have also provided, I 16 believe, counsel -- that the witness is reviewing at 17 this time, and counsel for Hygea has also received an 18 electronic version of the document just because it 19 looks a little bit different when it's printed up 20 as opposed to the electronic version. 21 MR. EWING: Chris, I apologize for 22 interrupting you, but before you ask you a 23 question, is there a particular tab I should be on? 24 I can't see the version you have in front of the 25 witness.</p>
<p style="text-align: right;">Page 179</p> <p>1 wasn't do any part of his work at Hygea? 2 A. No. 3 Q. And turning to the attachment, is the 4 attachment a true and accurate copy of the attachment 5 to that email that you received and forwarded on? 6 A. It appears to be. 7 Q. And that continues -- that encompasses the 8 2016 EBITDA figure as well, correct? 9 A. That's correct. 10 Q. And it notes that EBITDA is ahead of schedule 11 used four months ago with Cormark; is that 12 correct? 13 A. Correct. 14 Q. Do you remember who Cormark was? 15 A. Cormark, I believe, was the one of the 16 investment banks that was working with Hygea relative 17 to the RTO transaction they were planning on the 18 Toronto Stock Exchange. 19 Q. And was this material contained in Exhibit 4 20 consistent with the other materials you'd been 21 receiving from Hygea? 22 A. In general, yes. 23 MR. KAYE: I want to move on to another 24 material -- first of all, I want to ask, do we have 25 with the witness a computer for viewing a digital</p>	<p style="text-align: right;">Page 181</p> <p>1 MR. KAYE: I would look at the first tab, 2 "Financial Statements." I will tell you that if 3 we're going into a specific place, I'm going to 4 tell people what tab it's on. I don't know that 5 we're going to be talking about things that 6 specific. And I can put -- I can do the share 7 screen if everyone is interested. 8 MR. EWING: No, that's fine. I'm 9 comfortable with what you just said. And again, I 10 apologize -- 11 MR. KAYE: Yeah, we'll walk through it 12 together to the extent we do any walking through. 13 MR. EWING: Okay. Great. Thank you. 14 MR. KAYE: So we're having a little 15 technical pickup. 16 (Discussion off the record.) 17 BY MR. KAYE: 18 Q. Looking at it, I think this is probably going 19 to be easier to look first at the electronic document. 20 Do you recognize this document? 21 A. Not off the top of my head, no. 22 Q. Looking at the electronic spreadsheet, the 23 electronic version of it, do you recognize the 24 electronic version of it? 25 A. Yeah, I think this was the model that was</p>

<p style="text-align: right;">Page 182</p> <p>1 built as part of our diligence when I was at RIN.</p> <p>2 Q. And is that something that you had received</p> <p>3 from Hygea or something that had been built internally?</p> <p>4 A. You know, I don't believe this was built by</p> <p>5 Hygea, I believe it was built -- to be honest with</p> <p>6 you, I'm not sure.</p> <p>7 Q. Do you have any recollection of receiving</p> <p>8 this email?</p> <p>9 A. This via email?</p> <p>10 Q. I'm sorry. I'm sorry. My apologies.</p> <p>11 Do you have any recollection of receiving that</p> <p>12 spreadsheet?</p> <p>13 A. I don't recall this spreadsheet in</p> <p>14 particular, but, you know, we had a lot of spreadsheets</p> <p>15 when we were going through diligence, so I would have</p> <p>16 to see.</p> <p>17 Q. You received a number of spreadsheets from</p> <p>18 Hygea; is that correct?</p> <p>19 A. That's correct.</p> <p>20 Q. And you received those spreadsheets in the</p> <p>21 course of the pre-investment period in the course of</p> <p>22 RIN's business with Hygea; is that correct?</p> <p>23 A. That's correct.</p> <p>24 MR. EWING: Objection. Vague.</p> <p>25 BY MR. KAYE:</p>	<p style="text-align: right;">Page 184</p> <p>1 version, yeah.</p> <p>2 MR. SEABOLT: Very good. Thank you.</p> <p>3 MR. KAYE: My apologies.</p> <p>4 MR. SEABOLT: No worries.</p> <p>5 BY MR. KAYE:</p> <p>6 Q. And did N5HYG or did Nevada 5 invest, based</p> <p>7 in part, on the representation that it had received</p> <p>8 from Hygea relating to Hygea?</p> <p>9 A. Can you repeat that question, please?</p> <p>10 Q. Sure. Strike the question.</p> <p>11 You testified that RIN, acting on behalf</p> <p>12 of Nevada 5, had received a great deal of</p> <p>13 information from Hygea during the pre-investment</p> <p>14 period; is that correct?</p> <p>15 A. That's correct.</p> <p>16 MR. EWING: Objection. Mischaracterizes</p> <p>17 prior testimony.</p> <p>18 MR. KAYE: Is that correct?</p> <p>19 THE WITNESS: I apologize, can you repeat the</p> <p>20 question one more time so I can make sure I</p> <p>21 understand it properly?</p> <p>22 MR. KAYE: Sure.</p> <p>23 BY MR. KAYE:</p> <p>24 Q. You had testified earlier, I believe, that</p> <p>25 RIN, acting on behalf of Nevada 5, had received a great</p>
<p style="text-align: right;">Page 183</p> <p>1 Q. And so does this have some indicia or does</p> <p>2 this look consistent -- to be consistent with, in terms</p> <p>3 of form, the spreadsheet that you received from</p> <p>4 Hygea?</p> <p>5 MR. EWING: Objection. Calls for</p> <p>6 speculation. Foundation.</p> <p>7 THE WITNESS: I mean, this is a</p> <p>8 financial model related to Hygea. I would have to</p> <p>9 see an email or understand better what the source</p> <p>10 was.</p> <p>11 BY MR. KAYE:</p> <p>12 Q. When did you -- when did Nevada 5 invest --</p> <p>13 take a step back. Did Nevada 5 eventually invest money</p> <p>14 with Hygea?</p> <p>15 A. Yes.</p> <p>16 Q. And when did that happen?</p> <p>17 A. I believe the actual transaction was</p> <p>18 finalized in November of 2016.</p> <p>19 Q. And did Nevada 5 make that investment through</p> <p>20 N5HYG?</p> <p>21 A. Yes.</p> <p>22 MR. SEABOLT: Hey, Chris. This is Scott.</p> <p>23 I'm sorry to interrupt, but are you done with the</p> <p>24 electronic version such that I can --</p> <p>25 MR. KAYE: I'm done with the electronic</p>	<p style="text-align: right;">Page 185</p> <p>1 deal of information from Hygea during the</p> <p>2 pre-investment period; is that correct?</p> <p>3 A. That is correct.</p> <p>4 MR. EWING: Same objection.</p> <p>5 MR. KAYE: I think you answered at the</p> <p>6 same time as the objection. Can we hear the answer</p> <p>7 again? The objection is preserved for the record.</p> <p>8 THE WITNESS: That's correct, we did</p> <p>9 receive information in the pre-investment period</p> <p>10 from Hygea.</p> <p>11 BY MR. KAYE:</p> <p>12 Q. And was that investment -- was that</p> <p>13 information important to Nevada 5 in making its</p> <p>14 investments?</p> <p>15 A. Yes.</p> <p>16 Q. After you went to work at Hygea, did you ever</p> <p>17 form a conclusion as to whether that -- any of</p> <p>18 that -- whether that information had been</p> <p>19 accurate?</p> <p>20 MR. EWING: Objection. Speculation.</p> <p>21 THE WITNESS: Could you repeat the</p> <p>22 question for me?</p> <p>23 MR. KAYE: Yeah.</p> <p>24 BY MR. KAYE:</p> <p>25 Q. After you went to work at Hygea, did you ever</p>

<p style="text-align: right;">Page 186</p> <p>1 form a conclusion as to whether the information that</p> <p>2 Hygea had provided to RIN/Nevada 5 had been</p> <p>3 accurate?</p> <p>4 MR. EWING: Objection -- the same</p> <p>5 objection. And also relevance.</p> <p>6 THE WITNESS: You know, I'm not -- I</p> <p>7 guess I'll ask if you can be more specific.</p> <p>8 MR. KAYE: Sure.</p> <p>9 BY MR. KAYE:</p> <p>10 Q. Well, let me ask you this: Did you ever form</p> <p>11 a conclusion after you went to work at Hygea that</p> <p>12 any of the information that Hygea had provided to</p> <p>13 RIN/Nevada 5 prior to the investment was</p> <p>14 inaccurate?</p> <p>15 MR. EWING: Objection. Speculation.</p> <p>16 Legal conclusion. Relevance.</p> <p>17 THE WITNESS: Yes.</p> <p>18 BY MR. KAYE:</p> <p>19 Q. And what information did you form the</p> <p>20 conclusion had been inaccurate?</p> <p>21 MR. EWING: Objection. Mischaracterizes</p> <p>22 prior evidence. Assumes facts not in evidence.</p> <p>23 Relevance.</p> <p>24 THE WITNESS: The financial information</p> <p>25 presented suggested a company that had positive</p>	<p style="text-align: right;">Page 188</p> <p>1 Ewing. I represent Hygea and the individual</p> <p>2 defendants.</p> <p>3 THE WITNESS: Good morning.</p> <p>4 EXAMINATION</p> <p>5 BY MR. EWING:</p> <p>6 Q. During the time that you were still working</p> <p>7 for RIN Capital and before you were working for Hygea,</p> <p>8 but after October 2016, were you aware of Hygea making</p> <p>9 acquisitions of medical practices?</p> <p>10 A. You said after October of '16?</p> <p>11 Q. Yeah. Let me be a little clearer. Between</p> <p>12 October of 2016 and the time you began working at</p> <p>13 Hygea, were you aware of Hygea acquiring medical</p> <p>14 practices?</p> <p>15 MR. KAYE: Objection. Vague. Foundation.</p> <p>16 THE WITNESS: Hygea had an ongoing</p> <p>17 business model involving acquiring doctors, there</p> <p>18 was a lot of transactions in general during my</p> <p>19 entire knowledge with Hygea, but I'd have to review</p> <p>20 records to know exactly what transactions happened</p> <p>21 when; I just don't remember.</p> <p>22 BY MR. EWING:</p> <p>23 Q. Okay. After the time at which N5HYG made an</p> <p>24 investment in Hygea, Hygea acquired medical</p> <p>25 practices, right?</p>
<p style="text-align: right;">Page 187</p> <p>1 cash flow, and the day-to-day operations towards</p> <p>2 the end of or in the period of 2017 appeared to</p> <p>3 struggle with proper or appropriate cash flows,</p> <p>4 so there seemed to be a disparity between the</p> <p>5 financial information that we had reviewed and</p> <p>6 what you would expect to see.</p> <p>7 BY MR. KAYE:</p> <p>8 Q. And when you said the financial information</p> <p>9 you reviewed, you were referring to the financial</p> <p>10 information that you had reviewed prior to the</p> <p>11 investment?</p> <p>12 A. That's correct.</p> <p>13 MR. KAYE: I think we can take a break --</p> <p>14 or I would like to take a break right now and see</p> <p>15 if we have anything more.</p> <p>16 VIDEOGRAPHER: The time is 11:09 a.m. We</p> <p>17 are now off the record.</p> <p>18 (Whereupon a break was taken</p> <p>19 from 11:09 a.m. to 11:18 a.m.)</p> <p>20 VIDEOGRAPHER: We are now back on the</p> <p>21 record. The time is 11:18 a.m.</p> <p>22 MR. KAYE: No further questions on</p> <p>23 direct.</p> <p>24 MR. EWING: All right. I guess it's</p> <p>25 still morning. Good morning, Mr. Miller. I'm Kyle</p>	<p style="text-align: right;">Page 189</p> <p>1 A. Yes; that's correct.</p> <p>2 Q. And when Hygea acquired those medical</p> <p>3 practices, it issued shares as part of that</p> <p>4 transaction, right?</p> <p>5 A. Yes.</p> <p>6 Q. And did you -- while you were working at RIN,</p> <p>7 were you aware of shares being issued in connection</p> <p>8 with acquisitions of medical practices?</p> <p>9 A. Could you be more specific?</p> <p>10 Q. Were you aware, as a representative of RIN,</p> <p>11 if shares were issued in connection with medical</p> <p>12 practices being acquired?</p> <p>13 MR. KAYE: Objection. Vague.</p> <p>14 THE WITNESS: In terms of using -- so are</p> <p>15 you talking about using shares as currency for the</p> <p>16 transaction?</p> <p>17 MR. EWING: Correct, as part of the</p> <p>18 consideration.</p> <p>19 THE WITNESS: Yes.</p> <p>20 BY MR. EWING:</p> <p>21 Q. All right. You left Hygea in January, right?</p> <p>22 A. I didn't leave; I was constructively</p> <p>23 terminated.</p> <p>24 Q. You stopped working at Hygea in January; is</p> <p>25 that correct?</p>

<p style="text-align: right;">Page 190</p> <p>1 A. Hygea stopped paying me in January, after 2 which I stopped working for Hygea. 3 Q. And you haven't been back to Hygea's 4 headquarters since, have you? 5 A. No. 6 Q. Are you -- you haven't been privy to any of 7 Hygea's financial information since you left in 8 January, correct? 9 A. No. 10 Q. And so sitting here today, is it correct that 11 you don't know what the financial condition of Hygea is 12 today? 13 A. I can only -- I only have knowledge of when I 14 was there and had access to information; I no longer 15 have that, so that's correct. 16 Q. And are you -- do you know whether Manuel 17 Iglesias is the chief executive officer of Hygea today? 18 A. I don't know. 19 Q. Are you aware of whether Edward Moffly is the 20 chief financial officer of Hygea today? 21 A. I know that Ted is involved with Hygea 22 because I've had discussions with him about my 23 outstanding balances, but I don't know exactly what his 24 official title or role is at this point in time. 25 MR. EWING: All right. No further</p>	<p style="text-align: right;">Page 192</p> <p>1 capitated patients as discussed. 2 THE COURT: Ms. Gall? 3 MS. GALL: We would object based on hearsay. 4 I don't believe Mr. Kaye actually established that 5 Mr. Miller at the time he was at Hygea was requested by 6 any superior to send this email as part of the scope of 7 his employment at Hygea. 8 THE COURT: 39 is admitted. 9 MR. KAYE: Thank you, Your Honor. I would 10 like to go to number -- Trial Exhibit No. 38, which is 11 Deposition Exhibit No. 3. That is another email that 12 we would seek to admit. 13 This is an email from Mr. Moffly, who was an 14 executive of Hygea at the time, to Mr. Miller when 15 Mr. Miller was with RIN with a series of 16 representations. 17 It also is in RIN's records and has been 18 provided as the forwarded email. I think that falls 19 clearly within the business record exception. But, of 20 course, the forwarding there is -- I think from an 21 evidentiary perspective, it's significant. 22 THE COURT: Ms. Gall? 23 MS. GALL: Your Honor, I would object to 24 this. I might as well preview my objection for the 25 next one. They'll be the same. Relevance. Testimony</p>
<p style="text-align: right;">Page 191</p> <p>1 questions. 2 THE REPORTER: Are we all set? 3 MR. KAYE: I don't have any further 4 questions. 5 VIDEOGRAPHER: The time is 11:22 a.m. 6 That concludes today's deposition. We are now off 7 the record. 8 (End of video playback.) 9 MS. GALL: Your Honor, at this time I didn't 10 want to interrupt, but we would move to strike for the 11 same reason the reference to a constructive discharge. 12 It's the same objection we made earlier. 13 THE COURT: Sustained. So that completes -- 14 MR. KAYE: That completes Mr. Miller's 15 deposition, Your Honor. 16 THE COURT: All right. 17 MR. KAYE: And at this time we would move to 18 admit the exhibits that were discussed during the 19 deposition. And I suppose we'll start at the beginning 20 with trial Exhibit No. 39, which is Deposition Exhibit 21 No. 2. 22 This is the email for Mr. Miller to 23 Mr. Charzasz, I'm sure I'm mispronouncing that, copied 24 to a couple of other individuals at RIN and also 25 individuals at Hygea that is setting forth the -- the</p>	<p style="text-align: right;">Page 193</p> <p>1 regarding these emails we seek to strike because they 2 have nothing to do with the basis for bringing this 3 receivership action. Indeed, I believe these emails 4 were sent before N5HYG was even a stockholder within 5 Hygea. 6 MR. KAYE: Your Honor, I would like to 7 respond to that briefly if I may. 8 THE COURT: Go ahead. 9 MR. KAYE: That's true that N5HYG was not a 10 stockholder at that time. However, after N5HYG became 11 a stockholder, we've heard testimony from Mr. Miller 12 that he was -- that he -- I'm paraphrasing here, of 13 course, but that he determined that some of what had 14 been told to -- some of the information that had been 15 provided to RIN in relation to N5HYG's investment 16 turned out to be inaccurate. 17 And we're going to hear some more about this 18 I anticipate tomorrow when we hear testimony from 19 Mr. Dragelin, who came in and looked at the books and 20 did -- did some comparisons of what was in the books to 21 what had been represented to N5HYG's -- to RIN on 22 behalf of N5HYG's parent, Nevada 5, in the context of 23 inducing N5HYG's investment. 24 That goes -- once again, one of the criteria 25 that is a basis for appointment of a receiver is</p>

<p style="text-align: right;">Page 194</p> <p>1 misfeasance, malfeasance, or nonfeasance. Of course, 2 as I've mentioned, while we do not need to show 3 misconduct, this is indicia of misconduct. And that is 4 certainly relevant to the Court's inquiry that 5 information was provided to prospective investors that 6 turned out to not be accurate. 7 THE COURT: 38 is admitted. And then 122? 8 MR. KAYE: 122, Your Honor, we seek to admit 9 as well. This is an email and an attachment, once 10 again, from Mr. Moffly to Mr. Miller, once again, in 11 September of 2016. 12 And once again, it is in RIN's records in 13 forwarded form. I believe that that forwarding is 14 business record, but the forwarding is also 15 insignificant from an evidentiary perspective. 16 And both the email itself and the attachment, 17 once again, contain representations that were provided 18 by Hygea to -- to RIN acting on behalf of a prospective 19 investor. 20 Once again, these are the representations and 21 the information that it turns out that Mr. Miller -- 22 Mr. Miller we know, it turns out, concluded that some 23 of information that he was provided was inaccurate. 24 And, once again, we'll hear some more about what the 25 company's books show in comparison to what had been</p>	<p style="text-align: right;">Page 196</p> <p>1 THE COURT: Please be seated. 18 OC 71, 2 Arellano v. Hygea. Counsel is present. 3 Plaintiffs' next witness? 4 MR. VIAR: Your Honor, the plaintiffs call 5 Dr. Gaylis through videotape. 6 THE COURT: Okay. How long is this one? 7 MR. VIAR: This is about two hours, 8 Your Honor. Your Honor, if you want the volume 9 adjusted in any way to speak up, we can do that for 10 you. 11 THE COURT: The last one, it was a little bit 12 loud for me. 13 MR. VELLIS: Yes. 14 THE COURT: Same thing, the court reporter is 15 going to take this down? 16 MR. VIAR: That's right, Your Honor. He does 17 have the transcript, but same procedure will be 18 followed with this deposition. 19 THE COURT: Okay. Go ahead. 20 (Video played.) 21 "VIDEOGRAPHER: Good afternoon. This is 22 Media One, in the deposition of Dr. Norman 23 Gaylis, in the matter of Arellano versus Hygea 24 Holdings, et al. 25 This is being held at 21097 N.E. 27th</p>
<p style="text-align: right;">Page 195</p> <p>1 presented. So same issue as last time. 2 MS. GALL: Your Honor, it's the same 3 objection as last time. It is -- appears to me, at 4 least, this is clearly becoming a case that sounds a 5 lot or sounds a lot like a securities fraud litigation. 6 And as this Court knows and has taken 7 judicial notice of, N5HYG and Nevada 5 have sued us in 8 a separate litigation that's pending before Judge 9 Mayhan in federal court. If this Court decides upon 10 whether or not those statements were actual 11 misrepresentations, we are getting into the world of 12 claim splitting at this point. 13 I object, Your Honor, on the basis of 14 relevance and also on the basis that a claim that might 15 be relevant to these representations is already pending 16 before another jurisdiction. 17 MR. KAYE: Your Honor, once again, this gets 18 to the issue of misfeasance, malfeasance, nonfeasance 19 generally. This is not a damages claim. 20 THE COURT: 122 is also admitted. 21 MR. KAYE: Thank you, Your Honor. 22 THE COURT: We're going to take just a 23 10-minute recess. We'll come back in about -- can't 24 see exactly where that is -- 5 after. 25 (Recess taken at 2:56, resuming at 3:08.)</p>	<p style="text-align: right;">Page 197</p> <p>1 Court, Suite 200, Aventura, Florida, on May 10th, 2 2018. The time is 1:40 p.m. 3 Our court reporter is Victoria Neil. 4 My name is Michael Massa. I'm the 5 videographer, on behalf of Litigation Services. 6 This deposition is being videotaped at all 7 times unless specified to go off the record. 8 Would counsel please identify yourselves, 9 after which our court reporter will swear the 10 witness. 11 MR. VIAR: David Viar, on behalf of N5HYG. 12 MR. WATTS: Kevin Watts, on behalf of 13 Plaintiff N5HYG. 14 MS. GALL: This is Maria Gall, from 15 Ballard Spahr, on behalf of Hygea Holdings Corp. 16 and the individual defendants. 17 MR. EWING: Kyle Ewing, from Ballard 18 Spahr, on behalf of Hygea Holdings Corp. and the 19 individual defendants. 20 MR. CARLSON: Sev Carlson, with Kaempfer 21 Crowell, on behalf of Hygea Holdings and the 22 individual defendants. 23 MR. SEGALL: Norman Segall, on behalf of 24 Dr. Norman Gaylis. 25 COURT REPORTER: Doctor, please raise your</p>

<p style="text-align: right;">Page 198</p> <p>1 right hand.</p> <p>2 THEREUPON,</p> <p>3 NORMAN B. GAYLIS, M.D.</p> <p>4 Being a witness in the notice heretofore filed, being</p> <p>5 of lawful age, and being first duly sworn in the above</p> <p>6 cause, testified on his oath as follows:</p> <p>7 THE WITNESS: I do.</p> <p>8 DIRECT EXAMINATION</p> <p>9 BY MR. VIAR:</p> <p>10 Q. Good afternoon, doctor. My name is David</p> <p>11 Viar. I represent one of the plaintiffs in this case,</p> <p>12 N5HYG, in this lawsuit against Hygea Holdings</p> <p>13 Corporation. Before I get started, I just want to</p> <p>14 thank you for coming today. I appreciate your</p> <p>15 cooperation.</p> <p>16 A. No problem.</p> <p>17 Q. Would you -- would you please state your</p> <p>18 full name for the record?</p> <p>19 A. Norman Brian Gaylis.</p> <p>20 Q. Dr. Gaylis, are you employed?</p> <p>21 A. Am I employed? Yes.</p> <p>22 Q. Yes, sir.</p> <p>23 A. I'm employed.</p> <p>24 Q. Who's your employer?</p> <p>25 A. Hygea Corporation. Hygea Holdings.</p>	<p style="text-align: right;">Page 200</p> <p>1 arena.</p> <p>2 Q. You're here today pursuant to a Florida</p> <p>3 subpoena served on your lawyer last week; is that</p> <p>4 correct?</p> <p>5 A. That is correct.</p> <p>6 Q. Are you aware that there is a trial</p> <p>7 scheduled in this matter to begin next week in Carson</p> <p>8 City, Nevada?</p> <p>9 A. I am.</p> <p>10 Q. I understand that you are unavailable to</p> <p>11 attend that trial in Carson City; is that correct?</p> <p>12 A. That is correct. I have patients</p> <p>13 scheduled throughout the next few weeks.</p> <p>14 Q. Do you practice medicine in the State of</p> <p>15 Florida?</p> <p>16 A. I do.</p> <p>17 Q. I understand you're a board certified</p> <p>18 physician specializing in internal medicine and</p> <p>19 rheumatology; is that correct?</p> <p>20 A. That is correct.</p> <p>21 Q. Where is your primary medical practice</p> <p>22 located?</p> <p>23 A. Aventura, Florida, which is a suburb of</p> <p>24 Miami.</p> <p>25 Q. How long have you practiced medicine in</p>
<p style="text-align: right;">Page 199</p> <p>1 Q. You are the chief medical officer for</p> <p>2 Hygea; is that correct?</p> <p>3 MS. GALL: Objection; leading.</p> <p>4 A. I was the chief medical officer of Hygea</p> <p>5 Holdings. I'm not sure right now if that status still</p> <p>6 holds.</p> <p>7 Q. Well -- well, what are or were your duties</p> <p>8 and responsibilities as chief medical officer for</p> <p>9 Hygea?</p> <p>10 A. My responsibilities were largely to try</p> <p>11 and improve the visibility of Hygea Holdings to the</p> <p>12 health care community with regards to enhancing the</p> <p>13 structure, the physician practices that Hygea was</p> <p>14 intent on inquiring; furthermore, to try and help Hygea</p> <p>15 with planning for future revenue producing events, to</p> <p>16 interact with physicians with regards to their</p> <p>17 performance, to try and understand the various problems</p> <p>18 and issues that occurred in various practices, if they</p> <p>19 occurred, if they didn't occur to try and improve</p> <p>20 profit centers, and in general to basically be a</p> <p>21 figurehead as a key physician for this company going</p> <p>22 forward, which at the time of my signing a contract</p> <p>23 with them, the game plan at that point had been to try</p> <p>24 and develop a physician structure that would support</p> <p>25 the idea of the company moving forward to the public</p>	<p style="text-align: right;">Page 201</p> <p>1 the State of Florida?</p> <p>2 A. Since 1976.</p> <p>3 Q. Can you tell me something about your</p> <p>4 medical practice prior to your association with Hygea?</p> <p>5 MS. GALL: Objection; vague.</p> <p>6 A. Sure. My medical practice is -- is</p> <p>7 limited to the specialty of rheumatology. I have been</p> <p>8 in this practice, which has another few physicians,</p> <p>9 physician assistants, employs approximately thirty-five</p> <p>10 people strictly to treat people who suffer from</p> <p>11 rheumatological disorders. We have a practice that</p> <p>12 effectively ideally is a one-stop shop to help people</p> <p>13 who suffer from rheumatological diseases; as such, we</p> <p>14 -- we see patients in our clinic on a daily basis and</p> <p>15 we treat patients in different areas of the office,</p> <p>16 whether it's physical therapy and rehabilitation,</p> <p>17 infusion therapy. We have a clinical research program</p> <p>18 that focuses on the utilization of new medications or</p> <p>19 the development of new medications.</p> <p>20 I'm very active in</p> <p>21 publications and in the American College of</p> <p>22 Rheumatology, on their board, and with developing</p> <p>23 educational seminars. We have our own in-house X-ray,</p> <p>24 bone density, ultrasound, MRI imaging facilities. And</p> <p>25 we've basically been in practice -- in business since</p>

<p style="text-align: right;">Page 202</p> <p>1 the early '80s.</p> <p>2 Q. Prior to your association with Hygea</p> <p>3 you've owned and operated a number of medical</p> <p>4 facilities</p> <p>5 located in South Florida; is that correct?</p> <p>6 MS. GALL: Objection; leading.</p> <p>7 A. I'm not sure that I would agree that I</p> <p>8 owned a number of facilities. I owned my own facility</p> <p>9 pretty much during all that time. So I'm not sure</p> <p>10 where the plural comes from.</p> <p>11 Q. Well, but you own or had controlling</p> <p>12 interest in a medical research facility known as AARDS</p> <p>13 Research, Inc.; is that correct?</p> <p>14 MS. GALL: Objection; leading.</p> <p>15 A. Yes. So I think maybe -- maybe for</p> <p>16 clarification on your prior question, effectively as</p> <p>17 much as these were broken down into separate entities,</p> <p>18 they really do all come under the umbrella of my</p> <p>19 rheumatology entity. So as I said previously, we do</p> <p>20 research, which is AARDS Research. We do rehab, which</p> <p>21 is AARDS Rehab. But effectively they all come under</p> <p>22 the same umbrella and are really seamless to the public</p> <p>23 eye.</p> <p>24 Q. I understand, but there was a</p> <p>25 rehabilitation function, research function and a</p>	<p style="text-align: right;">Page 204</p> <p>1 Q. Well, you sold or conveyed your medical</p> <p>2 practices and facilities to Hygea in May of 2015; is</p> <p>3 that correct?</p> <p>4 A. That is correct.</p> <p>5 MS. GALL: Objection; leading.</p> <p>6 COURT REPORTER: I'm sorry, what's the</p> <p>7 objection?</p> <p>8 BY MR. VIAR:</p> <p>9 Q. Why did you do that? Why did you decide</p> <p>10 to go into business with Hygea?</p> <p>11 A. Well, that's the best question that has</p> <p>12 been asked today so far because it's a tough question.</p> <p>13 I think at that time I was excited about the</p> <p>14 possibility of enhancing my practices reach by</p> <p>15 integrating with an integrated health company that had</p> <p>16 far more patients, different specialties and would</p> <p>17 effectively help in many ways combat the way health</p> <p>18 care was changing, the world was changing around me in</p> <p>19 health care, and this looked to be a possible ideal</p> <p>20 situation to really enhance the strength of my</p> <p>21 practice, so that was one reason.</p> <p>22 The other reason for me personally, it was an</p> <p>23 exciting opportunity, having done what I've done for</p> <p>24 many years to really grow into another role where I</p> <p>25 would help expand the status of Hygea as it was when I</p>
<p style="text-align: right;">Page 203</p> <p>1 medical</p> <p>2 practice function --</p> <p>3 A. And it still is.</p> <p>4 Q. -- all at the same time; is that correct?</p> <p>5 A. Yeah, and it still is. Nothing changed.</p> <p>6 MS. GALL: Objection; leading.</p> <p>7 BY MR. VIAR:</p> <p>8 Q. I'm sorry, I didn't hear over the</p> <p>9 objection. What is that?</p> <p>10 A. I said and it still is. Nothing is</p> <p>11 changed.</p> <p>12 Q. What was or is the patient population that</p> <p>13 you're servicing under that umbrella?</p> <p>14 A. Do you mean demographics or diseases?</p> <p>15 Q. Number of patients.</p> <p>16 A. So in this practice we probably have at</p> <p>17 any one given point in time about 6,000 active</p> <p>18 patients.</p> <p>19 Obviously because the practice has been here</p> <p>20 for many years, we may have 15,000 patients in terms of</p> <p>21 registered patients, not all who are seen at any given</p> <p>22 year but may come and go over periods of time according</p> <p>23 to their needs. So there's an active patient</p> <p>24 population that's probably, like I said, 5- to 8,000.</p> <p>25 I don't know exactly how many.</p>	<p style="text-align: right;">Page 205</p> <p>1 joined them to a larger company where ideally we would</p> <p>2 bring in more practices, become more integrated, have</p> <p>3 more subspecialty groups working around a core of</p> <p>4 primary care practices and ultimately really be able to</p> <p>5 provide a complete A to Z service for patients in need</p> <p>6 no matter what their health care was.</p> <p>7 And I felt that I was, based on my</p> <p>8 experience and background, in a position to</p> <p>9 be a good leader for this type of concept. And then,</p> <p>10 finally, I felt that this was a financial opportunity</p> <p>11 to, at the stage of the career that I was in, to</p> <p>12 benefit from doing something a little different to the</p> <p>13 way I had practiced to this point.</p> <p>14 MR. VIAR: Just a note to opposing</p> <p>15 counsel. Dr. Gaylis is an adverse witness and</p> <p>16 under the adverse witness statute in Nevada, I'm</p> <p>17 permitted to lead. So I really don't think that</p> <p>18 your objections are appropriate and I would hope</p> <p>19 that you consider that as we go forward.</p> <p>20 MS. GALL: I'm preserving my objections,</p> <p>21 counsel, only because I believe under the adverse</p> <p>22 witness statute you have to request and receive</p> <p>23 permission from this court in order to treat a</p> <p>24 witness, particularly one that he submitted in</p> <p>25 declaration on -- to treat that witness that</p>

<p style="text-align: right;">Page 206</p> <p>1 you've identified as your witness as an adverse 2 witness. And so I'm merely preserving my 3 objection. 4 MR. VIAR: Well, I would give -- I would 5 give you a continuing objection on that, on the 6 leading. I think we'll get through this today a 7 lot quicker and it will be a lot clearer to the 8 court when he's trying to listen to and watch 9 this deposition. Certainly it will be up to him, 10 you know, at the appropriate time to make that 11 call. But I understand that you have that 12 objection and I am allowing that as a continuing 13 objection as we go forward, whether you make it 14 or not. 15 MS. GALL: Okay. 16 MR. VIAR: It's preserved as far as the 17 plaintiffs are concerned. 18 MS. GALL: That's fine. If we both 19 agree -- if we're both agreeing that I will have 20 a continuing leading objection and then we'll 21 allow the court to make that determination at the 22 trial of the matter, I'm fine with that." 23 (Video paused.) 24 MS. GALL: Your Honor, at this point I 25 believe either both -- or at least I'm asking the Court</p>	<p style="text-align: right;">Page 208</p> <p>1 he did not like or appreciate the conduct of the 2 plaintiffs during the settlement conference, which is 3 another -- he was disappointed with the plaintiffs' 4 performance during the settlement conference. 5 All these -- all this behavior is -- is 6 indicative of someone who has been identified with an 7 adverse party. And it's -- it's up to the Court under 8 NRS 50.115 to exercise reasonable control over the mode 9 and order interrogating the witnesses and presenting 10 evidence. 11 The Court has the discretion to control how 12 the witnesses are interrogated, how they're questioned, 13 and consideration for the Court is -- in making those 14 decisions is to avoid needless consumption of time. 15 This was a deposition that was hastily 16 scheduled, one that we had limited time. We knew we 17 were under time constraints here. And that's -- that's 18 another -- that's another reason for the Court to 19 exercise its discretion in favor of allowing the 20 leading questions of the witness who's clearly 21 associated with an adverse party. 22 MS. GALL: If the basis is needless 23 consumption of time, Your Honor, I would like to lead 24 my own -- questions on my own witnesses. I stand by my 25 original objection. We won't elaborate any further.</p>
<p style="text-align: right;">Page 207</p> <p>1 as to whether you are providing permission for 2 plaintiffs to have treated Dr. Gaylis as an adverse 3 witness. 4 My argument on that would be he appeared on 5 their witness list. In addition to that, he submitted 6 a declaration against Hygea's interests and on behalf 7 of plaintiffs' interests at the beginning of this 8 matter. 9 MR. VIAR: Your Honor, there's multiple bases 10 for leading. It's not necessarily that he's an adverse 11 witness, although we believe that he is. Under 12 NRS 50.115 (4)(b), it is appropriate to lead either an 13 adverse witness or a witness associated with the 14 opposing party. 15 Dr. Gaylis was associated with Hygea as an 16 employee. He was associated with Hygea as their chief 17 medical officer. And during the time of the 18 deposition, he associated himself with Hygea as a vice 19 president of Hygea. 20 If that's not enough, Your Honor, he also 21 associated -- he associated himself sometime later with 22 the position at least of Hygea in connection with the 23 dispute over the subpoena. 24 The reason given for his -- you know, for his 25 refusal to appear without a Florida subpoena was that</p>	<p style="text-align: right;">Page 209</p> <p>1 THE COURT: So is -- are there leading 2 questions throughout the remainder of the deposition? 3 MR. VIAR: There are, Your Honor. 4 THE COURT: Well, it seems to me that 5 Dr. Gaylis has been associated with both parties, but I 6 kind of get down to the purpose of the reason we don't 7 allow leading questions, which is suggesting the answer 8 to the witness. 9 I don't think I can -- I'm hesitant to make a 10 blanket ruling on leading until I hear the questions 11 and see the answers. My impression so far is 12 Dr. Gaylis is probably not someone who was just going 13 to say yes or no. 14 So I'm inclined to not allow the leading 15 questions. But I'm just going to have to hear them 16 because it may appear like that later. It may appear 17 he's just going along with whatever is suggested. So 18 that's not very helpful, I know. 19 MS. GALL: I understand, Your Honor. For 20 purposes of efficiency, would it simply be better or 21 would the Court prefer that we play the videotape and 22 the Court, given it's a bench trial, makes its own 23 determination at the end, or would you like to make the 24 determination on a leading question by leading question 25 basis? In that instance, we may be here all evening.</p>

<p style="text-align: right;">Page 210</p> <p>1 MR. VIAR: Your Honor, can I respond?</p> <p>2 THE COURT: Go ahead.</p> <p>3 MR. VIAR: I have the advantage of having</p> <p>4 heard the testimony. You will not hear -- I'm not sure</p> <p>5 you'll hear very many yes or no answers at all during</p> <p>6 the rest -- there may be a couple. If that -- you</p> <p>7 know, if that's something that the Court was looking</p> <p>8 for.</p> <p>9 THE COURT: I think the suggestion that</p> <p>10 rather than have every -- every leading question</p> <p>11 objected to, let's -- let's play the entire thing, and</p> <p>12 I'll make a decision then.</p> <p>13 MS. GALL: Understood, Your Honor.</p> <p>14 MR. VIAR: Thank you, Your Honor.</p> <p>15 THE COURT: It may be that some are admitted,</p> <p>16 some aren't, as opposed to all yes or all no. But so</p> <p>17 go ahead and start it up again.</p> <p>18 (Video resumed.)</p> <p>19 "BY MR. VIAR:</p> <p>20 Q. Dr. Gaylis, you were paid cash and</p> <p>21 promised stock in exchange for your interest in your</p> <p>22 medical practice and facility; is that correct?</p> <p>23 A. Yes.</p> <p>24 Q. And after the May 2015 transactions it</p> <p>25 was -- it was Hygea's responsibility to manage your</p>	<p style="text-align: right;">Page 212</p> <p>1 payroll, all benefits, ultimately growth of the</p> <p>2 practice in terms of investments were going to</p> <p>3 basically start evolving to where Hygea would manage</p> <p>4 those aspects of the practice going forward as an</p> <p>5 initial step to an integration occurring down the road.</p> <p>6 Q. Hygea agreed to take over and manage</p> <p>7 Hygea's (sic) billing payables and payroll operations;</p> <p>8 is that correct?</p> <p>9 A. That's not correct.</p> <p>10 MS. GALL: Objection; vague.</p> <p>11 THE WITNESS: Say that again. I think you</p> <p>12 got it the wrong way around.</p> <p>13 BY MR. VIAR:</p> <p>14 Q. I said that Hygea agreed to take over your</p> <p>15 billing, payables the payroll operations?</p> <p>16 A. No.</p> <p>17 MS. GALL: Objection; vague.</p> <p>18 THE WITNESS: Hygea did not take over my</p> <p>19 billing and collections and have not taken over</p> <p>20 my billing and collections because the nature of</p> <p>21 a rheumatology practice's billing and collections</p> <p>22 is very specialized and unique. It would not</p> <p>23 have been advantageous to lump that with the</p> <p>24 billing and collections of the rest of Hygea, and</p> <p>25 by design it was kept separate. The other</p>
<p style="text-align: right;">Page 211</p> <p>1 medical practices; is that correct?</p> <p>2 A. Correct.</p> <p>3 MS. GALL: Objection.</p> <p>4 BY MR. VIAR:</p> <p>5 Q. Tell me how that was supposed to work.</p> <p>6 A. What was supposed to work, how they paid</p> <p>7 me or how they managed me?</p> <p>8 Q. I said, and I think you agreed, that it</p> <p>9 was Hygea's responsibility to manage your medical</p> <p>10 practices. I asked you how -- how that management</p> <p>11 responsibility was supposed to work?</p> <p>12 A. So to a large extent when we first</p> <p>13 integrated the practice with Hygea, we effectively kept</p> <p>14 the practice very much on the same practice basis that</p> <p>15 it had been before. We continued with our staffing</p> <p>16 situations the way they were; hiring and firing. There</p> <p>17 were no dramatic changes in the overall management of</p> <p>18 the practice. I think --</p> <p>19 Q. I understand that, Dr. Gaylis. And I</p> <p>20 apologize for interrupting you but what I'm getting at</p> <p>21 is what specifically was going to change? What were</p> <p>22 Hygea's -- what responsibilities specifically was Hygea</p> <p>23 to take over for the practice?</p> <p>24 A. I think they were going to take over all</p> <p>25 staffing issues so that all personnel issues, all</p>	<p style="text-align: right;">Page 213</p> <p>1 components, such as payroll, were in fact</p> <p>2 transferred over to Hygea. The benefits,</p> <p>3 payroll, management of staff situations were</p> <p>4 taken over by Hygea.</p> <p>5 BY MR. VIAR:</p> <p>6 Q. What did representatives of Hygea tell you</p> <p>7 that convinced you that they were capable of taking</p> <p>8 over and managing your medical practices?</p> <p>9 MS. GALL: Objection; lack of foundation.</p> <p>10 A. I don't know what convinced me. I don't</p> <p>11 think I was thinking of being convinced. They were</p> <p>12 running other practices. They had been around for</p> <p>13 awhile. They had been --</p> <p>14 Q. Running out of practice? Who was running</p> <p>15 out of practice?</p> <p>16 A. I never said that. I said they were</p> <p>17 running other practices."</p> <p>18 (Video paused.)</p> <p>19 MS. GALL: Your Honor, I would move to strike</p> <p>20 the response that Dr. Gaylis gave after my objection on</p> <p>21 lack of foundation. He never identified who the other</p> <p>22 representatives were, and then he introduced hearsay</p> <p>23 into the record. So it would be a compound foundation,</p> <p>24 which I preserved and then made an on-the-record</p> <p>25 objection.</p>

<p style="text-align: right;">Page 214</p> <p>1 THE COURT: I'm going to sustain that 2 objection unless something coming up responds to it. 3 Is there something coming up? 4 MR. VIAR: I'm not sure what's next. 5 THE COURT: Well, I'm going to sustain it 6 now. If it turns out that -- if he does lay more 7 foundation there, then I'll leave that up to you to 8 bring it to my attention. Go ahead and start it up. 9 (Video resumed.) 10 "Q. Oh, I'm sorry. It's part of the -- part 11 of the phone here. Okay. They are running other 12 practices. Okay. Go ahead. 13 A. And so what I was saying is is that the -- 14 now you've got -- you messed my train of thought up. 15 But what I was trying to say was that the concept of 16 them taking over a significantly difficult, tedious, 17 frustrating process of running a medical business, 18 which is the staff component, which effectively would 19 have allowed me more time to be efficient in treating 20 patients, as well as in developing the growth of my 21 practice as well as Hygea, was one of the attractions 22 to be able to allow Hygea to manage the staff 23 capabilities of my practice, obviously in consultation 24 with me. 25 One of the things that we were very clear</p>	<p style="text-align: right;">Page 216</p> <p>1 feel that this was an -- you know, a reasonable 2 decision on my behalf to move forward with it. And 3 that's the best answer I can give you. 4 Q. You are aware that N5HYG and eleven other 5 individual and entities have sued Hygea in Nevada for 6 the appointment of a receiver; is that correct? 7 A. That is correct. 8 Q. In fact, you provided a sworn declaration 9 in this matter, correct? 10 A. That is correct. 11 Q. And I think you have in front of you right 12 now a document that has been marked as Plaintiffs' 13 Exhibit Number 1. 14 A. I do. 15 Q. Do you recognize this document? 16 A. I do. 17 Q. This is your written declaration; is that 18 correct? 19 A. It is. 20 Q. And if you look in the lower right-hand 21 corner of that document, you'll see that there are 22 numbers there. 23 A. Yes. 24 Q. The numbers are -- well, letters and 25 numbers, NV5000129, it starts there, correct?</p>
<p style="text-align: right;">Page 215</p> <p>1 about when the deal was going down, that this would be 2 done in consultation with me and not something that I 3 would have no say because I was very concerned about 4 the well-being of my practice, which was not for any 5 other reason other than I was concerned about the 6 well-being of my staff who have been with me for many 7 years. 8 Q. What I was getting at -- my question is, 9 what is it that they told you or how is it that they 10 demonstrated to you that Hygea was, you know, capable 11 of doing this function, that they were up to the job? 12 What is it that they told you that indicated to you 13 that Hygea was qualified for this? 14 MS. GALL: Objection; compound; vague; 15 confusing; and calls for hearsay. 16 A. You know, I don't know exactly how to 17 answer your question. I think I'd spoken to some of 18 the other practices, one in particular who I was 19 familiar with, that was the Stolis Sussman (phonetic) 20 practice. 21 I had had multiple conversations during the 22 course of my negotiations, which took over a year, to 23 go on record. I mean, this didn't just happen. I 24 visited Hygea on a number of occasions and there were 25 multiple encounters with different folks who made me</p>	<p style="text-align: right;">Page 217</p> <p>1 A. Correct. 2 Q. And the document ends with NV5000143; is 3 that correct? 4 A. Correct. 5 Q. Would you please turn to NV5000135? 6 A. Yes. 7 Q. Are you there? 8 A. Yeah, I've got it. 9 Q. Is that your signature on Page 135 of this 10 document? 11 A. Correct. 12 Q. Above your signature is a 13 declaration under the -- 14 MS. GALL: Excuse me, counsel -- 15 BY MR. VIAR: 16 Q. -- under the penalty of perjury that all 17 the statements contained in your declaration are true 18 and accurate; is that right? 19 A. That is correct. 20 Q. Your declaration contains a summary of 21 some of your more significant interactions and 22 observations related to Hygea; is that right? 23 A. That is correct. 24 Q. Adjudicating your declaration that Hygea 25 has been mismanaged; is that right?</p>

