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Jay Freedman  
11700 W. Charleston Blvd. Ste. 170-357  
Las Vegas, NV 89135

702-342-5425  
702-475-6455 (fax)  
jay@jayfreedmanlaw.com

Attorney for Plaintiff

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Elizabeth A. Brown  
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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

MEDAPPEAL, LLC, An Illinois Limited  
Liability Company,

Plaintiff,

vs.

DAVID WEINSTEIN, VIJAY REDDY,  
MARGARET REDDY, MOHAN  
THALMARLA, KEVIN BROWN, MAX  
GLOBAL, INC., VISIONARY BUSINESS  
BROKERS LLC, MEDASSET  
CORPORATION, and DOES 1-50

Defendants

Case No.: 19-792836-C

FIRST AMENDED COMPLAINT

Plaintiff Medappeal, LLC, by and through its attorney Jay Freedman, asserts the following causes of action against defendants David Weinstein, Vijay Reddy, Margaret Reddy, Mohan Thalmarla, Kevin Brown, Max Global, Inc., Visionary Business Brokers LLC and Medasset Corporation (collectively "Defendants").

1. Plaintiff Medappeal, LLC is an Illinois Limited Liability Company.
2. The contract at issue in this action was signed by "Liberty Consulting & Management Services, LLC (on behalf of a company to be formed later)." Plaintiff is the "company to be formed later" and is the successor in interest and/or assignee of Liberty Consulting & Management Services, LLC.

FIRST AMENDED COMPLAINT - 1

1 3. Plaintiff is informed and believes, and based thereon alleges, that defendant David  
2 Weinstein is an individual who, at all times relevant to this action, resided in Clark County,  
3 Nevada.

4 4. Plaintiff is informed and believes, and based thereon alleges, that defendant Vijay Reddy  
5 (“V. Reddy”) is an individual residing in Michigan.

6 5. Plaintiff is informed and believes, and based thereon alleges, that defendant Margaret  
7 Reddy (“M. Reddy”) is an individual residing in Michigan.

8 6. Plaintiff is informed and believes, and based thereon alleges, that defendant Mohan  
9 Thalmarla (“M. Thalmarla”) is an individual residing in Illinois.

10 7. Plaintiff is informed and believes, and based thereon alleges, that defendant Kevin Brown  
11 (“Brown”) is a resident of New Jersey.

12 8. Plaintiff is informed and believes, and based thereon alleges, that defendant Max Global,  
13 Inc. (“Max Global”) is an Illinois corporation owned by M. Thalmarla.

14 9. Plaintiff is informed and believes, and based thereon alleges, that defendant Medasset  
15 Corporation (“Medasset”) is a Nevada corporation owned by Weinstein.

16 10. Plaintiff is informed and believes, and based thereon alleges that defendant Visionary  
17 Business Brokers, LLC (“Visionary”) is a New Jersey limited liability company.

18 11. Venue is proper in Clark County pursuant to NRS 13.040 as defendants Weinstein and  
19 Medasset Corporation reside in this county while the other defendants reside out of state.

20 12. Venue is also proper in Clark County pursuant to the Forum Selection Clause contained  
21 in the parties’ contract. The parties’ contract provides that “[t]he venue is the State of Nevada  
22 and the County of Clark” and that the “Agreement will be governed by the laws of Nevada and  
23 the County of Clark.”

24 13. Plaintiff filed a similar action against defendants Weinstein, V. Reddy, Brown, Visionary  
25 and Medasset in Illinois (the “Illinois Defendants”). The Illinois Defendants filed a Motion to  
26 Dismiss the complaint and argued that the Forum Selection Clause required that the action be  
27

1 maintained in Clark County, Nevada. In particular, the Illinois Defendants argued that “the  
2 forum selection clauses are enforceable and result in the dismissal of this case” and that “the  
3 forum selection clauses are controlling and dispositive.”