<p style="text-align: right;">Page 218</p> <p>1 A. That is correct.</p> <p>2 Q. And when you were talking about</p> <p>3 mismanagement in your declaration, who is it that you</p> <p>4 were referring to exactly?</p> <p>5 A. I think you need to be more specific</p> <p>6 because there are a number of comments in my</p> <p>7 declaration that refer to different issues. So I'm</p> <p>8 happy to answer them but be, please, more specific in</p> <p>9 asking me who I'm thinking about.</p> <p>10 Q. Well, did you have certain people in mind</p> <p>11 when you said that or declared Hygea had mismanaged</p> <p>12 your practices?</p> <p>13 A. I had certain individuals, certain</p> <p>14 behaviors, certain events, which I think are listed</p> <p>15 there. So I'd like you to be more specific than asking</p> <p>16 me to just throw something at you.</p> <p>17 Q. Well, you indicate in your declaration</p> <p>18 that Hygea owed Gaylis Entities over \$2.3 million; is</p> <p>19 that correct?</p> <p>20 A. That's correct.</p> <p>21 Q. Since the date of your declaration -- by</p> <p>22 the way, the date of your declaration is February 28,</p> <p>23 2018; is that correct?</p> <p>24 A. That's correct.</p> <p>25 Q. Since the date of your declaration, has</p>	<p style="text-align: right;">Page 220</p> <p>1 situation.</p> <p>2 Furthermore, it was done in a much more</p> <p>3 irregular, haphazard fashion. Rather than coming</p> <p>4 regularly at 3:00on a Thursday afternoon or whatever</p> <p>5 the normal ADP delivery would be, this was being</p> <p>6 delivered in a much more sporadically -- and causing a</p> <p>7 lot of stress between the staff who had previously had</p> <p>8 direct deposit and were unable to obviously benefit</p> <p>9 from direct deposit in this situation causing the</p> <p>10 checks to come in on a Friday, per se, and forcing them</p> <p>11 to wait 'til Monday, and in some cases with some of the</p> <p>12 staff people creating a hardship on them.</p> <p>13 And ultimately a concern for whether the</p> <p>14 withholdings were going to be made and paid in the</p> <p>15 right direction. So there were a lot of issues that I</p> <p>16 think were of concern to everybody in general. And,</p> <p>17 you know, the question that really I think was not</p> <p>18 clarified was why was this happening.</p> <p>19 Q. But your primary concern was the issue of</p> <p>20 the withholding taxes; is that correct?</p> <p>21 A. Well, I've given you just a list now. I</p> <p>22 mean, so you can see that there were a bunch of</p> <p>23 questions. That was obviously one of them for sure but</p> <p>24 not exclusively.</p> <p>25 Q. Well, what is the significance of the</p>
<p style="text-align: right;">Page 219</p> <p>1 Hygea paid the \$2.3 million that you say is owed to the</p> <p>2 Gaylis Entities?</p> <p>3 A. No.</p> <p>4 Q. Your declaration is also critical of</p> <p>5 Hygea's decision to stop using a payroll service and</p> <p>6 that it is writing paper checks to physicians and</p> <p>7 staff. Do you remember making that declaration?</p> <p>8 A. Yes, I do.</p> <p>9 MS. GALL: Objection; mischaracterizes the</p> <p>10 declaration.</p> <p>11 BY MR. VIAR:</p> <p>12 Q. But do you remember making that</p> <p>13 declaration?</p> <p>14 A. Yes, I do.</p> <p>15 Q. Tell me what is wrong with Hygea writing</p> <p>16 paper payroll checks.</p> <p>17 A. Presumably nothing is wrong legally in</p> <p>18 writing paper payroll checks. I think that the concern</p> <p>19 at the time that this declaration was made was that the</p> <p>20 payroll checks were first and foremost a change from</p> <p>21 using ADP, who was a well recognized -- is a well</p> <p>22 recognized payroll company, and that the payroll checks</p> <p>23 did not have the same withholding capabilities, whether</p> <p>24 it was for taxes, whether it was for benefits that</p> <p>25 would normally have been seen under the payroll</p>	<p style="text-align: right;">Page 221</p> <p>1 payroll tax not being paid to you or to your people?</p> <p>2 MS. GALL: Objection; assumes facts not in</p> <p>3 evidence."</p> <p>4 (Video paused.)</p> <p>5 MS. GALL: Your Honor, I would repeat that</p> <p>6 objection. There has been no foundation laid by that</p> <p>7 witness with knowledge that payroll taxes had been</p> <p>8 paid.</p> <p>9 MR. VIAR: He will get to it, Your Honor, as</p> <p>10 he goes forward.</p> <p>11 THE COURT: Soon?</p> <p>12 MR. VIAR: I think two or three questions</p> <p>13 down.</p> <p>14 THE COURT: Okay. I'm going to reserve</p> <p>15 ruling on it a few more questions.</p> <p>16 MS. GALL: That's fine.</p> <p>17 THE COURT: Go ahead.</p> <p>18 (Video resumed.)</p> <p>19 "A. Well, I think the law is that if you have</p> <p>20 money taken out of check for payroll it should -- for</p> <p>21 payroll withholdings, it -- it needs to go to the right</p> <p>22 person and there was no real evidence or comfort zone</p> <p>23 that this was indeed happening at that point in time.</p> <p>24 And by -- by virtue of that, the legalities</p> <p>25 and the liability of whether the actual taxes were</p>

<p style="text-align: right;">Page 222</p> <p>1 being paid for the salaries that had been withheld --</p> <p>2 had had withholdings taken out of was a serious concern</p> <p>3 -- that was a concern for a number of people, my staff</p> <p>4 in particular but obviously other people as well.</p> <p>5 Q. Please take a look at Paragraph 11 of your</p> <p>6 declaration.</p> <p>7 A. Got it.</p> <p>8 Q. Do you have it?</p> <p>9 A. Yes.</p> <p>10 Q. Would you just take a moment to look at</p> <p>11 that and read it to yourself?</p> <p>12 A. (Witness complying.)"</p> <p>13 (Video paused.)</p> <p>14 THE COURT: Stop it for a moment. Have we</p> <p>15 moved on past where you think he laid foundation?</p> <p>16 MR. VIAR: No, I think it comes later in</p> <p>17 response to a different question.</p> <p>18 THE COURT: Go ahead.</p> <p>19 (Video resumed.)</p> <p>20 "Q. There is a specific reference here to</p> <p>21 lawsuits, Hygea's failure to pay salaries and bonuses,</p> <p>22 and bounced payroll checks; is that correct?</p> <p>23 A. Correct.</p> <p>24 Q. Please describe what was going on at the</p> <p>25 time when you wrote this and maybe tell us how the</p>	<p style="text-align: right;">Page 224</p> <p>1 bounced payroll checks.</p> <p>2 THE COURT: What is Exhibit A? Is that a</p> <p>3 letter?</p> <p>4 MR. VIAR: It's an email to -- from one of</p> <p>5 the other Hygea doctors to Dr. Gaylis.</p> <p>6 MS. GALL: Your Honor, I would say it's</p> <p>7 unclear from his testimony at this point if that is</p> <p>8 what he is, in fact, referring to. Plus, that</p> <p>9 attachment itself would be hearsay. I'm not sure</p> <p>10 exactly what counsel was looking at at the moment. I</p> <p>11 don't have --</p> <p>12 MR. VIAR: Exhibit A to the declaration.</p> <p>13 MS. GALL: -- Dr. Gaylis' declaration.</p> <p>14 Your Honor, in addition to that, I didn't read your</p> <p>15 ruling, Your Honor can clarify for me, to go that far</p> <p>16 to also included declarations from witnesses who are</p> <p>17 clearly -- not live testimony, but testifying live at</p> <p>18 the time. I read Your Honor's order to go to</p> <p>19 declarations of witnesses who are not present.</p> <p>20 THE COURT: I can tell you I definitely did</p> <p>21 not have this situation in mind when I did that order.</p> <p>22 What does the -- the attachment -- have you looked at</p> <p>23 that attachment that he's referring to?</p> <p>24 MR. VIAR: You know, it's not -- it's not</p> <p>25 part of this exhibit. I have looked at it. I have it.</p>
<p style="text-align: right;">Page 223</p> <p>1 lawsuits and bounced payroll checks affected your</p> <p>2 medical practice and other practices in the Hygea</p> <p>3 system.</p> <p>4 MS. GALL: Objection; assumes facts not in</p> <p>5 evidence; vague."</p> <p>6 (Video paused.)</p> <p>7 MS. GALL: Your Honor, I would repeat my</p> <p>8 objection on -- the term that was used is "bounced</p> <p>9 payroll checks" here. And we don't have any facts</p> <p>10 admitted into evidence at this point that there were</p> <p>11 any bounced payroll checks, certainly no foundation as</p> <p>12 to what, if any, specific payroll checks had bounced.</p> <p>13 MR. VIAR: There is no testimony about</p> <p>14 specific payroll checks being bounced, but there is an</p> <p>15 attachment to the declaration which has been admitted</p> <p>16 into evidence by the Court in its recent motion -- in</p> <p>17 its recent decision where there are specific statements</p> <p>18 from one of the doctors that checks were bounced.</p> <p>19 THE COURT: So those statements -- I've read</p> <p>20 that. I've read the declaration and that. But I don't</p> <p>21 recall what it is -- so is Dr. Gaylis referring to what</p> <p>22 somebody else has told him about or somebody else is</p> <p>23 actually making a statement?</p> <p>24 MR. VIAR: There is a statement in Exhibit A</p> <p>25 connected to the declaration that references the</p>	<p style="text-align: right;">Page 225</p> <p>1 It's not part of -- of the number 93 that I'm looking</p> <p>2 at here.</p> <p>3 MS. GALL: I'm looking at it right now,</p> <p>4 Your Honor. It's an email from Ewaul Persaud to</p> <p>5 several people within Hygea, as well as Dr. Gaylis.</p> <p>6 And Dr. Persaud is -- it would be considered hearsay by</p> <p>7 Dr. Persaud, the email itself. It's Exhibit 93 in the</p> <p>8 joint trial exhibits for Your Honor's reference.</p> <p>9 MR. VIAR: If I could read from that,</p> <p>10 Your Honor.</p> <p>11 THE COURT: Go ahead.</p> <p>12 MR. VIAR: Exhibit A now that I have it.</p> <p>13 This is a Hygea doctor sending an email to</p> <p>14 Mr. Iglesias, the CEO at Hygea, reporting, "The most</p> <p>15 disturbing issue was when two of the employees in my</p> <p>16 office had their most recent checks bounce." That is</p> <p>17 the reference.</p> <p>18 THE COURT: All right. So I'm looking at</p> <p>19 Exhibit 93, which is the declaration of Dr. Gaylis, but</p> <p>20 I don't have an attachment.</p> <p>21 MS. GALL: It's NV5000136.</p> <p>22 MR. VIAR: If I could present, Your Honor --</p> <p>23 if I could approach?</p> <p>24 THE COURT: I don't have 136. Yes, please.</p> <p>25 My Exhibit 93 ends on 135.</p>

<p style="text-align: right;">Page 226</p> <p>1 MR. VIAR: It's about a quarter of the way 2 down in the exhibit. 3 THE COURT: I'll return this -- so is this 4 out of -- 5 MR. VIAR: It is Exhibit 93. 6 THE COURT: I'm going to go ahead and return 7 it to you now. The objection is sustained. 8 MS. GALL: Thank you, Your Honor. 9 THE COURT: The hearsay objection is 10 sustained. 11 MS. GALL: Thank you, Your Honor. 12 THE COURT: What about now on the foundation, 13 have we gotten about his -- Dr. Gaylis knowing the 14 taxes weren't being taken out? Have we gotten past 15 that? 16 MR. VIAR: Your Honor, I think that question 17 is asked in connection with an offer of employment with 18 Hygea that comes a few questions later. 19 THE COURT: Okay. All right. I'm going to 20 leave it up to you to bring that back to my attention. 21 I have not heard foundation yet, so if I don't, then 22 remind me. 23 MS. GALL: I will, Your Honor. 24 THE COURT: All right. Go ahead and start it 25 up again.</p>	<p style="text-align: right;">Page 228</p> <p>1 that, please? That's at Page 136. 2 A. Yes. 3 Q. Do you have that email in front of you 4 now? 5 A. I do. 6 Q. This is an email from Persaud Ewaul to 7 Manuel Iglesias, Tom (sic) Moffly, David Hernandez and 8 Norman Gaylis; is that correct? 9 A. Correct. 10 Q. This is a type of email -- type of 11 business record that you had received and keep in the 12 ordinary course of business; is that correct? 13 MS. GALL: Objection; mischaracterize this 14 is a business record. 15 A. Yeah, I don't know business or not 16 business. This was an email that I received. 17 Q. But this is -- this pertains to your 18 business, correct? 19 A. Not my business. This relates a physician 20 practice in Atlanta who had sent out this email to the 21 various individuals copied regarding his payroll 22 situation and checks that have not cleared. 23 Q. When you say not cleared, is that the term 24 that he used in the email? 25 A. No, I'm just --</p>
<p style="text-align: right;">Page 227</p> <p>1 (Video resumed.) 2 "A. Well, from my practice, per se, there 3 really wasn't the kind of consequences or issues that 4 this particular Paragraph 11 relates to. We obviously 5 were in the same situation as wanting to get paid as 6 everybody else. But in terms of that specific 7 paragraph, I think what it really relates to was the 8 other physician practices that I was exposed to who 9 were having issues that are listed here, such as 10 bounced checks and payroll issues and bonuses. And 11 effectively either being involved or threatening 12 lawsuits were issues that this particular paragraph 13 refers to in the general realm of practices that I had 14 been exposed to or who had contacted me or reached out 15 to me as part of their perceived belief that my 16 position could possibly help some of the situations. 17 Q. So this is representative of some of the 18 complaints that you were receiving in your position as 19 the chief medical officer; is that correct? 20 A. That is correct. 21 Q. And when you say bounced checks, you're 22 talking about bounced payroll checks; is that correct? 23 A. That is correct. 24 Q. In fact, there's Exhibit A that's 25 referenced at the end of Paragraph 11. Can you turn to</p>	<p style="text-align: right;">Page 229</p> <p>1 MS. GALL: Object -- 2 THE WITNESS: I can use the word -- 3 MS. GALL: Object to the entire line of 4 questioning -- 5 BY MR. VIAR: 6 Q. Go ahead. 7 MS. GALL: -- hearsay. 8 BY MR. VIAR: 9 Q. Go ahead. 10 A. Well, I can read -- I can read -- I can 11 read it back to you. I mean, it's very clear here. 12 The most disturbing issue is when two of the employees 13 in my office had their most recent checks bounce. 14 Q. All right. There's a reference in the -- 15 in the "to" line, near the top, to Manuel, and I 16 mentioned it before, Manuel Iglesias. Is that -- is 17 that a name that's familiar to you? 18 A. Yes, it is. 19 Q. Who is Manuel Iglesias?" 20 (Video paused.) 21 MS. GALL: Your Honor, just for the record, 22 given your prior ruling about Exhibit A and hearsay, I 23 would move to strike this entire line of questioning 24 that's regarding the bounced checks and are based on 25 what you've already ruled would be inadmissible based</p>

<p style="text-align: right;">Page 230</p> <p>1 on hearsay.</p> <p>2 THE COURT: This just -- this question is</p> <p>3 just about Mr. Iglesias.</p> <p>4 MS. GALL: Correct. I didn't want to</p> <p>5 interrupt since you had already made your ruling, but I</p> <p>6 believe around -- what will be reflected in the</p> <p>7 transcript as around 215/1 forward to 217/2 where I</p> <p>8 begin talking, I would be -- I would move to strike</p> <p>9 that from the record as being based on the hearsay. It</p> <p>10 would be inadmissible.</p> <p>11 THE COURT: Let me hear it and then I'll rule</p> <p>12 on it. Go ahead.</p> <p>13 (Video resumed.)</p> <p>14 "A. He is the founder and one of the major</p> <p>15 shareholders and currently I believe vice chairman of</p> <p>16 the board of Hygea, ex-CEO.</p> <p>17 Q. He was the CEO of Hygea in February of</p> <p>18 2018; is that correct?</p> <p>19 A. That is correct.</p> <p>20 Q. And another name referenced there next to</p> <p>21 his is Todd (sic) Moffly?</p> <p>22 A. Correct.</p> <p>23 Q. He was at that time the chief financial</p> <p>24 officer for Hygea; is that correct?</p> <p>25 A. To the best of my recollection. I'm not</p>	<p style="text-align: right;">Page 232</p> <p>1 A. No, I -- I was not involved with the</p> <p>2 lawsuit.</p> <p>3 MS. GALL: I don't know -- I can't hear</p> <p>4 anything.</p> <p>5 THE WITNESS: Someone's shuffling papers.</p> <p>6 That's better. I was not aware of the intricacies of a</p> <p>7 lawsuit with the copying firms, Cannon in</p> <p>8 specific. So for me this was not a lawsuit that</p> <p>9 I was personally referring to. I can only add</p> <p>10 that at some point there was an issue with the</p> <p>11 copiers and the contract with them. That was not</p> <p>12 my domain.</p> <p>13 BY MR. VIAR:</p> <p>14 Q. Take a look at Paragraph 14 of your</p> <p>15 declaration.</p> <p>16 A. (Witness complying.)</p> <p>17 Q. Paragraph 14 of your declaration pertains</p> <p>18 primarily to payroll problems; is that correct?</p> <p>19 A. That is correct.</p> <p>20 Q. And you've already talked a little bit</p> <p>21 about that, but what are you -- what were you trying to</p> <p>22 express here in 14, Paragraph 14?</p> <p>23 A. I think I'm repeating what I've just said.</p> <p>24 There was obviously a problem for the staff with</p> <p>25 regards to, number one, getting their checks in time;</p>
<p style="text-align: right;">Page 231</p> <p>1 sure when he stepped down. At one point he was chief</p> <p>2 financial officer.</p> <p>3 Q. The subject of the email message is PSMG</p> <p>4 concern. What does PSMG refer to?</p> <p>5 A. I don't know.</p> <p>6 Q. But you do remember reading the email at</p> <p>7 the time that it came in, correct?</p> <p>8 A. Yes.</p> <p>9 Q. It's actually dated one day before your</p> <p>10 declaration, correct?</p> <p>11 A. Correct.</p> <p>12 Q. How did you react when you read this</p> <p>13 email?</p> <p>14 A. Obviously not happily. It was, you know,</p> <p>15 frustrating to read that. It was of concern to read</p> <p>16 that. And obviously from the perspective of when my</p> <p>17 declaration was already being constructed, because of</p> <p>18 all the issues that you are aware of, it was another</p> <p>19 issue that needed to be addressed as part of something</p> <p>20 that needed to be corrected.</p> <p>21 Q. There's a specific reference to a lawsuit</p> <p>22 in this email. Do you see that?</p> <p>23 A. Yes.</p> <p>24 Q. Is that one of the lawsuits that you're</p> <p>25 referring to in your declaration?</p>	<p style="text-align: right;">Page 233</p> <p>1 number two, not getting direct deposit; number three, a</p> <p>2 concern whether the payroll taxes were being paid to</p> <p>3 the appropriate government entities; and why these</p> <p>4 checks were coming in so far -- you know, so late in</p> <p>5 the week.</p> <p>6 I think at that time, and I'm not going to be</p> <p>7 able to give you specific names or numbers, but there</p> <p>8 was concern that there was a number of people who</p> <p>9 thought that there -- there was not necessarily</p> <p>10 accurate withholdings being made. When the switch</p> <p>11 occurred from ADP to paper checks there were definitely</p> <p>12 mistakes in the calculations that had occurred,</p> <p>13 probably not intentionally, but nevertheless were</p> <p>14 obviously occurring and causing concern.</p> <p>15 Q. There's also a reference in Paragraph 14</p> <p>16 to asking the employees to wait until late in the day,</p> <p>17 until after 5:00 p.m. on a Friday to actually deposit</p> <p>18 or cash their checks; is that right?</p> <p>19 A. That is correct.</p> <p>20 Q. Was the concern at that time that the</p> <p>21 money might not be available to cash the checks?"</p> <p>22 (Video paused.)</p> <p>23 MS. GALL: I would renew that objection at</p> <p>24 this point, Your Honor. There's no foundation at this</p> <p>25 point, there's no facts in evidence as to whose concern</p>

<p style="text-align: right;">Page 234</p> <p>1 it was.</p> <p>2 THE COURT: That objection is sustained. And</p> <p>3 so we're into the other information now that you were</p> <p>4 objecting to earlier about Exhibit A to Dr. Gaylis'</p> <p>5 deposition?</p> <p>6 MS. GALL: I believe we're past that. I</p> <p>7 believe that information ran from after I made the</p> <p>8 objection about Exhibit A and you sustained it, I</p> <p>9 believe that it continued on to discuss Exhibit A from</p> <p>10 215/1 through 219/14. I believe the only part of that</p> <p>11 testimony that wasn't related to the hearsay within</p> <p>12 Dr. Persaud's email was the testimony regarding who</p> <p>13 Mr. Iglesias and Mr. Moffly are.</p> <p>14 THE COURT: That objection is sustained as</p> <p>15 well. Start it up.</p> <p>16 (Video resumed.)</p> <p>17 "MS. GALL: Objection; calls for</p> <p>18 speculation; lack of foundation.</p> <p>19 A. I think the -- the reality is that</p> <p>20 obviously there was concern.</p> <p>21 Q. Concern that there would be sufficient</p> <p>22 funds in the bank account to cover the checks, correct?</p> <p>23 MS. GALL: Same objection.</p> <p>24 A. Well, what else are we referring to?</p> <p>25 Q. No, that's -- that's what I'm referring</p>	<p style="text-align: right;">Page 236</p> <p>1 much as it was obviously of concern to me, that</p> <p>2 was as far as it went.</p> <p>3 BY MR. VIAR:</p> <p>4 Q. But did you reach out to the CEO or the</p> <p>5 CFO at Hygea to discuss these -- these concerns that</p> <p>6 were being expressed to you?</p> <p>7 A. I think on a number of different occasions</p> <p>8 the issues came up with the CFO, the assistant CFO, the</p> <p>9 COO and the CEO and effectively I was told not to worry</p> <p>10 about it, it wasn't my business.</p> <p>11 Q. Were you satisfied with those answers?</p> <p>12 A. Not necessarily.</p> <p>13 Q. How often was it that you had</p> <p>14 conversations with Mr. Iglesias about this payroll</p> <p>15 issue?</p> <p>16 A. I can't answer that because I don't know</p> <p>17 the answer.</p> <p>18 Q. Well, in the February 2018 time frame,</p> <p>19 were you reaching out to him on a repeated basis</p> <p>20 regarding payroll and economic issues?</p> <p>21 MS. GALL: Objection; vague.</p> <p>22 A. I think you're trying to kind of focus</p> <p>23 down on one issue. My role was much more of a general</p> <p>24 role, to really talk about the status of the company,</p> <p>25 the status of the physicians, the concerns that in</p>
<p style="text-align: right;">Page 235</p> <p>1 to. In fact, there was good reason, some -- by this</p> <p>2 time some paychecks had actually bounced; is that</p> <p>3 correct?</p> <p>4 A. Well, I don't know --</p> <p>5 MS. GALL: Objection.</p> <p>6 THE WITNESS: I don't know the sequence of</p> <p>7 when the checks mentioned in the exhibit we</p> <p>8 previously discussed bounced and this particular</p> <p>9 scenario. But as a generalization I think it is</p> <p>10 fair to say that there was concern by a number of</p> <p>11 practices who had reached out to me about whether</p> <p>12 in fact there was going to be sufficient cash to</p> <p>13 cover their payroll.</p> <p>14 BY MR. VIAR:</p> <p>15 Q. And what did you tell those people when</p> <p>16 they had asked you those questions?</p> <p>17 A. I --</p> <p>18 MS. GALL: Objection; vague.</p> <p>19 THE WITNESS: I was not involved with the</p> <p>20 bank or the treasury. I could not give them an</p> <p>21 answer beyond hopefully deposit your checks and</p> <p>22 they should be paid; otherwise, they wouldn't</p> <p>23 have been written.</p> <p>24 For me personally this was not something</p> <p>25 that I had any knowledge or involvement on. As</p>	<p style="text-align: right;">Page 237</p> <p>1 general we were obviously behaving in a fashion that</p> <p>2 was reducing the confidence of the practices in</p> <p>3 management.</p> <p>4 To specifically talk about individual for</p> <p>5 instances, is something that I can't really specify as</p> <p>6 much as to say it was a theme that was addressed on a</p> <p>7 number of occasions.</p> <p>8 Q. But it was being addressed to you by the</p> <p>9 various doctors, correct?</p> <p>10 A. Yes, because the various doctors had me as</p> <p>11 their go-to person in the sense that I was a colleague,</p> <p>12 in some cases had been responsible in part for</p> <p>13 introducing them to Hygea. So obviously people</p> <p>14 verbalized their concerns."</p> <p>15 (Video paused.)</p> <p>16 MS. GALL: Objection, Your Honor. I would</p> <p>17 object based on hearsay on the record and lack of</p> <p>18 foundation that he's discussing statements made to him</p> <p>19 by other doctors, including without identifying who</p> <p>20 those doctors are.</p> <p>21 THE COURT: Want to respond to that?</p> <p>22 MR. VIAR: Your Honor, that is hearsay.</p> <p>23 THE COURT: I'm sorry. It is hearsay?</p> <p>24 MR. VIAR: It is hearsay.</p> <p>25 THE COURT: Foundation objection as well is</p>

<p style="text-align: right;">Page 238</p> <p>1 sustained. Go ahead. 2 (Video resumed.) 3 "Q. And you verbalized those same concerns up 4 the chain to Mr. Iglesias, right? 5 A. Amongst others. 6 Q. Amongst other concerns; is that correct? 7 A. No, amongst other people. 8 MR. SEGALL: Pardon me, this is Norm 9 Segall. 10 MR. VIAR: Okay. 11 MR. SEGALL: We have lost Maria's picture. 12 MR. VIAR: Okay. Maria, are you still 13 with us? 14 MS. GALL: I am. I've lost everyone. 15 MR. VIAR: Okay. 16 MS. GALL: I'm still with you verbally but 17 technologically it seems everyone has 18 disappeared. 19 BY MR. VIAR: 20 Q. Well, Dr. Gaylis, were you offered the 21 position of president of Hygea in November of 2017? 22 A. I was. 23 Q. Did Hygea already have a president when 24 you were offered that job? 25 A. I think at that point in time, if I</p>	<p style="text-align: right;">Page 240</p> <p>1 A. Yes, I did. 2 Q. In fact, you likely would have taken the 3 position had Hygea provided evidence that Hygea was 4 compliant with all the state and Federal tax 5 obligations; is that correct? 6 MS. GALL: Objection; lack of foundation. 7 A. So the correct answer to that -- 8 Q. Just answer the question, Dr. Gaylis. 9 A. I'm trying to. 10 Q. You would have taken the position had 11 Hygea provided evidence that Hygea was compliant with 12 all of its state and Federal tax obligations; is that 13 correct? 14 MS. GALL: Objection. Same objection; 15 lack of foundation." 16 (Video paused.) 17 MS. GALL: Your Honor, I would renew that 18 objection at this point. There's no foundation laid. 19 Perhaps he gets to it in a few minutes. I don't 20 recall. 21 I would renew my objection based on the same 22 earlier objection, as well as a new objection that they 23 haven't established why Dr. Gaylis may or may not have 24 taken the position. 25 THE COURT: Overruled. Go ahead.</p>
<p style="text-align: right;">Page 239</p> <p>1 recall, Mr. Iglesias was both the president and the 2 CEO. 3 Q. Who was it from Hygea that asked you to be 4 their president? 5 A. Hum. Once more, I don't know that this 6 was an individual. There was conversations that 7 occurred in conjunction with the counsel for Hygea, Mr. 8 Richard Williams, Mr. Moffly, Mr. Iglesias, the COO at 9 that time, Mr. Dan Miller, and I think that would 10 probably be the core individuals. But it also was 11 something that had to be presented to the board and it 12 was ultimately presented to the board. I was not at 13 that board meeting. And the board -- 14 Q. I understand but those individuals -- 15 MS. GALL: Let him finish his question -- 16 his response. 17 BY MR. VIAR: 18 Q. Those individual who you identified, did 19 they encourage you to take the position? 20 A. Well, they offered it to me. 21 Q. They offered you the position -- 22 A. Correct. 23 Q. -- is that correct? 24 A. Yes. 25 Q. Did you consider taking the job?</p>	<p style="text-align: right;">Page 241</p> <p>1 (Video resumed.) 2 "A. Okay. Well, that was one of the -- that 3 was one of the issues. So from the perspective of that 4 being a major concern, yes, but it was not the only 5 issue. 6 Q. Well, if you look at Paragraph 15 of your 7 declaration, the first sentence there, it says, I was 8 offered the post of the president of Hygea in late 9 November 2017. On December 5, 2017, I declined the 10 position because I was not provided with requested 11 evidence that Hygea was compliant with all Federal, 12 State of Florida and IRS obligations, and because my 13 knowledge and belief about other issues set forth in 14 this declaration. Did I read that correctly? 15 A. Yeah, you did. And -- and then that's the 16 point I'm trying to make. If you read that correctly, 17 there's more than one issue. 18 Q. But one -- one was the tax issue, correct? 19 A. Correct. 20 Q. You asked for evidence that Hygea was 21 compliant with their obligations to the taxing 22 authorities, correct? 23 A. Correct. 24 Q. And they either would not or could not 25 provide you with that evidence, correct?</p>

<p style="text-align: right;">Page 242</p> <p>1 MS. GALL: Objection; calls for 2 speculation. 3 BY MR. VIAR: 4 Q. That's correct, sir, right? 5 A. I -- yeah, I guess the answer is correct 6 but it's -- it's also correct to say that, from my 7 perspective, I gave them an opportunity -- I gave the 8 board the opportunity to respond to my concern, and 9 effectively they just said, well, okay, we understand. 10 Q. Well, so you expressed the concerns about 11 the taxes. We talked a little bit about that already. 12 But did you express some of these other issues that are 13 set forth in the declaration? 14 A. Yes. 15 Q. Well, what did you express to the board 16 about these other issues? 17 A. I think my major concerns at that point 18 were that we had to basically try and make sure that we 19 kept the physicians comfortable and be transparent and 20 honest with our dealings and our behavior. If we -- if 21 we had any obligations, we had to deal with them. If 22 we were trying to make some arrangements with them, we 23 needed to make it. And my feeling was significant 24 disappointment. But effectively, based on my opinion 25 and my counsel's opinion, I did not want the liability</p>	<p style="text-align: right;">Page 244</p> <p>1 did not want to take on the legal liability of being in 2 a position where I may have some liability myself. 3 And the other issues that we referred to, 4 and are referred to throughout the declaration, were 5 issues that were discussed at various times with the 6 executive committee we've mentioned, as well as with 7 some of the board members. And there was a combination 8 of the different issues that, for me personally, I felt 9 should have and could have been corrected that was a 10 disappoint- -- that led to the disappointment of me 11 having to turn down an opportunity that I felt would 12 have been a very exciting opportunity to have the 13 opportunity to really help some of the issues and -- 14 and grow Hygea in the direction that we were making 15 progress in other areas. 16 Q. What was the evidence that you were asking 17 for that was not provided to you specifically as 18 referenced in Paragraph 15 of your declaration? 19 A. I think it's -- it's exactly what it says. 20 I was basically asked to -- I was asked to give -- be 21 given reassurance that we were compliant with all 22 Federal, State of Florida and IRS obligations. And 23 quite honestly these words came out of my attorney's 24 mouth who basically was involved in the negotiations 25 that went backwards and forwards with regard to my</p>
<p style="text-align: right;">Page 243</p> <p>1 of accepting the position. 2 Q. Was some of the disappointment, was that 3 over the transparency of economic issues in dealing 4 with Hygea? 5 A. No. That's a different subject. I think 6 you're talking about why I resigned as -- why I did not 7 take the position as president. That was what I was 8 talking about when I said disappointed. I was very 9 disappointed -- 10 Q. I thought that you had indicated that 11 there were transparency and honesty issues raised -- 12 A. Yeah. 13 Q. -- at least by you or -- or some of the 14 other -- some of the other doctors. 15 MS. GALL: Objection; mischaracterizes the 16 witness' testimony. 17 BY MR. VIAR: 18 Q. Is that accurate? 19 A. Yeah, I think to be fair that is a little 20 mischaracterization. What I was trying to say, there 21 were a number of issues. The -- the fact that I did 22 not accept the position of president was based on the 23 tax situation not being clarified. I did not know one 24 way or another where we were with our obligations and 25 how we were going to meet our obligations and as such I</p>	<p style="text-align: right;">Page 245</p> <p>1 contract that would have been for taking the position 2 on as president. 3 So when -- that contract is not here 4 today as part of any exhibit. But, regardless, this 5 wasn't just one conversation, this was a conversation 6 between counsel, my counsel, their counsel, in which we 7 had listed a number of different issues. The 8 conversation of those different issues occurred between 9 attorneys, between the executive, between the board, 10 and I was not necessarily privy to those conversations 11 because this was done between the attorneys. 12 Q. Suffice it to say you did not get adequate 13 assurances of Hygea's compliance with the state and 14 Federal taxing authorities; is that correct? 15 A. That is -- 16 MS. GALL: Objection. 17 THE WITNESS: That is correct. 18 BY MR. VIAR: 19 Q. And you felt that if you took the position 20 you might be exposing yourself to some kind of personal 21 liability; is that correct? 22 A. That was my counsel's advice. 23 Q. And these other issues, as set forth in 24 the -- in the declaration, that -- that refers to 25 these -- to these economic issues; is that correct?</p>

<p style="text-align: right;">Page 246</p> <p>1 A. I'm sorry, which other ones that we -- are 2 we talking about? 3 Q. I mean, and you brought it -- and because 4 my knowledge and belief about other issues set forth in 5 this declaration. You identified that as part of the 6 reason why you've declined the offer, right? 7 A. Yeah. I mean, economic issues were 8 definitely part of it. I think management and how the 9 management was effectively structured was of concern. 10 And being able to have my own ability and independence 11 to correct some of the -- the issues were something 12 that I felt was necessary if I was going to assume that 13 role. 14 Q. And what were the issues that needed to be 15 corrected before you could assume the role as 16 president? 17 A. Well, number one, I needed to basically 18 understand where the company was at that point. I 19 needed to understand what obligations were from a -- a 20 tax perspective, what our obligations were to the 21 different physicians in terms of what was owed to 22 people who had sold their practices, what was owed in 23 contracts. 24 We needed to develop a bonus structure for 25 the physicians, which we had spoken about for a</p>	<p style="text-align: right;">Page 248</p> <p>1 A. That's correct. 2 MS. GALL: Objection; mischaracterizes the 3 witness' testimony. 4 BY MR. VIAR: 5 Q. Did your attorney request those documents 6 in connection with the negotiation? 7 A. No, not that I can recall. 8 Q. And you say that the reason is that -- 9 that you knew at the time that they just were not 10 available; is that correct? 11 A. Well, once more, that would be 12 speculative. I didn't know one way or the other but I 13 was aware that there were auditors all over trying very 14 hard to get statements together and, to the best of 15 what I was hearing, they were not available. 16 Q. You would have been effectively been 17 replacing Mr. Iglesias in the president position, 18 right, if you would have taken the job? 19 A. Correct. 20 Q. Was there a discussion at that time of him 21 also leaving the CEO position at that time? 22 A. There had been conversation. 23 Q. So if you were to take the job, you would 24 effectively be replacing Mr. Iglesias in both 25 positions;</p>
<p style="text-align: right;">Page 247</p> <p>1 significant period of time, had not yet been 2 structured. And I needed to basically have some 3 comfort that I was going to be able to implement or be 4 involved in some of the hopefully improvements in the 5 management of the company without being interfered by 6 some of the problems that had set this whole process up 7 and needed to be taken care of. 8 Q. Did you ask to see income statements, 9 financial records, financial statements of the company 10 at that time? 11 A. No. 12 Q. You didn't ask to see any financial 13 records -- 14 A. No. 15 Q. -- reflecting the performance of the 16 company? 17 A. No. We spoke about it verbally but I did 18 not ask to see it. And I was under the impression at 19 that time, as this had been going on now for a 20 significant period of time, that we were working on 21 trying to develop audited statements and they were not 22 available. 23 Q. But the financial records that you might 24 have been interested in at that time were not available 25 to you at that time; is that correct?</p>	<p style="text-align: right;">Page 249</p> <p>1 is that correct? 2 A. No, that was not correct. That was not 3 how the structure was intended. The structure was 4 intended for me to be the president but for Mr. 5 Iglesias to remain on as CEO. 6 Q. I understand. But there was discussion at 7 that time that he might leave at the same time or about 8 the same time; is that correct? 9 MS. GALL: Objection; vague. 10 A. There was a lot of conversation about a 11 reorganizational chart being developed in the company 12 at that point under the guidance of the board, as well 13 as with the major investor, the bank, bridging finance. 14 And I think, to the best of my recollection, 15 there was conversation of Mr. Iglesias relinquishing 16 that role. I'm not sure that was a very serious 17 consideration at that point. But my understanding was 18 if I would have been president, he would have still 19 been the CEO and that's the best of my recollection. 20 Q. In Paragraph 16 of your declaration you 21 state that Hygea owed CuraScript approximately \$2.5 22 million; is that correct? 23 A. That is correct. 24 Q. Who or what is CuraScript? 25 A. Okay. So CuraScript is pharmaceutical</p>

<p style="text-align: right;">Page 250</p> <p>1 distributor. In other words, if you buy drugs for your 2 patients, products to treat your patients with, it's 3 not like you can go to the pharmacy and buy them, you 4 have to go through a pharmaceutical distributor, which 5 is what CuraScript is. And we had a long-term 6 relationship with CuraScript to effectively distribute 7 or sell me the drugs that I was using to treat my 8 rheumatological patients in my infusion center worth -- 9 for maybe the last ten years. They would be -- 10 Q. \$2.5 million referenced as owing to 11 CuraScript so over and above the \$2.3 million that 12 Hygea owed to Gaylis Entities at that time; is that 13 correct? 14 A. That is correct. 15 Q. Now, you stated earlier that the 2.3 16 8 million that's owed to Gaylis Entities has not yet 17 been paid, correct? 18 A. Correct. 19 Q. Now, this \$2.5 million that's referenced 20 at owing to CuraScript, was -- was that a problem for 21 you or -- or your patients? 22 A. It was a problem. 23 Q. Now, prior to your association with Hygea, 24 how -- you know, what was your arrangement with 25 CuraScript in terms of payments?</p>	<p style="text-align: right;">Page 252</p> <p>1 CuraScript? 2 A. Yes. 3 Q. Based on weekly receipts of your practice; 4 is that correct? 5 A. Correct. 6 Q. Had your bill at CuraScript ever 7 approached anything near the \$2.5 million that Hygea 8 had allowed to build up over time, in the short time 9 that they were involved? 10 A. Never. 11 Q. And is it your view that if Hygea had 12 simply followed the procedures that you used and 13 applied the money they were collecting from you to 14 these receivables, that the bill never would have 15 reached anything near the \$2.5 million that's 16 referenced in your declaration; is that correct? 17 A. That's correct. To make it easy for you, 18 we should have been able to pay from our receipts every 19 bill as it became due. 20 Q. But Hygea was not doing that; is that 21 correct? 22 A. Correct. 23 Q. They were taking the money and using it 24 for something else; is that correct? 25 A. They were taking the money. I don't know</p>
<p style="text-align: right;">Page 251</p> <p>1 A. So it's a very difficult business where 2 the margins are very small and the duration of 3 collecting your money is very long. And so we had a 4 relationship with CuraScript where following delivery 5 of the drugs, we had up to 120 days to make those 6 payments CuraScript and obviously, you know, keep doing 7 that while we were ordering more drugs on a weekly 8 basis. 9 Q. I understand. Just reading from your 10 declaration, in Paragraph 16, it says, Historically, 11 this obligation was paid from receipts. 12 A. That is correct. 13 Q. Weekly payments were required. As of 14 December 2017, Hygea owed CuraScript approximately \$2.5 15 million for drugs used in my medical practice. 16 CuraScript threatened to cut off supplies. This 17 astronomical amount was far beyond balance that would 18 have existed had the billing been paid on time. 19 Ongoing demands by CuraScript and lack of payment 20 jeopardized delivery of new products. These 21 medications are critical for care of patients in my 22 practice. Do you remember making that declaration? 23 A. Yes. 24 Q. Now, from that reading that I understood 25 that you were making, it was, weekly payments to</p>	<p style="text-align: right;">Page 253</p> <p>1 what they were doing with it. 2 MS. GALL: Objection; lack of foundation." 3 (Video paused.) 4 MS. GALL: Your Honor, at this point I would 5 move to strike this entire line of questioning 6 regarding what is owed to Dr. Gaylis, what is 7 purportedly owed to CuraScript, and what Hygea was 8 doing with the money. 9 There's absolutely no foundation to this 10 entire line of questioning. If they want to admit it 11 for purposes of showing what Dr. Gaylis believed, 12 that's fine. There's no evidence in the record at this 13 point as to what Hygea owed whom. 14 THE COURT: The objection is overruled. So 15 far he has said he doesn't know what Hygea has done 16 with the money. If that changes, then I'll rule on 17 that as well. Before you start that up again, are you 18 doing all right? 19 THE REPORTER: I'm fine. 20 THE COURT: Go ahead. 21 (Video resumed.) 22 "BY MR. VIAR: 23 Q. They were taking the money and using it 24 for something else, is that correct, doctor? 25 A. They were take the money.</p>

<p style="text-align: right;">Page 254</p> <p>1 MS. GALL: Same objection.</p> <p>2 BY MR. VIAR:</p> <p>3 Q. They were taking the money but they were</p> <p>4 not spending it on the drugs; is that correct?</p> <p>5 A. That is correct.</p> <p>6 Q. Paragraph 18 of your declaration, you</p> <p>7 mentioned something about Hygea, quote, unquote,</p> <p>8 scraping money together to pay payroll and a request</p> <p>9 to, quote, stretch the CuraScript payment into the</p> <p>10 following week. Do you see that there on -- or at</p> <p>11 Paragraph 18?</p> <p>12 A. Yes, I do.</p> <p>13 Q. Now there's a -- Exhibit B is referenced</p> <p>14 there at Paragraph 18, which is also attached to your</p> <p>15 declaration, at Page 137. Will you turn to Page 137,</p> <p>16 please?</p> <p>17 A. I've got it.</p> <p>18 Q. And this is an email from Sergey</p> <p>19 Savchenko?</p> <p>20 A. Correct.</p> <p>21 Q. You see that?</p> <p>22 A. Correct.</p> <p>23 Q. He's a representative of Hygea, correct?</p> <p>24 A. Acting assistant CFO.</p> <p>25 Q. Okay. So -- so, the subject here is what,</p>	<p style="text-align: right;">Page 256</p> <p>1 paid money for, that had been forwarded -- the money</p> <p>2 that had been forwarded to Hygea with expectation that</p> <p>3 they would pay these bills, correct?</p> <p>4 MS. GALL: Objection; calls for</p> <p>5 speculation; assumes fact not in evidence.</p> <p>6 BY MR. VIAR:</p> <p>7 Q. Or taken by Hygea with the belief that the</p> <p>8 money would be used to pay for the drugs, correct?</p> <p>9 MS. GALL: Objection; again calls for</p> <p>10 speculation; lack of foundation; assumes facts</p> <p>11 not in evidence.</p> <p>12 A. Could you ask me the question again,</p> <p>13 please?</p> <p>14 Q. The problem was that the drugs that --</p> <p>15 that the people had actually paid money for the drugs,</p> <p>16 had forwarded -- forwarded that money to you, which was</p> <p>17 sent on to Hygea but the drugs were not paid for by</p> <p>18 Hygea as you had expected; is that correct?</p> <p>19 A. Okay. Let me --</p> <p>20 MS. GALL: Same objection.</p> <p>21 THE WITNESS: -- try and make it simple.</p> <p>22 The drugs are paid for once we've used them in</p> <p>23 general by a combination of the insurance</p> <p>24 companies who cover these patients' services and</p> <p>25 to some extent the patients themselves, that's</p>
<p style="text-align: right;">Page 255</p> <p>1 of this email?</p> <p>2 A. Effectively asking us if we could delay</p> <p>3 payments to Cura- --</p> <p>4 Q. The subject, sir. What is this</p> <p>5 document -- the subject what?</p> <p>6 A. Money.</p> <p>7 Q. And your name doesn't appear on the email;</p> <p>8 is that correct?</p> <p>9 A. Correct.</p> <p>10 Q. How is it that you came into possession of</p> <p>11 this email? It was forwarded to you?</p> <p>12 A. My office administrator is who it was</p> <p>13 directed to, Rich Hedrick.</p> <p>14 Q. Oh, okay. So it was directed to your</p> <p>15 office; is that correct?</p> <p>16 A. Correct.</p> <p>17 Q. And you attached it to your declaration?</p> <p>18 A. Correct.</p> <p>19 Q. You attached it to your declaration to</p> <p>20 demonstrate the problems that you were having getting</p> <p>21 this bill paid; is that correct?</p> <p>22 A. It was to reflect the stressors that we</p> <p>23 were trying to make payments for drugs that were</p> <p>24 critical for our patients.</p> <p>25 Q. And drugs that, you know, that people had</p>	<p style="text-align: right;">Page 257</p> <p>1 where the money came from. And in general, as</p> <p>2 you have already illustrated, we would use the</p> <p>3 collections for those charges to go and pay off</p> <p>4 the bills that were outstanding with CuraScript.</p> <p>5 In fact, that did not happen, the bills did not</p> <p>6 get paid off.</p> <p>7 BY MR. VIAR:</p> <p>8 Q. In fact, you talk a little bit about --</p> <p>9 more about that in Paragraph 19, where you say, As of</p> <p>10 February 14, 2018 Hygea collected approximately</p> <p>11 \$2,318,000 from the Gaylis Entities since the inception</p> <p>12 of our agreement in May 2016 until the end of December</p> <p>13 2017, over and above what it paid for medications,</p> <p>14 payroll and other expenses. That's what it says there,</p> <p>15 correct?</p> <p>16 A. Yes.</p> <p>17 Q. So just so I understand, they -- they</p> <p>18 collected enough to pay for the drugs, plus another</p> <p>19 2.3 million, correct?</p> <p>20 A. Correct. And that other 2.3 million would</p> <p>21 have included payroll, rent, utilities, et cetera, et</p> <p>22 cetera.</p> <p>23 Q. Right. And you demanded an accounting on</p> <p>24 that \$2.3 million; is that correct?</p> <p>25 A. I don't know if I demanding an accounting.</p>

<p style="text-align: right;">Page 258</p> <p>1 I don't know if it says that anywhere.</p> <p>2 Q. It says, notwithstanding my numerous</p> <p>3 demands, Hygea has never accounted for that amount.</p> <p>4 A. That is correct.</p> <p>5 Q. Hygea owes Gaylis Entities approximately</p> <p>6 2.3 million and is required by contract to pay other</p> <p>7 outstanding expenses such as the 2.3 million due to</p> <p>8 CuraScript. Do you see that?</p> <p>9 A. Yeah.</p> <p>10 Q. So, at least according to this, numerous</p> <p>11 demands for accounting were made; is that right?</p> <p>12 MS. GALL: Objection; mischaracterizes the</p> <p>13 witness' testimony and his declaration.</p> <p>14 BY MR. VIAR:</p> <p>15 Q. Is that what it says, doctor?</p> <p>16 A. It says that. And I think without me</p> <p>17 going off -- and you can stop me -- all we wanted to do</p> <p>18 was to basically find out why our bills --</p> <p>19 MS. GALL: I'm sorry, I'm not --</p> <p>20 BY MR. VIAR:</p> <p>21 Q. I'm not hearing you. I'm sorry, can</p> <p>22 you --</p> <p>23 MS. GALL: I'm not hearing him either.</p> <p>24 BY MR. VIAR:</p> <p>25 Q. Can you answer that question again,</p>	<p style="text-align: right;">Page 260</p> <p>1 it paid for medications, payroll and other expenses.</p> <p>2 Did I read that correctly?</p> <p>3 A. Yes.</p> <p>4 Q. In the next line it says, Notwithstanding</p> <p>5 my numerous demands, Hygea has never accounted for that</p> <p>6 amount. That's what it says, correct?</p> <p>7 A. Correct.</p> <p>8 Q. When you made your demands for an</p> <p>9 accounting, what answer did they give you?</p> <p>10 MS. GALL: Objection; mischaracterizes the</p> <p>11 witness' declaration.</p> <p>12 A. I think the -- that was what culminated in</p> <p>13 this whole declaration. There wasn't an answer, just</p> <p>14 be patient, we'll take care of it. And there really</p> <p>15 was no answer. It was effectively more of, yes, okay,</p> <p>16 and no answer.</p> <p>17 Q. Well, did Mr. Iglesias tell you that it</p> <p>18 was his money and he could do whatever he wanted with</p> <p>19 it?</p> <p>20 MS. GALL: Objection; calls for hearsay.</p> <p>21 A. That was a later statement and a later</p> <p>22 paragraph. That doesn't deal directly with Paragraph</p> <p>23 9.</p> <p>24 Q. Okay. He told you that in connection with</p> <p>25 a different request?</p>
<p style="text-align: right;">Page 259</p> <p>1 doctor?</p> <p>2 A. I'll repeat myself.</p> <p>3 Q. We can't hear. Nothing has changed here.</p> <p>4 A. Well, I'm speaking, so I can't do much</p> <p>5 better. Can you hear me now? Can you hear me?</p> <p>6 MR. SEGALL: Apparently not.</p> <p>7 MS. GALL: I wonder if we may have been</p> <p>8 disconnected from the phone.</p> <p>9 THE WITNESS: No.</p> <p>10 MR. VIAR: Can you hear us, doctor? Can</p> <p>11 you hear us through the phone?</p> <p>12 THE WITNESS: Yeah, through the phone.</p> <p>13 MR. VIAR: Did you mute the phone?</p> <p>14 THE WITNESS: No. Are you listening, I</p> <p>15 hear you through the phone.</p> <p>16 VIDEOGRAPHER: We're off the record.</p> <p>17 (Off the record.)</p> <p>18 VIDEOGRAPHER: And we're back on the</p> <p>19 record.</p> <p>20 BY MR. VIAR:</p> <p>21 Q. Dr. Gaylis, Paragraph 19 of your</p> <p>22 declaration states that, As of February 14, 2018, Hygea</p> <p>23 collected approximately \$2,318,000 from the Gaylis</p> <p>24 Entities since the inception of our agreement in May</p> <p>25 2016 until the end of December 2017 over and above what</p>	<p style="text-align: right;">Page 261</p> <p>1 A. Yeah. I mean --</p> <p>2 MS. GALL: Objection.</p> <p>3 THE WITNESS: -- you can find it wherever</p> <p>4 it's listed in my declaration.</p> <p>5 BY MR. VIAR:</p> <p>6 Q. We can talk about it later, that's fine.</p> <p>7 I was just trying to understand what -- you know what</p> <p>8 the answer was. I think you gave it to me. You know,</p> <p>9 how they responded when you had asked for an accounting</p> <p>10 of the \$2,318,000 that's referenced in Paragraph 19 of</p> <p>11 your declaration.</p> <p>12 A. Yeah, I think, to make it very simple, so</p> <p>13 you don't have to really, you know, try and figure it</p> <p>14 out, we obviously wanted our bills to be paid in a</p> <p>15 timely basis. They were not being paid in a timely</p> <p>16 basis. And, furthermore, we wanted to generate an</p> <p>17 understanding of what the potential profits were for</p> <p>18 the practice because theoretically we were supposed to</p> <p>19 have some sort of bonus plan in place for our</p> <p>20 productivity and those were unanswerable questions with</p> <p>21 no being presented to us.</p> <p>22 Q. Well, did Mr. Iglesias or anyone else at</p> <p>23 Hygea ever reveal to you what they did with the</p> <p>24 \$2,318,000 that's referenced in Paragraph 19 of your</p> <p>25 declaration?</p>

<p style="text-align: right;">Page 262</p> <p>1 A. Not specifically, no.</p> <p>2 Q. And in Paragraph 20 of your declaration,</p> <p>3 you indicate that Hygea improperly removed cash from</p> <p>4 the Gaylis Entities and used that cash for purposes</p> <p>5 that were unrelated to the medical practices; is that</p> <p>6 right?</p> <p>7 A. Correct.</p> <p>8 Q. How did Hygea remove cash from the Gaylis</p> <p>9 Entities?</p> <p>10 A. Hygea at that point had the ability to</p> <p>11 withdraw money from the bank accounts related to the</p> <p>12 three entities you previously referred to, the</p> <p>13 research, rehab and the practice, and they were able to</p> <p>14 withdraw whatever collections occurred.</p> <p>15 They were constantly monitoring my</p> <p>16 collections. And the money was withdrawn</p> <p>17 and being utilized for purposes that I do not know but</p> <p>18 were certainly not paying down the outstanding</p> <p>19 payables, such as the drug bills that we've spoken</p> <p>20 about.</p> <p>21 Q. Did you eventually take action of your own</p> <p>22 design to protect your cash from Hygea?</p> <p>23 A. Yes.</p> <p>24 Q. What did you do to protect your cash from</p> <p>25 Hygea?</p>	<p style="text-align: right;">Page 264</p> <p>1 will stay. Go ahead.</p> <p>2 (Video resumed.)</p> <p>3 "Q. Your agreement was that the money there</p> <p>4 was to be used exclusively for the benefit of your</p> <p>5 practices, correct?</p> <p>6 MS. GALL: Object; calls for a legal</p> <p>7 conclusion and facts not in evidence.</p> <p>8 A. No, to be used exclusively for, A, to pay</p> <p>9 all the liabilities of the practice, after which they</p> <p>10 had the ability to use any excess money for other Hygea</p> <p>11 requirements or distributions or whatever.</p> <p>12 Q. I understand but-- okay. I understand,</p> <p>13 but in Paragraph 22 of your declaration you said, I am</p> <p>14 aware that Hygea has diverted the funds that were to be</p> <p>15 exclusively used for the benefit of my practices for</p> <p>16 other purposes and to cover payroll for persons and</p> <p>17 entities not affiliated with my practices.</p> <p>18 I have discussed this unauthorized practice</p> <p>19 with Manny Iglesias and Ted Moffly, CEO or former CFO</p> <p>20 of Hygea, respectively. And it goes on to say there</p> <p>21 that, Mr. Iglesias has told me that he can do whatever</p> <p>22 he wanted with those funds notwithstanding contractual</p> <p>23 requirements, claiming that he owns the practice. Do</p> <p>24 you remember him telling you that?</p> <p>25 A. Yes, I do."</p>
<p style="text-align: right;">Page 263</p> <p>1 A. I basically shared the problem with my</p> <p>2 counsel and we notified them that as to the agreement</p> <p>3 that had been initially agreed on on the sale of the</p> <p>4 business that Hygea had not been supposedly allowed to</p> <p>5 take out any moneys from any of those accounts until</p> <p>6 after a time that all the practice accounts -- or</p> <p>7 payables had been satisfied, at which point obviously</p> <p>8 there would have been money to take out and utilize in</p> <p>9 a different way.</p> <p>10 So we notified them, through my counsel, that</p> <p>11 because they had breached that particular provision and</p> <p>12 taken money that really should have been used to pay</p> <p>13 off the practice's liabilities, that we were no longer</p> <p>14 going to allow them to have access to those accounts</p> <p>15 without a joint signature, theirs and mine, being in</p> <p>16 place for that to continue to occur."</p> <p>17 (Video paused.)</p> <p>18 MS. GALL: Your Honor, I would object and ask</p> <p>19 to strike from the record Dr. Gaylis' use of the term</p> <p>20 "breach that provision." It's an ultimate legal</p> <p>21 conclusion that hasn't been determined by any court.</p> <p>22 MR. VIAR: With respect to the legal</p> <p>23 conclusion, that's fine, your Honor. The rest of it</p> <p>24 should stay.</p> <p>25 THE COURT: Sustained, and the rest of it</p>	<p style="text-align: right;">Page 265</p> <p>1 (Video paused.)</p> <p>2 MS. GALL: Your Honor, I would make an</p> <p>3 objection to the statement that was just read into the</p> <p>4 record. If plaintiffs want to offer the statement for</p> <p>5 purposes of showing what Dr. Gaylis believes the</p> <p>6 contractual requirements are, that's fine.</p> <p>7 But the parties -- Hygea's relationship with</p> <p>8 Dr. Gaylis is governed by a written contract that is</p> <p>9 not at issue here, and the written contract itself has</p> <p>10 not been introduced into evidence.</p> <p>11 MR. VIAR: Your Honor, this isn't being</p> <p>12 offered at all to say anything about that contract or</p> <p>13 what it means or what the obligations are of that</p> <p>14 contract. In fact, this is more in line with an</p> <p>15 admission, the way he managed the money.</p> <p>16 He thought it was his. He could do whatever</p> <p>17 he wanted to do with it, irrespective of the contract.</p> <p>18 Beyond that, Your Honor, the admission itself or the</p> <p>19 declaration itself has already been admitted into</p> <p>20 evidence by the Court.</p> <p>21 MS. GALL: Your Honor, with respect to the</p> <p>22 party admission, I understand that -- I hear Mr. Viar</p> <p>23 saying that is an exception to the hearsay rule. I'm</p> <p>24 not making a hearsay objection at this time.</p> <p>25 I'm making an objection as to if they are</p>

<p style="text-align: right;">Page 266</p> <p>1 offering Dr. Gaylis' statement to prove the truth that 2 the money was to be used exclusively for the benefit of 3 his practices. If they want to offer that as 4 Dr. Gaylis' opinion, that's fine. But that fact as a 5 contractual legal conclusion has not yet been 6 established in the record. 7 MR. VIAR: I don't know, Your Honor, we're 8 not offering it for that purpose. 9 THE COURT: The Court won't consider it for 10 that purpose. 11 MS. GALL: Thank you, Your Honor. 12 THE COURT: Go ahead. We're going to go 13 about ten more minutes. 14 (Video resumed.) 15 "Q. Is that when you decided to get the lawyer 16 involved, when he told you that? 17 A. I think that's fair to say. There was a 18 tip- -- 19 MS. GALL: Object. 20 THE WITNESS: There was a tipping point 21 when I realized that I had to do something to 22 protect my practice after that conversation in 23 particular. 24 BY MR. VIAR: 25 Q. And part of what you decided to do was to</p>	<p style="text-align: right;">Page 268</p> <p>1 I know he meant payroll for persons not 2 affiliated with Gaylis Entities in addition to those 3 who were still affiliated. I have refused in order to 4 protect my medical practice and the Gaylis Entities 5 from further diversion of funds. 6 A. Yeah. So -- so -- 7 Q. Is that an accurate statement? 8 A. Yes. 9 Q. So his initial reaction, at least was, to 10 demand that you take the letter back, right? 11 A. I don't know that he demanded that I take 12 the letter back. I think he just tried -- 13 Q. Or that you retract it? 14 A. Yes. He tried to just -- he tried to 15 justify the need for the money rather than demanding 16 that I take the letter back. 17 Q. Well, he was essentially telling you that, 18 you know, he was -- I guess he was robbing Peter to pay 19 Paul, is that -- is that a fair characterization of 20 what he's telling you? 21 MS. GALL: Objection; mischaracterizes -- 22 BY MR. VIAR: 23 Q. Which is great if you're Paul? 24 MS. GALL: It places words in his mouth. 25 A. I would agree -- I would agree with the</p>
<p style="text-align: right;">Page 267</p> <p>1 set up this counter sign requirement on the checks; is 2 that correct? 3 A. Correct. 4 Q. And then on January 26, 2018 your lawyer 5 sent Mr. Iglesias and Hygea a letter stating that 6 Hygea's conduct had jeopardized your medical practice 7 and threatened patient care; is that correct? 8 A. Correct. 9 Q. And your lawyer demanded the return of 10 improper used funds; is that correct? 11 A. Correct. 12 Q. And how did Mr. Iglesias react to your 13 lawyer's letter demanding that Hygea return the money 14 that it improperly took from the Gaylis Entities? 15 MS. GALL: Objection; calls for 16 speculation; assumes facts not in evidence. 17 A. The only response that I can tell you that 18 is fact is that he agreed, based on the situation, to 19 allow us to take control -- to retake control of my 20 practice bank accounts. 21 Q. Right. But Paragraph 26 of your 22 declaration you say, On receipt of the letter, 23 Mr. Iglesias demanded that I retract the action I took 24 because he, quote, needed the money to make payroll, 25 end quote.</p>	<p style="text-align: right;">Page 269</p> <p>1 objection. I did not hear that or think that or say 2 that. This was not me or Peter or Paul, this was me. 3 Q. Okay. All right. He was robbing -- well, 4 he was -- 5 A. He was robbing me. 6 Q. -- he was talking money from you -- 7 A. There you go. 8 Q. -- to pay someone else, correct? 9 A. I like that. 10 Q. Okay. And you don't know if his name was 11 Paul or some- -- or something else; is that right? 12 A. There was Norman Brian Gaylis. 13 MS. GALL: Object to that. 14 BY MR. VIAR: 15 Q. There was what? 16 A. Norman Brian Gaylis. 17 Q. I want to talk a little bit more about the 18 CuraScript situation. How important is prescription 19 medicine to your medical practice? 20 A. Vital. 21 Q. And I understand that you've already 22 testified that you had a long relationship with 23 CuraScript prior to your association with Hygea; is 24 that correct? 25 A. Correct.</p>

<p style="text-align: right;">Page 270</p> <p>1 Q. Had CuraScript ever threatened to cut off 2 a supply of medication, prescription medications for 3 you or your patients prior to your association with 4 Hygea? 5 A. Never. 6 Q. Did they threaten to cut your supply of 7 prescription drugs after you became associated with 8 Hygea? 9 A. Yes. 10 Q. Why did CuraScript threaten to cut off 11 your supply of medication for your medical practice? 12 A. Because we had not kept up with our 13 payment obligations for the drugs. 14 Q. Because Hygea had not paid for the drugs; 15 is that correct? 16 A. Correct. 17 Q. You believed then and you believe now that 18 Hygea had collected enough money from your practice to 19 pay CuraScript bills on a timely basis had it not 20 diverted or misappropriated the moneys intended to pay 21 CuraScript; is that correct? 22 A. Yes. 23 MS. GALL: Objection; mischaracterizes the 24 witness' earlier testimony. 25 BY MR. VIAR:</p>	<p style="text-align: right;">Page 272</p> <p>1 Q. But you did for a period of time pay the 2 CuraScript bill; is that correct? 3 A. With my credit card and that was for 4 current deliveries. 5 Q. Have you been reimbursed for those 6 charges? 7 A. Excuse me? 8 Q. Have you been reimbursed by Hygea for 9 those charges on your credit card? 10 A. The answer -- 11 MS. GALL: Objection; lack of foundation. 12 THE WITNESS: The answer is as of now we 13 are paying those bills out of the collections in 14 my practice. 15 BY MR. VIAR: 16 Q. So you were not directly paid back for 17 those charges on your credit card by Hygea; is that 18 correct? 19 A. I would say indirectly -- 20 MS. GALL: Lack of foundation. 21 THE WITNESS: -- indirectly we have been 22 paid back by virtue that I paid myself back from 23 the collections. 24 BY MR. VIAR: 25 Q. So you're taking the money out of the new</p>
<p style="text-align: right;">Page 271</p> <p>1 Q. You attempted to negotiate your own deal 2 with CuraScript; is that correct? 3 A. Yes and no. 4 Q. Well, what did you do? What did you do 5 about CuraScript? I understood that you had negotiated 6 a new agreement or a separate agreement with them? 7 A. Well, that's old news. So what happened 8 was that for a short period of time after that occurred 9 we -- I personally paid the CuraScript bill for the 10 current deliveries with my American Express card, my 11 personal American Express card. Obviously that was not 12 sustainable. These are very big bills. We don't 13 collect the money fast enough. And CuraScript refused 14 to allow me to go back to my old account, which had 15 never been delinquent. Their concern was that they did 16 not understand the situation. Drugs were still being 17 delivered to the same address. And, effectively, they 18 terminated my contract unless I paid cash, which was 19 not feasible, and effectively we had to go and find 20 another vendor to provide drugs for the use in my 21 practice. 22 Q. So you lost CuraScript as a supplier of 23 drugs for your practice? 24 A. Unless I paid cash, which was not 25 feasible.</p>	<p style="text-align: right;">Page 273</p> <p>1 collections to pay yourself back, correct? 2 A. Correct. 3 Q. In Paragraph 29 of your declaration you 4 say that, On February 23, 2018, I took action to 5 protect the payroll of the Gaylis Entities. I was then 6 aware payroll taxes were not being paid and that Hygea 7 may be unable to make that day's payroll even if I 8 transmitted the funds necessary to do so. 9 Now, this is a little different from what you 10 said earlier about the payroll taxes. It appears here 11 that you're saying very directly that you became aware 12 of the fact that the payroll taxes were not being paid 13 by Hygea; is that correct? 14 A. Well, what occurred was after conversation 15 with payroll -- 16 Q. Sir, is that correct, is that what it 17 says that -- 18 MS. GALL: Please allow -- 19 BY MR. VIAR: 20 Q. -- that the payroll taxes were not being 21 paid? 22 MS. GALL: Please allow Dr. Gaylis to 23 answer the question. 24 MR. VIAR: That's what I'm asking him to 25 do.</p>

<p style="text-align: right;">Page 274</p> <p>1 BY MR. VIAR:</p> <p>2 Q. Is that what it says, doctor, that you</p> <p>3 became aware that the payroll taxes were not being paid</p> <p>4 by Hygea?</p> <p>5 A. So to try and answer your question, if I</p> <p>6 may, is that we had conversations with the payroll</p> <p>7 officer at Hygea and could not get clarity or any form</p> <p>8 of guarantee that the withholdings would be going</p> <p>9 towards payroll taxes. And based on being prudent, we</p> <p>10 decided to pay it ourselves rather than take a risk</p> <p>11 that they would not be paid.</p> <p>12 Q. And your attorney has demanded that he</p> <p>13 (sic) be repaid those moneys; is that correct?</p> <p>14 A. Correct.</p> <p>15 Q. Approximately how much money are we</p> <p>16 talking about?</p> <p>17 A. I don't know exactly what my payroll taxes</p> <p>18 is weekly. I don't want to guess. I can find you the</p> <p>19 number if you really need to know.</p> <p>20 Q. More or less than \$50,000?</p> <p>21 A. Something to that, maybe 35 every two</p> <p>22 weeks.</p> <p>23 Q. And you don't know if you've been repaid</p> <p>24 that amount?</p> <p>25 A. Once more, I think it relates to the fact</p>	<p style="text-align: right;">Page 276</p> <p>1 didn't work.</p> <p>2 THE COURT: Okay. One thing. So I have a</p> <p>3 law in motion calendar here in the morning. That will</p> <p>4 be confined to this area, so if you have things you</p> <p>5 want to leave, you can put them in the jury box.</p> <p>6 These doors, the double doors, lock</p> <p>7 between -- there's rooms on both sides. If you want to</p> <p>8 put stuff in there, we can lock that up for you. I'm</p> <p>9 going to leave everything set up. We don't need to</p> <p>10 take it down and put it up again tomorrow afternoon.</p> <p>11 Law and motion, it won't be a problem.</p> <p>12 THE BAILIFF: It's my understanding I think</p> <p>13 our cart is definitely not going to work starting</p> <p>14 tomorrow. If that's the truth, I'll take it out of</p> <p>15 here.</p> <p>16 THE COURT: Okay. And we are set to begin --</p> <p>17 I've got 1:00 tomorrow. Is that what you all -- okay.</p> <p>18 All right. So any -- on the leading objection about</p> <p>19 where we are at this point, it's overruled.</p> <p>20 MS. GALL: Yes, sir.</p> <p>21 THE COURT: So if tomorrow there's other</p> <p>22 things you want to raise that objection to, do. But up</p> <p>23 to this point, Dr. Gaylis is testifying, not following</p> <p>24 the lead of the question or so.</p> <p>25 Before we go, anything else?</p>
<p style="text-align: right;">Page 275</p> <p>1 that once we took over my account all expenses going</p> <p>2 forward were paid from that day onward by the</p> <p>3 practices' collections.</p> <p>4 However, to be loud and clear, whatever</p> <p>5 occurred prior to that, whether it be taxes or</p> <p>6 CuraScript is something that I have no knowledge to</p> <p>7 this moment that they have or have not been paid.</p> <p>8 Q. And you've preserved all your rights to</p> <p>9 those funds and you have not yet been paid; is that</p> <p>10 correct?</p> <p>11 A. Yes.</p> <p>12 Q. And those are claims that you still have</p> <p>13 against -- against Hygea; is that correct?</p> <p>14 A. Yes.</p> <p>15 Q. Now, did you become aware that Hygea was,</p> <p>16 for a period of time, using their American Express card</p> <p>17 to pay payroll?</p> <p>18 A. Yes.</p> <p>19 Q. How did you react to that?</p> <p>20 A. Not my business. Not normal, not usual,</p> <p>21 but not my business."</p> <p>22 (Video paused.)</p> <p>23 THE COURT: Do we know that we can use this</p> <p>24 continuing this week?</p> <p>25 THE BAILIFF: This is our TV now. Theirs</p>	<p style="text-align: right;">Page 277</p> <p>1 MS. GALL: I just have one question for</p> <p>2 planning purposes. I didn't know if plaintiffs'</p> <p>3 counsel could share who they plan to call tomorrow so I</p> <p>4 would be able to know whether I needed to have a</p> <p>5 witness prepared to take the stand tomorrow.</p> <p>6 MR. KAYE: I suspect -- well, we're going to</p> <p>7 finish up with Dr. Gaylis, and I anticipate we're going</p> <p>8 to call Mr. Dragelin. And I suspect that's going to</p> <p>9 bring us through the day. But, you know, you never</p> <p>10 really know.</p> <p>11 MS. GALL: Of course.</p> <p>12 MR. KAYE: So it's -- it strikes me as</p> <p>13 unlikely that you'll have a witness of your own</p> <p>14 tomorrow, but it's theoretically possible.</p> <p>15 MS. GALL: Understood.</p> <p>16 THE COURT: So we have about maybe 30 minutes</p> <p>17 left on this?</p> <p>18 MR. KAYE: Does that sound about right?</p> <p>19 MR. VIAR: Yeah. Yes, about 30 minutes.</p> <p>20 MR. KAYE: I would say so.</p> <p>21 THE COURT: All right. And then -- so we've</p> <p>22 got four hours, minus 15 minutes for a break.</p> <p>23 Mr. Dragelin is going to take you think that long? We</p> <p>24 don't have the time to waste is the problem.</p> <p>25 MR. KAYE: Right. I appreciate that. I</p>

<p style="text-align: right;">Page 278</p> <p>1 suspect that our -- I'm just spit balling it. I</p> <p>2 suspect that our exam for Mr. Dragelin will probably be</p> <p>3 two and a half to three hour range, although that's --</p> <p>4 that's so unscientific. I don't know how long they</p> <p>5 would anticipate seeking to cross-examine him with.</p> <p>6 That's why to me it's almost right there in that range</p> <p>7 where --</p> <p>8 THE COURT: Pretty close.</p> <p>9 MR. KAYE: -- we're looking to maybe finish</p> <p>10 somewhere in the 4:00 hour.</p> <p>11 THE COURT: Do you have any deposition</p> <p>12 testimony you're going to present?</p> <p>13 MS. GALL: I do not.</p> <p>14 THE COURT: If we did end early and you</p> <p>15 didn't make arrangements tonight, how much time is it</p> <p>16 going to take -- would it be possible to get somebody</p> <p>17 here if you did need to call a witness like at 4:00?</p> <p>18 MS. GALL: I would -- I have my first witness</p> <p>19 here, Your Honor.</p> <p>20 THE COURT: He already is here?</p> <p>21 MS. GALL: He already is here.</p> <p>22 THE COURT: All right.</p> <p>23 MS. GALL: I will be prepared to go. I was</p> <p>24 merely wondering if I would be going.</p> <p>25 THE COURT: Who knows.</p>	<p style="text-align: right;">Page 280</p> <p>1 CERTIFICATE</p> <p>2 STATE OF NEVADA)</p> <p>3 COUNTY OF CLARK)</p> <p>4 I, Daren S. Bloxham, a Certified Shorthand</p> <p>5 Reporter and Registered Professional Reporter, do</p> <p>6 hereby certify: That I reported the proceedings</p> <p>7 commencing on the 14th of May, 2018.</p> <p>8 That I thereafter transcribed my said</p> <p>9 shorthand notes into typewriting; and that the</p> <p>10 typewritten transcript is a complete, true, and</p> <p>11 accurate transcription of my said shorthand notes.</p> <p>12 I further certify that I am not a relative or</p> <p>13 employee of counsel of any of the parties, nor a</p> <p>14 relative or employee of the parties involved in said</p> <p>15 action, nor a person financially interested in the</p> <p>16 action.</p> <p>17 Witness my signature at Las Vegas, Nevada, on</p> <p>18 this 15th day of May, 2018.</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p style="text-align: center;"><u>Daren Bloxham</u> DAREN S. BLOXHAM C.C.R. #685</p>
<p style="text-align: right;">Page 279</p> <p>1 MR. KAYE: Yeah. My apologies that I</p> <p>2 couldn't give a better answer. I suspect it's right</p> <p>3 there in that --</p> <p>4 MS. GALL: Understood.</p> <p>5 MR. KAYE: -- in that hour.</p> <p>6 THE COURT: Okay.</p> <p>7 MS. GALL: In that regard, can we get timings</p> <p>8 from the Court?</p> <p>9 THE COURT: You can.</p> <p>10 COURT CLERK: So plaintiffs are at 7 hours,</p> <p>11 48 minutes, and 16 seconds.</p> <p>12 THE COURT: Left?</p> <p>13 COURT CLERK: Remaining.</p> <p>14 MR. KAYE: What was that again?</p> <p>15 COURT CLERK: 7 hours, 48 minutes, and 16</p> <p>16 seconds. And then defendants are at 10 hours, 43</p> <p>17 minutes, and 16 seconds.</p> <p>18 THE COURT: That's pretty exact.</p> <p>19 COURT CLERK: Give or take.</p> <p>20 THE COURT: All right. We will be adjourned.</p> <p>21 Thank you.</p> <p>22 MR. KAYE: Thank you.</p> <p>23 MS. GALL: Thank you.</p> <p>24 (The proceedings concluded at 4:55 p.m.)</p> <p>25</p>	

	168:1,4 216:13	15 27:4 30:23 31:2,5,7 55:9,24
<hr/>		69:10 70:1 74:4,7 82:11 95:3
\$	1/13/17 117:25	106:19 160:18 241:6 244:18
<hr/>	10 41:12,20 130:14 138:24 279:16	277:22
\$1,750,000 66:3	10-minute 195:23	15,000 203:20
\$1.7 66:8	10.7 34:9	16 70:1 74:4,7 105:25 106:20
\$16.4 125:7	100 56:8 164:3	114:4 117:17 118:6 160:18
\$175,000 65:15 72:4,11,24 73:11	100,000 29:22	188:10 249:20 251:10 279:11,15,
\$2,318,000 257:11 259:23	10:10 144:25	17
261:10,24	10:29 71:10	1631 97:2,5,12,13
\$2.3 218:18 219:1 250:11 257:24	10:30 52:8,9	1632 97:14
\$2.5 68:25 249:21 250:10,19	10:44 71:10	1634 90:5,10,11
251:14 252:7,15	10:53 180:6	17 70:2 74:4,7 97:21 106:2 137:10
\$20 95:3	10:58 180:9	138:16
\$200,000 148:19	10th 197:1	17199 145:1
\$285 75:12	11 5:23 138:24 144:25 176:23	1747 97:16
\$30 60:8 63:10 65:11	222:5 227:4,25	1749 92:14 97:19,24 98:4,11
\$50,000 274:20	116 117:20	1750 92:13 94:3,14
\$523,000 77:18	1168 177:15	1752 98:4
\$6 46:25	11:09 187:16,19	1753 97:16,20,22,24 98:11
\$60 26:1,4 27:12 69:4	11:18 187:19,21	17th 137:7
\$70 47:11	11:22 191:5	18 4:4 71:11 107:20,23 113:23
\$75 69:5	11:38 113:22	127:21 141:17 145:3 196:1 254:6,
\$8.5 69:2 111:15	11:44 113:22	11,14
\$9 94:23	12 138:25	1850 180:15
<hr/>	12/3/2017 75:10	18th 31:5 106:14 107:7
(120 36:7,12,14 251:5	19 81:3,5,10 87:22,24 88:6 257:9
<hr/>	122 143:6 194:7,8 195:20	259:21 261:10,24
(4)(b) 207:12	1256 168:8	193 74:19 128:2,11,12
<hr/>	12:00 113:7,10	1976 201:2
-	12:04 127:20	1982 54:23
<hr/>	13 16:5,15	1:00 276:17
--ooo-- 4:2 52:22 53:1	135 217:9 225:25	1:05 127:17,20
<hr/>	136 225:24 228:1	1:22 141:16
0	137 254:15	1:30 141:11
<hr/>	14 16:6 31:5,7 74:4 105:25 106:19	1:40 197:2
00071 145:4	160:18 232:14,17,22 233:15	1:44 141:16
OC 145:4	257:10 259:22	1B 145:4
<hr/>		
1		
<hr/>		
1 73:1 91:6 100:5 122:17 167:20		

<hr/> <p style="text-align: center;">2</p> <hr/>	<p>23 33:14 273:4 23,437,500 63:7 110:10 116:23</p>	<p>3rd 51:12</p> <hr/> <p style="text-align: center;">4</p> <hr/>
<p>2 62:5,6,14,19 73:18,20,21 114:9 120:3,7,14,16 124:19 129:10,11 130:6 143:4 168:5,10 191:21</p> <p>2.3 250:15 257:19,20 258:6,7</p> <p>20 85:3,4,9,24 87:14,20 99:11 262:2</p> <p>20-25 120:15</p> <p>20-some-odd 18:6</p> <p>200 197:1</p> <p>2008 137:8</p> <p>2012 74:2</p> <p>2013 74:2 110:12</p> <p>2014 30:18,23 31:2 48:17 70:1 74:7 82:11</p> <p>2015 30:18 48:17 204:2 210:24</p> <p>2016 30:13 42:4 56:25 62:24 82:2,15 89:22 106:2 110:10 137:21 177:22 179:8 183:18 188:8,12 194:11 257:12 259:25</p> <p>2017 25:20 27:4,13,14,25 30:22, 24 31:1,5,11 32:8 34:25 38:21 39:18 65:22,23 67:17 73:1 74:25 75:4 77:16 81:21 82:1,8 83:23 84:1 86:10 89:23 98:7,18 99:11 106:23 107:20,23 108:13 109:18, 21 130:23 131:2,5,7 156:8 157:14 159:23 170:10,18,22 187:2 238:21 241:9 251:14 257:13 259:25</p> <p>2018 28:1 31:10 46:25 47:4 75:7 77:6 126:18 137:10 138:16 144:25 197:2 218:23 230:18 236:18 257:10 259:22 267:4 273:4</p> <p>20th 31:10</p> <p>21097 196:25</p> <p>215/1 230:7 234:10</p> <p>217/2 230:7</p> <p>219/14 234:10</p> <p>22 105:10 108:2,7 264:13</p>	<p>23.5 33:14 34:6</p> <p>23rd 7:8,16 31:15 75:6 108:18</p> <p>24 104:18</p> <p>24th 94:24</p> <p>25 55:17 56:6 99:7,9 104:4,11,19, 20 124:13</p> <p>25th 86:1,5</p> <p>26 81:21 267:4,21</p> <p>26th 108:13</p> <p>27 89:6,23</p> <p>27,438,381 34:7</p> <p>27th 30:22 196:25</p> <p>28 30:24 218:22</p> <p>29 177:22 273:3</p> <p>29,350,700 34:8</p> <p>29.35 34:4</p> <p>29th 130:12</p> <p>2:56 195:25</p> <hr/> <p style="text-align: center;">3</p> <hr/> <p>3 143:5 173:4 192:11</p> <p>30 277:16,19</p> <p>30th 6:20 86:10</p> <p>31 46:25 77:16</p> <p>32.010 43:3,4 71:23</p> <p>35 55:4 56:7 58:2 274:21</p> <p>36 107:25 108:8,10 111:18 112:6, 11</p> <p>38 143:5 192:10 194:7</p> <p>384 62:25 63:12</p> <p>39 143:4 191:20 192:8</p> <p>39,212 170:14,18</p> <p>3:00on 220:4</p> <p>3:08 195:25</p>	<p>4 114:11,12 121:7 129:17 130:6 143:6 177:17 179:19</p> <p>41 88:7,9,10 97:2,5,11,12 123:25 124:1</p> <p>41(b) 16:3 17:16</p> <p>415 72:8</p> <p>416 63:19,23 116:1,3,4,5</p> <p>42 16:7,9 17:10 18:20</p> <p>43 279:16</p> <p>46 116:3</p> <p>48 279:11,15</p> <p>49 13:17</p> <p>4:00 278:10,17</p> <p>4:55 279:24</p> <hr/> <p style="text-align: center;">5</p> <hr/> <p>5 55:18 59:22,24 60:1 75:9 125:15 172:6,11 180:11,13 183:12,13,19 184:6,12,25 185:13 186:2,13 193:22 195:7,24 241:9</p> <p>5- 203:24</p> <p>50 107:14</p> <p>50.115 207:12 208:8</p> <p>500 56:7</p> <p>51.075 12:10</p> <p>56.2 75:11</p> <p>5:00 233:17</p> <p>5th 62:24</p> <hr/> <p style="text-align: center;">6</p> <hr/> <p>6,000 203:17</p> <p>6.3 72:9,19</p> <p>6.4(a) 63:18</p> <p>6.79 41:22</p>

60 156:14

630 71:22

7

7 65:12 122:14,17 123:12 136:14,
16,17 138:24 139:13 141:7,8
279:10,15

70 136:15 156:14

71 4:4 71:11 113:23 127:21
141:17 196:1

75 69:7

78 33:10

78.630 43:3

78.650 24:3 43:3 71:22

8

8 120:16 138:24 250:16

8,000 203:24

8.57 33:15 34:6 42:3,8 63:11
116:24 117:5

80s 202:1

82 74:19 75:25 128:2,10

9

9 138:24 260:23

9.94 42:10

90 36:8,10

93 225:1,7,19,25 226:5

9th 31:1 39:19 92:20

A

a.m. 130:14 145:1 180:6,9
187:16,19,21 191:5

AARDS 202:12,20,21

abbreviated 97:13

ability 246:10 262:10 264:10

able 8:4 10:10 14:19 17:23 20:7,

24 26:21 46:5 49:20,21 66:7
80:16 82:25 86:25 94:24 111:3
134:8 147:16 149:9 154:23
155:17 162:25 205:4 214:22
233:7 246:10 247:3 252:18
262:13 277:4

ably 17:23

about 8:23 13:2,12 15:10,16,20
17:8 19:9 22:11 23:9,11 24:2
26:14,17,18 27:6,11,21 28:21
29:15,17 32:10 33:4,7 34:19
36:16 37:20,22 41:3,6 42:14 46:9
48:9,16 49:4,5 54:11,12 55:2,11,
24 57:4 64:1 66:3 68:9 72:3 74:9
80:17 83:4 104:24 105:17 110:5
112:7,18,19 115:7 124:21 129:22
131:9 141:9,15 142:4,5 144:16
147:6 151:24 158:7,20 163:5,7,13
164:15 171:18 172:14 177:4
181:5 189:15 190:22 193:17
194:24 195:23 196:7 201:3
203:17 204:13 215:1,3,5 218:2,9
223:13,22 226:1,12,13 227:22
229:22 230:3 232:21 234:4,8
235:11 236:10,14,24 237:4
241:13 242:10,11,16 243:6,8
246:2,4,25 247:17 249:7,10 254:7
257:8,9 261:6 262:20 265:12
266:13 269:17 271:5 273:10
274:16 276:18 277:16,18,19

above 95:17 130:5,6 138:5 170:7
198:5 217:12 250:11 257:13
259:25

absolutely 253:9

accelerated 15:1

accept 243:22

acceptable 15:22 22:7 106:5

accepted 58:20 126:22

accepting 243:1

access 26:11 48:12,13 109:16
127:19 190:14 263:14

accompanied 123:4

accomplishing 162:2

accord 15:5

according 73:14 106:22 203:22
258:10

account 23:20 76:5 91:21 116:25
117:2 234:22 271:14 275:1

accounted 258:3 260:5

accounting 22:24 30:12 38:15
39:14 46:22 47:1,6 58:17,20 96:5
105:23 257:23,25 258:11 260:9
261:9

accounts 75:22 262:11 263:5,6,
14 267:20

accurate 38:6 87:10 102:2,8
103:1 104:1 121:22 164:4 168:22
173:12 174:9 178:1,9 179:4
185:19 186:3 194:6 217:18
233:10 243:18 268:7

accurately 111:3 139:25

achieve 41:16 152:2

acknowledged 27:24

acquire 117:1

acquired 73:9 117:3 152:10,17
188:24 189:2,12

acquiring 188:13,17

acquisition 125:7 151:12

acquisitions 153:25 188:9 189:8

act 24:23,25 29:2,25 39:3 96:13
107:15 123:6

acting 46:1 80:20,22 82:21
184:11,25 194:18 254:24

action 31:10 39:10 40:1,24 41:1,
13 42:16,21 43:5,7 48:25 49:8
83:6 85:2 87:17 88:3 99:23 193:3
262:21 267:23 273:4

actions 44:12

active 82:22 119:15 201:20
203:17,23

activities 152:14

acts 16:5 24:7

actual 183:17 195:10 221:25

actually 10:21 19:9,13 25:10
35:22 65:19 75:19 92:14 133:25
134:4 171:16 192:4 223:23 231:9
233:17 235:2 256:15

add 7:21 12:8 34:2 232:9

added 37:25 83:17 96:9

addition 10:12,20 68:3 92:7,9
207:5 224:14 268:2

additional 7:24 43:18 64:15,18,
22 84:14 95:2 105:17 109:11,20,
23 116:11 131:9,15 133:4,10
139:2 165:1

address 13:23 14:12 16:25
271:17

addressed 96:6 161:13 231:19
237:6,8

adequate 245:12

adhere 102:9

adjourned 279:20

adjudicated 147:14,19,20,22

Adjudicating 217:24

adjusted 196:9

adjustment 75:12,14,23 76:12

administrator 255:12

admissibility 7:10 8:6,12

admissible 175:25

admission 11:14 73:18,20 87:14
91:25 92:1 94:9 95:22 96:25 97:1,
15 104:11 108:2 111:17 128:5
143:10 265:15,18,22

admissions 80:12 149:24

admit 28:4 191:18 192:12 194:8
253:10

admitted 6:16 15:8 17:11 27:18
73:21 87:20 88:6 97:14 98:5
104:18,20 108:7 111:21,25 112:6,
11 115:8 126:11 128:12 141:7,8
175:24 192:8 194:7 195:20
210:15 223:10,15 265:19

admitting 104:15

ADP 219:21 220:5 233:11

advanced 43:5

advantage 210:3

advantageous 212:23

adverse 205:15,16,21 206:1
207:2,10,13 208:7,21

advice 53:21 108:21 109:5
245:22

advised 59:22 91:8,9 95:3,8,19
96:2

advisor 53:18 59:18 89:17

affect 102:6

affected 223:1

affiliated 13:6 32:9 157:17
264:17 268:2,3

affiliates 171:23

afforded 12:21

after 25:7,19 30:21 54:24 64:2
67:16 72:19,21 107:22 128:15
143:8 149:3 159:23 185:16,25
186:11 188:8,10,23 190:1 193:10
195:24 197:9 210:24 213:20
233:17 234:7 263:6 264:9 266:22
270:7 271:8 273:14

afternoon 50:24 127:24 139:11
196:21 198:10 220:4 276:10

afterwards 175:10

again 17:21 28:4,6 29:7,20 30:10,
24 31:2 34:14 37:17 38:22 49:6
51:2 80:23 87:18 90:9 98:11,16
105:6 133:1,13,22 139:8 148:3
150:14 157:11 177:11,21 178:17
181:9 185:7 193:24 194:10,12,17,
20,24 195:17 210:17 212:11
226:25 253:17 256:9,12 258:25
276:10 279:14

against 11:14 42:21 44:5,11
49:11 50:7 198:12 207:6 275:13

age 198:5

agency 80:21

agenda 82:6

agent 4:15 25:3 34:20 80:18
122:19 123:3,6 140:10

agents 11:11

aggregate 34:9

aggregation 167:20

ago 159:1 171:5 179:11

agree 14:1 69:25 106:15 202:7
206:19 268:25

agreed 8:14 15:18 38:24 95:21
128:4 167:18,23 211:8 212:6,14
263:3 267:18

agreeing 206:19

agreement 33:12,17 34:5 36:7,
13 41:24 42:2 48:19,20 59:13,14
62:3,20,23 63:1,4,8,13,16,19,25
64:24 65:1,21 72:3,9 85:13 91:11
102:4 108:16,23 109:2,9 111:23
112:2 115:8,12 116:10 119:2
120:6 121:3 138:8 167:24 257:12
259:24 263:2 264:3 271:6

agreements 102:6 138:25 139:2
167:21

ahead 14:15,22 21:12 22:12
30:24 51:24 52:10 53:2 61:22
62:13 68:17 71:3,9,13,25 76:19
83:21 93:25 98:23 113:17 124:2,8
127:23 129:5 136:12,20 144:21
148:3 149:18 150:14 177:10
179:10 193:8 196:19 210:2,17
214:8,12 221:17 222:18 225:11
226:6,24 229:6,9 230:12 238:1
240:25 253:20 264:1 266:12