4 14. The Illinois Trial Court agreed with the Illinois Defendants’ argument and dismissed the  
5 action because of the Forum Selection Clause. As such, the Illinois Defendants are now  
6 judicially estopped from contesting venue or personal jurisdiction, and this finding was  
7 confirmed by this Court when it denied the Motions to Dismiss filed by all of the defendants  
8 except Weinstein and Medasset.  
9

### 10 **GENERAL ALLEGATIONS**

#### 11 **Allegations Concerning Kevin Brown and Visionary Business Brokers**

12 15. In 2018, defendant Brown, through Visionary, posted a listing on the website  
13 BizQuest.com offering for sale an opportunity to purchase a Medical Billing Appeal and  
14 Credentialing business (the “Accounts”). The listing is attached hereto as Exhibit 1.

15 16. Since at least 2016, Brown has sold the same or similar business opportunity through  
16 VBB or Tannenbaum & Milask, a New Jersey brokerage company owned by defendant  
17 Weinstein. Depending upon the time and victim, Brown sold the business opportunities on  
18 behalf of either defendant Weinstein or defendant V. Reddy.

19 17. In the listing at issue, Brown represented that the business opportunity will generate gross  
20 revenue of \$300,000 per year and a net profit of \$155,000 per year. These numbers were wholly  
21 unsupported by history and the facts that were known to defendants Weinstein, V. Reddy and  
22 Brown at the time of the transaction between Plaintiff and Defendants.

23 18. Brown was aware that Weinstein and V. Reddy could not or did not have the ability to  
24 deliver on their obligations, as a number of former clients had notified him of this fact.

25 19. After viewing the advertisement online, Plaintiff’s ownership contacted Brown on or  
26 around April 18, 2018, through BizQuest.com and sought additional information about  
27 Brown’s/Visionary’s listing.  
28

1 20. Brown emailed Plaintiff back and requested a phone call. Plaintiff called Brown on or  
2 about April 20, 2018. Plaintiff made all calls with Brown from Plaintiff's office in Illinois, and it  
3 now believes that Brown was located at his office in New Jersey during the calls.

4 21. During the first call, Brown described the business opportunity, his long-standing  
5 relationship with Weinstein, and his experience selling the same or similar business packages to  
6 other investors. Brown emphasized how this business would be a good fit for Plaintiff.

7 22. Brown also confirmed the validity and accuracy of the sales price, gross and net profit  
8 numbers he listed on BizQuest.com.

9 23. Another call took place between Brown and Plaintiff on or about April 23, 2018. During  
10 this call, Brown continued to promote the business opportunity, described his past success in  
11 working with Weinstein and their many happy customers.

12 24. Following these calls, Brown had Plaintiff sign and return Confidentiality Agreements.  
13 On or about April 27, 2018, Brown sent Plaintiff a copy of the "Executive Summary" of  
14 Medasset Management Corporation ("Seller"). A copy is attached hereto as Exhibit 2. The  
15 Executive Summary details the business opportunity being offered by Defendants. In their own  
16 words, Defendants were selling a start-up business.

17 25. Defendants promised to provide "all the tools, training, support and clients necessary for  
18 positive cash flow." Defendants also promised to provide Plaintiff with sixty (60) clients for  
19 Medical Claims Appeal work and thirty (30) clients for Medical Insurance Credentialing work.  
20 The provision of the clients (the Accounts) was at the core of Defendants' business opportunity.

21 26. The Executive Summary boasted that the Accounts provided by Defendants will generate  
22 an estimated monthly profit of \$13,048 for medical appeals and an annual profit of \$15,000 for  
23 insurance credentialing work.

24 27. According to the Executive Summary, "Never before has there been a package that  
25 encompasses so much with no marketing or sales activity required from the owner to reach  
26 profitability." (Exhibit 2, pg. 5.)  
27

1 28. The Executive Summary details in pertinent part that Visionary believes the executive  
2 summary “to be accurate.” In reality, the numbers, representations, and business model  
3 described in the Executive Summary were known by Brown to be false. Since Brown began  
4 selling the “business opportunity,” no buyer ever came close to earning the numbers described in  
5 the Executive Summary. Similarly, no buyer ever received the number of client accounts as  
6 promised.

7  
8 29. Brown also knew that the statements he made to Plaintiff pertaining to Weinstein’s  
9 successful business history and satisfied client base were completely untrue. Since at least  
10 2016, Brown had received numerous phone calls, voice messages, and emails from former  
11 buyers complaining about the business packages he sold and mirroring the allegations asserted  
12 against Brown and the other defendants in this case.

13 30. Despite being highly responsive during the sales process, Brown never responded to any  
14 of the numerous complaints once he received payment.

15 31. Brown never informed Plaintiff or its principals of the lawsuits and other claims that had  
16 been asserted against him or the other defendants prior to 2018.

17 Allegations concerning David Weinstein and Medasset Corporation

18 32. After reviewing the Executive Summary sent from Brown, a series of due diligence calls  
19 (“Calls”) took place among Weinstein, Brown, and Plaintiff’s principals. Plaintiff’s Principals  
20 were in their office in Illinois during all calls with Weinstein, and they believe that Weinstein  
21 was in Nevada while Brown was in New Jersey.

22 33. The first conference call between Plaintiff, Weinstein, and Brown took place on or about  
23 May 1, 2018 at 2 p.m. (central). During this call, Weinstein, with the assistance of Brown,  
24 detailed the business structure and terms of the opportunity. Weinstein and Brown discussed  
25 their high degree of success and customer satisfaction.

26 34. Weinstein went through the Executive Summary with Plaintiff, and reiterated and  
27 confirmed the accuracy of the numbers listed therein, as they pertained to net profit and the  
28

1 number of client accounts he promised to provide. He also described his past business history to  
2 Plaintiff. Weinstein stated that he used to run a highly successful medical services-related  
3 company, which he ceased doing due to health concerns. According to Weinstein, this was the  
4 reason he was selling such a profitable “business opportunity.”

5 35. Similarly, Weinstein stated that he only sold a few of these “business opportunities” each  
6 year, so that he could fulfill the numbers promised in the Executive Summaries and Purchase  
7 Sales Agreements. Weinstein went as far as to tell Plaintiff on this call that some of his prior  
8 customers have even come back to him to purchase additional business packages. Weinstein  
9 consistently told Plaintiff that he and his clients had a successful track record with these business  
10 packages.  
11

12 36. The next call between Plaintiff and Weinstein took place on or about May 3, 2018. At  
13 this time, Weinstein continued to promote his business opportunity. Weinstein stated multiple  
14 times during this call that Plaintiff should complete the deal as soon as possible, since he had  
15 marketers and client accounts ready to go. Weinstein emphasized the time sensitive nature of the  
16 deal. As Plaintiff discovered, this was not true, as Weinstein could deliver no more than four  
17 client accounts in the span of months.

18 37. When asked by Plaintiff if any buyers ever failed after purchasing his business  
19 opportunity, Weinstein stated that only one person failed, because she did not actively operate  
20 the business. Weinstein stated that as long as Plaintiff actively operates the business, then  
21 Plaintiff would experience success in line with the numbers detailed in the Executive Summary.  
22 However, Weinstein knew this to be entirely untrue. As detailed in a complaint filed by the  
23 Office of the US Trustee against defendant V. Reddy and in a complaint filed against Weinstein  
24 in Georgia (discussed in more detail below), since at least 2016 there were a minimum of eight  
25 other instances where Defendants’ sale of the same or similar business opportunity resulted in  
26 complete and utter failure.  
27  
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1 38. When asked by Plaintiff about Plaintiff's priority in receiving client accounts, Weinstein  
2 indicated that there were no other sales agreements he had to fulfill, though Plaintiff has learned  
3 that Defendants had multiple unfulfilled agreements going back years. Furthermore, at no point  
4 did Weinstein mention his past history of being sued or threatened with lawsuits for his failure  
5 and/or inability to perform on the sale of the same or similar business packages.