Albright 16:4,12 17:1,13

Albright's 17:4

aligned 44:21

allegations 44:5,11,14 50:9

allege 43:11

alleged 46:4

allegedly 26:1

alleges 41:8

alleging 125:15

allow 6:23 8:7 18:23 19:3 23:6
32:24 108:18 206:21 209:7,14
214:22 263:14 267:19 271:14
273:18,22

allowed 108:22,23 214:19 252:8
263:4

allowing 206:12 208:19

allows 116:10

almost 82:23 278:6

alone 56:13

along 209:17

already 13:6 29:17 35:9 36:19
38:3,9 61:20 98:22 111:14 133:8
134:22 141:11 152:20 153:1
195:15 229:25 230:5 231:17
232:20 238:23 242:11 257:2
265:19 269:21 278:20,21

also 4:21 5:8,10,11,12 12:8 16:6,
14 27:10 28:4,8,9,11 34:18 35:8,
20 36:18 37:11 38:12,19 41:13
43:20 44:2,15,25 45:5,20 46:15,
20 47:3 48:5,16 57:12,13,23
58:23 60:21 61:1,25 63:8 67:18
68:25 69:3 74:15 77:1,8 88:3
91:25 97:1 98:4 102:17 119:24
125:5,12 126:18 127:3 131:8,17
147:2 162:8 166:16 171:12
172:16 180:15,17 186:5 191:24
192:17 194:14 195:14,20 207:20
219:4 224:16 233:15 239:10
242:6 248:21 254:14

alternate 128:17

alternative 157:3,7

although 4:22 26:20 207:11
278:3

always 9:14 37:13 40:16 46:8
64:6 117:12 129:2

American 69:1 111:14 201:21
271:10,11 275:16

among 45:15 162:1

amongst 25:6 238:5,6,7

amortization 25:25

amount 46:25 60:7 72:24 87:2
116:21 151:1 167:15 251:17
258:3 260:6 274:24

amounts 67:8 68:22 125:3

analyst 168:16

analysts 171:13

and/or 138:10

annual 92:15,19 98:4 102:2
130:7,11,18,25 131:1

annum 65:12

another 24:11,15 30:7 36:9
76:25 77:15,17 86:7 112:25
159:14 161:1 171:12 179:23

192:11 195:16 201:8 204:24
208:3,18 230:20 231:18 243:24
257:18 271:20

answer 67:22 68:11 77:20,21
79:4 80:6 94:12 134:8 139:22
150:17 164:19 165:12 185:6
209:7 215:17 216:3 218:8 235:21
236:16,17 240:7,8 242:5 258:25
260:9,13,15,16 261:8 272:10,12
273:23 274:5 279:2

answered 80:5 98:23 185:5

answers 130:3 209:11 210:5
236:11

anticipate 113:1 193:18 277:7
278:5

antidilution 33:18 42:18 63:15,
22 115:11,14 116:9 135:7

any 7:9,23 12:8,20 15:12 17:5
18:8,9 24:20 26:12,21 29:3 32:13
33:18 36:9 37:14 38:11 47:12
51:9 53:20 54:24 59:2,8 60:12,23
61:3 64:5 66:4,7 68:1 69:20 70:7,
13 73:9 75:13 76:6,12 77:21,24
78:21 79:7 80:11 84:16 86:23
92:25 97:4,24 101:11 102:16
106:3 107:19 110:9,11,16 121:10
122:18,21 124:21 125:25 127:2,
11,15 128:25 131:2,6 135:2
137:20 138:18 141:6 150:18
151:6 156:6,24 159:8 161:2
164:15 165:25 167:2 175:18
176:1 178:17,21,25 179:1 181:12
182:7,11 185:17 186:12 190:6
191:3 192:6 196:9 203:17,21
208:25 215:4 223:9,11,12 235:25
242:21 245:4 247:12 263:5,21
264:10 274:7 276:18 278:11

anybody 128:22

anyone 20:16 37:17 44:4 87:9
89:25 157:16 160:24 164:6,14
166:1,6,14 261:22

anything 19:5 42:7 52:10 112:9
140:4 142:6 152:20 153:1 154:23
173:23 187:15 232:4 252:7,15
265:12 276:25

anyways 36:17

anywhere 258:1

apologies 32:2 66:23 105:3
120:18 182:10 184:3 279:1

apologize 21:9 48:17 105:5
115:24 120:7 124:1 126:17
143:17 157:19 180:21 181:10
184:19 211:20

apostrophe 19:12

apparently 27:20,22 31:6 259:6

appear 17:5 207:25 209:16 255:7

appearances 4:7

appeared 187:2 207:4

appearing 145:10,12,13

appears 69:4 109:7 141:20
175:11 178:3 179:6 195:3 273:10

applicable 16:10

application 41:7

applied 252:13

apply 129:4

appoint 23:4 24:9 40:6

appointed 35:10 45:11

appointing 110:22,23

appointment 13:9 23:10 33:3
40:2 45:18 47:17 50:11 71:22
110:14 193:25 216:6

appreciate 32:1,7 198:14 208:1
277:25

approach 19:20 22:9,15 61:23
142:25 225:23

approached 252:7

approaching 30:4 69:5 113:5,9

appropriate 12:19 131:14
146:20 153:23 187:3 205:18
206:10 207:12 233:3

appropriately 152:13

approval 15:6

approve 102:18

approved 89:8 106:17,19 148:17

approximate 94:22

approximately 54:4 55:4,9
56:25 65:25 66:8 120:15 201:9

249:21 251:14 257:10 258:5
259:23 274:15
April 6:20 7:8,16 31:15 75:6
109:24 137:7,10 138:16 159:23
170:22
are 5:16 6:6,17,23 7:7,24,25 8:20
9:5,6,22 10:3,4 11:10,12,18 12:2,
4,12,24,25 13:5 14:2 15:8 18:19,
25 19:2 20:7 24:3,10,25 28:20
29:4,10,20 30:6 31:7 32:18 33:19
35:9 37:13 38:21 39:23 41:1,2,7
44:7,13,14,21 47:22,24 48:1,10,
18 51:21 52:11 53:11,13 55:16
60:15 64:14 65:8 66:15,16 68:9,
21,22 69:6 71:12 74:23,25 75:2
77:11 82:10,11 83:9,10 84:8
86:22 88:22 90:22 91:6 92:12
93:11 94:6,17 95:5 96:3,6,18,21
97:14 98:4 99:13 100:1,3,5,11,15
101:24 104:24 106:2,18,20,25
109:7 112:1,15 113:24 114:6
116:12 118:4 120:5 121:12 126:8
127:22 128:8,12 136:21 139:1,12
140:23 141:18 142:15,17,19
143:14 144:18,23 145:1,2 146:12
149:24 150:2 151:23 152:12
155:22 156:24 164:8 166:6 176:2,
7,11,13,21 180:5,8 183:23
187:17,20 189:14 190:6,16,19
191:2,6 194:20 195:11 198:20
199:1,7 200:6,10 202:22 203:21
205:18 206:17 207:1 208:12
209:1,3 210:15 214:11 216:4,21,
24 217:7,17 218:6,14 223:17
224:16,19 227:9 229:24 231:18
232:21 234:13,24 237:20 238:12
242:12 244:4 246:1 251:2,21
253:17 256:22 259:14 265:6,13,
25 271:12 272:13 274:15 275:12
276:16,19 279:10,16
area 53:20 77:15 276:4
areas 201:15 244:15
Arellano 4:4 71:11 113:23
127:22 141:17 145:3 196:2,23
aren't 11:22 29:8 38:13 210:16
arena 200:1
argue 7:23 8:3,15 11:2 42:6
argued 41:23 48:18

arguing 4:19 33:25 42:7
argument 8:4 9:4 14:7 17:21
20:2 22:14 33:7,8 34:14 40:21
43:11 207:4
arguments 8:23 9:19
around 20:7 33:14 52:8 140:11,
16 204:18 205:3 212:12 213:12
230:6,7
arrange 85:20
arrangement 250:24
arrangements 157:3,7 242:22
278:15
Article 122:14,17 123:12
ask 11:6 17:18 21:10 23:4 39:11
50:12 75:22 76:4 84:14,16,17
93:25 94:3 113:7 139:24 147:6
153:6 162:18 163:7 168:1 177:23
179:24 180:22 186:7,10 247:8,12,
18 256:12 263:18
asked 35:25 76:5 80:4 83:16
100:25 101:2 134:5 135:13,14
159:14 163:5 204:12 211:10
226:17 235:16 239:3 241:20
244:20 261:9
asking 64:3 97:14 154:19
163:16,18 206:25 218:9,15
233:16 244:16 255:2 273:24
aspects 212:4
asserted 11:19,20 104:14
asserting 11:8
assertions 11:18
assets 29:1,3 46:24 110:17
assist 45:2 70:16 159:17
assistance 4:20
assistant 236:8 254:24
assistants 201:9
associate 12:3
associated 207:13,15,16,18,21
208:21 209:5 270:7
association 201:4 202:2 250:23
269:23 270:3
assume 42:24 108:5 110:4 167:4

246:12,15
assumes 84:7 186:22 221:2
223:4 256:5,10 267:16
assuming 45:17
assumptions 102:9
assurances 245:13
astronomical 251:17
Atlanta 228:20
attached 89:9 105:10 144:16
254:14 255:17,19
attachment 29:5 90:3,4 179:3,4
194:9,16 223:15 224:9,22,23
225:20
attempt 9:9 84:19 160:4 161:9
attempted 271:1
attempting 80:25 159:25
attempts 111:22
attend 54:15,17 98:6,17,24
109:14 200:11
attention 32:13 170:5 214:8
226:20
attorney 16:7 17:11,12 18:20
122:19 123:2,5,6 140:7,11,14,15,
20 248:5 274:12
attorney's 244:23
attorney-client 125:17
attorneys 145:8 245:9,11
attorneys' 14:25
attractions 214:21
audit 30:25 32:12 58:23 74:14
99:19 159:25 160:1,20 161:6,10
audited 30:14,18,19 31:11,17
38:16 48:16 57:9 58:14,16 59:4,5,
9 70:1,4,8,14 71:19 73:25 74:1,6
82:22 102:2 105:24 107:18
109:24 110:8,11,24 111:7 158:21
159:2,5,18,22 160:5,13,17 162:24
165:1,15 247:21
auditors 161:9,12,15 248:13
audits 30:23 31:2 38:13,23 39:4,
8 48:17 82:11,12 96:14,16,17,21
158:12 161:23,25 162:4,15,21

August 27:14 31:1 34:25 37:18,
21 38:21 39:18,19 67:17 84:1
86:1,10 92:20 94:24 157:11,13
165:6

authenticity 8:14

author 10:21 11:5 99:13 118:12

author's 10:13

authorities 241:22 245:14

authority 24:8,9

authorized 138:3

authorizers 123:6

authors 10:4

automotive 56:2

available 116:12 233:21 247:22,
24 248:10,15

Aventura 197:1 200:23

avoid 26:23 35:18 208:14

aware 25:4 31:14 64:14,17 66:17
67:13 68:23,24 69:1,6 79:22
110:13 131:6,12,16,17,22 133:10
134:11 135:14 155:22 156:24
159:5 164:10 166:6 188:8,13
189:7,10 190:19 200:6 216:4
231:18 232:6 248:13 264:14
273:6,11 274:3 275:15

away 29:11

awhile 213:13

B

back 18:5 23:6 27:25 38:21 68:9
69:2 71:11 80:7 82:23 87:22 97:6
114:16 115:21 120:6,12,14
127:17 128:20 130:5 137:20
141:11 147:5 152:9 158:19 164:7
180:8 183:13 187:20 190:3
195:23 226:20 229:11 259:18
268:10,12,16 271:14 272:16,22
273:1

backdrop 50:7

background 41:4 49:11 205:8

backwards 244:25

BAILIFF 51:7,17 141:12 275:25

276:12

balance 137:19 251:17

balances 190:23

Ballard 5:3,6 197:15,17

balling 278:1

Bancard 146:7

bank 7:5 105:16 234:22 235:20
249:13 262:11 267:20

banker 171:20

bankers 57:23 111:1

banking 54:25 55:2,4

banks 179:16

based 16:3 41:23,25 46:25 47:5
50:9 70:21 79:15 87:15 88:2
103:4 104:15 110:4 184:6 192:3
205:7 229:24,25 230:9 237:17
240:21 242:24 243:22 252:3
267:18 274:9

bases 207:9

basic 26:18 111:13

basically 199:20 201:25 212:3
242:18 244:20,24 246:17 247:2
258:18 263:1

basis 8:15 9:2 13:25 26:3 38:25
40:23 41:14 42:3 43:1,7 46:16
49:2 71:21 81:8 93:24 96:8 117:5
127:11 131:25 132:3,14 148:22
150:12 151:3 158:17 160:4,13
162:24 165:5 167:15 193:2,25
195:13,14 201:14 208:22 209:25
211:14 236:19 251:8 261:15,16
270:19

Bates 62:6 63:19 118:7,16,20
120:4 168:6 173:1

Bear 129:15

became 103:15 193:10 252:19
270:7 273:11 274:3

because 8:20 11:20 13:4,15
18:11,25 20:7 26:23 27:1,9,10
28:10,21 32:12 33:12 34:15,20,22
35:6 36:17 37:13,18 41:19 42:9
43:15 50:19 69:19 71:20 75:23
77:12 82:21 84:21 85:10 87:16
99:22 100:25 101:19 111:8

112:24 119:13 127:3 132:17
134:20,24 143:8 149:1,8 151:11
161:12 180:18 190:22 193:1
203:19 204:12 205:21 209:16
212:20 215:3 218:6 231:17
236:16 237:10 241:10,12 245:11
246:3 261:18 263:11 267:24
270:12,14

become 64:17 103:14 116:11
205:2 275:15

becoming 195:4

been 7:19 11:2 15:16,19 18:6
23:12,25 24:13,14,17,23 27:13
36:15,19 37:1 40:11 44:25 46:9
47:5 48:10,14 49:20 52:24 54:2
62:18 66:7 67:7 69:2 70:9,11,13
74:15,16 75:24 80:16 86:3,25
87:8 96:25 109:21 112:8,20
120:16 125:13 126:1,11,19,21
127:1 128:22 132:22 139:12
147:14 149:20 150:11 151:14,24
152:11,17 153:24 157:7 160:2
167:1 175:3,16 179:20 180:13
182:3 185:18 186:2,20 190:3,6
192:17 193:14,21 194:25 199:23
201:7,25 203:19 204:12 208:6
209:5 211:15 212:23 213:12,13
215:6 216:12 217:25 219:25
221:6,7 222:1 223:15 227:14
235:23 237:12 244:9,12 245:1
247:1,19,24 248:16,22 249:18,19
250:17 251:18 252:18 256:1,2
259:7 263:3,4,7,8,12,21 265:10,
19 266:5 271:15 272:5,8,21
274:23 275:7,9

before 14:18 15:8 22:11 23:8
25:9,24 37:18,20 38:8 40:10
54:11 71:1 72:2 87:16 91:13
100:18 103:21 108:1 111:16
113:8,12 114:1 115:4 118:23
120:16 127:25 128:14 130:16
132:22 142:22 146:9 161:11
167:18,19 171:3,9 177:19 180:22
188:7 193:4 195:8,16 198:13
211:15 229:16 231:9 246:15
253:17 276:25

began 165:6 188:12

begin 11:23 30:21 97:15 110:24
113:10 114:2 128:14 144:21
200:7 230:8 276:16

beginning 66:2 118:7 120:4
121:6 168:7 180:14 191:19 207:7

begins 112:4 120:17 177:15

behalf 4:9,11 16:20 22:16 80:11,
13,20 123:7 145:11,13,14,15,17,
19,21 154:15 164:6,14,22 165:16
168:20 171:22,25 172:11 178:23
184:11,25 193:22 194:18 197:5,
11,12,15,18,21,23 207:6 216:2

behaving 237:1

behavior 208:5 242:20

behaviors 218:14

behind 25:11 109:5

being 7:2 12:25 13:19 18:11
22:20 68:4 77:17 96:3,6 104:15
115:6 125:1 126:12 132:7 133:2,
13 134:1 140:10,15 141:7 144:1,
25 145:4 147:19,22,23 148:2
149:2 152:2 156:19 180:12 189:7,
12 196:25 197:6 198:4,5 213:11
220:5 221:1 222:1 223:14 226:14
227:11 230:9 231:17 233:2,10
236:6 237:8 241:4 243:23 244:1
246:10 247:5 249:11 261:15,21
262:17 263:15 265:11 271:16
273:6,12,20 274:3,9

belief 132:1 227:15 241:13 246:4
256:7

believe 5:18,20 6:20 7:15 10:7
16:5 17:5,24 19:10,14 23:1 29:25
33:24 36:17,18 39:19,21 40:3
47:17 48:22 76:11 78:19 97:19
104:21 109:13,22 114:2 115:22
117:6 118:6,22 121:4 122:1,14
123:19,25 125:12 128:19 134:24
142:20 144:7,8,9,10 148:19
150:3,9,11 154:10 156:14,17,23
157:2,5,8,12 158:1 159:24 160:2
161:1 162:13 164:2 166:10
168:24 169:21 173:14 175:5,10
176:18,19 178:18 179:15 180:12,
16 182:4,5 183:17 184:24 192:4
193:3 194:13 205:21 206:25
207:11 230:6,15 234:6,7,9,10
270:17

believed 253:11 270:17

believes 38:4 265:5

below 118:16 170:8

bench 12:18 141:15 209:22

benefit 43:16 107:16 142:12
205:12 220:8 264:4,15 266:2

benefits 212:1 213:2 219:24

best 23:19 44:17 47:18 116:20
204:11 216:3 230:25 248:14
249:14,19

better 26:2 31:25 183:9 209:20
232:6 259:5 279:2

between 25:12 41:24 55:17 56:6
58:14 59:14 62:20 81:13 116:10
119:2 124:14 139:1 156:14 157:1
158:2 172:17 176:6 187:4 188:11
220:7 245:6,8,9,11 276:7

beyond 12:22 13:11,13 70:12
151:23 152:19,25 235:21 251:17
265:18

Bhargava 106:11

big 22:2 35:12 38:13 139:8
271:12

biggest 70:15

bill 111:14 252:6,14,19 255:21
271:9 272:2

billing 212:7,15,19,20,21,24
251:18

billion 55:18

bills 27:3 30:4 111:2,13 256:3
257:4,5 258:18 261:14 262:19
270:19 271:12 272:13

binder 114:3,7

binders 61:16,17

bit 23:11 33:14 54:12 55:11 57:4
68:7 106:21 115:7 167:7 175:8
180:19 196:11 232:20 242:11
257:8 269:17

blame 109:5

blank 77:11

blanket 209:10

blatant 109:2 112:4

blemish 94:20

board 37:9,24 38:21 39:7,9 43:22

44:2 45:6,8,21,23 48:2 67:16
81:22 82:1,4,8,10,13,19,21 83:23,
25 84:4 85:1 89:8,13,15,19,23
92:15,20,22 96:3 98:6,17 99:1,12,
17,19,21,24 100:13,18 101:10,14,
19 102:4,9 106:10 108:11 109:14,
18,20 119:3,9,15,17,19,20,21
121:10 123:21,22 124:22,25
125:9,13 126:2,7,12,15,17,18,25
127:2,3,8,12 130:15 156:8 157:11
163:8 166:5,11,14 200:17 201:22
230:16 239:11,12,13 242:8,15
244:7 245:9 249:12

bona 68:6

bone 201:24

bonus 246:24 261:19

bonuses 222:21 227:10

book 60:18 62:1,5 74:20,21 81:4
85:3 88:8 99:7 105:10 107:25
108:8 114:6,13,15 120:5,13,22
122:10 129:9 136:14 139:8

books 25:18,20 26:15 48:8,12
121:24 122:2,7,23 124:14 139:17
140:21 193:19,20 194:25

borrow 37:13

borrowing 13:12

both 6:11 9:6 25:8 28:10 41:12
57:9,12 89:19 92:12 96:4 102:2
109:4 142:17 148:15 157:21
158:5 165:21 166:20 194:16
206:18,19,25 209:5 239:1 248:24
276:7

bottom 90:8 121:6 129:18 168:7
170:6,13

bought 25:10 30:16

bounce 28:17 225:16 229:13

bounced 28:17 222:22 223:1,8,
11,12,14,18 224:1 227:10,21,22
229:24 235:2,8

bound 167:23

box 276:5

boxes 61:15

breach 42:16,20 48:23 49:7,9
71:21 87:17 91:10 109:3 111:24
112:8,20,22 113:2 263:20

breached 263:11

breaching 109:7 112:1

break 26:2 51:4 52:8 71:3,5
113:8,12,16 128:16 169:16
187:13,14,18 277:22

Brian 198:19 269:12,16

bridge 74:16

bridging 13:1,6,13 27:4 32:9
37:14,15,21,25 38:9 39:2 47:9,10,
11,14,15,25 49:19 69:3 89:8
90:13,15,17 91:4,22,23 92:1,3
96:11 106:9 139:1 155:22,25
156:3,5,7,10,22 157:1,9,17,25
158:2 249:13

Bridging's 92:5

brief 8:23 11:9 20:1

briefly 33:4 124:9 145:8 193:7

bring 10:17 41:13 42:16,20 48:23
49:7,23,24 205:2 214:8 226:20
277:9

bringing 41:7 193:2

broken 202:17

brought 35:22 96:3 130:16 246:3

build 252:8

built 182:1,3,4,5

bunch 20:24 220:22

burden 41:10

business 10:8,11,14,18 11:25
12:5,6,7,9,11 23:21 29:1,16 32:21
36:10 38:15 44:18 49:11 57:22
58:6 91:21,25 92:2,5 100:20
104:6,11 107:10,14 108:3,6 111:5
122:21 123:10 130:16 134:20
155:6 158:8 169:1,6 170:2 174:12
178:15,19 182:22 188:17 192:19
194:14 201:25 204:10 214:17
228:11,12,14,15,16,18,19 236:10
251:1 263:4 275:20,21

business-related 8:11

but-- 264:12

buy 33:23 131:18 250:1,3

buyer 72:20,23 73:8 116:21,22

buys 23:15

bylaws 26:9,11 85:14 120:22
121:1 122:13 129:13,16 140:20

C

C-SUITE 45:24

calculations 233:12

calculator 65:24

calendar 73:2 276:3

California 54:18,20

call 47:11 51:24 79:1 82:13,19
84:4 108:20,24 121:17 172:15
196:4 206:11 277:3,8 278:17

called 72:17 73:15 80:24 121:10,
19 155:22

calling 79:3 103:20,23 120:1

calls 61:11,12 67:15 83:2,7 160:8
164:17 165:10,18 166:8 183:5
215:15 234:17 242:1 256:4,9
260:20 264:6 267:15

came 15:5 80:2 156:8 193:19
231:7 236:8 244:23 255:10 257:1

can 8:13,15 9:1 10:16 12:15,19
13:23 14:18,19 17:9 19:20,25
20:6,13,20,21 21:23 22:4,6 28:21
29:13 35:10,11 36:5,10 37:13
39:8 40:4 42:16,20 47:11 49:7
50:15,22 51:3,7 52:1,10 54:5
55:11 57:4 58:13 61:23 63:4
67:12 71:7,9 72:18 76:8,9 79:1,4,
6 80:6,24 81:23 84:18 85:24
86:11,13,19 88:15 89:14 90:12,
15,22 91:17 92:4,18 94:12 95:10,
17,25 96:15,16 99:8 100:7 103:22
105:12,18 108:14 113:10 115:21
116:5 123:23,25 127:12 134:8,19
137:13 140:25 143:20 145:25
150:23 154:3 158:3 159:21
164:19 165:12 168:6,14 173:8
175:7 180:2 181:6 183:24 184:9,
19,20 185:6 186:7 187:13 190:13
196:9 201:3 209:9 210:1 216:3
220:22 224:15,20 227:25 229:2,
10 232:9 248:7 250:3 258:17,21,
25 259:5,10 261:3,6 264:21
267:17 274:18 275:23 276:5,8
279:7,9

can't 20:11 38:10 61:11 66:22
70:17 100:20 118:12 123:13
124:14 147:21 180:24 195:23
232:3 236:16 237:5 259:3,4

Canada 90:14,18 159:25

Canadian 13:13 27:10 69:5,7
105:23

cancel 28:24 29:18 35:11

Cannon 232:7

cannot 23:3 44:3 64:5 111:7
126:5 143:17

cap 17:25 117:24 163:9

capabilities 214:23 219:23

capable 213:7 215:10

capacity 4:22 22:23 44:7,13 64:1
98:24

capital 53:14,15,17,24 54:3,7,12,
14 55:6,22,24,25 56:3,11 57:2
59:15,18,20 89:17 101:15 157:20,
21 165:8 168:16,19 170:9 171:4,
8,22 172:1,4 188:7

Capital's 59:3 157:25

capitated 167:9,11,12,13 170:9,
18 192:1

card 271:10,11 272:3,9,17 275:16

cards 13:21

care 23:19 28:24 29:19,23 167:15
199:12 204:18,19 205:4,6 247:7
251:21 260:14 267:7

career 205:11

careful 52:17 105:8

Carlson 5:5 145:21 197:20

Carson 145:5 200:7,11

cart 20:7 51:1,7,9,19,22 276:13

cart's 141:11

case 9:12,15,17 12:18 13:7 14:24
17:25 18:11,13 23:14 27:23 33:2,
5 38:20 42:9 57:7 74:14 77:9,17
95:4 110:14 143:3 145:3 167:25
176:7 195:4 198:11

case-by-case 9:2 13:25

cases 11:12 220:11 237:12

cash 26:2 45:3 46:8,10,12 47:4
50:2,4 77:16,17 94:21 100:20,21
102:6,11,12,16 103:10,13 137:18
187:1,3 210:20 233:18,21 235:12
262:3,4,8,22,24 271:18,24

cast 121:11,13

catalyst 43:17 45:11

cause 8:5 26:21 36:5,6,7,8,12,14
130:20 148:2 198:6

causes 151:19

causing 151:15 220:6,9 233:14

cautious 19:22

caveat 7:21

CEA 57:9

center 250:8

centers 199:20

centralize 152:9

CEO 5:12 27:20,22 31:3 36:20
41:5 43:15 44:7,13 45:5,7,12,25
81:18 87:23 88:18 94:19,20
101:20,21,23 102:15 123:15
166:16 225:14 230:17 236:4,9
239:2 248:21 249:5,19 264:19

certain 8:11 10:20,25 48:12
218:10,13,14

certainly 12:10 57:3 61:10 64:5
80:17 109:10,15 113:10 147:16
194:4 206:9 223:11 262:18

certainty 47:1,6

certificates 137:17

certified 137:4 200:17

cetera 257:21,22

CFO 46:1 94:17 105:15 123:14
155:15 166:16 236:5,8 254:24
264:19

chain 105:9,12,14,19 238:4

chairman 99:17 106:10 230:15

challenges 77:8 147:3 150:22,
24 151:18,21,23 153:14,21 154:3,
4,11

challenging 162:3

change 27:9 76:7,21 211:21
219:20

changed 203:5,11 259:3

changes 45:16 153:15 211:17
253:16

changing 204:18

Chapter 33:10

characterization 65:3 68:4 84:7
268:19

characterize 6:12

characterized 43:21

charge 55:15 56:5 154:20 156:3

charged 156:19

charges 257:3 272:6,9,17

Charlie 171:12

Charlie's 171:14

chart 37:2,4,6 170:6,14,17
249:11

charter 26:7

Charzasz 191:23

check 22:10 51:15 52:3 71:7
148:7 149:5 221:20

check-cutting 154:21

checks 28:17 102:19 103:1
149:4 219:6,16,18,20,22 220:10
222:22 223:1,9,11,12,14,18 224:1
225:16 227:10,21,22 228:22
229:13,24 232:25 233:4,11,18,21
234:22 235:7,21 267:1

Chicago 55:21

chief 28:11 31:6 43:12 53:25
54:2,6 146:16,24 150:7,10 154:17
164:5,13 190:17,20 199:1,4,8
207:16 227:19 230:23 231:1

choice 119:9

choose 19:2

Chris 4:15 81:25 82:10 86:1,20
99:10 106:14 138:10 164:24
171:11 174:6,10 180:21 183:22

Christopher 4:13 52:16,23

53:10 145:12

chronic 23:25

circumstances 12:13

cities 57:13

City 145:5 200:8,11

claim 48:23 112:23,25 195:12,14,
19

claiming 64:18 108:6 264:23

claims 64:14 275:12

clarification 7:3 112:18 202:16

clarified 220:18 243:23

clarify 17:9 224:15

clarity 274:7

Clark 4:9

Claudio 145:3

clear 6:22 30:6 35:20 101:3
108:23 132:6 136:2 140:13
214:25 229:11 275:4

cleared 228:22,23

clearer 188:11 206:7

clearly 7:1 89:21 92:23 100:19
102:15 111:10 125:13 175:25
192:19 195:4 208:20 224:17

clerk 6:4 20:11,18 21:6,16,21
50:15,19,23 51:3,6,13,18 52:4,21
114:2,5,11,18,21,23 117:19
279:10,13,15,19

client 5:10 60:11

clients 56:11

Cliftonallen 77:2

Cliftonlarson 77:4

Cliftonlarsonallen 75:16,23

clinic 201:14

clinical 201:17

clinics 57:13

clock 71:6 127:17

close 31:8 106:20,22 107:15
120:18 162:23 278:8

closed 25:11 162:13 163:1

closely 17:20

closer 14:19

closing 64:2 72:19,21 160:12

co-chair 37:8 39:7

co-chairman 43:22

co-counsel 5:5,7 124:10

co-head 95:12

co-managing 78:14

co-worker 157:18

collapse 30:4

colleague 5:6 237:11

collect 66:4,7 271:13

collected 169:23 257:10,18
259:23 270:18

collecting 251:3 252:13

collections 212:19,20,21,24
257:3 262:14,16 272:13,23 273:1
275:3

collective 116:20

collectively 42:10

college 54:15,17,24 201:21

Collins 5:8,9 45:5,6,9,11,13,15,
25

combat 204:17

combination 244:7 256:23

come 6:23 13:1,22 25:16 31:9
39:11 52:9 67:11,14 71:7 79:25
93:15 101:16 127:17 132:18,19
136:1 147:5 158:19 175:20
195:23 202:18,21 203:22 220:10

comes 36:24 202:10 222:16
226:18

comfort 221:22 247:3

comfortable 181:9 242:19

coming 8:21 12:24 94:22 132:10,
11 141:10 198:14 214:2,3 220:3
233:4

comment 112:18

comments 80:12 218:6

commercial 54:25 56:2

commit 109:11

committed 44:25

committee 99:19 244:6

common 26:3 33:16 73:5
116:21,23,24 117:1 134:20 135:5

communicate 100:9 164:14
165:3 170:17

communicated 79:17,19 126:1,
3 136:24

communicating 61:4 100:9

communication 165:8

communications 61:5,8 67:5
68:9 133:21 164:23 174:3

community 199:12

companies 32:18 55:16,17
256:24

company 22:18 25:21,23 26:1
32:12,14,17,24 37:25 39:8 40:4,6
43:16,25 44:1,2,17,21 45:2,10
46:7,11 47:18 48:14 49:6,23,24
59:1 65:13 69:1,19 70:16 74:17
87:11 89:18 90:18 94:11,24 95:2
96:8,9,16 100:19 102:17 106:4
110:17,19,24 111:2,5 117:10
119:15,16 120:23 127:1 134:23
146:19 147:1 149:9 152:1,2,5,13,
18,22 153:3,13,16,21 154:1
165:22 167:14 170:24 172:19
186:25 199:21,25 204:15 205:1
219:22 236:24 246:18 247:5,9,16
249:11

company's 42:4 44:23 45:11,17,
19,25 46:1,2,4,16 47:4,18 57:11
58:21 75:10 95:5 96:7 194:25

Comparable 32:18

comparison 194:25

comparisons 193:20

competency 23:24 30:11

compile 161:9

complain 48:4 49:5,18,19

complained 126:11

complaints 50:9 227:18

complete 30:25 35:3 74:16
82:11,12,23 86:21 87:4,10 99:23
160:1,17 161:10 162:25 164:1
205:5

completed 30:23 31:4 56:8 86:3
105:24 152:11 158:13 159:19

completes 191:13,14

completion 162:4

complexity 154:8

compliance 138:7 245:13

compliant 240:4,11 241:11,21
244:21

complications 160:13

complying 222:12 232:16

component 58:19 125:7 214:18

components 213:1

compound 163:21 169:13
213:23 215:14

comprehensive 164:3

comprehensively 9:2 11:25

computer 144:2 179:25

concentrate 23:18,19

concept 32:22 205:9 214:15

Conceptually 7:18

concern 35:13 36:15 100:24
165:20 219:18 220:13,16,19
222:2,3 231:4,15 233:2,8,14,20,
25 234:20,21 235:10 236:1 241:4
242:8 246:9 271:15

concerned 142:16 206:17 215:3,
5

concerns 119:14 164:15 165:4,
16,25 166:3,7,11,18,19,25 167:1,
2,3,5 236:5,25 237:14 238:3,6
242:10,17

conclude 24:24 32:20 112:13

concluded 194:22 279:24

concludes 191:6

conclusion 30:1 39:23 65:3
83:3,7 111:21 147:14 185:17

186:1,11,16,20 263:21,23 264:7
266:5

conclusive 33:24

condition 74:9 165:21 190:11

conduct 10:14 28:25 64:23
208:1 267:6

conducted 10:11

confer 14:19 124:9

conference 172:15 208:2,4

conferred 14:14

confidence 45:9 163:25 237:2

confidential 14:25 57:8

confidentiality 167:23,24

confined 276:4

confirm 125:11

conflict 17:7

confused 51:10

confusing 215:15

conglomerate 152:17

conjunction 172:23 239:7

connected 223:25

connection 59:8 76:1 90:19
104:23 123:18 189:7,11 207:22
226:17 248:6 260:24

consent 64:22

consequence 135:2

consequences 227:3

conserve 29:1

consider 15:2 77:23 112:10
205:19 239:25 266:9

consideration 12:15 174:22
175:13,19 189:18 208:13 249:17

considered 46:17 80:14 122:10
225:6

considering 132:2

consistent 64:23 175:2,16
176:14,21 179:20 183:2

consistently 111:7 152:15

consists 50:8

constant 84:24

constantly 262:15

constituent 35:23

constitute 8:16 10:7 80:12
125:22

constituted 49:15

constitutes 33:15 36:21 91:9
92:5 109:3 111:24 133:12

constituting 116:23

constraint 45:3 46:8,11 50:3,4

constraints 149:9 150:20
151:25 154:11 208:17

constructed 231:17

constructive 147:13 148:1
191:11

constructively 147:8 189:22

consultant 25:15 78:19 95:16

consultants 11:11

consultation 214:23 215:2

consulting 78:5,6,8,10,15 95:13
103:16

consummation 73:4

consumption 208:14,23

contacted 151:10 227:14

contain 10:20 11:18 194:17

contained 63:15 64:11 68:2
95:23 115:10 169:12 170:1
179:19 217:17

containing 114:4

contains 91:25 175:25 217:20

contemplated 117:2,13

contempt 6:13

contents 63:2

context 11:17 24:3 80:14 193:22

continually 84:13

continue 7:23 33:23 111:4
263:16

continued 84:13,14 211:15
234:9

continues 23:1 27:24 29:13
39:24 179:7

continuing 21:2 158:9 180:15
206:5,12,20 275:24

contract 30:13,16 31:16 34:13
42:16,20 48:21,22,23 49:3 50:10
71:21 87:17 109:4,8,11 111:24
112:8,20,23 113:2 199:22 232:11
245:1,3 258:6 265:8,9,12,14,17
271:18

contracts 35:9,11,15,21 36:1,4,
16 45:18 125:10 172:22 246:23

contractual 42:22 109:13
264:22 265:6 266:5

contradicted 38:19

control 43:19 102:11 103:11,13
208:8,11 267:19

controlling 143:19 202:11

controls 39:13 102:12,25

controversial 23:14

convene 83:22,25

convenience 86:15

convenient 130:21

conversation 40:13 148:23
176:25 245:5,8 248:22 249:10,15
266:22 273:14

conversations 148:25 149:7
158:14 162:9 215:21 236:14
239:6 245:10 274:6

conveyed 204:1

convinced 213:7,10,11

COO 46:2 236:9 239:8

cooperation 198:15

coordinates 31:2

copied 191:23 228:21

copiers 232:11

copies 22:4 60:21 61:10,11
81:14 137:16

copy 60:18 61:25 85:12,15 86:4
89:9 105:16 106:9 139:19 168:22

173:12 174:9 178:1,9 179:4
copying 232:7
CORDS 19:23 52:18
core 23:24 30:11 205:3 239:10
Cormark 179:11,14,15
corner 90:8 168:7 216:21
Corp 5:4,11 40:25 62:21 121:2,16
145:18,20 146:13 197:15,18
corporate 26:11 37:2 102:10,11
122:14 123:12,14 135:9 136:22
137:8,11 138:5
corporation 22:18,19,24 23:3,6,
24 24:1,16 25:11 26:6,8,19,20
27:2,5,21 28:25 29:4,12,15,24
31:7 33:9 34:23 36:2,20 38:14,25
39:14,24 40:25 41:2,4 42:5 50:2
123:8 150:19 151:22 153:9
155:14 156:11,16,21 162:5
163:18 198:13,25
corporation's 24:22,24 25:18
26:8,13 27:20 122:22
corporations 24:8
correct 5:16,18,20 9:24 15:11
19:14 52:13 56:12 60:6 62:4 63:2
67:2,3 73:12 74:5 93:6 97:23
98:12 105:1 106:24 114:12
115:12,16,17 117:4,9,15,21
119:3,4,18,22,23 120:1,2 123:22
124:20 125:23,24 126:4,8,9,13
128:6,7 129:25 139:19,22 148:13
149:17 157:15 159:3,4 164:11
168:20 170:10,14,15 171:7 172:7
174:7,8,10,17,18 179:8,9,12,13
182:18,19,22,23 184:14,15,18
185:2,3,8 187:12 189:1,17,25
190:8,10,15 199:2 200:4,5,11,12,
19,20 202:5,13 203:4 204:3,4
210:22 211:1,2 212:8,9 216:6,7,9,
10,18,25 217:1,3,4,11,19,23
218:1,19,20,23,24 220:20 222:22,
23 227:19,20,22,23 228:8,9,12,18
230:4,18,19,22,24 231:7,10,11
232:18,19 233:19 234:22 235:3
237:9 238:6 239:22,23 240:5,7,13
241:18,19,22,23,25 242:4,5,6
245:14,17,21,25 246:11 247:25
248:1,10,19 249:1,2,8,22,23
250:13,14,17,18 251:12 252:4,5,

16,17,21,22,24 253:24 254:4,5,
20,22,23 255:8,9,15,16,18,21
256:3,8,18 257:15,19,20,24 258:4
260:6,7 262:7 264:5 267:2,3,7,8,
10,11 269:8,24,25 270:15,16,21
271:2 272:2,18 273:1,2,13,16
274:13,14 275:10,13
corrected 231:20 244:9 246:15
correctly 125:14 241:14,16
260:2
correspond 81:7
could 16:11 21:3 22:19 23:7
50:25 65:25 91:2 94:4 102:6,18
114:15 117:8,10,12,17 122:12,13,
16 126:21 127:1,8 130:9 134:6
149:20 152:23 155:1,2 159:16
161:16 169:14 170:5 177:4
178:20 185:21 189:9 225:9,22,23
227:16 235:20 241:24 244:9
246:15 255:2 256:12 260:18
265:16 274:7 277:3
couldn't 34:23 142:9 279:2
counsel 4:6 9:21 10:23 12:23
14:13 16:5,8,16,22,23 17:3,11
18:2,6,18 22:5 42:18 47:8 61:21
68:4 71:12 73:22 103:23 108:21
109:6 113:24 114:18 126:2
127:22 128:4 138:10 141:18
142:14,20 167:22 180:16,17
196:2 197:8 205:15,21 217:14
224:10 239:7 245:6 263:2,10
277:3
counsel's 7:16 19:15 84:7
242:25 245:22
Count 170:7
counter 104:12 267:1
country 13:17
couple 14:13 77:6,8 94:4 149:19
162:9 191:24 210:6
course 7:9,22 8:13,15 9:10,14,16
10:6,11 12:5,6,7 15:4,6 16:13
18:20 49:22 91:25 104:6 113:8
129:2 147:18 154:15 169:1 170:2
173:15,19,24 178:14 182:21
192:20 193:13 194:1 215:22
228:12 277:11
court 4:3,17 5:1,14,22 6:4,9,11,