6 39. As mentioned above, Weinstein was sued in Georgia in 2013 for committing nearly the  
7 exact same fraud as that which he perpetrated on Plaintiff. In the Georgia lawsuit, two plaintiffs  
8 joined in suing Weinstein. Weinstein sold each plaintiff a medical billing business for \$125,000  
9 with a \$75,000 initial payment. Weinstein guaranteed these plaintiffs a specific number of client  
10 accounts and they were provided with Executive Summaries nearly identical to that provided in  
11 this case. Just as in this action, the plaintiffs alleged that Weinstein did not come even remotely  
12 close to providing the number of client accounts he promised to either of the Georgia plaintiffs.

13 40. In a deplorable and interesting twist to the Georgia case, Weinstein attempted to earn a  
14 further profit and evade liability for his misdeeds by selling the corporate entity used in the scam  
15 to an unsuspecting third party.

16 41. Since 2016 there have been at least eight other individuals known to Plaintiff who  
17 purchased the same or similar medical business package from a combination of Weinstein, V.  
18 Reddy, Brown and their associated companies. Of these known sales, and despite the many  
19 statements made to Plaintiff to the contrary, Weinstein and his co-defendants did not fulfill a  
20 single contract as promised.

21 42. Weinstein also significantly misrepresented his business history to Plaintiff. According  
22 to the Florida Attorney General, as the CEO of a "fraudulent insurance operation" Weinstein  
23 "sold bogus health insurance to thousands of Floridians." As a result of this, Weinstein was  
24 adjudicated guilty of two felony counts of fraud, sentenced to three years' probation, and ordered  
25 to pay \$600,000 in restitution. Weinstein is also banned for life from selling insurance and is  
26 prohibited from participating in any banking and insurance industry activities in Florida.

1 43. Weinstein was also named as a defendant in a suit filed by the Secretary of Labor for his  
2 involvement in a fraudulent insurance scheme.

3 44. Weinstein did not inform Plaintiff or its principals of any of the prior lawsuits or claims  
4 that had been asserted against him.

5 Allegations concerning Vijay Reddy  
6

7 45. When asked for a reference from a prior purchaser of a similar system, Weinstein  
8 provided the contact information of defendant V. Reddy. V. Reddy was not a disinterested third-  
9 party reference, as represented by Weinstein and V. Reddy to Plaintiff. Weinstein in fact had a  
10 business relationship with V. Reddy that went back to at least 2009. According to a complaint  
11 that was filed against V. Reddy in March of 2010, he was introducing Weinstein as a business  
12 associate as early as February of 2009. (*Holmes v. Reddy*, Washtenaw County Court case  
13 number 10-210-CK, ¶ 16, attached hereto as Exhibit 3.)

14 46. Notably, the allegations contained in the *Holmes* matter are remarkably similar to the  
15 allegations asserted against Defendants in this action. The plaintiff alleged that V. Reddy  
16 “represented to Plaintiff that he would sell Plaintiff bundles of medical billing contracts.” (Ex. 3,  
17 ¶ 7.) The plaintiff further alleged that after several months, his purchase had not generated any  
18 revenues. (Ex. 3, ¶ 13.)

19 47. The *Holmes* plaintiff paid V. Reddy \$200,000. According to the complaint, V. Reddy  
20 made representations as to the number of client accounts and revenue the plaintiff would receive.  
21 The plaintiff also alleged V. Reddy made multiple serious misrepresentations and omissions to  
22 induce the sale. As a result of this lawsuit, V. Reddy was ordered to pay the *Holmes* plaintiff an  
23 amount equal to or greater than \$200,000.

24 48. Around the end of April 2018, Plaintiff contacted V. Reddy regarding his experience with  
25 Weinstein, Brown, and Medasset. All calls with V. Reddy were made from Plaintiff’s office in  
26 Illinois and it believes that V. Reddy was in Michigan at the time of the calls.  
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1 49. V. Reddy informed Plaintiff that he had purchased blocks of Accounts from Weinstein on  
2 multiple occasions, going back many years, and that he has been very successful. He also stated  
3 that each year he buys business packages from Weinstein, manages and builds them up with the  
4 help of his wife and family member(s), and then sells them at a profit. V. Reddy informed  
5 Plaintiff that he was merely Weinstein's customer and not a business partner.