25 7:13,20 8:5,7 9:1,5,18 10:3,16
11:5 12:16,19 13:23 14:2,3,5,7,8,
15,17,18,22 15:21,23,24 16:7,9,
10,11 17:14,17 18:9,15,23 19:5,7,
19,22 20:3,6,11,15,17,18,21,23
21:2,5,6,9,12,16,19,21,23 22:8,
10,15 23:4 24:6 25:4 27:22 28:19
29:25 31:9,14,18,21,25 32:4 35:4
36:18 39:11,16,20,22 40:6,7,9,18,
20 42:23,25 43:1,9,10 45:4,20
46:3,9,14 47:7 49:13 50:13,14,15,
17,18,19,21,23,25 51:3,5,6,10,13,
15,18,19,24 52:4,7,14,17,20 53:2,
3,4 54:5 55:2 58:13 61:18,20,22,
24 62:12 63:5,21 65:5,25 66:20,
24 67:12,23 68:7,12,14,16 70:20
71:2,5,11,15,24 73:21 76:3,8,13,
19 79:2,11 80:6 81:1 83:4,8,13,19
84:9 85:9 86:19 87:7,19,25 88:6,
15 89:15 90:12,15 91:19 92:6,12,
25 93:3,7,25 94:12 95:10,24
96:20 97:4,10,12,21,24 98:3,10,
13,15,20,22 99:6,8 100:8 102:23
103:2,7,25 104:3,17,20,24 105:7,
13 108:4,7 110:6 111:19,25
112:6,7,13,15,19,21 113:1,3,6,12,
16,20,23 114:5,8,9,11,17,18,19,
21,22,23,24 118:4,8 120:19
124:2,6,8,11 127:16,21 128:3,10,
12,14,21 129:5 131:21 132:2,5,
11,25 133:5,7,16,22 134:7 135:22
136:12,15,17 139:6 140:25 141:2,
8,14,17,21,25 142:24 143:12,21,
25 144:4,12,14,21 145:5,7
147:24,25 149:15,18 150:5,12,14
167:22 176:16 177:6,10 191:13,
16 192:2,8,22 193:8 194:7 195:6,
9,20,22 196:1,6,11,14,19 197:1,3,
9,25 204:6 205:23 206:8,21,25
208:7,11,13,18 209:1,4,21,22
210:2,7,9,15 214:1,5 221:11,14,
17 222:14,18 223:16,19 224:2,20
225:11,18,24 226:3,6,9,12,19,24
230:2,11 234:2,14 237:21,23,25
240:25 253:14,20 263:21,25
265:20 266:9,12 275:23 276:2,16,
21 277:16,21 278:8,11,14,20,22,
25 279:6,8,9,10,12,13,15,18,19,
20
Court's 13:16 15:5 24:8 74:20
194:4
courtroom 16:4 50:22 51:11
52:2

covenant 91:10
covenants 57:24
cover 234:22 235:13 256:24
264:16
covered 151:2
CPA 46:22
Craig 46:21
crash 52:6 102:25
created 6:14,15 7:24,25 60:3
172:23
creates 13:14 160:13
creating 220:12
creation 10:12
creatures 24:9
credit 91:11 272:3,9,17
creditor 47:15 66:14 68:20
creditors 66:15,16,21 67:8,9
68:22 69:12,15,18
crisis 38:8
criteria 23:9 24:3,12,14 27:1
193:24
critical 38:9 57:25 100:11 101:8
125:9 219:4 251:21 255:24
cross 9:12 11:4 112:15 113:8,10,
13,25
cross-examination 115:1
129:14 131:9 133:9 134:5 142:19
cross-examine 278:5
Crowell 5:5,8 197:21
Crown 19:11,13
culminated 260:12
Cura- 255:3
Curascript 249:21,24,25 250:5,
6,11,20,25 251:4,6,14,16,19
252:1,6 253:7 254:9 257:4 258:8
269:18,23 270:1,10,19,21 271:2,
5,9,13,22 272:2 275:6
currency 131:18,23 132:15
134:12 189:15

current 22:21 102:5 271:10
272:4
currently 21:24 29:21 55:5 65:16
146:5,6 230:15
customers 53:19 56:11
cut 142:11 251:16 270:1,6,10
cutting 142:7

D

D-A-N-I-E-L 146:2
daily 160:4 201:14
damages 195:19
Dan 25:2 56:22 81:15 99:11,15,
17 106:10 144:24 239:9
danger 29:4 30:5
Daniel 142:5 146:2
Darin 178:6,10
data 57:11 60:20 172:23
date 39:16 47:2 50:18 62:22
72:21,22 73:1 81:19 86:9 130:19
218:21,22,25
dated 77:1 89:22 99:11 137:7
138:15 177:22 231:9
daughter 17:5
David 4:11 46:1 52:13 197:11
198:10 228:7
day 58:7 73:2 130:14 142:10
231:9 233:16 275:2 277:9
day's 273:7
day-to-day 187:1
days 36:7,8,10,12,14 251:5
deal 38:14 60:18 184:12 185:1
215:1 242:21 260:22 271:1
dealing 24:5 243:3
dealings 242:20
deals 56:8
Dear 82:9
death 39:9

debt 37:14,22 43:18 49:19 95:2
debts 26:21 46:5 50:4 68:5
December 77:16 130:12 149:1
241:9 251:14 257:12 259:25
decide 204:9
decided 266:15,25 274:10
decides 195:9
decision 45:23 112:7 210:12
216:2 219:5 223:17
decisions 44:16 208:14
declaration 13:7 27:19 28:5
29:21 31:10 205:25 207:6 216:8,
17 217:13,17,20,24 218:3,7,17,
21,22,25 219:4,7,10,13,19 222:6
223:15,20,25 224:12,13 225:19
231:10,17,25 232:15,17 241:7,14
242:13 244:4,18 245:24 246:5
249:20 251:10,22 252:16 254:6,
15 255:17,19 258:13 259:22
260:11,13 261:4,11,25 262:2
264:13 265:19 267:22 273:3
declarations 224:16,19
declared 218:11
declined 241:9 246:6
deeper 37:16
default 47:15 91:10
defaults 102:5
defects 100:13
defendants 5:4,10,13 11:13
31:15 37:11 38:13,20 39:5 40:24
41:1 145:18,20,22 188:2 197:16,
19,22 279:16
defendants' 13:8 33:6
defense 8:21 9:9,14 22:5
defer 16:13 18:20 113:9
deferred 151:5,7,11
deficiencies 96:2
definitely 224:20 233:11 246:8
276:13
definition 11:24 12:9 27:1
139:21

degree 47:1,5	161:19 168:14 222:24	13 164:6,14 165:3,25 166:3,17,18
delay 84:24 255:2	described 139:16	169:9,18,22 170:1,16,17,21,23
delayed 95:5	describing 83:5 147:17,23	171:3,8,10,18 172:1,13,20
delays 70:11	151:24	173:15,18,23 174:2,19 178:17,21,
delinquent 271:15	deserved 85:2	25 183:12,13,16,19 184:6 185:8,
delivered 220:6 271:17	design 212:25 262:22	16,25 186:10,19 189:6 193:20
deliveries 271:10 272:4	designated 130:19	204:9 208:1 212:18 213:6 218:10
delivery 220:5 251:4,20	desire 165:1	219:23 224:20,21 231:12 235:15
demand 47:10,11 121:25 122:3,	desperately 39:15	236:4 238:23 239:18,25 240:1
7,19 123:4,7,11 136:22,24 137:8,	despite 30:12 31:16,17,18 34:13	241:14,15 242:12,15,25 243:6,21,
11 139:17 140:21 268:10	43:20 46:10 108:16,22	23 244:1 245:12 247:8,17 248:5
demanded 47:14 108:25 257:23	detailed 60:21 77:7	257:5 259:13 260:2,9,17 261:22,
267:9,23 268:11 274:12	detailing 170:8	23 262:8,21,24 267:12 269:1
demanding 257:25 267:13	details 167:8	270:6,10 271:4,15 272:1 275:15,
268:15	determination 9:3 49:13 113:1	19 278:14,17
demands 251:19 258:3,11	206:21 209:23,24	didn't 32:2,3 35:7 51:1 75:19
260:5,8	determine 57:21,23 112:19	93:4 101:16 119:8,12 143:16
demographics 203:14	determined 116:20 193:13	161:11 162:10,15,25 189:22
demonstrate 41:18 42:25 44:14,	263:21	191:9 199:19 203:8 215:23
19 255:20	determining 44:8	224:14 230:4 247:12 248:12
demonstrated 215:10	detrimental 45:19	276:1 277:2 278:15
demonstrative 40:12,15,17	Detroit 146:7	die 39:8 96:16
denied 108:17	develop 199:24 246:24 247:21	difference 25:12 58:13 76:5,7
density 201:24	developed 249:11	133:22
deny 18:24 50:13	developing 201:22 214:20	different 39:5 86:23 100:18
depend 9:10 111:2	development 201:19	158:6 167:2 180:19 201:15
depending 14:6	did 7:2,8,11 31:16 37:9,21 50:14	204:16 205:12 215:25 218:7
deponent 145:11	54:15,17,19,21,24 55:1,7,12,25	222:17 236:7 243:5 244:8 245:7,8
depose 138:4	56:13,16,23 59:20,24,25 60:1	246:21 260:25 263:9 273:9
deposit 220:8,9 233:1,17 235:21	64:17 69:25 70:3 72:7 74:1,5 75:4	differently 139:24
deposition 38:4 128:15 142:4	76:4,23 77:24 78:2,6,7,11,16,17,	difficult 34:21 151:18 162:24
143:2,3,4,5,9,19 144:13,15,24	21 79:7,25 81:7 82:7 83:22,24,25	214:16 251:1
149:21 150:3 167:20 168:4,10	84:2,3,10,16,19 85:15,17,21,22	digging 37:15
173:4 175:24 176:16 177:17	86:5,7,8,16,18 87:12 88:23,24	digit 38:4
180:11 191:6,15,19,20 192:11	89:11,25 98:6,8,17,19,24 99:24	digital 179:25
196:18,22 197:6 206:9 207:18	101:13 103:14 106:7 107:6,18,21,	diligence 6:18 60:20 75:3 172:17
208:15 209:2 234:5 278:11	22,24 109:1,12,13,15 113:8 116:2	182:1,15
depreciation 25:25	117:7,20 119:11,15,17 121:15,21	dilute 64:1 134:16 135:4
describe 86:19 146:25 147:16	127:3 131:1,3 132:18,20 135:23	diluted 34:14 42:3 116:13 117:5
150:23 154:4 158:3 159:21	136:1,7 138:11 139:16 143:14	134:6
	146:9,15,17,21 148:20,23 149:4,7	diluting 135:3
	150:16,18 152:5 153:8,17 157:16	dilution 134:2
	160:20 161:5 162:7,14,20 163:7,	direct 9:11 53:5 85:15 94:2

directed 123:8 129:17 255:13,14
direction 143:12 220:15 244:14
directly 78:16,17 79:24 80:3
159:10 161:11 162:11 166:11
167:3 260:22 272:16 273:11
director 45:5,21 53:25 78:14
96:4 101:1 123:14 126:22,25
127:6,8,11 161:4 164:24
directors 29:3 41:2 45:6,8,22
46:20 49:14 92:16 98:7,18 99:12
100:13 102:4 109:14,18 119:10
121:11 124:23 127:12 130:15,19,
20 166:5,11,15
disappeared 238:18
disappoint- 244:10
disappointed 208:3 243:8,9
disappointment 242:24 243:2
244:10
discharge 147:13 191:11
disconnected 259:8
discovered 21:19
discovery 9:13,16
discretion 208:11,19
discuss 30:9 61:14 82:14 128:24
141:25 143:9 148:20 234:9 236:5
discussed 5:23 129:13 157:3
159:1 171:5 191:18 192:1 235:8
244:5 264:18
discusses 174:16
discussing 237:18
discussion 15:12 21:8 26:24
149:3 155:20 180:7 181:16
248:20 249:6
discussions 157:4 190:22
diseases 201:13 203:14
disgruntled 47:22 48:1
dismissal 16:3
disorders 201:11
disparity 187:4
dispatch 78:11

dispatched 78:13
dispute 207:23
disputes 68:6
distracting 32:2
distress 37:19
distribute 250:6
distributions 264:11
distributor 250:1,4
District 145:4
disturbing 28:15,18,20 225:15
229:12
diversion 268:5
diverted 264:14 270:20
dividend 65:7,10,12,14,20 72:6,
17 73:12
dividends 65:17 66:1,11
division 56:2 78:14
doctor 28:14 197:25 198:10
225:13 253:24 258:15 259:1,10
274:2
doctors 23:18 28:11 68:24
151:8,9 154:19 188:17 223:18
224:5 237:9,10,19,20 243:14
doctors' 23:16
document 31:15,19 33:11,13
57:25 61:8 62:16 75:9 76:6,10,15,
17,21,22 77:1 81:10 85:5 90:12,
23 92:18 94:5 104:4 117:23,24
118:3,4,9,14,23 120:4,12,24
136:21 168:12,14 173:1,6 175:23,
25 176:21 177:14,24 178:5 180:1,
18 181:19,20 216:12,15,21 217:2,
10 255:5
document-by-document 8:15
documented 100:1
documenting 61:4
documents 7:6,7,12,24,25 8:3,
11,14 9:1 11:16,18 12:4,23 13:1,
5,22 14:24 15:3,7,9 26:10 30:3
61:2 67:4 70:23,24 74:23 76:24
118:21 123:18 137:14,17,23,25
138:15,19 248:5

domain 232:12
door 141:12
doors 25:11 276:6
double 10:21 38:4 276:6
double-digit 156:18
down 33:19,21 51:8,11 52:9
57:12 71:7,9 89:3 91:3 95:6
113:21 118:16 140:25 144:13,17
148:9 154:8 156:4 157:10 160:1
196:15 202:17 209:6 212:5 215:1
221:13 226:2 231:1 236:23
244:11 262:18 276:10
Dr 5:9 28:8,20,21 29:18 45:5,6,9,
11,13,15,20,22,25 68:24 196:5,22
197:24 198:20 205:15 207:2,15
209:5,12 210:20 211:19 213:20
223:21 224:5,13 225:5,6,7,19
226:13 234:4,12 238:20 240:8,23
253:6,11 259:21 263:19 265:5,8
266:1,4 273:22 276:23 277:7
draft 6:19 31:1,8,19 36:25 38:22
57:10 58:25 74:15 75:7 77:1,8
82:15 92:22 93:4,12,22 94:10
95:22 96:25 97:15 98:2,3 105:24
106:20 138:23
drafts 128:8
Dragelin 25:16,19 78:13,16,17,
21,25 79:7,13,24 80:3,10,18,23
95:8,10,12,18,19 96:1 103:16,21
128:20 193:19 277:8,23 278:2
Dragelin's 79:17 95:23
dramatic 211:17
drastic 41:15 48:6
Driggs 18:18
drive 33:19,21 118:10 144:3
145:1
drug 50:17,19 262:19
drugs 250:1,7 251:5,7,15 254:4
255:23,25 256:8,14,15,17,22
257:18 270:7,13,14 271:16,20,23
due 6:18 60:20 75:2 108:21
252:19 258:7
Duffy 145:6
duly 52:24 198:5

duration 251:2

during 15:6 36:11 43:10 45:2,10
50:4 84:5,11 122:21 128:1 129:14
131:8 142:18 184:13 185:1 188:6,
18 191:18 202:9 207:17 208:2,4
210:5 215:21

duties 54:5 199:7

duty 10:14 49:7,10

DVD 143:25 144:8,9

E

earlier 7:22 34:16 37:20 40:13
56:9 73:3 74:4 106:1 114:13,16
115:10,14 119:1,24 124:18
151:20 154:9 157:8 160:23
184:24 191:12 234:4 240:22
250:15 270:24 273:10

earliest 86:14

early 148:11 157:12 202:1 278:14

earnings 6:19 25:24 31:12 36:25
46:17 74:10,12,13,25 75:5 76:2
77:13 137:18

easier 181:19

easy 19:18 252:17

EBITDA 25:23 26:2 46:16
174:16,20,22 175:2,12,15,19
179:8,10

economic 236:20 243:3 245:25
246:7

economy 53:21

education 54:13

educational 201:23

Edward 190:19

effect 135:2

effectively 23:15 106:2 201:12
202:16,21 204:17 211:13 214:18
227:11 236:9 242:9,24 246:9
248:16,24 250:6 255:2 260:15
271:17,19

effectiveness 20:20

efficiencies 32:13

efficiency 209:20

efficient 146:20 214:19

effort 22:18 66:4 151:1 176:23

efforts 109:8,9 154:13,15 158:20
159:5,9,12

either 11:11 13:5 21:14 22:21
30:14 32:22 36:13 51:8 56:5
62:10 135:15 206:25 207:12
227:11 241:24 258:23

elaborate 208:25

elect 130:15

election 130:18

electronic 180:18,20 181:19,22,
23,24 183:24,25

eleven 216:4

ELMO 21:13

else 5:17 10:22 19:5 44:4 76:23
89:25 140:4 144:19 152:20 153:1
160:24 166:6,14 223:22 227:6
234:24 252:24 253:24 261:22
269:8,11 276:25

email 10:10,13,17 28:13,18 31:20
32:8 34:25 80:2 81:7,17,20,23
82:9 86:7,9,16 87:23 88:11,15,22,
23 89:1 90:5 97:7 99:10,13,20
100:2,10 101:25 104:5 105:9,12,
14,18,19 106:7,12 107:20,23
123:19 124:19,24,25 132:20
137:24 168:6,15,22,25 169:9,12,
18 170:2 173:9,10,13,15 174:6,
10,16 175:1,15 176:25 177:1,20,
21 178:2,6,10,13,18,22 179:5
182:8,9 183:9 191:22 192:6,11,
13,18 194:9,16 224:4 225:4,7,13
228:3,6,10,16,20,24 231:3,6,13,
22 234:12 254:18 255:1,7,11

email-by-email 177:1

emails 8:12 9:5,7,9,25 10:6,20,25
11:3,5,10 12:2,22 40:13 60:22
61:10 67:14 68:8 81:13 169:6
174:2,13 193:1,3

emphasized 125:5

employed 48:15 53:11,13,14
146:10 151:11 158:17 198:20,21,
23

employee 207:16

employees 11:11 28:16 29:10
225:15 229:12 233:16

employer 198:24

employment 192:7 226:17

employs 201:9

encompass 7:11

encompasses 179:7

encounters 215:25

encourage 239:19

end 31:1 50:12 82:12 83:17 97:16
120:15 141:24 142:10 151:3,10
187:2 191:8 209:23 227:25
257:12 259:25 267:25 278:14

ends 97:16 217:2 225:25

enforce 42:22 48:21,24 49:2
109:8,10

engaged 4:22 49:14

enhance 204:20

enhancing 199:12 204:14

enough 24:22 33:9 147:24
207:20 257:18 270:18 271:13

enrolled 167:13

enrollment 36:11

entered 40:12 42:2 62:3 121:3
123:18

entire 64:4 102:17 120:13 144:13
159:13 177:4 188:19 210:11
229:3,23 253:5,10

entirely 6:21

entirety 139:25

entities 202:17 216:5 218:18
219:2 233:3 250:12,16 257:11
258:5 259:24 262:4,9,12 264:17
267:14 268:2,4 273:5

entitled 48:19 89:14 117:24
121:11,13

entity 13:14 60:5 155:22 202:19

entry 87:24

equal 72:24

Equities 19:12,13

equity 43:18 73:9 95:4 171:20

especially 9:12 177:1

essentially 137:22 268:17

establish 41:11

established 73:5 192:4 240:23
266:6

estimation 12:19

estopped 42:7

estoppel 41:23

estops 33:25

et al 196:24

evaluating 138:6

even 12:8 26:2,17 28:20 34:18
37:19,20 38:8,14 42:6,23 48:13
107:11,14 111:13 130:18 193:4
273:7

evening 209:25

event 36:3 43:17 45:11 72:23
73:3 91:10

events 199:15 218:14

eventually 183:13 262:21

ever 82:24 86:25 87:8 148:20
157:16 159:8,19 162:14,20 163:3,
19,24 164:2 185:16,25 186:10
252:6 261:23 270:1

every 9:4 58:7 61:6 65:13 123:2,
15 135:6 210:10 252:18 274:21

everybody 111:8 220:16 227:6

everyone 19:23 161:24 181:7
238:14,17

everything 15:16 60:19 144:17,
19 276:9

evidence 6:16 12:20 27:2 34:19
38:5 40:13 41:11,17 42:24 43:8,
13,20,24 44:13,19 45:12 46:6
47:21 49:16,25 50:7 80:19 84:8
87:22 102:15,22 132:5 186:22
208:10 221:3,22 223:5,10,16
233:25 240:3,11 241:11,20,25
244:16 253:12 256:5,11 264:7
265:10,20 267:16

evident 103:14,15

evidentiary 6:8 8:9 35:21 44:15
192:21 194:15

evolving 212:3

Ewaul 225:4 228:6

Ewing 5:6 145:17 153:4 158:23
160:8 162:16 163:21 164:17
165:10,18 166:8 169:3,13 171:24
172:8 173:21 175:4 180:21 181:8,
13 182:24 183:5 184:16 185:4,20
186:4,15,21 187:24 188:1,5,22
189:17,20 190:25 197:17

ex-ceo 230:16

exact 279:18

exactly 17:4,7 34:1 69:17 85:19
156:12,18 188:20 190:23 195:24
203:25 215:16 218:4 224:10
244:19 274:17

exam 113:25 124:6 278:2

EXAMINATION 53:5 129:7
145:23 188:4 198:8

examine 8:25

examined 52:25

example 25:22 36:24 77:15

exceeded 46:24

except 13:24

exception 8:18 10:8,18,24 11:25
12:12 92:10,11 129:3 149:25
192:19 265:23

exceptions 12:11

excess 47:10 68:25 69:4 111:15
264:10

exchange 27:11 65:11 73:6,7,8
174:2,13 179:18 210:21

excited 204:13

exciting 204:23 244:12

exclude 128:19

excluded 11:6 109:17,21 126:12,
14,15,21 127:1,8,12

exclusion 93:24 128:21

exclusively 220:24 264:4,8,15
266:2

excuse 30:2 33:20 155:3,10
158:23 167:25 175:20 217:14
272:7

excuses 70:10

executed 91:17 140:12,17
167:21

executive 25:8 29:21 35:1 43:12
146:24 150:7,10 159:13 190:17
192:14 244:6 245:9

executives 27:17 28:6 31:9 35:6
149:11

exercise 116:25 208:8,19

exhaustive 12:12 176:24

exhibit 10:2 62:5,6,14,19 73:18,
20,21 75:25 81:3,5,10 85:3,4,24
87:14,19,20,22 88:6,7,9,10 92:14
97:2,5,10,12 99:7,9 104:4,11,18
105:10 107:3,25 108:2,8,10
111:18 112:6 114:4 117:17 118:6
120:3,7,14,16,22 123:23,25
124:13 129:10,11 136:13 139:13
141:7,8 142:9 143:4,5,6 144:5,7,
16 167:18,20 168:1,4,5,6,10
173:1,4 175:23 177:13,17 179:19
180:11,13 191:20 192:10,11
216:13 223:24 224:2,12,25 225:7,
12,19,25 226:2,5 227:24 229:22
234:4,8,9 235:7 245:4 254:13

exhibits 15:8 61:14,15 74:19,20
114:3 128:2,5,8 142:24 143:1,3
191:18 225:8

exist 111:4 172:2

existed 251:18

existential 29:12

existing 135:1

exists 41:14

expand 204:25

expect 33:5 187:6

expectation 59:3 256:2

expected 59:5 256:18

expects 46:12

expedited 40:23 155:1

expense 148:16 149:1,10

expenses 57:19 77:10,11,14
78:23 79:9 257:14 258:7 260:1
275:1

expensive 38:7 52:1 96:12

experience 28:22 54:13 55:3
58:1,8,12 205:8

expert 46:20

expertise 96:4

explain 49:21 54:5 58:13 59:17
67:12 85:9 89:15 100:8 105:21
134:2 135:23

explained 95:1 149:8

explanation 70:7,13 75:13 76:6,
9,12,15,16,20,22 77:10,13

exposed 67:8 227:8,14

exposing 245:20

express 69:1 111:14 166:17,19
167:5 232:22 242:12,15 271:10,
11 275:16

expressed 164:25 165:16 166:7,
10 167:1,4 236:6 242:10

extent 44:11 111:20 181:12
211:12 256:25

extraction 122:24

extraordinary 43:1 44:9 49:1

eye 202:23

eyes 14:25

F

face 38:18 52:21

facia 29:10 33:2 176:7

facilitate 154:20 158:1,12 161:15

facilities 201:24 202:4,8 204:2

facility 202:8,12 210:22

facing 46:7 50:2 150:20

fact 11:10 32:7 36:4 64:21 78:25
83:22 102:24 108:22 109:3
117:11,13 125:12 131:23 139:16
162:12 177:2 213:1 216:8 224:8
227:24 235:1,12 240:2 243:21
256:5 257:5,8 265:14 266:4

267:18 273:12 274:25

factors 153:19

facts 13:21 84:7 100:11 101:5
186:22 221:2 223:4,9 233:25
256:10 264:7 267:16

fail 28:22

failed 24:23,24 27:2 107:10

fails 39:25

failure 70:8,13 102:1,4,7,9 148:2
222:21

failures 101:21,24

fair 46:23 151:1 235:10 243:19
266:17 268:19

fairly 58:11

faith 44:16

fall 8:17 10:8 11:23,25 12:9,10
126:3

falls 11:15 192:18

familiar 4:17 74:23 90:22 127:13
136:21 141:13 164:8 215:19
229:17

family's 27:15

Farmington 53:16 57:14

fashion 149:2 220:3 237:1

fast 271:13

favor 208:19

favorable 38:2 96:11,14

feasible 271:19,25

February 31:10 218:22 230:17
236:18 257:10 259:22 273:4

federal 195:9 240:4,12 241:11
244:22 245:14

feed 30:7

feel 42:17 107:12 216:1

feeling 242:23

feet 23:6 40:7

fell 6:22

fellow 28:14

felt 205:7,10 244:8,11 245:19
246:12

fide 68:6

fiduciary 49:7,10 82:21 83:2,6,
13 107:15,16 119:14

figure 34:10 51:25 174:16 179:8
261:13

figurehead 199:21

file 144:2

filed 64:20 118:10 198:4

final 94:11

finalized 183:18

finally 47:7 49:18 205:10

finance 13:2,6 27:4 32:10 37:14,
15,22 38:9 39:2 47:9 54:25 55:3,5
56:2 69:3 90:13,15,17 91:4,22
96:4 106:9 123:15 155:23,25
156:3,7,11 161:4 249:13

Finance's 156:6

finances 46:11

financial 6:14,15 7:5,7,12,24
23:21 31:7 38:16 46:16 47:16
48:17 57:10,16,18 58:2,5,9,12,14,
15,16,25 59:4,5,9 60:10 66:25
67:1,18 69:19 70:1,5,8,14 71:20
73:25 74:1,6,9 77:25 78:12 82:2,
15,22 84:14 96:4 100:6 102:3
105:17,24 106:3,4,15 107:19
109:16,25 110:9,12,25 111:7,11
122:9 135:9 136:3 137:18 138:6
149:9 150:20,21,23 151:17,24
153:14 154:10,11,21 160:12
162:23 163:1 165:21,22 172:22
181:2 183:8 186:24 187:5,8,9
190:7,11,20 205:10 230:23 231:2
247:9,12,23

financials 30:14,15,18,19 31:17
46:19 48:14 96:8 106:17,25
107:18 158:21 159:2,6,19,22
160:5,14,17 162:13 165:1,15

financing 43:18 96:11,15 111:12
171:20

find 21:21 28:19 75:4 76:23
120:11 176:11,13,16 258:18
261:3 271:19 274:18

fine 9:19 20:14 22:8 32:4 51:18
105:3 139:11 181:8 206:18,22
221:16 253:12,19 261:6 263:23
265:6 266:4

finish 39:3 96:14 113:17 124:6
239:15 277:7 278:9

finishing 38:23

firing 211:16

firm 16:4 58:17 70:16 78:5,6,8
105:23 159:25

firms 232:7

first 6:12 11:10 23:8 24:17 51:9,
21,25 52:11,14,15,24 63:1 64:11,
17 72:19 73:1 87:14,19 88:10
97:2,3,5,6 102:1 105:18 107:3
121:8 142:2,5 145:4 147:6 148:23
149:20 161:21 171:18 175:12
179:24 181:1,19 198:5 211:12
219:20 241:7 278:18

five 141:10

five-minute 113:16

fix 38:11

fixed 22:11 141:22 167:14

flagged 120:16

Florida 23:16 68:25 197:1 200:2,
15,23 201:1 202:5 207:25 241:12
244:22

flow 46:12 47:4 94:21 100:20,21
102:6 137:18 187:1

flows 187:3

flying 148:9

focus 158:11 161:12 236:22

focused 38:1 53:22 96:10

focuses 201:18

folks 215:25

follow-up 99:12 157:11

followed 196:18 252:12

following 15:8 116:22 120:10
126:23 127:10 130:14 251:4
254:10 276:23

follows 52:25 198:6

forcing 220:10

foreclosure 29:5

Forefront 157:20,21,24 163:11

foreign 13:17

foremost 219:20

forensic 46:22

forgot 19:9 156:2 157:19

form 31:8 57:19 67:12,14 77:8
93:22 106:20 143:13 144:9 150:2
162:14,20 183:3 185:17 186:1,10,
19 194:13 274:7

formal 122:5,10 136:2,7,11
138:11,15 139:17

format 79:25

formed 172:2

former 5:12 27:20,22 31:6 41:5
43:12 264:19

forming 9:15

forth 23:12 176:14,20 191:25
241:13 242:13 245:23 246:4

forthcoming 7:23 31:18

forum 42:22 147:19,22

forward 30:18 38:25 64:5 86:13
178:10 199:22,25 205:19 206:13
212:4 216:2 221:10 230:7 275:2

forwarded 173:10 174:6,10
177:20 178:6,10 179:5 192:18
194:13 255:11 256:1,2,16

forwarding 177:20 178:13
192:20 194:13,14

forwards 244:25

found 25:19 75:6 77:9 150:17
169:11

foundation 10:10,16 11:3 66:19
67:21 68:5,7 70:21 75:18,21 87:6
92:8 98:9,21 99:5 102:21 103:3,6
110:4,6 131:20 132:12,24 158:24
172:8 175:4,9,10,12 176:4 183:6
188:15 213:9,21,23 214:7 221:6
222:15 223:11 226:12,21 233:24
234:18 237:18,25 240:6,15,18
253:2,9 256:10 272:11,20

founder 43:25 44:2,24 230:14

four 31:4 62:10 160:2 179:11
277:22

fourth 27:25 116:18

Fowler 4:15 52:16,23 53:8,10,11
62:14 67:25 75:15 76:18 79:16
80:25 81:25 86:1,20 93:9 99:10
102:21 103:24 111:22 114:4
115:3 118:2 120:24 121:20,24
123:11,17 125:16 126:10 129:9
138:10 139:11 164:24 165:3,16
171:11 174:7,10,14

Fowler's 83:2,5 104:16

frame 236:18

Frank 99:16,18 106:9

frankly 11:20 18:10 147:21
149:24 176:4

fraud 49:16 101:14 125:15 195:5

free 113:20 141:15

frequent 31:17 148:22

frequently 70:11

Friday 51:16,17,18,20 86:1
144:10 220:10 233:17

front 136:18 140:2 148:18 180:24
216:11 228:3

frozen 42:5

frustrated 99:21 101:12

frustrating 214:17 231:15

frustration 84:13

FTI 78:10,11,15,16 95:13 103:16

fulfill 17:23

full 9:13,16 53:8 89:3 94:15 95:18
97:7 144:20 198:18

function 29:2 202:25 203:2
215:11

functioning 50:2

functions 45:22

fundamental 23:17

fundamentally 152:8

funds 22:24 45:2 234:22 264:14,

22 267:10 268:5 273:8 275:9
further 6:15 94:17 95:5,8,19 96:1
127:15 187:22 190:25 191:3
208:25 268:5
furthermore 91:14 199:14 220:2
261:16
future 7:23 199:15

G

Gall 5:2,3,18,25 6:25 7:1,15 8:2,8
9:8,21,24 14:1,10,12,16,23 15:18,
22,25 17:9 18:17 19:4,6,14 40:9,
10,19,22 65:2 66:18 67:23,24
70:18 71:17 73:19 75:15,21
76:11,16 78:24 79:14 80:4,15
83:1,5,11,15 84:6 87:5,15,25 88:1
91:15 92:4,8,21 93:6 94:8 95:20
97:8,11,19 98:1,9,21 99:4 102:20
103:19 104:12,21 105:1,5 108:4,5
110:3 111:19,20 112:3,16,17,24
113:4,14,19,25 114:1,7,10,12,15
115:2,3 118:6,11 120:21 124:4,7,
9,12 127:14 128:7,18 129:2,13,17
131:20 132:4,23 133:7,8 134:4
135:18 136:10 139:7,10 140:23
141:6,25 143:11,22,24 145:19
147:11 149:13,17,25 150:13
175:7 176:10 177:9 191:9 192:2,
3,22,23 195:2 197:14 199:3 201:5
202:6,14 203:6 204:5 205:20
206:15,18,24 208:22 209:19
210:13 211:3 212:10,17 213:9,19
215:14 217:14 219:9 221:2,5,16
223:4,7 224:6,13 225:3,21 226:8,
11,23 228:13 229:1,3,7,21 230:4
232:3 233:23 234:6,17,23 235:5,
18 236:21 237:16 238:14,16
239:15 240:6,14,17 242:1 243:15
245:16 248:2 249:9 253:2,4 254:1
256:4,9,20 258:12,19,23 259:7
260:10,20 261:2 263:18 264:6
265:2,21 266:11,19 267:15
268:21,24 269:13 270:23 272:11,
20 273:18,22 276:20 277:1,11,15
278:13,18,21,23 279:4,7,23
Gall's 131:13
game 199:23
gate 34:15

gather 121:18 161:14
gathered 172:18
gave 37:9 48:2,3 102:25 114:25
213:20 242:7 261:8
Gaylis 28:9,20,21 29:18 68:24
196:5,23 197:24 198:3,19,20
205:15 207:2,15 209:5,12 210:20
211:19 213:20 218:18 219:2
223:21 224:5 225:5,19 226:13
228:8 238:20 240:8,23 250:12,16
253:6,11 257:11 258:5 259:21,23
262:4,8 265:5,8 267:14 268:2,4
269:12,16 273:5,22 276:23 277:7
Gaylis' 224:13 234:4 263:19
266:1,4
GE 55:6,22,24,25 56:3
geared 35:16
general 8:12 24:8,9 96:5 126:2
151:3,21 154:5 156:5 162:22
172:13 179:22 188:18 199:20
220:16 227:13 236:23 237:1
256:23 257:1
generalization 235:9
generally 58:17,20 162:18
176:14,21 195:19
generate 261:16
gentleman 25:2
gentlemen 158:6
George 53:10
give 22:5 27:8 32:3 109:10 142:3
206:4,5 216:3 233:7 235:20
244:20 260:9 279:2,19
given 40:13 41:2 43:6 45:8,9,17
125:6,8 170:20 177:1 203:17,21
207:24 209:22 220:21 229:22
244:21
gives 74:16
glean 170:1
go-to 237:11
goal 152:2 162:5
good 4:3 5:2 8:5 44:16 105:7
113:6 115:4,5 121:22 127:24
139:11 147:24 170:25 184:2
187:25 188:3 196:21 198:10

205:9 235:1
governance 50:6 58:18 106:6
governed 265:8
governing 26:9 30:3
government 233:3
graduate 54:19
Grand 170:14
granted 140:16
great 181:13 184:12,25 268:23
Greene 46:21,23 47:3
grew 84:14 153:21
grievances 48:6
Group 57:9 94:23
groups 101:9 146:19 205:3
grow 204:24 244:14
growing 147:1
grown 153:16
growth 153:22,25 171:1 212:1
214:20
guarantee 274:8
guess 48:4 186:7 187:24 242:5
268:18 274:18
guidance 14:2 249:12
guilty 24:18
guys 158:16

H

hac 17:12,25
half 5:24 83:4 170:6 176:24 278:3
hallway 162:9
hand 47:20 52:21 106:16 114:3,
15 177:14 198:1
handed 117:19 180:13
handing 61:25
handle 15:2 34:23 52:11
handled 155:1

hang 108:25

haphazard 220:3

happen 183:16 215:23 257:5

happened 18:1 89:11 147:16,17,
23 158:15 159:16 166:23 188:20
271:7

happening 220:18 221:23

happily 231:14

happy 9:20 82:5 218:8

hard 77:12 111:12 248:14

hardship 220:12

harsh 43:2 49:1

hastily 208:15

he 25:2,7,8,10,11,19 27:22 28:13,
23,24 31:22 37:8 38:4 43:15 44:2,
24 45:1,16 67:21 75:25 76:8,9,11,
16 78:19,25 79:3,10 80:10,20,21,
22,24 81:18 83:17 86:18 88:20
92:10 94:4 95:1,3,16 96:7 97:14
101:5,6,13 102:24 103:22 132:8,9
133:9,14,17,19,23 142:9 143:18
149:8,9 150:7,9 157:19 166:1
168:16 173:24 178:22,25 192:5
193:12,13 194:23 196:16 205:24
207:4,5,11,16,18,20,21 208:1,3
213:21,22 214:6 221:9,10 222:15
224:8 228:24 230:14,17,23 231:1
240:19 249:7,18 253:15 260:18,
24 264:21,22,23 265:15,16,17
266:16 267:18,24 268:1,11,12,14,
17,18 269:3,4,5,6 274:12 278:20,
21

he's 28:10 50:21 67:25 68:8
75:23 93:21 98:22 102:22 103:22
128:16 133:19 143:19 144:16
147:23 206:8 207:10 209:17
224:23 237:18 254:23 268:20

head 56:1 99:19 181:21

headache 21:2

headquarters 190:4

health 167:14 199:12 204:15,17,
19 205:6

healthcare 53:23 78:14 167:13

healthcare's 95:13

healthcare-related 53:23

healthy 50:6

hear 13:2 23:2 25:1,12,14 26:14
27:5 28:6,8 33:5 34:11,20 35:8
36:18 38:12 41:5 43:9 45:4,20
46:3,14 47:7 54:11 75:20 127:10
185:6 193:17,18 194:24 203:8
209:10,15 210:4,5 230:11 232:3
259:3,5,10,11,15 265:22 269:1

heard 10:23 21:1 33:4 34:12 35:9
38:3 43:10 48:9,16 49:4 70:15
76:9 99:2,5 133:16 193:11 210:4
226:21

hearing 40:22 50:23,25 248:15
258:21,23

hearings 17:14

hearsay 8:16,17 10:7,18,21,23,
24 11:6,15,22,24 12:11 40:14
68:1 70:19 79:3,15 80:14 81:1
88:4 91:16,19 92:7,9,11 95:21
97:9 103:20 104:13 108:5,6
132:10,24,25 149:13,23 164:18
165:11,19 166:9 192:3 213:22
215:15 224:9 225:6 226:9 229:7,
22 230:1,9 234:11 237:17,22,23,
24 260:20 265:23,24

heavily 53:22

Hedrick 255:13

held 42:3 82:1 130:12,19,20
145:4 196:25

Hellman 6:5

help 51:9 77:24 78:2 154:19
160:4 161:14,15,25 199:14
201:12 204:17,25 227:16 244:13

helped 158:1

helpful 23:10 32:7 209:18

helping 158:12

helps 26:23

her 9:23 38:1 39:3 52:8,9 96:10,
11,13 129:14 156:1,2,4

here 4:19 10:9 17:1,13,23 18:1,2,
3,8,13 19:3,21 20:8 21:20,22
24:3,5 25:5,16 26:7 27:16 29:17
30:21 32:8,19 33:11,14 39:24
40:7 41:10 47:25 49:16 50:25

86:21 91:18 102:21 103:21
108:10 115:6 124:19 127:19
129:1,4,23 137:14 141:11 142:8
143:16 145:2 149:24 175:11,22
176:15 190:10 193:12 200:2
203:19 208:17 209:25 214:11
222:20 223:9 225:2 227:9 229:11
232:22 245:3 254:25 259:3 265:9
273:10 276:3,15 278:17,19,20,21

here's 22:3 25:19 36:5,8 86:22

heretofore 198:4

Hernandez 46:1 228:7

herself 9:22

hesitant 209:9

Hey 183:22

Hi 115:5

hide 109:5

high 49:10 101:4

highlighted 100:5

Hills 53:16 57:14

him 16:25 25:13 37:9 46:3 76:4,5
79:1 83:16 94:2 102:25 107:6
134:5 148:2,24 160:23 190:22
206:9 223:22 236:19 237:18
239:15 248:20 258:23 264:24
273:24 278:5

himself 103:1 207:18,21

hire 78:4,6

hired 25:16 70:16 78:9,10

hiring 211:16

his 16:25 17:1 27:21 28:23 38:4
44:6,13,16 45:9 50:21 51:11 68:2
75:18,22 76:18 80:11,21 82:9
83:12 95:14 96:4 114:18 132:8
133:3,12 146:23 147:12,17
157:18 167:21 173:19,24 179:1
190:23 192:7 198:6 207:24 224:7
226:13 228:21 230:21 239:15,16
258:13 260:18 265:16 266:3
268:9,24 269:10

Historically 251:10

history 160:11

HMO 35:9 36:1,5,16 45:18

HMOS 35:10

hold 34:22 41:19,21 42:10 98:10,
20 119:3 121:15

holding 89:18 120:23

Holdings 5:3,11 22:18 40:25
62:21 92:20 108:13 121:2,16
145:3,18,20,22 146:13 196:24
197:15,18,21 198:12,25 199:5,11

holds 38:18 42:7 44:3 47:10 73:8
199:6

hole 37:16

holiday 130:13

Holly 18:18

homework 114:25

honest 155:19 182:5 242:20

honestly 64:20 80:8 244:23

honesty 243:11

honor 4:10,13,25 5:2,19,21 6:1,3,
7,17 7:1,11 8:2,8,9 9:8,20,24
11:1,9 14:1,10,11,12,23 15:23
16:13,18 17:2,9,24 18:17,22 19:4,
6,15,20 20:13 21:1,3,11 22:3,9,
13,15,19 23:8 32:6 37:14 39:19
40:8,10,16,22 41:17 42:9,12,23
43:4,8,14 47:20 49:17,18 50:1,12
51:23 52:15 61:13 62:8 65:2
66:18 67:20,24 68:18 70:18,22
71:14,18 72:1,16 73:17,20,23
75:15,18,19,22 76:4 78:24 79:14
80:4,9,15 83:1,12,18 84:6 87:5,
13,15,18,21 88:2 91:15,20 92:9,
21 93:1,6,20 94:8,25 95:20 96:24
97:18,19,23 98:9,12,21 99:4
102:20 103:5,19 104:2,10,12,19,
21 105:1,4 108:1 110:3 111:17,20
112:12,14,17,18,24 113:4,5,7,9,
11,14,19 114:1 124:4,5,9 127:14,
24 128:11,13,18 129:6 131:20
132:4,23 133:1,13 134:4 135:18,
21 136:10 139:5,7 140:24 141:5,
6,20,23 142:2 143:11,22 144:2,6,
11 147:11,15 149:13,19 175:7,11
176:10,12 177:9 191:9,15 192:9,
23 193:6 194:8 195:2,13,17,21
196:4,8,16 206:24 207:9,20
208:23 209:3,19 210:1,13,14
213:19 221:5,9 223:7 224:6,14,15
225:4,10,22 226:8,11,16,23

229:21 233:24 237:16,22 240:17
253:4 263:18,23 265:2,11,18,21
266:7,11 278:19

Honor's 7:11 18:21 224:18 225:8

hook 19:2 141:10

hope 205:18

hopefully 71:7 235:21 247:4

horrible 143:18

hour 142:5 278:3,10 279:5

hours 5:24 122:21 176:24 196:7
277:22 279:10,15,16

house 77:25

housekeeping 128:1

humoring 39:1

Hutchison 178:7,11

HYG 133:23

Hygea 4:4 5:3,11,12 6:14,15
7:24,25 11:12 12:24 22:17 23:11,
15 25:8,16 26:16 27:6,24 28:10,
11,12,14,22 29:21 30:10 32:18
33:13,20,21 34:13 35:1,12,22,25
36:23 37:9,12 38:7 40:25 41:12,
25 42:5,6,17,21 43:15 45:13,16,
24 46:8,19 47:2,15,16 48:10,22
50:1,5 56:17,23 57:2,6,7 59:15,
21,23 60:2 61:4,8 62:2,21 63:5
64:14,15,18,19,21 65:6,9,16,19,
22 66:5,8,10 67:2,5,17 68:10,13
69:11,18,25 70:4,7 71:1,12 73:25
74:8 75:17,25 77:24 78:3,4,6,18,
20,22 79:8,20,24 80:3,11,13,18
81:7,8,18,22 82:1 83:22,25 85:22
86:25 87:9,24 88:18 89:13 90:19,
21 91:22,23 92:20 93:22 94:6
95:14,16 96:12,17 98:6,17 99:3,
11,18,19 107:18 108:12 109:4,14,
16,20,23 110:8,11 111:22 113:23
116:10 117:24 119:2,8 120:22
121:2,16 122:8 125:22 126:8
127:8,22 131:10,17,23 132:15
134:12,17 135:3,9 136:23,25
137:3,8,24 138:14 139:1,20 140:1
141:17 145:3,17,19,22 146:10,12,
13,25 147:1,7,8 148:15 150:22
151:9 152:8 154:5,6 156:6,7,10,
20 158:2,17 159:6 160:3,24 161:2
163:4 164:11,15 166:1,6,14

168:18 169:1,6 170:3,18,21,23
171:2,3,9,18,19 172:2,16,17
173:20,25 174:17,24 175:3,14,21
178:19,23 179:1,16,21 180:17
182:3,5,18,22 183:4,8,14 184:8,
13 185:1,10,16,25 186:2,11,12
188:1,7,8,13,16,19,24 189:2,21,
24 190:1,2,11,17,20,21 191:25
192:5,7,14 193:5 194:18 196:2,23
197:15,18,21 198:12,25 199:2,4,
9,11,13,14 201:4 202:2 204:2,10,
25 207:15,16,18,19,22 211:13,22
212:3,6,14,18,24 213:2,4,6
214:21,22 215:10,13,24 216:5
217:22,24 218:11,18 219:1,15
223:2 224:5 225:5,13,14 226:18
230:16,17,24 236:5 237:13
238:21,23 239:3,7 240:3,11
241:8,11,20 243:4 244:14 249:21
250:12,23 251:14 252:7,11,20
253:7,13,15 254:7,23 256:2,7,17,
18 257:10 258:3,5 259:22 260:5
261:23 262:3,8,10,22,25 263:4
264:10,14,20 267:5,13 269:23
270:4,8,14,18 272:8,17 273:6,13
274:4,7 275:13,15

Hygea's 13:1 24:17 25:9 27:17
33:19,25 35:5,6,7 41:20,22 42:11
44:7,22,24,25 45:4,7,21,23 46:23
47:8 57:7 61:8 64:1 66:13 68:19
69:15 78:11 94:21 107:8,13 119:9
138:6,9 140:20 152:21 153:2,8,12
154:14 164:5,13 190:3,7 207:6
210:25 211:9,22 212:7 219:5
222:21 245:13 265:7 267:6

I

I-E-S 19:13

idea 80:16 102:22 199:25

ideal 204:19

ideally 201:12 205:1

identification 168:3,9 173:3
177:16 180:10

identified 59:12 62:18 69:12
72:4 79:13 98:1 101:25 103:17
206:1 208:6 213:21 239:18 246:5

identify 56:10,17,23 79:7 88:15
90:12 99:8 105:12 137:13 145:8
197:8

identifying 54:8 237:19

Iglesias 5:12 27:19 30:22,25
31:3 32:10 36:20,22 37:8 43:9,10,
12,14,24 44:6,12,16,23 81:14,23,
25 82:7,19 87:23 88:17,18 91:1,4,
23 101:2,23 105:15 106:8 108:12
146:22 148:21 149:3,15,22 150:6
155:9,10 157:1 165:13 166:4
190:17 225:14 228:7 229:16,19
230:3 234:13 236:14 238:4 239:1,
8 248:17,24 249:5,15 260:17
261:22 264:19,21 267:5,12,23

Iglesias' 43:21 44:20 45:7 81:16
84:4

illuminating 24:10,11

illustrate 24:15 30:9

illustrated 257:2

illustrates 30:8

illustrative 12:12

imagine 88:4 97:9

imaging 201:24

immediately 82:13 116:22

implement 247:3

implemented 45:16

implicitly 43:23

important 26:23 38:17 39:3
58:21 61:16 96:13 155:5 162:5
185:13 269:18

impression 152:21 153:2,8,12,
17 162:14,20 173:18 209:11
247:18

improper 267:10

improperly 34:13 262:3 267:14

improve 107:22,24 158:9
199:11,19

improved 109:17

improvements 247:4

in-house 47:8 201:23

inability 26:17 38:16 151:15
154:12

inaccurate 186:14,20 193:16
194:23

inadmissible 229:25 230:10

inapplicable 43:6

incapable 84:25

inception 257:11 259:24

inclination 8:19

inclined 6:10 19:25 209:14

include 59:2

included 7:13,16 60:19 67:18
127:3 140:20 224:16 257:21

includes 45:24 58:23,24

including 28:6 40:23 41:15
45:23 48:7 81:14 94:22 104:14
111:13 172:22 237:19

income 57:19 77:12 247:8

incompetence 100:12

incompetent 84:25

incomplete 31:19 36:25 75:7

Incredibly 108:16

incur 95:2

incurring 28:1

indeed 45:12 193:3 221:23

independence 246:10

independent 45:21 46:20

indicate 12:13 38:24 89:11 93:4,
11 218:17 262:3

indicated 16:18 25:24 28:18
38:20 93:5 215:12 243:10

indicates 30:22 177:22 178:5

indication 6:13 13:3

indicative 208:6

indicia 24:25 26:7 183:1 194:3

indirectly 159:11 160:19 272:19,
21

individual 5:4,9,13 11:13 32:9
36:23 37:6,7 40:25 145:18,20,22
188:1 197:16,19,22 216:5 237:4
239:6,18

individuals 11:12 29:23 37:3
160:2 162:8 191:24,25 218:13

228:21 239:10,14

inducing 193:23

industries 53:23 54:25

industry 53:20

inevitable 37:15

influence 48:3

inform 102:4

information 11:18 26:18 46:17
57:8,16 60:18 67:11,15,18 69:20,
22 70:25 74:8 75:17,25 79:25
80:17,22 84:15 100:6 105:17
106:5,15 107:11,19 109:17 122:9
125:9,25 126:1,5,6 136:3,4
159:14,15 161:9,14,17 165:2
168:17 169:11,20,23 170:1,20
172:19 175:21 184:13 185:1,9,13,
18 186:1,12,19,24 187:5,8,10
190:7,14 193:14 194:5,21,23
234:3,7

informed 106:19 125:1 153:1

infrastructure 32:15 152:12
153:23 154:2

infusion 201:17 250:8

initial 73:4 212:5 268:9

initially 172:15 263:3

innuendo 50:9

inquiries 106:5

inquiring 199:14

inquiry 177:1 194:4

insignificant 194:15

insolvency 41:9

insolvent 26:20,21,25 46:5 47:2

inspect 26:13 122:21

inspection 123:4 139:17

instability 29:24

install 45:23

instance 14:3,4,5 17:19 123:2
209:25

instances 10:3 131:14 237:5

institutional 44:3

instructed 165:7
instruction 165:9
insurance 167:14 256:23
integrated 204:15 205:2 211:13
integrating 204:15
integration 212:5
intended 19:16 162:2 249:3,4
270:20
intending 152:8
intent 121:17 199:14
intentional 49:15
intentionally 100:12 233:13
interact 157:16 160:20 161:11
199:16
interacted 158:16
interaction 154:18 172:17
interactions 158:3,15 161:5,19,
20,21,22 162:1,8 217:21
interest 11:14 25:24 38:5 69:6
73:9 110:16 123:1 134:17 135:3,4
156:15,18 202:12 210:21
interested 77:22 82:5 181:7
247:24
interesting 24:19 35:24 75:8
interests 44:17,20 47:18 116:20
207:6,7
interfered 247:5
interim 45:7
internal 200:18
internally 59:1 182:3
International 146:7
internationally 73:6
interrogated 208:12
interrogating 208:9
interrupt 31:21 32:5 71:17
183:23 191:10 230:5
interrupting 180:22 211:20
intervention 18:9

intricacies 232:6
introduce 7:9 10:1 162:10
introduced 143:2 171:19 213:22
265:10
introducing 7:5 237:13
introduction 142:3
invest 172:2,11 183:12,13 184:6
invested 25:7 30:21 45:1
investigate 56:10 57:5
investigating 54:9 172:5
investigation 57:1
investing 55:15
investment 53:18,21 54:1,2,6,9
56:10,17,24 57:2,22 59:9,18,23,
24 60:1,4,7,24 61:1 63:10 67:7
82:24 89:19,21 110:19 123:16
171:20 172:6,14,24 174:14
175:13 179:16 183:19 185:12
186:13 187:11 188:24 193:15,23
investments 59:6 60:11 174:23,
24 185:14 212:2
investor 31:13 59:19 77:19
107:10 108:17 194:19 249:13
investors 25:9,22 57:21 110:25
194:5
invite 15:11
invoked 128:22
involve 52:3 146:17 161:6
involved 18:18 133:20 146:18
154:13,22 158:20 159:8,11
160:19 162:10 163:3,5,18 190:21
227:11 232:1 235:19 244:24
247:4 252:9 266:16
involvement 235:25
involving 188:17
irregular 220:3
irrelevant 44:7
irrespective 265:17
IRS 241:12 244:22
issuance 111:10 116:22 117:14
131:9 133:4 135:1

issuances 115:19 117:15 133:10
issue 8:10,12 15:14 16:25 17:20
28:15 39:9 42:14 47:25 70:15
102:14 104:22 116:21 117:10
131:14 143:9 147:19 148:20
149:6 151:19 159:2 176:4,10
177:2,5 195:1,18 220:19 225:15
229:12 231:19 232:10 236:15,23
241:5,17,18 265:9
issued 33:15,19 41:20,22 42:8,
11,15 116:24 117:8 134:1,23
189:3,7,11
issues 6:8 79:10 96:6 100:1,23
112:22 125:6 161:13 199:18
211:25 218:7 220:15 227:3,9,10,
12 231:18 236:8,20 241:3,13
242:12,16 243:3,11,21 244:3,5,8,
13 245:7,8,23,25 246:4,7,11,14
issuing 134:21
item 101:20
items 82:6 100:4

J

Jack 45:20
January 30:22 65:22 73:1 89:6,
23 126:18 147:9 148:9,12 149:3
156:8 189:21,24 190:1,8 267:4
JAVS 51:13
jeopardized 251:20 267:6
job 56:10 146:17,18 215:11
238:24 239:25 248:18,23
John 157:18
join 108:20 170:21,23
joined 55:22 205:1
joining 4:24 54:14
joint 10:2 16:19 17:3 225:8
263:15
JPMORGAN 55:5,6,7,20
judge 105:21 195:8
judgment 44:18 49:12
judicial 145:4 195:7

July 27:13 31:1 65:23 82:13
83:25 168:18

jump 144:3

June 30:24 56:25 81:21 82:8
83:23

jurisdiction 195:16

jury 276:5

justify 268:15

K

K-I-R-K-W-O-O-D 146:3

Kaempfer 5:5,7 197:20

Kalas 4:18 143:23

Kaye 4:13 5:20 6:2,6,7,10 7:18,
21 8:9 9:20 11:9 14:5,11 15:4,11,
13,19 16:18 17:4,18 19:8,18,20,
24 20:4,9,13,16,19,22 21:1 22:1,
4,6,9,13,15 31:24 32:1,6 39:18,21
40:16 41:3 105:3 141:5,20,23
142:2 144:1,6 145:12,24 147:15
149:19 150:1,9 153:5,7 158:25
160:10,15 162:18,19 163:23
164:19,21 165:14,24 166:13
167:17 168:5,11 169:4,16,17
172:3,12,25 173:5,22 175:10,11
176:12,18 177:13,18 179:23
180:4,12 181:1,11,14,17 182:25
183:11,25 184:3,5,18,22,23
185:5,11,23,24 186:8,9,18 187:7,
13,22 188:15 189:13 191:3,14,17
192:4,9 193:6,9 194:8 195:17,21
277:6,12,18,20,25 278:9 279:1,5,
14,22

keep 60:17,21 61:10,11 119:19
124:15 228:11 251:6

keeping 6:5

keeps 113:6

Keith 5:8,9 45:5

Kelly 99:16,18 106:10

kept 91:24 104:5 211:13 212:25
242:19 270:12

Kevin 4:16 47:7 145:15 197:12

key 33:11 36:22,23 57:20 58:19
199:21

kind 18:9 35:14,15 84:16 110:9
154:1 209:6 227:3 236:22 245:20

Kirkwood 146:2

knew 101:6,7 132:8 134:6 208:16
248:9

know 9:1,21,25 14:23 15:15 17:7
18:4 23:12 24:4 34:5 35:20 52:8
61:7 65:24 69:3,14,17 79:23
80:21 84:23 85:2 99:5 105:1
113:5,9 126:19 127:11 128:25
131:4 132:14,18 135:13 138:25
139:21,22 140:3 141:13 142:12,
14,15,24 143:7,8,16 144:19 148:7
151:6,15 155:4,21 156:1,10,12,
13,15,17,18,20,25 157:6 158:14
160:7,10,16 167:3,8 181:4 182:4,
14 186:6 188:20 190:11,16,18,21,
23 194:22 203:25 206:10 207:24
209:18 210:7 213:10 215:10,16
216:1 220:17 224:24 228:15
231:5,14 232:3 233:4 235:4,6
236:16 239:5 243:23 248:12
250:24 251:6 252:25 253:15
255:25 257:25 258:1 261:7,8,13
262:17 266:7 268:1,11,18 269:10
274:17,19,23 275:23 277:2,4,9,10
278:4

knowing 49:15 119:16 226:13

knowledge 44:3 58:11 64:22
67:21 69:13 89:24 90:2 132:18
158:11 159:18,20 166:17,21,22
188:19 190:13 221:7 235:25
241:13 246:4 275:6

known 55:6 202:12

knows 133:18 195:6 278:25

Kyle 5:6 145:17 187:25 197:17

L

lack 66:18 70:21 87:5 92:8 99:4,
23 102:21 103:2 111:11 125:8
132:24 175:9 176:4 213:9,21
234:18 237:17 240:6,15 251:19
253:2 256:10 272:11,20

Lacks 175:4

laid 11:3 67:20 175:10 221:6
222:15 240:18

large 47:24 61:15 152:17 161:8
172:23 211:12

largely 199:10

larger 57:20 205:1

largest 25:5 47:16

Las 17:25 18:11,19

last 5:23 18:16 20:25 37:18,21
43:2 62:10 65:19 74:20 86:22
91:3,5,6 94:3,15 112:1,5 138:1
146:3 149:1 151:3,10 156:1,2
157:19 171:14 195:1,3 196:11
200:3 250:9

late 23:4 157:12 165:5 233:4,16
241:8

later 30:25 70:23 77:6 82:12
126:10 136:7 207:21 209:16
222:16 226:18 260:21 261:6

Laurel 145:1

law 6:4 16:4 42:16 48:7 50:21
221:19 276:3,11

lawful 198:5

lawsuit 41:19 42:14,20 64:20
101:14 118:20 125:14,15 198:12
231:21 232:2,7,8

lawsuits 101:6,11 125:2 222:21
223:1 227:12 231:24

lawyer 125:20 200:3 266:15
267:4,9

lawyer's 267:13

lawyers 109:5

lay 10:10,15 13:20 103:5 110:5
214:6

lead 16:16 41:25 45:10,13 156:2
205:17 207:12 208:23 276:24

leader 205:9

leadership 22:21 24:17,22,24
26:8 28:5 30:14 32:22 33:25
43:17 45:17

leading 171:24 172:9 199:3
202:6,14 203:6 204:5 206:6,20
207:10 208:20 209:1,7,10,14,24
210:10 276:18

leads 40:2

learn 39:22 171:18 172:14

learned 84:11

least 8:4 10:1,15 31:8 46:25
106:20 113:15 121:2,11 129:23
131:12 152:15 195:4 206:25
207:22 243:13 258:10 268:9

leave 39:22 127:18 171:8 189:22
214:7 226:20 249:7 276:5,9

leaving 248:21

led 111:11 151:19 153:20 244:10

ledger 26:13,14 122:22 137:15

left 4:7,8 5:17 72:2 147:7 152:22
153:3,9 156:11,16 189:21 190:7
277:17 279:12

legal 24:2 41:15 49:6 65:3 67:6
81:6 83:3,7 100:23 101:1,3,4
111:21 112:22 123:20 124:22
125:1 126:1 130:13 138:10
139:21 145:6 147:13,17 186:16
244:1 263:20,22 264:6 266:5

legalities 221:24

legally 219:17

lend 57:24

lender 13:1,11 27:5,11,16 28:2
47:9 77:20 156:7,9

lenders 39:5

lending 55:16 56:2

less 41:15 42:7 48:6 57:19
274:20

letter 37:20 58:25 90:13,25 91:3,
17 108:11 109:13 111:18,22
126:10 137:1,3,6 138:2 139:3,20
140:1,5,8,12,17 224:3 267:5,13,
22 268:10,12,16

letters 216:24

level 58:8,11 101:4

liabilities 28:1 46:24 125:10
263:13 264:9

liability 125:4 221:25 242:25
244:1,2 245:21

licensed 46:22

lieu 144:15

life 39:9

like 8:3,4 12:18 14:17 16:2 40:17
50:24 52:9 59:6 61:19 71:18 82:3
88:3 97:16 104:23 108:2 111:5
114:2,3 115:7 120:9 128:8,18
143:11,13 170:6,13 173:8 174:3,6
178:13 187:14 192:10 193:6
195:5 203:24 208:1,23 209:16,23
218:15 250:3 269:9 278:17

likely 41:13 240:2

limited 32:15 115:19 201:7
208:16

line 89:5 133:11 137:6,8 229:3,
15,23 253:5,10 260:4 265:14

liquidate 110:19

liquidating 23:5 35:17 40:2
110:16

liquidity 96:7

list 10:2 13:10 26:14 69:11 78:25
80:23 84:18 87:10 103:22 119:25
121:15,22,23 122:22 137:15
207:5 220:21

listed 13:9 218:14 227:9 245:7
261:4

listen 206:8

listening 259:14

litigation 29:5 112:25 118:14
165:6 195:5,8 197:5

little 23:11 27:8 33:14 54:12
55:11 57:4 114:23 115:7 127:25
148:19 162:7 167:7 175:8 180:19
181:14 188:11 196:11 205:12
232:20 242:11 243:19 257:8
269:17 273:9

live 39:8 96:16 224:17

living 26:4

Livonia 145:2

LLC 4:14,16 16:16,19 19:12
62:21 138:4,9 145:13 164:8,10

loan 38:1,7,10 47:10,12,14 55:9
90:21 91:22 96:10

loans 57:24

local 16:23 17:3 18:2,18

locally 19:2

located 53:15 90:18 145:1
200:22 202:5

lock 20:11 276:6,8

locked 127:18

logic 127:10

logistics 4:23

long 22:12 54:2 94:9 98:1 141:22
148:5 152:1 160:6,7,11 196:6
200:25 251:3 269:22 277:23
278:4

long-term 250:5

longer 36:20 43:14 73:8 106:21
160:3 165:7 190:14 263:13

look 21:16 37:5 51:3 52:4 62:14
72:8 88:7,10 89:3 91:2,3 100:4
107:3 115:20 116:2,5 130:5,6
136:13 181:1,19 183:2 216:20
222:5,10 232:14 241:6

looked 17:20 25:20 37:20 49:11,
25 50:7 193:19 204:19 224:22,25

looking 97:17 99:9 112:1,3
129:16 136:4 140:2 173:9 174:5
178:4 181:18,22 210:7 224:10
225:1,3,18 278:9

looks 22:6 50:24 97:16 104:23
170:6,13 173:8 174:6 178:5
180:19

lose 20:19

loss 29:4

lost 83:4 104:23 110:19 238:11,
14 271:22

lot 37:3 48:9,16 114:25 147:2,3
150:21,25 151:4 152:15 153:14,
22 156:25 158:7,10 161:24
170:24 172:17 182:14 188:18
195:5 206:7 220:7,15 249:10

lots 70:10

loud 196:12 275:4

lower 25:20 216:20

lowered 25:23

luck 71:15

lump 212:23

lunch 124:3 127:16

M

M-I-L-L-E-R 146:3

M.D. 198:3

Macquarie 156:9

made 14:9 27:13,22 44:16 60:4
65:20,22 66:4 79:22 82:24 89:21
109:23 112:19 116:12 121:14
122:7,9 123:11 135:24 136:2
138:8 143:14 144:18 149:20,21
153:15 155:2,7 156:20 157:5,7
164:22 165:9 173:23 175:9
188:23 191:12 213:24 215:25
219:19 220:14 230:5 233:10
234:7 237:18 258:11 260:8

mail 61:12 137:4

mainly 154:18

maintain 41:19 64:7 119:20

major 125:7 230:14 241:4 242:17
249:13

make 7:10 8:4,23 9:2,4,18 12:19
14:3,6 16:1,2 22:24 25:17 32:15
49:13 53:21 59:6,20,22,24 60:1
71:18 72:23 84:21 85:15,21,22
97:8 111:22 112:7 122:4,5,24
128:19 129:1 136:7 143:17,20
146:19 151:2,16 154:13 155:6
158:8 161:16 183:19 184:20
206:10,13,21 209:9,23 210:12
241:16 242:18,22,23 251:5
252:17 255:23 256:21 261:12
265:2 267:24 273:7 278:15

makes 209:22

making 13:12 22:20 26:3 32:18
37:16 48:7 69:11 113:1 149:16
174:23 175:13 185:13 188:8
208:13 219:7,12 223:23 244:14
251:22,25 265:24,25

malfeasance 24:18 194:1
195:18

manage 23:20 32:16 153:25
210:25 211:9 212:3,6 214:22

managed 152:18 211:7 265:15

management 22:23 25:9 39:13
45:24 48:3 53:25 57:14 60:24
78:12 99:3 107:9,13,15 125:11
138:9 153:20,24 154:2,3,4,7
211:10,17 213:3 237:3 246:8,9
247:5

manages 29:21

managing 30:11 38:15 46:11
50:4 78:22 79:9 110:24 164:24
213:8

Mann 45:20,22

manner 146:20

Manny 105:15 154:25 155:3,8
264:19

Manoj 106:10

Manuel 5:11 27:19 37:8 43:9
81:14,25 87:23 88:17 101:2,23
106:8 108:12 146:22 155:9,10
157:1 165:13 166:4 190:16 228:7
229:15,16,19

many 9:24 10:3 11:10,12,16,17,
22 12:22 13:13 14:24 29:20 63:5
66:6,15 125:2 155:16,17 203:20,
25 204:17,24 210:5 215:6

March 46:25

margins 251:2

Maria 5:2 115:3,5 145:19 197:14
238:12

Maria's 238:11

mark 168:6 177:13

marked 14:25 75:24 114:19,20,
22,23 139:13 144:4,6 168:1,3,9
172:25 173:3 177:16 180:10,13
216:12

market 46:24 55:16

Mary 178:6,11

mass 38:9

Massa 197:4

material 172:20,21 179:19,24

materials 6:14,15 179:20

matter 10:5 11:8,19,20 12:14
15:1,25 16:8,20 17:14 18:21
19:17 41:6 42:9 44:4 46:8 81:19,

21 104:14 132:8 133:2 145:2
151:21 156:5 162:22 196:23
200:7 205:6 206:22 207:8 216:9

matters 14:13 15:17 125:2
172:13

mature 26:22 46:6

maximizing 32:14

maybe 38:13 120:15 202:15
222:25 250:9 274:21 277:16
278:9

Mayhan 195:9

Mcgowan 39:7 96:15 99:11,15,
17 106:10

me 5:4,11 6:22 15:11 20:5 22:8
30:2 33:20 37:18 51:1,7 66:13
74:5 80:2 82:9 85:8 91:12 103:5,
16 105:2,14 108:18 114:25
115:25 116:6 123:23 124:20
128:2 129:15 139:24 140:2 141:9
147:9 148:18 151:10 154:6,19
155:3,10 158:23 162:7 167:4,25
168:17 175:20 176:3 177:23
185:22 186:10 188:11 190:1
195:3 196:12 201:3 204:18,22
209:4 211:5,7 213:10 214:19,24
215:2,6,25 217:14 218:9,16
219:15 224:15 226:22 227:14,15
230:11 232:8 235:11,24 236:1
237:10 238:8 239:20 244:8,10
249:4 250:7 256:12,19 258:16,17
259:5 261:8 264:21 269:2,5
271:14 272:7 277:12 278:6

mean 13:24 18:5 71:17 73:3
122:25 170:16,17 183:7 203:14
215:23 220:22 229:11 246:3,7
261:1

meaning 47:11 79:23

meaningful 39:10

means 102:18 128:17 167:13
265:13

meant 174:20 268:1

med 94:23 125:6

Media 196:22

medical 23:15 28:12 29:7,23
131:18 132:15 134:13 188:9,13,
24 189:2,8,11 199:1,4,8 200:21

201:4,6 202:3,12 203:1 204:1
207:17 210:22 211:1,9 213:8
214:17 223:2 227:19 251:15
262:5 267:6 268:4 269:19 270:11

Medicare 36:11

medication 28:23 270:2,11

medications 201:18,19 251:21
257:13 260:1 270:2

medicine 29:9 200:14,18,25
269:19

meet 48:11 243:25

meeting 12:4 37:24 39:16 67:16
81:22 82:1,4,8,10,13,19 83:23,25
84:5,11,16,18,20 85:20 89:13,23
90:1,3 92:15,20 93:5 98:4,7,18,25
99:3,21 100:19 101:16 108:19
109:1,18 120:1 121:13 123:22
124:23 126:7,12,15,16,17,18
127:8,12 129:24 130:11,17,18,20,
22,23,25 131:1,2,4,6 157:9,11
239:13

meetings 57:14 109:14,20
121:7,9 127:2 129:18 130:7

member 56:16,21 119:15 170:7

members 29:22 92:15 101:19
163:9 244:7

memorandum 57:8

memorandums 12:3

mentioned 62:2 101:12 103:10
154:3,9 157:8 160:23 161:11
194:2 229:16 235:7 244:6 254:7

mere 49:10

merely 17:15 40:15 42:19 83:16
206:2 278:24

message 231:3

messed 214:14

met 24:13,14 30:6 115:3 156:1,4

method 134:21 135:5 137:2

metric 57:20,23

Miami 57:12 146:11 148:9 156:3
157:10 200:24

Michael 197:4

Michigan 53:16 55:21 57:15
145:2 146:8

mid-march 31:13

middle 55:16 108:14

might 8:23 10:24 20:19 51:14
86:22 115:24 192:24 195:14
233:21 245:20 247:23 249:7

Mike 171:12

Miller 25:2 28:6 38:3 56:22,23
81:15 142:5 144:24 145:25 146:2,
3 187:25 191:22 192:5,14,15
193:11 194:10,21,22 239:9

Miller's 191:14

million 26:1,4 27:12 33:14 34:4
46:25 47:11 55:17 56:6,7 60:8
63:10 65:11 66:8 68:25 69:2,4,5,7
75:11,12 94:23 95:3 111:15 125:7
156:14 218:18 219:1 249:22
250:10,11,16,19 251:15 252:7,15
257:19,20,24 258:6,7

mind 67:24 77:19 132:8 133:3,5,
12,23 142:23 218:10 224:21

mine 20:17 92:25 105:3 263:15

minority 47:22

minus 57:19 277:22

minute 180:3

minutes 12:4 38:21,22,24 39:17
89:9 92:15,19,23,24 93:8,10,12,
14,17,22,23,24 94:7,9,10,11
96:25 97:15 98:3 124:4 141:10
142:8,11 240:19 266:13 277:16,
19,22 279:11,15,17

miraculous 75:11

misappropriated 270:20

mischaracterization 92:22
243:20

mischaracterize 124:20 228:13

mischaracterizes 135:19
162:16 184:16 186:21 219:9
243:15 248:2 258:12 260:10
268:21 270:23

misconduct 24:21 30:3 44:6
49:14 194:3

misfeasance 24:18,20,25 194:1
195:18

mishap 24:5

mismanaged 217:25 218:11

mismanagement 30:3 41:8
43:11 49:5 84:24 218:3

mispayments 27:18 156:24

mispronouncing 191:23

misrepresentation 15:14

misrepresentations 195:11

misrepresented 15:12

missing 27:15

misspelled 19:11

misspoke 72:16

mistakes 233:12

MNP 105:20,23 106:19 159:24
162:8

mode 208:8

model 32:21 111:6 181:25 183:8
188:17

Moffly 31:6 81:14 82:15 105:15
106:13 107:4,7 155:11 160:22
163:10,15 166:4 173:9,13 174:3
177:21 178:2,18,22 190:19
192:13 194:10 228:7 230:21
234:13 239:8 264:19

Moffly's 155:13 178:6

moment 31:22 52:20 98:10
129:15 159:1 171:5 222:10,14
224:10 275:7

Monday 220:11

money 22:20 30:12 32:16,19
37:13 38:16 39:14 49:23,24 66:4
101:7,8 154:19 172:11 183:13
221:20 233:21 251:3 252:13,23,
25 253:8,16,23,25 254:3,8 255:6
256:1,8,15,16 257:1 260:18
262:11,16 263:8,12 264:3,10
265:15 266:2 267:13,24 268:15
269:6 270:18 271:13 272:25
274:15

moneys 263:5 270:20 274:13

monitor 32:16 152:14

monitoring 262:15

month 65:13 73:2 123:15

monthlies 106:18

monthly 65:14,16 72:4,19 73:16
96:8 106:1 167:15

months 155:21 179:11

more 14:13 28:20 32:19 37:13,
14,19 38:1 41:13 49:23,24 54:11
68:7 77:2,7 85:10 96:5,10,14
107:14 109:4 136:2,7 140:13
154:6 167:7 175:8 184:20 186:7
187:15 189:9 193:17 194:24
204:16 205:2,3 214:6,19 217:21
218:5,8,15 220:2,6 221:15 236:23
239:5 241:17 248:11 251:7 257:9
260:15 265:14 266:13 269:17
274:20,25

Moreau 47:8,9,13

Moreover 27:17 33:17 42:12,23
44:19 49:4

morning 4:3 5:2 21:20 22:16
36:19 115:4,5 144:10 187:25
188:3 276:3

mortgage 27:15

most 28:15,18 39:3 41:21 42:10
55:13 96:13 134:20 137:10
158:11 225:14,16 229:12,13

mostly 50:8

motion 6:13 7:4,6,17,18 16:1,3
17:12 18:15,24,25 50:22 128:19
129:4 223:16 276:3,11

motions 5:16

mouth 244:24 268:24

move 14:18 30:24 71:1 73:17
87:13,24 95:6 96:24 97:1 104:10
108:2 111:17 141:15 147:11
179:23 191:10,17 213:19 216:2
229:23 230:8 253:5

moved 7:14 222:15

moving 17:16 38:25 199:25

MRI 201:24

multiple 24:13 30:6 102:5 122:9
155:20 163:8 164:25 166:23,24

207:9 215:21,25

mute 259:13

N

N.E. 196:25

N5 62:6

N5hyg 4:14,16 16:16,19 25:4,7,
22 30:16,21 33:12,13,17,22 34:14
35:1 38:22 39:1 41:25 42:7 48:2,
18 60:3,9,13,16 62:2,21 63:6,9
64:1,6,8,17 65:7,10,17 66:1,5,8,
10,13 67:7 68:19 69:25 77:24
78:2 81:7 89:18,25 93:15 108:12,
17 110:9,13,16 116:10,11 118:13,
20 119:2,3,5,8,12,13,17 121:15
125:14,22 126:3,21,25 133:19,20,
25 134:6 138:4,8,14,22 140:16
145:13,16 164:6,8,10,14,22
165:17 166:7,10,17 168:20
171:22 172:1 183:20 184:6
188:23 193:4,9,10 195:7 197:11,
13 198:12 216:4

N5hyg's 12:25 25:3 33:21 34:20
64:22 109:8,9 110:22 134:17
135:3 138:7 171:5,22 193:15,21,
22,23

name 53:9 78:8 88:25 115:3
119:9 143:18 145:6 146:1,3 156:2
157:19 171:14 197:4 198:10,18
229:17 230:20 255:7 269:10

named 25:2,16 35:1 140:10
160:24

names 87:1 143:18 233:7

NASDAQ 73:7

Natasha 91:17 105:16 106:9
156:1 157:9,17

nature 212:20

near 169:9,18,19,22 229:15
252:7,15

nearby 57:13

nearly 110:20 123:15

necessarily 80:13 134:18
207:10 233:9 236:12 245:10

necessary 8:5 22:22 41:1

246:12 273:8

need 9:11 10:15 15:15 16:1,12,14
24:19,20 30:5 51:1 52:3 68:8
98:10,15 106:15 113:12 134:9
143:14 152:16 159:15 194:2
205:5 218:5 268:15 274:19 276:9
278:17

needed 152:13 153:15 154:6
158:8 161:14,16,18 231:19,20
242:23 246:14,17,19,24 247:2,7
267:24 277:4

needless 208:14,22

needs 18:9 32:23 37:18 39:15
96:8 107:15 111:8 167:16 203:23
221:21

nefarious 43:23

negative 100:20,21

neglect 29:2

negligence 49:10

negligent 24:23

negotiate 271:1

negotiated 271:5

negotiation 156:25 248:6

negotiations 60:19 215:22
244:24

Neil 197:3

neither 21:15 75:16,23 125:22
141:6

net 57:19 77:12

network 28:11,15 29:7 32:17

Nevada 18:5,6 46:21 48:12 49:9
59:22,24 60:1 125:15 145:5
172:6,11 183:12,13,19 184:6,12,
25 185:13 193:22 195:7 200:8
205:16 216:5

never 101:19 176:11 213:16,21
252:10,14 258:3 260:5 270:5
271:15 277:9

nevertheless 47:13 233:13

new 33:18 43:16,21 45:4,24 54:9
71:2 73:7 115:19 134:23 201:18,
19 240:22 251:20 271:6 272:25

newer 86:23

news 271:7

next 24:4 25:15 30:23 31:4 84:17
93:25 94:3 95:7 100:22 121:5
130:14 192:25 196:3 200:7,13
214:4 230:20 260:4

nobody 127:19

non-fully 42:3 117:5

non-payment 37:21

non-revolving 47:10

none 66:9

nonfeasance 24:18 194:1
195:18

noon 113:18

nor 75:17,25 125:22

Norm 238:8

normal 220:5 275:20

normally 219:25

Norman 28:8 196:22 197:23,24
198:3,19 228:8 269:12,16

North 145:1

note 205:14

noted 128:8

notes 179:10

nothing 5:17 50:15 52:2 193:2
203:5,10 219:17 259:3

notice 33:18,22 36:7,8,10,13,14
89:14 90:1 131:1 132:9 133:3,4,
14,25 134:15,25 195:7 198:4

noticed 134:3

notification 64:8

notified 263:2,10

notifying 64:6

notwithstanding 258:2 260:4
264:22

November 148:25 183:18
238:21 241:9

NRS 12:10 24:3 43:3 207:12
208:8

number 34:2 61:13 62:6,11
63:19 79:10 90:9 100:5 138:24
148:18 151:8,9 156:12 158:6
168:7 182:17 192:10 202:3,8
203:15 215:24 216:13 218:6
222:3 225:1 232:25 233:1,8
235:10 236:7 237:7 243:21 245:7
246:17 274:19

numbers 27:6,8,9 34:1 58:18
62:9 98:11 138:23 216:22,24,25
233:7

numerous 258:2,10 260:5

NV384 116:15

NV5000129 216:25

NV5000135 217:5

NV5000136 225:21

NV5000143 217:2

NV5000379 62:7

NV5000647 120:17

NV5000655 122:13

NV5001109 173:1

NV5001167 177:15

NV5001222 118:7,17

NV5001253 168:8

NV5001631 97:13

NV5001827 180:14

NV5647 120:4,9

NV5648 121:6

NV648 129:12,18 130:6

O

oath 122:20 123:4,7 138:5 198:6

obfuscating 101:5

object 68:1,3 83:7 87:15 91:15
95:20 111:20 192:3,23 195:13
229:1,3 237:17 263:18 264:6
266:19 269:13

objected 210:11

objecting 83:10,11,12,18 110:4
176:19 234:4

objection 7:2 8:22 11:1 14:4,6,8
17:16 65:2 66:18 68:16 70:18,21
71:18,24 73:19 75:15 76:14,17
78:24 79:4,14,15 80:4 81:1 83:1,
19 84:6 87:5,16 88:1 92:6,9,21
93:3 94:9 97:1,4,8,25 98:9,21
99:4 102:20 103:2,8,19,21 104:3,
15,17 108:6 110:3,6 128:5 131:20
132:9,23,25 133:17 134:8 135:18
136:10 143:17 147:11 148:1
149:13,20 150:3,5 153:4 158:23,
24 160:8 162:16 163:21 164:17
165:10,18 166:8 169:3,13 171:24
172:8 173:21 175:4,7,9 177:7
182:24 183:5 184:16 185:4,6,7,20
186:4,5,15,21 188:15 189:13
191:12 192:24 195:3 199:3 201:5
202:6,14 203:6,9 204:5,7 206:3,5,
12,13,20 208:25 211:3 212:10,17
213:9,20,25 214:2 215:14 219:9
221:2,6 223:4,8 226:7,9 228:13
233:23 234:2,8,14,17,23 235:5,18
236:21 237:16,25 240:6,14,18,21,
22 242:1 243:15 245:16 248:2
249:9 253:2,14 254:1 256:4,9,20
258:12 260:10,20 261:2 265:3,24,
25 267:15 268:21 269:1 270:23
272:11 276:18,22

objection's 95:24

objections 7:9 8:20 9:23 40:14
88:3 92:12 141:7 142:1,15,17,18,
21 143:13 144:18 150:1 205:18,
20

objectives 41:16

obligation 251:11

obligations 26:22 94:22 151:4,6
154:12,14 240:5,12 241:12,21
242:21 243:24,25 244:22 246:19,
20 265:13 270:13

observation 89:20

observations 217:22

observe 108:18,20,22,23

observer 99:1 108:12 119:20
126:7 127:4

obstructing 111:10

obtained 63:9 96:15,17,20,21

obviating 100:12

obviously 61:11 151:17 175:18
203:19 214:23 220:8,23 222:4
227:4 231:14,16 232:24 233:14
234:20 236:1 237:1,13 251:6
261:14 263:7 271:11

OC 4:4 71:11 113:23 127:21
141:17 196:1

occasionally 159:15 172:10

occasions 158:6 164:25 215:24
236:7 237:7

occur 152:16 199:19 263:16

occurred 148:25 157:1 199:18,
19 233:11,12 239:7 245:8 262:14
271:8 273:14 275:5

occurrence 72:22

occurring 131:7 212:5 233:14

October 30:13 31:5 42:4 62:24
89:22 106:14,23 107:7,20,23
108:13,18 109:18,21 110:10
126:15,17 137:21 157:12 188:8,
10,12

offer 9:6,7,9 43:4 77:24 78:2
226:17 246:6 265:4 266:3

offered 11:7,14 65:4 104:13
116:12 132:7 133:2,14 238:20,24
239:20,21 241:8 265:12

offering 11:19 73:4 266:1,8

office 4:18 28:16 123:9 152:9
201:15 225:16 229:13 255:12,15

officer 28:12 31:7 43:12 54:1,3,6
55:9 146:16,24 150:8,10 154:17
164:6,14 190:17,20 199:1,4,8
207:17 227:19 230:24 231:2
274:7

officers 49:14

offices 23:16 104:8

official 114:3,7 190:24

on-the-record 213:24

once 17:21 29:7 30:10,24 31:2
34:14 37:17 157:10 177:21
178:17 193:24 194:9,10,12,17,20,
24 195:17 239:5 248:11 256:22
274:25 275:1

one 5:9,12 7:3,21 14:16 15:14,25

19:8,10 21:15 22:5 24:12,15,19
25:1,14 26:9,16 30:5,7,8 33:7
35:14 36:5,9 39:24 41:24 68:7
77:9,15 85:10 87:12 88:22,25
89:7 94:20 100:7 101:13 102:1,15
112:17 114:18,20,22,23 123:18
142:9 144:9,10 159:13 170:24
171:12 177:3 179:15 184:20
192:25 193:24 196:6,11,22
198:11 203:17 204:21 205:24
208:16 214:21,25 215:18 220:23
223:18 224:4 230:14 231:1,9,24
232:25 236:23 241:2,3,17,18
243:23 245:5 246:17 248:12
276:2 277:1

one-fifth 121:12,15,18 129:23

one-stop 201:12

ones 7:15 9:25 10:2 11:23 18:25
19:2 61:16 144:9 155:4 246:1

ongoing 188:16 251:19

only 9:5 14:25 28:2 30:5 44:8,24
49:12 60:25 62:9 66:13 68:19
74:15 75:8 88:22 102:15,17 132:2
133:19 152:10 167:3 190:13
205:21 232:9 234:10 241:4
267:17

onward 275:2

open 36:11 129:9

opening 20:2 22:14 40:21 43:11
48:9

operate 153:15

operated 202:3

operating 146:16 154:17 164:5,
13

operation 17:19

operational 22:23 32:13 39:13
138:7 152:3,6 153:14 161:13,17
167:8

operations 94:6 146:19 152:9
187:1 212:7,15

opine 46:23

opined 96:15

opines 39:8

opinion 35:2 39:3 58:25 86:21
96:14 99:25 100:11 242:24,25

266:4

opinions 104:16 112:10

opponent 149:23

opportunities 54:9 56:11

opportunity 11:4 48:3 56:17,24
57:2,5 119:8,12,13 171:1 204:23
205:10 242:7,8 244:11,12,13

opposed 35:22,23 180:20
210:16

opposing 61:21 128:4 205:14
207:14

opposite 35:19 110:18

option 40:3 64:9

options 117:1,8,14 137:16

oral 16:1

order 6:22 7:3,11 8:1 14:24
16:10,11 22:24 31:18 35:16 77:25
153:15 167:25 205:23 208:9
224:18,21 268:3

ordered 31:14 35:25

ordering 251:7

orders 17:15,17

ordinary 91:24 104:6 228:12

organization 96:2 154:8

organizational 37:2

original 208:25

originally 105:15 157:6

other 7:7 8:9 13:16 15:25 16:15,
16 19:8 25:14 26:9,15,22 28:19
36:15 40:1 44:22 45:15 46:16
47:20,24 59:6 66:16 67:1 68:22,
24 70:13,24 73:9 75:8 84:22
101:9 102:15 117:8 121:17,19
122:19 123:3,5,6 128:24 130:16
134:1,24 136:3 138:9 142:21,22
143:13 150:2 151:6,23 154:14
157:16 161:2,18 162:10,12
163:17 165:15 166:14 167:5
175:16 176:6,8,11,13 179:20
191:24 204:22 212:25 213:12,17,
21 214:11 215:5,18 216:4 222:4
223:2 224:5 227:8 234:3 237:19
238:6,7 241:13 242:12,16 243:14
244:3,15 245:23 246:1,4 248:12

250:1 257:14,20 258:6 260:1
264:10,16 276:21
others 68:10,15,21 116:12
126:19 238:5
otherwise 17:15,17 29:6 135:6
175:3 176:22 235:22
ought 13:20
our 4:18 5:25 6:2 9:14 13:21
15:12 17:15 22:11 38:10 40:13,14
60:22 71:3 82:6 85:13 89:23
100:11 102:3 104:23 106:1
110:19 119:19 121:17 123:15
124:3 127:16 129:4 135:4 141:24
182:1 197:3,9 201:14,23 211:15
242:20 243:24,25 246:20 252:18
255:24 257:12 258:18 259:24
261:14,19 270:12 275:25 276:13
278:1,2
ourselves 6:18,24 172:18
274:10
out 13:21 21:21 34:7,15 51:16,25
61:17 106:16,18 111:3 139:3
142:7,11 156:9 176:7,8,11,13,17
193:16 194:6,21,22 213:14,15
214:6 221:20 222:2 226:4,14
227:14 228:20 235:11 236:4,19
244:23 258:18 261:14 263:5,8
272:13,25 276:14
out-and-out 24:21
out-of-state 16:8 17:10
outcomes 39:23
outgrown 154:1
outset 6:11 27:23
outside 11:15 12:9 13:16 70:16
78:5,6 128:23 141:12
outstanding 5:17 8:10 33:16
34:7 41:20,22 42:8,11,15 101:7,
15 116:24 125:1,3,10 134:22
137:19,20 148:16 190:23 257:4
258:7 262:18
outweighed 142:12
over 24:8 29:22 56:7,8 58:1 69:1
93:18 119:14 148:19 203:8,22
207:23 208:8 211:23,24 212:6,14,
18,19 213:2,4,8 214:16 215:22
218:18 243:3 248:13 250:11

252:8 257:13 259:25 275:1
overall 13:24 211:17
overcome 49:13 96:3 147:4
151:23
overrule 134:7 177:6
overruled 68:16 71:24 79:4 80:6
95:24 98:22 104:17 136:12 150:6,
12 240:25 253:14 276:19
oversee 60:11,25 61:1
overseeing 54:10 60:24
oversight 39:12
owe 27:25 148:14
owed 66:1 67:8 68:5,25 69:3,14
92:3 101:7,8 151:11 154:19
156:10 218:18 219:1 246:21,22
249:21 250:12,16 251:14 253:6,7,
13
owes 27:6 66:5,8 69:1,18 258:5
owing 250:10,20
own 13:18 33:9 35:6 107:13
116:23 201:23 202:8,11 208:24
209:22 246:10 262:21 271:1
277:13
owned 34:9 87:2 202:3,8
ownership 33:8,20,21 63:9 64:7
116:13
owns 264:23

P

P-R-O-C-E-E-D-I-N-G-S 4:1
p.m. 197:2 233:17 279:24
page 62:9,25 63:1,12,23 72:8
75:9 85:10 87:14,19 88:10 90:5,6
91:6 92:13 93:1 94:3,14 97:2,3,5,
6 98:11 107:3 121:5,6 129:12,18
130:5 170:7,12 174:5 178:4 217:9
228:1 254:15
pages 75:8 97:12 120:15
paid 29:8,9,10 32:13 95:16
148:10 150:25 151:14 154:16
156:8 210:20 211:6 219:1 220:14
221:1,8 222:1 227:5 233:2 235:22

250:17 251:11,18 255:21 256:1,
15,17,22 257:6,13 260:1 261:14,
15 270:14 271:9,18,24 272:16,22
273:6,12,21 274:3,11 275:2,7,9
Paige 4:21
painful 32:12
paper 61:2 219:6,16,18 233:11
papers 19:11 23:13 34:12 232:5
par 33:23 64:7
paragraph 89:4 91:3,5,7 94:3,15
95:7,18,25 112:1,4,5 138:1 222:5
227:4,7,12,25 232:14,17,22
233:15 241:6 244:18 249:20
251:10 254:6,11,14 257:9 259:21
260:22 261:10,24 262:2 264:13
267:21 273:3
paragraphs 108:14 112:9
paramount 13:19
paraphrasing 124:19 193:12
Pardon 238:8
parent 171:23 193:22
Park 145:1
part 19:18 23:14 26:23 58:23
68:1,2 72:19 83:9,14 92:1 110:20
126:8 138:23 157:2,3 174:12
176:5,23 178:19 179:1 182:1
184:7 189:3,17 192:6 214:10
224:25 225:1 227:15 231:19
234:10 237:12 245:4 246:5,8
266:25
partial 155:1
partially 152:11
participant 28:14
participated 56:5 67:17
particular 10:13 77:9 101:13
121:13 142:9 177:5 180:23
182:14 215:18 222:4 227:4,12
235:8 263:11 266:23
particularly 8:11 10:9 12:17
68:5 205:24
parties 4:8 41:1 129:3 167:5
209:5 265:7
parties' 65:21

party 11:13,14 35:22 36:13 129:4
149:23 207:14 208:7,21 265:22

past 58:2 132:17 222:15 226:14
234:6

path 40:5

patient 28:24 29:18 167:9,11,12
203:12,23 260:14 267:7

patient's 167:15

patients 23:19 28:24 29:20,22
170:9,19 192:1 200:12 201:14,15
203:15,18,20,21 204:16 205:5
214:20 250:2,8,21 251:21 255:24
256:25 270:3

patients' 256:24

Paul 268:19,23 269:2,11

pause 143:19,20

paused 147:10 149:12 175:6
206:23 213:18 221:4 222:13
223:6 229:20 233:22 237:15
240:16 253:3 263:17 265:1
275:22

pay 26:21 27:2 28:22 46:5 65:6,
10,12 111:2 148:2,6 149:10
154:12 174:23 175:14 222:21
252:18 254:8 256:3,8 257:3,18
258:6 263:12 264:8 268:18 269:8
270:19,20 272:1 273:1 274:10
275:17

payable 65:12

payables 125:8 137:20 212:7,15
262:19 263:7

paycheck 26:4,5

paychecks 28:17 235:2

paying 28:2,3,5 65:16 111:13
147:9 148:11 190:1 262:18
272:13

payment 65:14,20 72:4,6,11,19,
22,23,25 73:1,11,16 94:23 148:16
155:17 157:3 251:19 254:9
270:13

payments 27:13,15 65:22 69:11
151:12,16 154:14,18,20 155:2,7,
17 156:21,22 157:5 250:25 251:6,
13,25 255:3,23

payroll 27:25 28:1 111:13 148:9
149:3,5,6 151:2 212:1,7,15 213:1,
3 219:5,16,18,20,22,25 221:1,7,
20,21 222:22 223:1,9,11,12,14
224:1 227:10,22 228:21 232:18
233:2 235:13 236:14,20 254:8
257:14,21 260:1 264:16 267:24
268:1 273:5,6,7,10,12,15,20
274:3,6,9,17 275:17

pays 167:14

pejoratively 47:23

penalty 217:16

pendency 43:7

pending 5:16 102:5 112:25
195:8,15

penultimate 112:3

people 12:2 13:5 25:14 102:18
111:2,3 128:25 163:17 181:4
201:10,12 218:10 220:12 221:1
222:3,4 225:5 233:8 235:15
237:13 238:7 246:22 255:25
256:15

perceived 150:24 159:22 227:15

perceives 76:16

percent 33:15 34:6,9 41:12,20,22
42:3,8,10 63:11 65:12 69:10
107:14 116:24 117:5 164:3

percentage 63:9 64:7 116:13

perception 76:18

performance 58:22 119:14
152:21 153:2,9,12 199:17 208:4
247:15

perhaps 15:15 39:1,4,5 80:20
143:8 157:9 167:8 240:19

period 36:11 45:14 84:5,12
148:10 158:18 182:21 184:14
185:2,9 187:2 247:1,20 271:8
272:1 275:16

periodically 166:5

periods 163:1 203:22

perjury 217:16

permanent 45:12

permission 205:23 207:1

permitted 205:17

Persaud 225:4,6,7 228:6

Persaud's 234:12

person 22:11 37:6 71:7 102:16
119:9 122:18 123:3 156:2 221:22
237:11

person's 123:1

personal 27:14 171:1 245:20
271:11

personally 45:1 204:22 232:9
235:24 244:8 271:9

personnel 161:17 211:25

persons 264:16 268:1

perspective 35:21 39:6 152:4,7
153:11 192:21 194:15 231:16
241:3 242:7 246:20

pertain 94:6

pertains 228:17 232:17

pervasive 23:25 27:2

pervasively 36:4

Peter 268:18 269:2

petition 13:8 50:13

petitioner 25:5

petitioners 25:6 33:8 34:9

petitioning 34:3

pharmaceutical 249:25 250:4

pharmacy 250:3

phone 61:11 67:14 214:11 259:8,
11,12,13,15

phonetic 215:19

physical 60:18 201:16

physician 100:14 101:9 152:10,
16 199:13,21,24 200:18 201:9
227:8 228:19

physicians 111:1 199:16 201:8
219:6 236:25 242:19 246:21,25

pickup 181:15

picture 13:24 238:11

piece 177:3

place 50:5 84:11 123:9 131:5
152:14 153:24 158:15 181:3
261:19 263:16

placed 5:15 47:15

placement 95:4

places 268:24

plagued 26:16

plaguing 30:10

plaintiff 19:16 25:4,6 33:8 34:8
41:24,25 48:18 145:14,16 197:13

plaintiffs 4:10,12,14 10:1 16:6,
15,16,21,23,24 17:23 18:14 19:10
34:3 41:7,10,18,19,21,23 42:2,6,
10,14,24 43:21 46:4 47:21,22
48:5,15 49:5,18,20 50:8,10 73:17
196:4 198:11 206:17 207:2 208:2
265:4 279:10

plaintiffs' 9:10 10:23 42:18
43:10 44:5,11,14 50:13 52:15
196:3 207:7 208:3 216:12 277:2

plan 36:6 94:23 102:7 141:10
167:13 170:9 199:23 261:19
277:3

plan's 125:6

planned 157:6

planning 179:17 199:15 277:2

plans 95:5

play 128:15 141:2 175:8 209:21
210:11

playback 191:8

played 144:22 196:20

playing 128:17

please 4:3 19:22 40:20 52:17
53:3,8 55:2 62:5 63:18 74:19
81:3,24 85:3 86:4,12,13 88:7 89:5
90:9 91:5,8,9 92:18 94:16 105:9,
18,19 107:25 108:15 114:16
116:5,15,17 117:17,18 120:3
121:5 122:16 124:12,20 127:21
134:10 136:13 145:7,9,25 173:2
184:9 196:1 197:8,25 198:17
217:5 218:8 222:5,24 225:24
228:1 254:16 256:13 273:18,22

plural 202:10

plus 224:8 257:18

podium 19:21

point 17:6 38:11 50:16 70:21
79:2,3 80:22 91:16 95:21 112:18
136:1 151:13 159:13 165:7
190:24 195:12 199:23 203:17
205:13 206:24 221:23 223:10
224:7 231:1 232:10 233:24,25
238:25 240:18 241:16 242:17
246:18 249:12,17 253:4,13
262:10 263:7 266:20 276:19,23

points 163:12

policies 58:24 102:10

pont 50:7

population 203:12,24

portion 83:20 161:8

portions 15:10 94:4

portrayed 25:22

poses 29:11

position 43:21 60:13 67:6 93:15,
18 107:8,9 126:22 127:6 205:8
207:22 227:16,18 238:21 239:19,
21 240:3,10,24 241:10 243:1,7,22
244:2 245:1,19 248:17,21

positioned 25:2

positions 248:25

positive 46:12 162:1 186:25

possession 132:19 255:10

possessive 19:12

possibility 51:13 204:14

possible 39:23 82:16 204:19
277:14 278:16

possibly 124:15 160:3 227:16

post 72:19 241:8

post-closing 73:16

potential 56:17,24 125:3 147:2
170:25 172:14 174:14 175:21
261:17

power 13:16 102:25 123:5 140:7,
11,13,15,20

Powerpoint 20:1 40:11

practical 82:5

practice 95:13 101:9 169:6
200:14,21 201:4,6,8,11,25 203:2,
16,19 204:21 210:22 211:13,14,
18,23 212:2,4 213:14,15 214:21,
23 215:4,20 223:2 227:2 228:20
251:15,22 252:3 261:18 262:13
263:6 264:9,18,23 266:22 267:6,
20 268:4 269:19 270:11,18
271:21,23 272:14

practice's 212:21 263:13

practiced 200:25 205:13

practices 23:15 35:23 100:14
131:18 132:16 134:13 151:9,12,
13 152:10,16 188:9,14,25 189:3,
8,12 199:13,18 204:2,14 205:2,4
211:1,10 213:8,12,17 214:12
215:18 218:12 223:2 227:8,13
235:11 237:2 246:22 262:5 264:5,
15,17 266:3

practices' 275:3

practitioner 28:10

practitioners 29:8

pre-investment 182:21 184:13
185:2,9

precisely 69:14

predominately 55:5

preemptive 42:19 115:15,18
116:8

preemptively 7:25

prefer 9:22 113:14 209:21

preference 142:25

prefers 14:3,5 113:11

preliminarily 19:5

preliminary 6:8 9:19 14:13
67:15

preparation 4:22 76:1

prepare 9:22

prepared 6:17,23 12:5,6,25 47:5
58:17 59:1 75:16,24 277:5 278:23

preparing 12:3 17:21

preponderance 41:11

prescription 269:18 270:2,7

present 6:11,18 9:11 14:17 16:12
17:13 20:1 38:8 39:25 50:8 71:12
113:24 127:22 141:18 196:2
224:19 225:22 278:12

presentation 9:4,10 17:4 19:25
20:1 51:1

presented 10:2 33:2 60:20 67:18
74:15 100:13 114:8 126:6 186:25
195:1 239:11,12 261:21

presenting 4:14,19 12:3 16:20
46:20 80:20 208:9

preservation 16:2

preserve 8:22 88:3

preserved 142:19 143:15 150:2
185:7 206:16 213:24 275:8

preserving 17:15 205:20 206:2

presidency 121:10

president 55:8,9 56:1 99:18
207:19 238:21,23 239:1,4 241:8
243:7,22 245:2 246:16 248:17
249:4,18

pressure 161:25

Presumably 219:17

presumption 49:12

presumptively 9:23

pretty 202:9 278:8 279:18

prevent 29:14

preview 192:24

previewing 143:8

previous 162:12

previously 25:21,24 74:17 77:19
123:17 146:10 202:19 220:7
235:8 262:12

prima 29:10 33:2 176:7

primarily 232:18

primary 27:5,16 28:2 158:22
165:20 200:21 205:4 220:19

principal 123:9

principals 116:19

principles 58:20

print 21:24

printed 180:19

printout 180:14

prior 36:12 54:13 58:6 72:22
156:9 162:17 184:17 186:13,22
187:10 201:4 202:2,16 229:22
250:23 269:23 270:3 275:5

prioritizing 32:14

private 95:4

privilege 125:17 126:4

privy 157:4 190:6 245:10

pro 17:12,25

probably 19:18 23:10 56:8 80:19
142:12 151:19 171:16 177:4
181:18 203:16,24 209:12 233:13
239:10 278:2

problem 32:6,19,21,22 35:12
66:24 102:12 103:18 120:19
141:23 198:16 232:24 250:20,22
256:14 263:1 276:11 277:24

problems 13:14 23:25 26:16
30:7,10 32:11 37:12 78:21 79:8,
12 103:11,13 199:17 232:18
247:6 255:20

procedure 196:17

procedures 50:6 58:24 78:12
102:10 252:12

proceed 6:6 8:25 9:22 18:24
33:9 40:11,20 142:1 143:13

proceeding 33:3

proceedings 279:24

proceeds 168:8

process 13:18 21:6 32:15 110:24
159:21 160:6,20 214:17 247:6

processes 154:22

produce 7:8 35:25 36:1 70:8,14
107:11,18 111:7 118:20

produced 7:16,19 57:9 58:19
70:4 74:8,10 110:8,11 118:14
136:5 163:19,24

producing 199:15

productivity 261:20

products 250:2 251:20

profit 199:20

profits 261:17

program 201:17

progress 94:21 244:15

progressed 172:16

prohibited 7:25

projections 47:4 82:3 100:18
102:8

prominent 28:10

promise 69:25 110:2

promised 70:4,9 108:17 210:21

promises 31:17 33:13 34:17
109:23

promotion 37:10 43:23

proof 41:10

proper 11:2 22:22,23 39:12,13,
14 48:7 49:2 67:21 122:22,25
150:4 187:3

properly 48:15 130:16 152:18
184:21

proposition 23:18

prosecution 16:19

prospective 31:13 194:5,18

protect 109:9 262:22,24 266:22
268:4 273:5

protected 44:18

protection 108:17

protective 14:24 167:24

prove 266:1

provide 4:19 26:11 30:13,15,17,
19 31:15 35:9,25 39:12 48:11,12
69:25 86:25 102:1,8 103:22 119:8
205:5 241:25 271:20

provided 6:20 13:7 31:12 37:1
61:20 67:1 70:7 73:25 75:25 87:8
90:21 103:16 119:2 123:21
124:22 180:15 186:2,12 192:18
193:15 194:5,17,23 216:8 240:3,

11 241:10 244:17

provider 167:14

provides 42:19 48:13 106:4

providing 28:23 150:1 207:1

provision 42:18 63:15,22,25
64:12 115:11,15,22 116:7 121:8
129:23 130:9 263:11,20

provisions 36:2

prudent 274:9

PSMG 231:3,4

public 15:9 29:16,17 30:5 65:13
73:4 95:5 152:3,13 199:25 202:22

publications 201:21

pulled 159:16

pulling 51:11

purchase 33:12 34:5 41:24 42:1
48:19,20 59:13,14 62:3,20,22
63:8,13,16 64:9,24 65:1,21 72:3,9
109:2 111:23 115:8,11,15 116:9,
11 119:2 120:6 121:3 132:15
134:12 138:8

purchased 63:5 110:9

purely 59:1

purported 44:6,12 49:3,5

purportedly 253:7

purports 28:15

purpose 11:7 18:4,11 82:18,20
85:18 99:15,20 110:21,23 122:20,
22,25 135:2 138:6 144:17 209:6
266:8,10

purposes 16:6 72:25 119:25
161:18 209:20 253:11 262:4,17
264:16 265:5 277:2

pursuant 24:7 44:17 50:10
123:11 124:18 140:11 200:2

put 27:14 36:2 40:5 50:5 61:17
153:24 160:5 163:3 181:6 276:5,
8,10

putting 37:15 163:6

puzzle 177:3

Q

qualifications 45:9

qualified 45:13 67:22 122:11
215:13

quality 6:19 31:12 36:25 46:17
74:10,12,13,25 75:5 76:1 77:13
137:17

quantify 155:21

quarter 27:25 46:12 71:6 113:15
130:22 226:1

quarterly 102:2

question 8:10 21:10 58:4 68:12
70:23 74:3 76:8,11 79:2,5,6
83:10,11 93:4 94:1,13 98:16
101:1 126:23 127:9 132:3 133:25
135:20 144:19 152:24 153:5
169:15 176:2,19 178:20 180:23
184:9,10,20 185:22 202:16
204:11,12 209:24 210:10 215:8,
17 220:17 222:17 226:16 230:2
239:15 240:8 256:12 258:25
273:23 274:5 276:24 277:1

questioned 129:22 208:12

questioning 72:3 131:13 133:11
135:8,19 229:4,23 253:5,10

questions 67:22 77:20,21 85:12
127:15 130:3 131:10 135:11
140:23 158:10 159:15 163:13,16,
17 187:22 191:1,4 208:20,24
209:2,7,10,15 220:23 221:12,15
226:18 235:16 261:20

quicker 206:7

quickly 18:12,13 82:16

quite 18:10 244:23

quo 23:1 29:12 43:6

quote 254:7,9 267:24,25

R

raise 52:21 95:3 142:23 197:25
276:22

raised 16:25 36:16 243:11

Raj 157:18 158:4 163:11

Raj's 157:19

ran 234:7

range 27:12 172:21 278:3,6

ranged 56:6

rapid 153:25

rapidly 147:1 153:21

rate 27:11 38:2,5 69:6 96:11
156:15,18

reach 204:14 236:4

reached 38:8 227:14 235:11
252:15

reaching 236:19

react 82:7 231:12 267:12 275:19

reaction 268:9

read 16:9 21:23 64:3,4 72:18
81:23 85:24 86:11 89:4 91:4 94:4,
5,15 95:17,25 100:7 105:19
108:14 116:17 121:7 122:16
130:9 138:1 222:11 223:19,20
224:14,18 225:9 229:10,11
231:12,15 241:14,16 260:2 265:3

reading 58:2,9 231:6 251:9,24

ready 6:6 152:3

real 221:22

real-time 96:8

reality 234:19

realized 266:21

really 73:15 77:11 142:6,7 162:10
202:18,22 204:20,24 205:4,17
220:17 227:3,7 236:24 237:5
244:13 260:14 261:13 263:12
274:19 277:10

realm 227:13

realtime 104:22

reason 47:12 83:16 109:10 111:9
134:24 178:17,21,25 191:11
204:21,22 207:24 208:18 209:6
215:5 235:1 246:6 248:8

reasonable 47:1,5 208:8 216:1

reasonably 123:1

reasons 13:19 29:1 35:14 36:10
95:1

reassurance 244:21

recall 79:21 80:8 124:18 140:4,6,
7,9,10,15,18,19,22 182:13 223:21
239:1 240:20 248:7

receipt 59:9 137:4 267:22

receipts 251:11 252:3,18

receivables 137:19 252:14

receive 74:1 87:12 88:23 90:1
131:1 143:12 149:4 173:15 185:9
205:22

received 12:6 28:13 74:6 77:7
82:2 93:21 100:17 105:25 106:25
107:2 121:21 132:9 134:25
138:21,23,24,25 139:2 144:8
149:4 154:24 169:10,19 173:13
175:17 176:2,22 178:2 179:5
180:17 182:2,17,20 183:3 184:7,
12,25 228:11,16

receiver 13:9 23:5,10 24:10 33:3
35:10,17 40:3,6 44:9 45:18 47:17
49:22,24 50:11 110:14,22,23
193:25 216:6

receivers 89:1

receivership 35:15 36:3 41:8,
14,16 42:21 43:2,6 48:25 49:1
71:22 193:3

receiving 106:3 175:3 179:21
182:7,11 227:18

recent 28:17 37:19 137:10
223:16,17 225:16 229:13

recently 37:1 45:8 109:24

recess 71:8,10 113:21,22 124:3
127:17,20 141:16 195:23,25

recessing 113:7

recital 116:18

recognition 25:21 70:17

recognize 62:16 81:10 85:5
120:24 129:3 168:12 173:6
177:23 178:7 181:20,23 216:15

recognized 43:16 73:6 94:10
219:21,22

recollection 139:15 175:8 182:7,
11 230:25 249:14,19

recommendation 59:20

recommended 78:4

reconciliation 86:3

reconfirm 115:20

record 8:24 12:9,12 14:17 15:9
16:2,7 17:11 18:20 21:8 44:15
53:9 62:8 63:21 68:1 70:19 71:19
72:18 81:24 86:12 89:5 91:5,21,
24 92:2 94:5,15 100:8 101:21
104:11 105:19 108:3,6,15 115:9
116:17 121:8 122:16,18 123:19
126:11 128:9 130:10 142:16,17,
19 144:19,20,23 145:9 146:1
147:12 148:3 149:14 167:19
180:2,5,7,9 181:16 185:7 187:17,
21 191:7 192:19 194:14 197:7
198:18 213:23 215:23 228:11,14
229:21 230:9 237:17 253:12
259:16,17,19 263:19 265:4 266:6

recording 20:12 52:5

recordkeeping 60:12,15

records 10:8,18 12:1 26:12,15
32:15 48:8,13 67:1 92:5 121:25
122:3,7,11,15,23 123:12,14 135:9
136:23 137:9,11 138:5 139:17
140:21 148:8 188:20 192:17
194:12 247:9,13,23

recover 66:10

RECROSS-EXAMINATION
139:9

redact 15:9,15

redirect 127:23 129:7 139:6

redlines 93:11

redlining 92:24

redo 18:5

reducing 237:2

refer 62:9 80:7 218:7 231:4

reference 88:21 89:22 100:22
101:20 129:12 137:5 155:11
191:11 222:20 225:8,17 229:14
231:21 233:15

referenced 72:12 73:11 90:4

96:18,22 107:1 124:23,25 125:12
227:25 230:20 244:18 250:10,19
252:16 254:13 261:10,24

references 128:1 223:25

referred 72:6 102:21 244:3,4
262:12

referring 12:23 91:6 94:17
100:15 102:13,22 118:5 123:24
146:12 155:8 171:21 187:9 218:4
223:21 224:8,23 231:25 232:9
234:24,25

refers 227:13 245:24

refinanced 38:1 96:10

refinancing 43:18

reflect 63:9 139:25 255:22

reflected 57:16 63:12,22 88:25
92:23 94:6 108:10 115:15 230:6

reflecting 87:1 92:2 247:15

reflects 91:21 116:7

refresh 139:15

refusal 29:2 64:11 84:4,7 207:25

refused 268:3 271:13

refusing 108:18

regard 46:14 244:25 279:7

regarding 16:25 40:14 45:16
46:15 59:3 71:19 83:13 109:24
112:11 125:6 147:12 149:5
152:19 154:18 193:1 228:21
229:24 234:12 236:20 253:6

regardless 106:19 245:4

regards 199:12,16 232:25

register 35:3 85:12,16 86:2,14,
21 87:1,4 163:10

registered 123:8 203:21

registry 164:3

regular 10:11 69:11 81:8 151:2
158:16 160:12 162:23 165:5
169:5 170:2

regularly 174:2 220:4

rehab 202:20,21 262:13

rehabilitation 201:16 202:25

reimbursed 148:18 149:2 272:5,8
reinforce 24:15
reject 119:12
rejected 119:13
related 123:1 140:14 158:7 183:8 217:22 234:11 262:11
relates 227:4,7 228:19 274:25
relating 102:11 161:6,22 174:13 175:2,15 184:8
relation 156:6 157:25 172:6 193:15
relationship 60:9 95:14 176:6 250:6 251:4 265:7 269:22
relative 172:19 179:16
relay 165:25 166:3
relevance 71:20 87:16 88:2 133:17 186:5,16,23 192:25 195:14
relevancy 133:17
relevant 44:8,13 115:21 194:4 195:15
reliable 69:23 107:19
relied 93:17
relief 17:18 44:9
relinquished 119:5
relinquishing 249:15
rely 37:18
remain 108:24 128:23 141:14 148:2 249:5
remainder 209:2
Remaining 279:13
remains 8:10 36:22
remedies 41:15 48:6,7
remedy 41:15 42:15 43:2 49:1,7
remember 118:25 129:20 130:1 131:10 135:11 142:10 143:18 171:15,16 179:14 188:21 219:7,12 231:6 251:22 264:24

remind 95:10 226:22
remove 262:8
removed 262:3
renew 177:8 233:23 240:17,21
rent 257:21
reorganizational 249:11
repaid 274:13,23
repeat 41:3 79:6 152:23 169:14 178:20 184:9,19 185:21 221:5 223:7 259:2
repeated 31:17 134:9 236:19
repeatedly 48:18
repeating 42:13 232:23
rephrasing 76:14
replacing 248:17,24
report 6:18,19 31:12 37:1 46:18 74:12,13 75:3,7,17 76:2 77:7,16,19 78:21 103:15,17,20 111:3 132:20 146:21 152:13
reported 94:19,20
reporter 104:25 144:12 145:7 167:22 168:5 180:2 191:2 196:14 197:3,9,25 204:6 253:19
reporting 78:22 79:8 104:22 225:14
reports 74:11 75:1,5 80:11 137:18 148:17 149:1,10
represent 16:19 17:3 40:24 188:1 198:11
representation 16:14 19:15 42:1 176:20,25 184:7
representations 34:16 125:11 138:8 175:1,2,15,16 176:1,2,6,8,11,13,14,22 192:16 194:17,20 195:15
representative 4:16 5:10 25:3 34:21 35:2 38:22 44:1 60:10 67:6,7 81:6 126:25 133:20 138:4 171:6 189:10 227:17 254:23
representatives 12:25 61:9 79:20 81:8 172:18 213:6,22
represented 7:4 37:2 87:9

193:21
representing 4:14 5:3 16:17 18:14 145:13
represents 16:24 17:22
request 40:7 48:8 82:3,7,18,20 85:8,14,15,18,21,22,25 86:11,17 106:1 121:14 122:5,11 135:9,15,24 136:8 138:12,15,19 169:11,19 205:22 248:5 254:8 260:25
requested 101:2 119:25 123:13 130:22 137:4 138:15 163:9 168:17 169:8 192:5 241:10
requesting 105:16 130:24,25 137:14,23 138:5
requests 107:12 122:10 136:5 154:24
required 30:13,17 65:6,9,12,20 102:3 112:7 129:24 151:1 161:10 251:13 258:6
requirement 59:8,12 129:22 140:19 267:1
requirements 48:11 64:23 135:14 264:11,23 265:6
requiring 31:16
reschedule 109:1
research 57:5 201:17 202:12,13,20,25 262:13
reserve 221:14
reserved 119:19
resignation 45:7
resigned 43:15 243:6
resolved 96:7
resort 43:1,2
respect 7:3 16:15 24:11 43:8 46:2,19 47:21 48:2 60:16,23 61:3 74:3 80:9 85:24 127:6 135:8 139:12 150:2 152:21 177:20 263:22 265:21
respectfully 22:16
respectively 264:20
respond 84:3,4,10 86:16 107:6,11 193:7 210:1 237:21 242:8

responded 107:4,7 138:14 261:9
responds 214:2
response 13:8 33:6 76:3 82:9
83:8 85:25 86:5,19 88:4 97:9
102:23 103:25 105:25 106:5,12,
14 107:19 131:13 136:5 138:19
147:12 176:12 213:20 222:17
239:16 267:17
responses 11:9 149:19
responsibilities 54:6 60:13,15
199:8,10 211:22
responsibility 60:23 61:3 83:6
107:16 210:25 211:9,11
responsible 54:8 148:15 237:12
rest 85:1 210:6 212:24 263:23,25
restate 125:14
restructuring 125:6
result 63:10 67:19 82:3 162:2
results 79:16
resume 29:15
resumed 148:4 150:15 177:12
210:18 214:9 221:18 222:19
227:1 230:13 234:16 238:2 241:1
253:21 264:2 266:14
resuming 71:10 113:22 127:20
141:16 195:25
retain 38:8 96:12
retained 80:18
retake 267:19
retaliation 109:8
retract 267:23 268:13
return 137:4 226:3,6 267:9,13
reveal 261:23
revenue 25:21 70:17 199:15
revenues 32:14 55:17 57:19
75:10 78:22 79:9
review 58:24 78:11 89:10 92:18
116:6 125:10 172:20 188:19
reviewed 57:7,9,11 66:25 67:25
75:4 76:23 93:8,10 172:21 187:5,
9,10

reviewing 180:16
revisit 70:22 143:9
rheumatological 201:11,13
250:8
rheumatology 200:19 201:7,22
202:19 212:21
Rich 255:13
Richard 101:1 168:15 171:11
239:8
Ricky 168:16,23 169:11,20,24
rid 37:9
right 4:23 5:14,22 6:4,9 8:24
19:7,19 20:15 26:12 33:20,22,23
38:5 40:18 42:19 48:24 52:21
62:12 64:9,11 83:13 85:14 89:19
94:12 97:17 98:3,14 103:4 109:13
110:14 111:15 113:20 115:15,19
117:23 119:5,19,20 122:20 123:3
128:21 129:5 132:11,13 135:22
147:22 148:15 149:15 161:17
170:7 187:14,24 188:25 189:4,21
190:25 191:16 196:16 198:1
199:5 216:11 217:18,22,25
220:15 221:21 225:3,18 226:19,
24 229:14 233:18 238:4 242:4
246:6 248:18 253:18 257:23
258:11 262:6 267:21 268:10
269:3,11 276:18 277:18,21,25
278:6,22 279:2,20
right-hand 90:8 168:7 216:20
rights 33:18 42:22 49:2,3 89:20
102:16 109:10 116:8,9 117:1
275:8
RIN 25:3 34:21 53:14,15,17,24
54:3,7,11,14 56:10,11 57:2 59:3,
15,18,20 80:21 89:17,25 101:15
106:3 125:13,22 126:3 165:8
168:16,19 171:4,8,10,22 172:1,4
173:16 174:13,22 175:13,20
178:15 182:1 184:11,25 188:7
189:6,10 191:24 192:15 193:15,
21 194:18
RIN's 118:10 182:22 192:17
194:12
RIN-CREATED 118:2
RIN/NEVADA 186:2,13

risk 24:15 29:11,12,23 36:2
274:10
road 212:5
robbing 268:18 269:3,5
role 17:23 27:21 49:12 81:6 89:15
96:11 154:17 155:13 156:6
157:25 158:22 161:3 190:24
204:24 236:23,24 246:13,15
249:16
room 57:11 60:21 172:23
rooms 276:7
roster 34:22 35:6,7 163:4,19,24
roughly 27:6 155:16 156:13
RTO 179:17
rudimentary 26:18
rugs 19:22 52:17
rule 10:19 11:7,15 14:7 16:3,7,9
17:10,17,19 18:20 128:21 230:11
253:16 265:23
ruled 229:25
rules 19:1
ruling 18:21 143:20 209:10
221:15 224:15 229:22 230:5
rulings 5:15
run 100:20 152:13
running 213:12,14,17 214:11,17
runs 142:5

S

sacrifice 29:4
safety 29:16
said 7:22 10:22 17:4 25:9 36:1
41:3 44:23 75:20,21 76:11 96:7
102:24 104:1 112:21 131:22
136:16 181:9 187:8 188:10
202:19 203:10,24 211:8 212:14
213:16 218:11 232:23 242:9
243:8 253:15 264:13 273:10
salaries 222:1,21
salary 149:10

sale 263:3	se 220:10 227:2	self-evident 30:1
salient 12:18 35:13 36:17	Seabolt 145:10 165:12 183:22 184:2,4	sell 6:18 64:5 75:2 250:7
same 4:21 28:4 33:17 79:14 87:16 88:1 92:14 103:21,22 137:22,25 167:1 177:19 185:4,6 186:4 191:11,12 192:25 195:1,2 196:14,17 202:22 203:4 211:14 219:23 227:5 234:23 238:3 240:14,21 249:7,8 254:1 256:20 271:17	seamless 202:22	seller 72:23 73:10 116:19,21
satisfaction 163:20,25	Sean 145:6 178:6,10	seller's 73:5
satisfied 99:2 236:11 263:7	seat 44:1 48:2 53:2 89:20 119:3, 17,20,21	sellers 94:23
Savchenko 35:1 45:25 46:2,15 85:23 96:3 106:8 160:21 163:15 254:19	seated 4:3 127:21 196:1	selling 110:17
save 22:18 40:4	second 11:16 21:5 26:22 46:12 48:4 86:9 89:3 149:21,25 170:12	seminars 201:23
saw 25:8,9,10,11 164:2 170:24	seconds 279:11,16,17	send 82:16 86:7 106:7,18 139:16 192:6
say 8:13 10:4 11:4 16:9 34:1 36:4 37:22 39:2 49:20 50:14 58:8,11 63:25 75:2 90:9 116:3 117:4,20 121:4 125:14 143:7 146:12 150:16 155:8 157:13 171:21 209:13 212:11 214:15 215:3 219:1 224:6 227:21 228:23 235:10 237:6 242:6 243:20 245:12 248:8 257:9 264:20 265:12 266:17 267:22 269:1 272:19 273:4 277:20	section 63:18 72:9 100:9 121:7 122:17 124:19 129:17 130:6	sending 99:20 139:3 140:4,7 169:24 173:19,24 178:19 225:13
saying 31:11 35:2 37:18 38:9 214:13 265:23 273:11	secular 130:14	senior 53:25 55:8 56:1 164:24
says 64:2 91:8,14 95:17 100:5 120:22 121:7 170:7,8,14 241:7 244:19 251:10 257:14 258:1,2,15, 16 260:4,6 273:17 274:2	secure 38:16 155:17	sense 25:17 26:3 47:24 57:20 152:5 175:18 237:11
scenario 142:21 235:9	secured 47:8	sensitive 15:17
schedule 82:10 84:19 179:10	securing 13:15	sent 91:23 123:20 136:25 138:18 159:24 160:1 168:15,23 178:22 193:4 228:20 256:17 267:5
scheduled 50:23 82:4 200:7,13 208:16	securities 195:5	sentence 91:13 100:7 121:8 241:7
schedules 86:24	see 11:17 13:23 16:4 19:25 20:5, 7,21,24 21:17,23 22:4,6,11 39:22 42:12,13 50:1,5 52:9 72:10,14 88:13 90:5,7 91:17 93:2 113:5 118:16 128:19 141:21 155:1 170:8 173:23 180:24 182:16 183:9 187:6,14 195:24 201:14 209:11 216:21 220:22 231:22 247:8,12,18 254:10,21 258:8	separate 14:16 61:17 117:18 195:8 202:17 212:25 271:6
scope 80:21 192:6	seeing 20:4 117:24	September 27:4 32:8 98:7,18 99:11 123:19,21 124:23 126:12, 14 157:12 177:22 194:11
Scott 145:10 183:22	seek 7:2,8 10:1 29:14 41:16 48:21 143:2 175:24 192:12 193:1 194:8	sequence 235:6
scraping 254:8	seeking 14:2 45:10 48:24 110:13 151:22 171:20 278:5	Sergey 35:1 45:25 85:23 86:2,13, 16,20 106:8 160:21 161:6,7,22 163:11,15 254:18
screen 20:5,6,8 22:7 31:22 181:7	seeks 43:17 123:3	Sergey's 85:25 161:3
scroll 91:2	seem 27:9	series 81:13 85:11 192:15
	seemed 142:10 150:21 151:1,4 187:4	serious 222:2 249:16
	seems 176:3,5 209:4 238:17	served 45:6 200:3
	seen 80:15 86:23,24 118:23 162:4 203:21 219:25	serves 45:5
	Segall 197:23 238:8,9,11 259:6	service 137:2 205:5 219:5
		services 197:5 256:24
		servicing 203:13
		set 4:4 23:12 93:12 176:14,20 191:2 241:13 242:13 245:23 246:4 247:6 267:1 276:9,16

sets 100:18	125:9,14 143:20 147:24 153:24	site 57:12
setting 191:25	171:17 180:23 221:20 235:22	sitting 128:20 190:10
settlement 208:2,4	244:9 252:18 263:12,24	situated 28:9
Sev 197:20	show 20:8,9,17,20 21:14 23:2	situation 14:6 125:3 150:19
seven 65:22 75:8	24:12,13,20 30:2,5,17 36:22 38:6	204:20 220:1,9 224:21 227:5
several 35:14 74:10 75:6 108:24	43:13,14,20,24 45:12 46:6 47:21	228:22 243:23 267:18 269:18
142:15 225:5	48:5 142:4 167:17 194:2,25	271:16
severance 148:16	showed 100:19	situations 211:16 213:3 227:16
Severin 145:21	showing 253:11 265:5	size 21:23 56:4,6 153:16
shall 26:12 72:23 73:1,3 116:22	shown 30:2 92:10	skill 154:7
122:19,25 123:3,4,8 130:12,15,20	shows 28:3 75:9 77:16,17	slide 24:4 25:15
141:21,25	shuffling 232:5	slightly 77:7
share 25:5 33:19,21 61:19 69:19,	sic 212:7 228:7 230:21 274:13	slow 160:6,7
20 82:5 181:6 277:3	side 6:18 23:21 75:2	small 152:16 251:2
shared 69:22 80:23 101:10 263:1	sides 9:6 25:8 276:7	smaller 21:25
shareholder 34:22 35:2,6,7	sign 267:1	snapshot 74:13
43:25 44:20 84:18,19,22 85:12,16	signature 217:9,12 263:15	sold 64:15,18,21 151:8 204:1
86:14,21 119:25 120:1 121:15,22	signed 33:12 138:10	246:22
135:7 163:4,9,19,24 164:2,11	significance 36:21 147:18	solicit 80:25 135:6
shareholders 22:17 34:24 47:23	220:25	solvency 26:25
48:1 69:21 84:23 85:2 87:2,3,10	significant 25:23 27:18 29:17	solvent 46:5,7 50:3
100:13 111:1 121:18,20 138:9	32:19 43:25 44:20 45:2 59:23	some 4:23 8:23 9:18 19:11 20:19
163:8 230:15	101:18 102:14 153:13 177:2	24:2,5 25:17 27:5 32:10 33:4,5
shares 33:9,14,19 34:2,4,7,8	192:21 217:21 242:23 247:1,20	40:1 43:22,23 57:12 66:21 70:23,
63:5,7 110:10 115:16 116:11,23	significantly 25:20 102:7 214:16	24 100:23 131:13 133:4 137:13
134:23 135:1,5 189:3,7,11,15	signing 102:16 199:22	142:21 147:5 151:17 163:17
sharing 125:8	similar 117:1,14 167:5	167:7 168:17 183:1 193:13,14,17,
Sharpe 37:24,25 39:2 91:17 96:9	simple 256:21 261:12	20 194:22,24 210:15,16 215:17
105:16 106:9	simplest 57:18	217:21 220:11 227:16,17 232:10
she 4:22,23 52:3,4,10 104:1	simply 11:15,22 14:2 15:16	235:1,2 237:12 242:12,22 243:2,
129:22 142:21 156:3,4 157:10	17:10 18:10,18 29:13 44:3,7,14	13,14 244:2,7,13 245:20 246:11
she's 22:10 83:18	47:22 134:5 143:16 209:20	247:2,4,6 256:25 261:19
sheet 137:19	252:12	some- 269:11
ship 111:15 113:6	since 45:16 87:22 89:21 109:17,	somebody 40:1 223:22 278:16
shop 201:12	20 110:9,12 123:15 139:3 190:4,7	someone 10:22 56:19 78:11
short 113:8 128:16 252:8 271:8	201:2,25 218:21,25 230:5 257:11	122:4 132:20 167:12 208:6
short-term 45:3 46:8,10	259:24	209:12 269:8
shortly 159:23 171:9	single 39:3 96:13 166:23	Someone's 232:5
should 10:4 12:14 13:22 19:13	sir 198:22 242:4 255:4 273:16	something 10:22 21:17 23:12
22:20 23:7 26:2 30:23,25 31:3,12	276:20	35:16 36:21 37:17 40:17 77:1,3,5
32:25 37:25 42:6 48:23 51:9 66:3	sit 14:19 141:22 161:16	83:17 105:6,7 158:19 163:10
73:15 82:12 96:9 109:5 112:21		166:22 178:14 182:2,3 201:3
		205:12 210:7 214:2,3 215:2

218:16 231:19 235:24 237:5
239:11 246:11 252:24 253:24
254:7 266:21 269:11 274:21
275:6
sometime 136:7 207:21
sometimes 27:10
somewhat 28:9
somewhere 278:10
soon 82:4,11,17 94:22 130:21
221:11
sorry 5:9 32:4 56:21 77:4,6 85:11
87:18 90:7 98:13 101:2 114:5
117:20 118:4 120:5,8,10 124:14
126:23 136:20 137:7 141:21
182:10 183:23 203:8 204:6
214:10 237:23 246:1 258:19,21
sort 8:21 9:3 12:20 13:20 24:4
40:2 58:1 78:2 142:3,20 261:19
sorts 12:4
sound 277:18
sounds 195:4,5
source 175:21 183:9
South 202:5
southeastern 23:17
Southern 54:18,20
SPA 117:13 134:6
Spahr 5:3,7 197:15,18
speak 118:12 122:11 123:13
126:5 142:14,20 154:25 196:9
speaking 10:21 27:7 31:3 127:5
155:16 259:4
special 13:3,14 121:7,9 129:17,
24
specialized 53:20 212:22
specializes 46:22
specializing 200:18
specialties 204:16
specialty 201:7
specific 55:12 79:12 101:11
151:6 154:6 156:24 181:3,6 186:7
189:9 218:5,8,15 222:20 223:12,

14,17 227:6 231:21 232:8 233:7
specifically 9:25 100:15,17,25
102:10 125:2 127:5 149:5 211:21,
22 237:4 244:17 262:1
specified 197:7
specify 237:5
speculation 160:9 173:21 176:5
183:6 185:20 186:15 234:18
242:2 256:5,10 267:16
speculative 248:12
spell 146:1
spelled 19:12
spend 54:24 177:4
spending 161:7 254:4
spent 55:4
spin 43:10
spit 278:1
splitting 195:12
spoke 5:23 158:5 167:6 247:17
spoken 215:17 246:25 262:19
sporadically 220:6
spreadsheet 180:14 181:22
182:12,13 183:3
spreadsheets 182:14,17,20
stability 39:12
stabilize 40:4
staff 56:14,15,16,20,21 213:3
214:18,22 215:6 219:7 220:7,12
222:3 232:24
staffing 211:15,25
stage 205:11
stakeholder 44:21,25 47:16
stakeholders 22:17 44:22 47:25
106:16
stamp 118:16,20 120:4
stamped 118:7
stand 143:16,23 208:24 277:5
standards 23:9

standing 8:21 11:1 14:4 41:12,
18 42:24 48:11
standpoint 110:22
start 4:6 113:13 148:3 150:14
163:2 177:10 191:19 210:17
212:3 214:8 226:24 234:15
253:17
started 159:23 198:13
starting 34:15 95:7,18 171:9
276:13
starts 62:6 216:25
state 4:7 24:9 44:7 53:8 92:10
98:15 123:9 132:8 133:3,5,12,23
138:4 145:5,25 173:8 198:17
200:14 201:1 240:4,12 241:12
244:22 245:13 249:21
stated 42:19 94:18 108:21
250:15
statement 11:14 48:9 57:17,18
58:14,15,16 59:1 73:12 74:6 83:9
103:1,20 132:1,14 137:20 149:16,
23 150:6 162:24 223:23,24
260:21 265:3,4 266:1 268:7
statements 7:5 13:5 38:17 57:10
58:3,5,10,12 59:4,5,10 67:1 70:1,
5,8,14 71:20 73:25 74:2,7 80:12
82:2,23 95:23 102:3 104:16
105:17,24 106:2 109:25 110:9,12,
25 111:8,11 137:18,19 160:12
162:23 163:1 165:22 172:22
181:2 195:10 217:17 223:17,19
237:18 247:8,9,21 248:14
states 13:17 23:17 118:17
259:22
stating 122:20 267:5
stationed 55:19
status 17:1 23:1 29:12 43:6
91:22 127:4 138:7 199:5 204:25
236:24,25
statute 24:7 205:16,22
statutes 48:10,14
statutorily 44:18
stay 33:23 263:24 264:1
step 71:9 84:17 113:21 140:25
164:7 183:13 212:5

stepped 231:1

steps 82:22

still 21:6 51:10 68:2 104:12 107:2
114:13 121:21 122:12 132:24
139:12 147:4 151:11 152:1,6
153:14 187:25 188:6 199:5 203:3,
5,10 238:12,16 249:18 268:3
271:16 275:12

stock 25:5 26:13,14 30:17 33:7,
11,16 34:5 41:20,22,24 42:1,4,8,
11,15 48:19,20 59:13,14 62:3,20,
22 63:5,8,12,16 64:1,5,9,15,18,
22,24,25 65:21 72:3,8 73:4,5,6,7,
9 86:2 87:1,2,4 109:2 110:10
111:23 115:8,11,19 116:9,21,23,
25 117:2,3 119:1 120:6 121:3,15
122:22 131:10,15,18,23 132:15
133:4 134:1,2,12,16,21,22
137:15,16,17 138:7 179:18
210:21

stockholder 26:12 39:4 85:13,
20 122:18 123:2 131:2,4,6 193:4,
10,11

stockholders 26:15 41:12 44:22
121:9,11,12 122:23 123:7 129:24
130:11 137:16

Stoddard 16:5,12 17:1,13

Stolis 215:19

stop 9:3,4 52:20 91:12 219:5
222:14 258:17

stopped 65:23 147:9 148:11
189:24 190:1,2

straight 124:15

strength 204:20

stress 220:7

stresses 38:23

stressors 255:22

stretch 38:11 254:9

stricken 83:20

strictly 201:10

strike 7:4,6,14,17,18 71:18
147:12,25 148:1 153:5 184:10
191:10 193:1 213:19 229:23
230:8 253:5 263:19

strikes 277:12

striking 112:9

strong 33:1 58:11

structure 199:13,24 246:24
249:3

structured 246:9 247:2

struggle 35:5 187:3

stuff 13:12 71:15 276:8

style 88:2

subject 7:6,9 15:5 16:10 68:6
71:3 81:19,21 99:11 128:7 231:3
243:5 254:25 255:4,5

submit 8:25

submits 17:12

submitted 18:25 148:17 205:24
207:5

subpoena 13:16,18 200:3
207:23,25

subsequent 73:2

subsidiary 60:3

subspecialty 205:3

substantial 94:21

substitute 52:1

suburb 200:23

succeed 22:25 111:6

success 23:7 40:5 45:1

successful 22:20

successor 73:10

such 9:15 12:11 25:22 28:24
33:18,19,20 42:9 47:25 48:7 50:6,
10 73:6,8 116:22 123:1,5 130:15
150:19 169:7 174:13 183:24
201:13 213:1 227:9 243:25 258:7
262:19

sued 66:10 195:7 216:5

suffer 201:10,13

Suffice 245:12

sufficient 234:21 235:12

suggest 12:17 37:11

suggested 36:19 133:24 186:25
209:17

suggesting 22:4 209:7

suggestion 210:9

suggests 12:10

suitability 57:1

Suite 197:1

summary 101:3 217:20

summer 165:5,6

superfluous 101:4

superior 192:6

supplier 271:22

supplies 251:16

supply 270:2,6,11

support 13:7 199:24

supportive 106:4

suppose 191:19

supposed 23:20,24 30:11,19
32:16 38:14 77:18,20 211:5,6,11
261:18

supposedly 263:4

Supreme 16:7,9

sure 7:10 55:1 58:4 60:14 68:8
84:21 115:21 129:1 133:11
146:19 151:2 152:23,25 155:6
158:5,8 159:13 161:16 169:15,16
176:4 180:4 182:6 184:10,20,22
186:8 191:23 199:5 201:6 202:7,9
210:4 214:4 220:23 224:9 231:1
242:18 249:16

survival 24:1 45:1,19 47:19

survive 23:3 32:24 38:10

suspect 34:11 277:6,8 278:1,2
279:2

Sussman 215:19

sustain 70:20 103:7 147:25
214:1,5

sustainable 37:22 38:11 271:12

sustained 65:5 66:20 81:2 83:19
84:9 87:7 92:12 93:7 99:6 100:21

104:3 110:7 131:21 191:13 226:7,
10 234:2,8,14 238:1 263:25
swear 145:7 197:9
switch 233:10
sworn 52:24 135:15 198:5 216:8
system 118:10 223:3
systems 152:12 153:23 154:2
Szymanski 4:21

T

tab 180:23 181:1,4
table 13:21 14:19 63:1 117:24
163:9 170:8
tables 5:15
tabs 124:15
tactics 84:25
take 19:15 37:5 39:10 40:11 51:4,
7,9 61:16 62:14 71:3,5 84:11 88:7
106:21 113:16 116:2,5 118:22
119:17 123:23 124:2 127:16
128:16 141:9 144:12,17 164:6
183:13 187:13,14 195:22 196:15
211:23,24 212:6,14,18 222:5,10
232:14 239:19 243:7 244:1
248:23 253:25 260:14 262:21
263:5,8 267:19 268:10,11,16
274:10 276:10,14 277:5,23
278:16 279:19
take-out 96:15
taken 12:15 71:10 113:22 119:21
127:20 141:16 144:25 187:18
195:6,25 212:19 213:4 221:20
222:2 226:14 240:2,10,24 247:7
248:18 256:7 263:12
takes 40:1
taking 18:13 23:19 52:7 82:22
116:25 117:2 213:7 214:16
239:25 245:1 252:23,25 253:23
254:3 272:25
talent 154:7
talk 19:9 20:5 23:9,11 24:2 26:17
27:20 28:21 33:4 41:6 54:12
82:17 115:7 236:24 237:4 257:8

261:6 269:17
talked 29:17 144:16 147:6 158:7,
19 232:20 242:11
talking 17:7 32:10 34:18 68:9
72:2 80:17 104:24 149:22 177:4
181:5 189:15 218:2 227:22 230:8
243:6,8 246:2 269:6 274:16
Tara 5:7
tax 28:1 221:1 240:4,12 241:18
243:23 246:20
taxes 25:24 27:25 28:3 69:2
111:13 219:24 220:20 221:7,25
226:14 233:2 242:11 273:6,10,12,
20 274:3,9,17 275:5
taxing 241:21 245:14
team 107:13 159:13 160:1 162:1
technical 26:24 181:15
technically 26:25
technological 24:5 104:22
technologically 238:17
technology 52:1 71:8
Ted 81:14 82:14 105:15 107:7
154:25 155:11,13 157:1 160:21,
23,24 161:1,5,7,22 163:10,15
166:4 173:9,13,18 190:21 264:19
tedious 214:16
Teds 161:2
tell 51:1 52:24 55:2,11 57:4 63:4
65:25 66:13 77:12 90:15 101:14
115:24 116:6 132:20 141:9
147:21 181:2,4 201:3 211:5 213:6
219:15 222:25 224:20 235:15
260:17 267:17
telling 264:24 268:17,20
ten 250:9 266:13
term 47:23 72:25 73:3 83:2
136:11 147:17 154:10 223:8
228:23 263:19
terminable 36:17
terminate 35:11 36:5,6,13
terminated 36:10 147:8 189:23
271:18

termination 36:2,6,8,9,12,16
148:1
terms 13:14 17:21 27:14,15
65:20 152:6 158:10 183:2 189:14
203:20 212:2 227:6 246:21
250:25
test 10:16 32:3
tested 141:18
testified 15:10,16,19 52:25 56:9
73:24 93:21 115:10,14 119:1,24
123:17 131:12 133:9 134:11
150:11 151:20 152:19,25 159:1
162:14 184:11,24 198:6 269:22
testify 29:18 41:5 45:15,22 46:15
47:3,9,13 79:1 80:24 92:4 115:6
128:22,23 135:23
testifying 67:25 76:18 124:18
224:17 276:23
testimony 10:15 13:15 38:3 68:2
71:19 74:4 75:18,22 80:14 83:2,5,
12,20,21 103:23 124:21 128:24
131:8 162:17 184:17 192:25
193:11,18 210:4 223:13 224:7,17
234:11,12 243:16 248:3 258:13
270:24 278:12
testing 161:18
theme 42:13 237:6
theoretically 261:18 277:14
therapy 201:16,17
therefrom 122:24
thereof 122:20
thing 19:8 24:19 28:18 64:4 75:8
142:22 177:19 196:14 210:11
276:2
things 7:19 23:21,22 25:8,12
28:20 30:8 37:12,16 45:15 59:2
75:6 99:22 127:19 135:16 158:7
181:5 214:25 276:4,22
think 5:15,22 6:10 8:10,19 9:8
10:14 11:17,20,24 12:23 13:20,
22,25 14:1,8 15:5,13 16:14 17:6
18:8,10 20:16 23:8,13 24:6,13,23
30:6,8,9,17 32:20 33:1 34:14,18
35:4,8,13,16,24 36:18 37:11 38:5,
12,18,19 41:4 61:15 62:25 67:20
72:16 80:19 83:17 92:4,23 133:8

134:4 143:11 144:11 148:8
151:20,22 153:19,20,21,22 154:5,
6 161:24 162:22 167:18 173:23
175:25 176:1,7,10 178:21,25
181:18,25 185:5 187:13 192:18,
20 202:15 204:13 205:17 206:6
209:9 210:9 211:8,18,24 212:11
213:11 215:17 216:11 218:5,14
219:18 220:16,17 221:12,19
222:15,16 226:16 227:7 232:23
233:6 234:19 235:9 236:7,22
238:25 239:9 242:17 243:5,19
244:19 246:8 249:14 258:16
260:12 261:8,12 266:17 268:12
269:1 274:25 276:12 277:23
thinking 213:11 218:9
third 40:3 101:20 130:22
third-party 58:17,21
thirty-five 201:9
thorough 77:2
thought 51:15 142:6 155:5
170:25 214:14 233:9 243:10
265:16
thoughts 82:6
threaten 24:1 270:6,10
threatened 108:25 251:16 267:7
270:1
threatening 227:11
three 31:4 39:23 54:4 62:10
82:23 100:17 142:11,24 143:1
148:8 160:5,16 221:12 233:1
262:12 278:3
threshold 49:9
thrive 32:24
through 9:16 29:5 43:7 45:13
60:4 66:2 95:4 97:20,22,24 98:4
100:12 103:15 105:25 134:21
137:21 170:17 171:19 172:17
176:24 177:7 181:11,12 182:15
183:19 196:5 206:6 234:10 250:4
259:11,12,15 263:10 277:9
throughout 13:2 23:16 33:2,5
38:20 42:13 49:22 158:17 200:13
209:2 244:4
throw 218:16

Thursday 220:4
til 71:6 113:15 220:11
tilt 31:22
Tim 25:16 78:13 79:23 103:16
time 4:4 5:23 6:5 9:4 14:7,9 16:4
17:6 30:19 34:21 36:9 42:1,4,6
45:10 47:12 50:4,16 54:24 59:7
61:6,16 65:19 73:8 74:14 81:16
84:5,12 87:24 88:19 89:12,16
90:16,20 93:18 95:11,15 100:16,
24 101:22 109:12 111:3,12 117:8
121:2,10,14 128:18 136:1 140:12,
16 144:25 147:23 149:10,21
150:7,10 151:1,13 152:22 153:2
155:14 156:11,16,21 161:8
163:12 165:7 166:23 168:2
169:10,18,19,22 172:1,4 174:19
180:6,9,17 184:20 185:6 187:16,
21 188:6,12,23 190:24 191:5,9,17
192:5,14 193:10 195:1,3 197:2
199:22 202:9 203:4,17,22 204:13
206:10 207:17 208:14,16,17,23
214:19 219:19 221:23 222:25
224:18 230:23 231:7 232:25
233:6,20 235:2 236:18 238:25
239:9 247:1,10,19,20,24,25
248:9,20,21 249:7,8 250:12
251:18 252:8 263:6 265:24 271:8
272:1 275:16 277:24 278:15
timeframe 44:8 55:23
timelines 101:8
timely 102:2,8 107:11 149:2
261:15 270:19
times 66:6 108:24 155:20 156:4
157:10 166:23,24 197:7 244:5
timings 279:7
tip- 266:18
tipping 266:20
title 81:16 92:14 146:23 190:24
today 41:21 44:8,10 50:18
190:10,12,17,20 198:14 200:2
204:12 206:6 245:4
today's 191:6
Todd 230:21
together 49:25 160:5 163:4,6
181:12 248:14 254:8

told 70:11 101:19 125:13 132:22
141:18 193:14 215:9,12 223:22
236:9 260:24 264:21 266:16
Tom 228:7
tomorrow 193:18 276:10,14,17,
21 277:3,5,14
tonight 278:15
top 27:17 28:5 37:6,7 170:13
174:5 178:4 181:21 229:15
Toronto 73:7 90:14,18 179:18
total 34:3 75:10 148:19 170:14
tough 155:21 204:12
towards 15:1 35:16 120:12,14
151:3 160:13 187:1 274:9
Traci 21:20,21 50:14 51:6
track 6:5
trail 61:2
train 214:14
trajectory 39:25
transact 130:15
transaction 89:9 158:2 179:17
183:17 189:4,16
transactions 56:4 117:3 188:18,
20 210:24
transcript 196:17 230:7
transfer 43:19 137:17
transferred 18:1,2,12 44:4 213:2
transition 45:14
transitions 152:15
transmitted 273:8
transparency 26:18 99:23
107:22,24 243:3,11
transparent 46:9 48:10 242:19
Travaglini 157:18 158:4 159:2
treasury 134:21,22 135:5 154:21
235:20
treat 40:16 201:10,15 205:23,25
250:2,7
treated 207:2

treating 214:19

trial 4:5 12:18 13:2 15:1,6,8
16:16,17 17:14 40:23 41:6 43:5
49:22 50:12 67:19 143:4,5,6
177:4 191:20 192:10 200:6,11
206:22 209:22 225:8

trigger 72:22 73:3

trouble 142:11

troubleshoot 52:5

troubling 28:22

true 11:21 19:16 64:21 134:24
139:19,22 168:22 173:12 174:9
178:1,9 179:4 193:9 217:17

trust 35:5,7 96:6

trustees 29:3

trustworthiness 10:17 13:4

trustworthy 12:14

truth 11:8,19 52:25 104:13 132:7
133:2 266:1 276:14

turn 20:6 62:5,25 63:18 74:19
81:3 85:3 90:5 92:13 93:1 95:6
99:7 105:9,18 107:25 108:8
115:21 116:14 117:17 120:3,9
121:5,6 122:12,13 124:12 170:5
217:5 227:25 244:11 254:15

turned 24:4 139:12 193:16 194:6

turning 25:15 170:12 179:3

turns 194:21,22 214:6

TV 275:25

two 25:12 28:16 53:18 74:20
108:14 124:4,14 142:11 160:3
196:7 221:12 225:15 229:12
233:1 274:21 278:3

two-page 177:14

type 43:22,23 55:12 130:23
135:15,24 137:22 205:9 228:10

typical 93:14

typically 52:7 155:4 158:10
160:21 161:7 163:15

U

ultimate 65:3 83:3,7 111:21
147:13 263:20

ultimately 24:7 147:18 205:4
212:1 220:13 239:12

ultrasound 201:24

umbrella 202:18,22 203:13

unable 22:21 28:25 30:15 32:23
220:8 273:7

unacceptable 107:9 150:17

unanswerable 261:20

unaudited 6:19 31:19 36:25
58:14,25

unauthorized 264:18

unavailable 200:10

unclear 162:7 224:7

under 10:17 11:6 17:10,16 33:10,
17 43:3 48:19 49:3 65:20 71:22
91:10 102:5 118:10 122:20 123:4,
7 138:4 161:24 202:18,21 203:13
205:16,21 207:11 208:7,17
217:13,16 219:25 247:18 249:12

underlying 178:18

underperforming 102:7

undersigned 138:3

understand 16:11 58:4 93:13
99:24 107:8 112:22 116:14
121:24 124:16 127:5,9 128:14
135:7 138:11 149:25 151:18
165:21,22 169:15 170:16 183:9
184:21 199:17 200:10,17 202:24
206:11 209:19 211:19 239:14
242:9 246:18,19 249:6 251:9
257:17 261:7 264:12 265:22
269:21 271:16

understanding 5:25 6:2 40:15
58:2,9 115:18 116:6,8 117:7
118:13,15,19 122:2 125:16,18
126:20,24 127:7 147:3 150:18
157:22,24 174:19 249:17 261:17
276:12

understood 14:10 112:24 113:4,
19 121:1 125:21 132:4 168:19

177:9 210:13 251:24 271:5
277:15 279:4

undertake 125:9

undertaken 57:2

undisputed 150:9

unfortunately 22:1,21 23:23
69:16 147:2

unhappy 123:20 124:21

unique 13:18 212:22

uniquely 25:2 28:9

United 13:17 23:17

University 54:18,19

unless 17:14,17 197:7 214:2
271:18,24

unlikely 277:13

unnecessarily 134:16

unpaid 30:4 66:1,10,13,15,16,21
68:19

unpersuasive 34:19

unquote 254:7

unravel 29:13

unravels 29:24

unredacted 15:7

unrelated 262:5

unreliable 77:23

unscientific 278:4

unsupported 44:15

until 45:8 65:13 67:15,16 71:6,8
113:15,17 128:23 165:5 209:10
233:16,17 257:12 259:25 263:5

unwilling 22:22 30:14 32:23 85:1

up 13:12 18:1,2,3 20:8 21:14
23:15 34:2 40:6 48:2,3 55:18 56:7
57:14 67:15,16 91:13 101:16
108:25 113:17 127:18 128:25
141:10,11 143:16,23 148:3
150:14 165:5 169:16 170:12
174:5 177:10 180:19 196:9 206:9
208:7 210:17 214:2,3,7,8,14
215:11 226:20,25 234:15 236:8
238:3 247:6 251:5 252:8 253:17

267:1 270:12 276:8,9,10,22 277:7
update 101:3,4 106:1 123:21
124:22
updated 86:13
updates 106:3 125:5
upon 45:7 47:1,5 64:8 70:21
104:16 122:19 195:9
urgency 38:23
use 6:23 9:12 15:7 21:4,13 47:23,
24 50:22 57:21,23 71:8 81:7
134:16 135:5 229:2 257:2 263:19
264:10 271:20 275:23
used 7:2 40:11 52:1 114:13,16
118:20 131:17,23 132:15 133:18
134:12 154:10 179:11 223:8
228:24 251:15 252:12 256:8,22
262:4 263:12 264:4,8,15 266:2
267:10
using 51:22 58:18,19 68:4 97:13
114:6,7 135:6 189:14,15 219:5,21
250:7 252:23 253:23 275:16
usual 122:21 174:12 275:20
usually 154:25
utilities 257:21
utilization 201:18
utilize 263:8
utilized 262:17

V

vague 136:10 153:4 163:22
169:3 172:9 182:24 188:15
189:13 201:5 212:10,17 215:14
223:5 235:18 236:21 249:9
validate 70:17
value 23:17 46:24 57:21,22
variety 153:19
various 57:13 96:2,6 146:18
163:12 199:17,18 228:21 237:9,
10 244:5
Vegas 17:25 18:11,19
Vellis 4:9 16:22 17:2,22,24 21:3,
10,13 22:3 144:11,15 196:13

vendor 271:20
vendors 102:18 150:25 154:18
verbalized 237:14 238:3
verbally 137:23 166:18,20
238:16 247:17
verification 58:21
version 86:22 180:18,20,24
181:23,24 183:24 184:1
versions 15:7 86:23
versus 102:7 196:23
vet 80:16
Viar 4:11 51:23 52:12,13,15 53:3,
6 61:13,19,23,25 62:2,8,13 65:6
66:22,25 67:20 68:11,18,19
70:22,25 71:4,14 72:1,2,16,18
73:17,22,24 75:19 76:4,20 79:7,
12,16 80:9 81:3 83:9,16,22 84:10
87:8,13,18,21 88:7 91:20 92:4,13
93:1,8,20 94:2,14 96:17,21,24
97:6,9,17,22 98:6,12,14,17,24
99:7 102:24 103:4,9,10 104:1,4,
10,19 105:9 108:1,5,8 110:4,8
111:17 112:12,14 114:6 127:24
128:4,11,13 129:6,8 131:22
132:6,13 133:1,6,13,19,24 134:11
135:20,23 136:13,16,18 139:5
141:4 196:4,7,16 197:11 198:9,11
203:7 204:8 205:14 206:4,16
207:9 209:3 210:1,3,14,19 211:4
212:13 213:5 214:4 217:15
219:11 221:9,12 222:16 223:13,
24 224:4,12,24 225:9,12,22
226:1,5,16 229:5,8 232:13 235:14
236:3 237:22,24 238:10,12,15,19
239:17 242:3 243:17 245:18
248:4 253:22 254:2 256:6 257:7
258:14,20,24 259:10,13,20 261:5
263:22 265:11,22 266:7,24
268:22 269:14 270:25 272:15,24
273:19,24 274:1 277:19
Viar's 88:4
vice 55:8 56:1 99:18 207:18
230:15
Victoria 197:3
video 141:2 144:22,24 147:10
148:4 149:12 150:15 175:6
177:12 191:8 196:20 206:23

210:18 213:18 214:9 221:4,18
222:13,19 223:6 227:1 229:20
230:13 233:22 234:16 237:15
238:2 240:16 241:1 253:3,21
263:17 264:2 265:1 266:14
275:22
videotape 128:15 144:5,7 196:5
209:21
view 252:11
viewed 144:1
viewing 179:25
violated 26:6,9 30:4 42:17 48:22
111:23
violates 34:16
violation 17:16 18:8 19:1 64:25
109:2,6
violations 109:11
virtue 221:24 272:22
vis-a-vis 13:16 17:1
visibility 199:11
visit 157:12 172:16
visited 156:3 215:24
visits 57:12
Vital 269:20
volume 114:4,9,11,12 117:18,19
196:8
voluntarily 43:15
votes 121:12 129:23
VRG 94:23

W

wages 148:16
wait 114:5 220:11 233:16
walk 29:11 181:11
walking 181:12
wanted 7:10 84:21,22 127:25
142:3 258:17 260:18 261:14,16
264:22 265:17
wanting 227:5

warns 33:13
warrant 50:11 85:16 86:2,14,24
warranted 44:9
warranties 34:16
warrants 117:1,8,14 137:16
waste 29:4 277:24
watch 206:8
watched 152:18
water 38:18
Watts 4:16 145:15 197:12
ways 152:6 204:17
week 20:25 23:2 30:10 39:22
155:20 200:3,7 233:5 254:10
275:24
weekly 251:7,13,25 252:3 274:18
weeks 30:24 31:4 44:4 77:6
148:8 160:3 200:13 274:22
weigh 15:4
weighing 154:12
weight 12:20
Weintraub 171:12
well 4:16 5:20 6:2 8:13 13:4
18:19 21:9 24:12 26:7 27:21
31:14 39:1,4 45:13 48:20 56:9,16,
19 57:18 59:20 64:17 65:24 68:15
69:14 70:25 71:1 74:8 75:6 76:13,
25 83:22 88:21 89:14 92:1 94:2
97:6,22 101:11 110:21 112:5
136:2 148:25 150:11 151:17
152:8 154:5 161:7,21 162:22
163:17 164:6 166:12 177:23
179:8 186:10 192:24 194:9 199:7
202:11 204:1,11 206:4 209:4
214:5,20,21 216:24 218:10,17
219:21 220:21,25 221:19 222:4
225:5 227:2 229:10 234:15,24
235:4 236:18 237:25 238:20
239:20 240:22 241:2,6 242:9,10,
15 244:6 246:17 248:11 249:12
253:17 259:4 260:17 261:22
268:17 269:3 271:4,7 273:14
277:6
well-being 215:4,6

went 25:7 65:13 78:19 105:22
134:5 167:19 185:16,25 186:11
236:2 244:25
Whoa 105:7
whole 107:16 247:6 260:13
wide 172:21
willfully 26:6
William 4:18
Williams 101:1 239:8
wire 51:11
wireless 104:23
wishes 95:3
withdraw 135:20 262:11,14
withdrawn 262:16
withheld 222:1
withholding 219:23 220:20
withholdings 220:14 221:21
222:2 233:10 274:8
witness' 243:16 248:3 258:13
260:11 270:24
witness's 112:10 133:6
witnesses 8:25 10:3,5 25:1
128:19,24 208:9,12,24 224:16,19
witnessing 84:23,24
wondering 278:24
word 18:16 118:22 151:22 229:2
words 36:15 127:10 244:23
250:1 268:24
work 20:24 21:14 25:7 51:8
54:11,13 55:12 71:16 78:16,17,19
79:17 80:10 146:4,9 171:3,10
172:5 173:16,19,24 179:1 185:16,
25 186:11 211:5,6,11 276:1,13
worked 25:3 51:17,20 55:19,24
58:5 157:21 160:25 161:2 163:11
171:11
working 20:12 21:18 51:14
70:11,12 105:6 146:18 147:4
148:5 151:23 160:4 161:8 168:19
171:22,25 172:5 179:16 188:6,7,
12 189:6,24 190:2 205:3 247:20

works 34:7 105:7 141:19 157:19
world 195:11 204:18
worries 184:4
worry 236:9
worse 37:16 109:19 111:16
worth 142:7 250:8
write 102:19 103:1 169:6,9,18,22
writing 10:7 123:5 135:15
166:18,20 219:6,15,18
written 5:15 11:11 36:12 90:25
122:19 216:17 235:23 265:8,9
wrong 212:12 219:15,17
wrote 109:12 126:10 168:25
222:25

X

X-RAY 201:23

Y

year 26:4 46:13 47:4 54:22 77:5
109:24 110:12 130:12 147:9
149:1 151:3,10 203:22 215:22
years 18:7 54:4 55:4,10,24 56:7
58:2 70:5 82:23 160:5,16 203:20
204:24 215:7 250:9
years' 162:12
yesterday 14:14 19:10
York 73:7

Z

Zimmerman 5:7 14:21
zone 221:22
Zooming 37:7

1 FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
2 IN AND FOR CARSON CITY
3
4 CLAUDIO ARELLANO; CROWN EQUITIES
5 LLC; FIFTH AVENUE 2254 LLC; HALEVI
6 ENTERPRISES LLC; HALEVI SV I LLC,
7 et al,
8 Plaintiffs,
9 -vs- Case No. 18 OC 00071 1B
10 HYGEA HOLDINGS CORP,
11 Defendant.
12 _____/
13
14 TRIAL TRANSCRIPT
15 VOLUME II
16 PAGES 281 - 413
17
18 DATE: Tuesday, May 15, 2018
19 TIME: 1:00 p.m.
20 LOCATION: Carson City District Court
21 885 E. Musser Street
22 Carson City, Nevada
23
24
25 REPORTER: Daren Bloxham RPR/CSR-685

FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR CARSON CITY

CLAUDIO ARELLANO; CROWN EQUITIES
LLC; FIFTH AVENUE 2254 LLC; HALEVI
ENTERPRISES LLC; HALEVI SV I LLC,
et al,

Plaintiffs,

-vs-

Case No. 18 OC 00071 1B

HYGEA HOLDINGS CORP,

Defendant.

_____ /

TRIAL TRANSCRIPT

VOLUME II

PAGES 281 - 413

DATE: Tuesday, May 15, 2018

TIME: 1:00 p.m.

LOCATION: Carson City District Court

885 E. Musser Street

Carson City, Nevada

REPORTER: Daren Bloxham RPR/CSR-685

<p style="text-align: right;">Page 282</p> <p>1 APPEARANCES: 2 THE MILLER LAW FIRM, PC 3 By: Mr. Christopher D. Kaye 4 Mr. David B. Viar 5 Mr. William Kallas 6 950 West University Drive, Suite 300 7 Rochester, Michigan 48307 8 248.841.2200 9 cdk@millerlawpc.com 10 dbv@millerlawpc.com 11 wk@millerlawpc.com 12 Appearing on behalf of the Plaintiffs 13 OAKLAND LAW GROUP 14 By: Mr. Kevin J. Watts 15 38955 Hills Tech Drive 16 Farmington Hills, Michigan 48331 17 248.536.3282 18 kwatts@oaklandlawgroup.com 19 Appearing on behalf of the Plaintiffs 20 HOLLEY DRIGGS WALCH FINE WRAY PUZEY THOMPSON 21 By: Mr. Clark V. Vellis 22 800 S. Meadows Parkway, Suite 800 23 Reno, Nevada 89521 24 775.851.8700 25 cvellis@nevadafirm.com 26 Appearing on behalf of the Plaintiffs 27 BALLARD SPAHR, LLP 28 By: Mr. Kyle E. Ewing 29 Ms. Maria A. Gall 30 1980 Festival Plaza Drive, Suite 900 31 Las Vegas, Nevada 89135 32 702.471.7000 33 ewingkb@ballardspahr.com 34 gallm@ballardspahr.com 35 Appearing on behalf of the Defendant 36 KAEMPFFER CROWELL 37 By: Mr. Severin A. Carlson 38 Ms. Tara Zimmerman 39 50 West Liberty Street, Suite 700 40 Reno, Nevada 89501 41 775.852.3900 42 scarlson@kcnvlaw.com 43 tzimmerman@kcnvlaw.com 44 Appearing on behalf of the Defendant</p>	<p style="text-align: right;">Page 284</p> <p>1 P-R-O-C-E-E-D-I-N-G-S 2 --oOo-- 3 THE COURT: Please be seated. 18 OC 71, 4 Arellano v. Hygea, all counsel are present. 5 Anything before we begin the videotaped 6 deposition? 7 MS. GALL: Yes, Your Honor. I'd like to make 8 two motions at this time, the first motion being a 9 motion under NRS 50.115, the first subsection, the 10 Court's authority to control its own order of trial. 11 I was informed earlier today that plaintiffs 12 intend to call Mr. Iglesias, presumably as an adverse 13 witness for their case in chief. He was not 14 specifically identified on their witness list. 15 Instead, he was, I suppose, incorporated by reference 16 at -- a list that they intend to call any witnesses 17 that we have. 18 As I've intimated or suggested to the Court 19 before, we believe that plaintiffs are improperly using 20 this litigation in order to get discovery from our 21 clients that they cannot get in the securities 22 litigation pending in federal court because that 23 litigation is currently stayed under the Private 24 Securities Litigation Reform Act. 25 If Mr. Iglesias is put on the stand as an</p>
<p style="text-align: right;">Page 283</p> <p>1 I N D E X 2 3 WITNESS: Norman Gaylis (via video) 305 4 5 WITNESS: Timothy J. Dragelin 6 EXAMINATION PAGE 7 Direct By: Mr. Kaye 333 8 9 10 11 EXHIBITS RECEIVED PAGE 12 Exhibits 84-98 (excluding 96) 329 13 Exhibit 102 331 14 Exhibit 28 394 15 Exhibit 29 403 16 17 18 19 20 21 22 23 24 25</p>	<p style="text-align: right;">Page 285</p> <p>1 adverse witness, it will essentially act as a 2 deposition in this matter, which they could have gotten 3 had they issued a deposition prior to the trial of this 4 matter, but they did not. 5 So at this point, Your Honor, I would ask 6 that you grant our motion under 50.155 and allow -- 7 allow defendants to simply call Mr. Iglesias on our 8 defense in chief, which we intend to do. Thank you. 9 THE COURT: Mr. Kaye? 10 MR. KAYE: Your Honor, a couple of responses. 11 First of all, defense counsel is correct that there 12 is -- our witness list incorporates the individuals 13 listed on -- the witnesses listed on the defense 14 witness list. 15 And I can't imagine that it is a surprise to 16 anyone that Mr. Iglesias would be testifying in this 17 trial. And, in fact, I think there was a suggestion 18 there that Mr. Iglesias will be -- will be testifying 19 during the defense case. And that was referred to in 20 the opening statement as well. 21 Nonetheless, that -- plaintiffs do have the 22 right to call him as an -- as -- in our case in chief, 23 and we would say that he is an adverse witness. And I 24 can't imagine that that's going to be a very 25 controversial assertion in the context here.</p>

<p style="text-align: right;">Page 286</p> <p>1 This has nothing to do with any other 2 litigation. The suggestion that -- perhaps that there 3 is a stay in another lawsuit, and there is -- there is 4 a stay in another lawsuit, but the suggestion that that 5 somehow impedes the ability of this Court to hear 6 evidence is I think misguided. 7 Beyond that, the suggestion that this is sort 8 of a deposition by some other means, it's not entirely 9 clear to me what weight that argument would have 10 because we did not depose him. But we've got something 11 even better. Instead of watching a videotape of 12 Mr. Iglesias here, we suggest putting him on the stand 13 for live testimony. 14 We think that's entirely appropriate. It's 15 part of plaintiffs' case in chief, and I believe it 16 will be very helpful to the Court to hear that. 17 Doesn't have anything to do with the other lawsuit. 18 THE COURT: Well, if I -- I'm trying to 19 understand what the practical difference is. If you're 20 going to call him in your case in chief -- I'm talking 21 to Ms. Gall, he is going to testify. So does it matter 22 if they do it in their case in chief and we don't sit 23 through the videotaped deposition, or -- 24 MS. GALL: Oh, there is no videotaped 25 deposition, Your Honor.</p>	<p style="text-align: right;">Page 288</p> <p>1 And, therefore, if they put Mr. Iglesias up, 2 they can open up it up to anything they want to ask, 3 not confined by the terms of my direct examination. 4 THE COURT: As long as it's relevant and -- 5 and maybe I need to be a little more sensitive to 6 relevance objections. If -- I mean, it strikes me as 7 correct that it doesn't really matter what went on 8 before. What we're looking at is what's going on now. 9 MS. GALL: Right. 10 THE COURT: So if I am a little more 11 sensitive to that, what's the difference? 12 MS. GALL: Your Honor, I always defer to you. 13 The other thing I would ask for is if this has nothing 14 to do with the securities litigation, I would ask for a 15 protective order that prohibits his testimony in this 16 litigation from being used in the other litigation. 17 THE COURT: Mr. Kaye? 18 MR. KAYE: Your Honor, a couple of responses. 19 Once again, if I can state this is -- the issues at 20 play in the securities litigation specifically are not 21 the reasons that we're looking to put Mr. Iglesias in 22 on our direct. 23 And I think the Court really previewed 24 something I was going to say. If counsel has 25 objections to questions, counsel can make objections to</p>
<p style="text-align: right;">Page 287</p> <p>1 THE COURT: I thought you said we're doing 2 this in lieu of? 3 MR. KAYE: Your Honor, my apologies if I was 4 unclear. I think there was a suggestion from 5 defense -- 6 THE COURT: Okay. 7 MR. KAYE: -- that we could have done a 8 deposition. I'm saying this is better for everyone. 9 THE COURT: Okay. 10 MS. GALL: Your Honor, I believe there is a 11 substantive difference. 12 THE COURT: That's why I asked. 13 MS. GALL: Yes. If I put Mr. Iglesias up, I 14 will control the scope of his direct, and their cross 15 will be limited to the scope of his direct. If they 16 put him up as an adverse witness, they can open it up 17 to anything they want, subject, of course, to any 18 objections I may make and what this Court will rule on. 19 As we heard yesterday, I don't think it's any 20 secret, plaintiffs are incredibly interested about the 21 allegations of representations made in the time period 22 leading up to when N5HYG became a shareholder in this 23 lawsuit, which we do not believe is relevant here, and 24 which essentially are the allegations in the securities 25 lawsuit pending before Judge Mayhan in federal court.</p>	<p style="text-align: right;">Page 289</p> <p>1 questions. Counsel can make objections to testimony. 2 I do think that the fact of the 3 representations and the information provided in 2016 4 does have some probative value here because if there 5 were inaccuracies or if there was anything misleading 6 about that information, that gets to the misfeasance, 7 malfeasance, nonfeasance criteria. 8 But I don't think that that's been -- that 9 that's been a main focus of our case. We're, of 10 course, interested in our other lawsuit. But this -- 11 this case stands on its own. And that's just one part 12 of the story, one piece of the puzzle. 13 As to a protective order, I would suggest 14 that that would be something we could revisit if 15 there's a specific concern about something that comes 16 out. But I don't think that there's been anything here 17 that would merit that. 18 And beyond that, this is -- as we've argued 19 before in the context of the confidentiality and 20 protective order and we've discussed this, this is a 21 presumptively open proceeding. And we've talked about 22 some of the criteria or some of the protocol for 23 potentially redacting sensitive information that really 24 isn't germane to the issues in this case. 25 And we can, of course, revisit that as</p>

<p style="text-align: right;">Page 290</p> <p>1 concerns testimony. But I don't think there's any need 2 for a protective order or there's been any showing that 3 that's an issue. 4 MS. GALL: Your Honor, I would simply say if 5 Your Honor doesn't wish to rule on a protective order 6 today, I'm not going to repeat my argument for why I 7 think a protective order is appropriate, but I would 8 ask that you allow us to reserve that right to move at 9 the end of the trial. 10 THE COURT: All right. Well, the first 11 objection was -- I may not be saying it quite right, 12 but that the -- that Mr. Iglesias wasn't properly 13 identified by plaintiffs, but they did identify 14 generally that they -- they included among their 15 witnesses the witnesses that Hygea -- yeah, that Hygea 16 had listed. 17 MS. GALL: Or would list, yes. 18 THE COURT: Or would list. So I'm going to 19 allow them to call him, Mr. Iglesias, in their case in 20 chief. I'm not going to order a protective order now, 21 but I will -- you can bring that up again -- 22 MS. GALL: Thank you, Your Honor. 23 THE COURT: -- at the end of his testimony, 24 at the end of trial, whenever -- whenever you want to. 25 MS. GALL: Thank you.</p>	<p style="text-align: right;">Page 292</p> <p>1 First of all, yes, Mr. Dragelin is here as a fact 2 witness, and he was in -- working for Hygea as a 3 consultant and learned a great deal about the 4 corporation and its finances and its operations. 5 My concern with the motion is that it is 6 something -- because we haven't listed him as an 7 expert -- take a step back. We've not listed him as an 8 expert, have not provided an expert report, and we 9 don't intend to use him in the sense of an expert who's 10 coming in giving ultimate opinions on the issues here. 11 Having said that, he is a professional. He 12 is someone with a great deal of expertise in this sort 13 of thing. The work he was doing inherently involved 14 analysis and some sort of technical base. 15 And so my concern is that I don't -- I don't 16 want us to be artificially constraining the sort of 17 things he can talk about such that he can't really say 18 what he was doing or why he was doing the things that 19 he was doing. 20 He did reach certain conclusions about the 21 materials that he was looking at. I think that really 22 all the witnesses that we've had thus far and I think 23 all the witnesses we're going to have have reached 24 conclusions about the things that they were looking at 25 because these are -- these are issues that are open,</p>
<p style="text-align: right;">Page 291</p> <p>1 THE COURT: Anything else? 2 MS. GALL: Yes, I have a -- did you have 3 something? 4 MR. KAYE: No. No. 5 MS. GALL: There's a second motion that I 6 mentioned. I'd like to make a motion in limine to 7 limit the testimony of Mr. Dragelin, who is the next 8 witness that plaintiffs have identified that they 9 intend to call. I do not know if plaintiffs intend to 10 solicit expert-type testimony from Mr. Dragelin. 11 But clearly, you know, he is a person with 12 certain qualifications. He worked for FTI Consulting. 13 He was Hygea's consultant. I do not have a problem 14 with him testifying as a percipient witness to anything 15 he may have come to learn or observed at the time he 16 was at Hygea. 17 However, I would object to and ask the Court 18 for a limiting instruction for any ultimate opinions 19 and expert-type testimony. He was not identified as an 20 expert. I have no idea what he might testify to as a 21 potential expert. And we certainly would not be 22 prepared with a rebuttal expert for Mr. Dragelin if 23 that's the case. 24 THE COURT: Mr. Kaye? 25 MR. KAYE: Your Honor, a couple of responses.</p>	<p style="text-align: right;">Page 293</p> <p>1 perhaps, to different interpretations. 2 I mean, for example, Mr. Iglesias will 3 presumably -- just to use an example, Mr. Iglesias 4 might say, Well, yeah, I concluded that EBITDA for this 5 year was a certain number. 6 Well, you know, that inherently involves some 7 analysis, some -- some -- some expertise almost on his 8 part or some at least purported expertise on his part 9 without prejudice to any of the arguments we'll make. 10 I think that, you know, you could have an 11 objection like that for just about anyone. Where this 12 I think -- what's helpful to consider here is the rule 13 regarding opinions from lay witnesses. And that's the 14 standards at some point -- this is NRS 50.265 -- 15 rationally based on the perceptions of the witness. 16 I think everything we've heard thus far has 17 fallen within that. I think everything we'll hear from 18 Mr. Dragelin will fall within that and helpful to a 19 clear understanding of the witness's testimony or the 20 determination of a fact at issue. 21 Much of this case comes down to what is going 22 on with the finances, what do the books show, why are 23 the audits such a -- such a problem. Those are things 24 that everybody has talked about, and I would anticipate 25 Mr. Dragelin to talk about that.</p>

<p style="text-align: right;">Page 294</p> <p>1 And I don't think it's expert testimony, and 2 we've not -- we don't intend to present it as expert 3 testimony, but I think any sort of artificial 4 limitation on that that we haven't had with all the 5 other witnesses would be a constraint on the Court's 6 fact-finding ability. 7 MS. GALL: Your Honor, I think the statute 8 that Mr. Kaye mentioned is relevant to this. It says, 9 "Rationally based on the perceptions of the witness," 10 not based on the opinions of the witness. 11 Here it is clear from what Mr. Kaye said that 12 they will be presenting opinions from Mr. Dragelin, who 13 is a managing director of FTI. And I'm sure when they 14 run through his qualifications at the beginning of his 15 testimony, they will describe, you know, the 16 qualifications that he has as a managing director of 17 FTI. 18 So, again, I do not mind him talking about 19 his perceptions when he was at Hygea, what he observed 20 as a percipient witness. But if they are going to ask 21 him ultimate questions such as, Do you believe this was 22 a misrepresentation, do you believe -- what should the 23 company have done, I have no idea what they're going to 24 ask him. 25 If it's along those lines of ultimate</p>	<p style="text-align: right;">Page 296</p> <p>1 objectionable, such as the examples, you know, did this 2 constitute misconduct, what should the company have 3 done, then counsel can -- can make those objections. 4 And if in the context of inquiry and in the context of 5 the testimony that's -- that's an improper question or 6 it's eliciting testimony that goes beyond 50.265, 7 then -- then we can deal with that as it comes. 8 Once again, that's -- that's not the sort of 9 testimony that we're intending to seek from 10 Mr. Dragelin. What we're intending to seek is, roughly 11 speaking, Mr. Dragelin, you were -- you were retained 12 by Hygea, and what did you find when you went in there? 13 THE COURT: Let me ask you a few questions. 14 Was there -- has there been an order or has 15 there been any agreement about disclosing experts? 16 MS. GALL: Yes. We disclosed an expert, 17 Craig Greene. He will be -- 18 THE COURT: Was that by agreement or by order 19 or -- 20 MS. GALL: It was by -- we identified him on 21 our witness list on April 30th when the witness list 22 came out. If you remember, we had -- we had a hearing 23 before Your Honor, and Your Honor allowed our expert to 24 come in. 25 And they will have -- plaintiffs have</p>
<p style="text-align: right;">Page 295</p> <p>1 opinions, that is what I object to because I think we 2 are getting into then, if not squarely within, 3 certainly inching towards the territory of expert 4 witness testimony. 5 MR. KAYE: Your Honor, if I could make one 6 brief response, two brief responses. One is that what 7 the rule says is that lay opinion testimony in the form 8 of opinions or inferences to -- is limited to those 9 opinions or inferences which are rationally based on 10 the perception of the witness. 11 So I think that there is maybe something that 12 counsel misstated, that it's not just perceptions that 13 are allowed, but opinions rationally based on the 14 perceptions so long as they're helpful. 15 Look, I think as I mentioned, pretty much all 16 of these witnesses are probably sprinkling in some 17 measure of opinion because there is some ambiguity when 18 you look at a financial statement, for example, well, 19 what does that mean? 20 To the -- to the extent that -- for instance, 21 if you just showed me a financial statement or 22 financial document that wasn't part of a case that I 23 was working on, I might -- it might be something of a 24 head scratcher. 25 If I ask a question that counsel finds</p>	<p style="text-align: right;">Page 297</p> <p>1 identified a rebuttal expert as well that they may be 2 bringing in and then disclosed their rebuttal expert 3 report last night to us. 4 THE COURT: Okay. So I'm always embarrassed 5 when I can't remember, but I've seen a whole bunch of 6 people between then and now. 7 MS. GALL: Sure. 8 THE COURT: Did I enter an order that the 9 experts had to be disclosed? 10 MR. KAYE: No, Your Honor. 11 MS. GALL: You did not enter an order that 12 experts had to be disclosed. But when we disclosed our 13 expert on April 30th, plaintiffs made a motion to 14 strike our expert for late disclosure. 15 MR. KAYE: Your Honor, you may recall that 16 was a somewhat unusual motion. This was -- there was a 17 suggestion -- there was a pending motion at that time 18 from the defendants to -- to quash the subpoenas to 19 Mr. -- to Mr. Miller and Dr. Gaylis. 20 THE COURT: Right. 21 MR. KAYE: One of the things we said in 22 response -- 23 THE COURT: I do remember. 24 MR. KAYE: -- is if we're going to quash 25 those, then this expert who's been disclosed at the</p>