6 50. Plaintiff is informed and believes, and based thereon alleges, that V. Reddy was aware of  
7 numerous failed attempts, lawsuits, and the criminal background of Weinstein. However, he did  
8 not disclose this information when asked about the opportunity.

9 51. V. Reddy also did not mention the past and pending lawsuits against himself relating to  
10 the same/similar business operations, nor did he mention all of the complaints he personally  
11 received from his involvement in these transactions. In particular, V. Reddy did not discuss the  
12 *Holmes* litigation.

13 52. As Plaintiff later discovered, V. Reddy continued to sell the same or similar business  
14 packages on behalf of, or in conjunction with Weinstein, following the 2010 *Holmes* lawsuit.

15 53. Since 2016, V. Reddy sold or was involved in the sale of the same or similar business  
16 packages to: Camile Batiste, Nadeem Fatmi, Steven Sami, Gerson Benoit and Desiree Cortes,  
17 Paul Volen, Michael Bradley, Craig Sylverston, and Kalpana Dugar. V. Reddy never  
18 successfully fulfilled any of the contracts as agreed to with these individuals.

19 54. All of the above listed individuals complained to V. Reddy about his inability to perform,  
20 their financial loss due to his misrepresentations, and some threatened to take legal action.

21 55. Additionally, at no point did V. Reddy disclose to Plaintiff the vested interest and  
22 financial relationship he and his wife, M. Reddy, had with Weinstein. At all times, V. Reddy  
23 passed himself off as a business reference and longtime satisfied customer.

24 Defendants Abscond with Plaintiff's Money

25 56. On or about May 3, 2018, Plaintiff, though its parent company, Liberty Consulting &  
26 Management Services, LLC - with the right to assign to a newly formed entity (written as  
27

1 directed by Weinstein), entered into a contract for the purchase of the business opportunity. A  
2 copy of the purchase and sale agreement are attached hereto as Exhibit 4.

3 57. In part, the Purchase and Sale agreement provides for a purchase price of \$125,000 with  
4 \$75,000 as a down payment. On or about May 3, 2018, Plaintiff, through its parent company,  
5 sent a wire to Visionary for the sum of \$75,0000. A copy of the wire transfer with the Federal  
6 Wire Confirmation number is attached hereto as Exhibit 5.

7 58. As part of the Purchase and Sale agreement, a Promissory Note (“Note”) was tendered  
8 for the payment of the balance of the purchase price upon completion of the contract.

9 59. In early May 2018, after the purchase agreement had been executed, Plaintiff was  
10 reintroduced to V. Reddy, but this time as the “training coordinator” for Medasset. Plaintiff  
11 purchased the suggested office equipment and completed all training sessions as suggested by V.  
12 Reddy consisting of a series of remote web-based training sessions.

13 60. From the period of May 3, 2018 to today, a *de minimis* number of Medical Appeal  
14 Contracts (approximately 3) were assigned to Plaintiff. No Insurance Credentialing contracts  
15 were ever provided to Plaintiff. Only one of these contracts has generated any revenue to date,  
16 totaling a mere few hundred dollars.

17 61. Weinstein was called numerous times to discuss the deficiency, however Weinstein fails  
18 to maintain a properly functioning voicemail system and has failed to speak directly with  
19 Plaintiff after he received his payment.

20 62. Weinstein has received numerous emails to discuss the deficiency, however he has  
21 refused to call Plaintiff even one time to discuss the matter, or provide a sufficient explanation as  
22 to the lack of performance.

23 63. Brown was called numerous times and received multiple voicemails requesting he  
24 discuss the deficiency; however, Brown has failed to call Plaintiff even one time after payment  
25 was received.  
26  
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1 64. Brown has received numerous emails to discuss the deficiency, however Brown has  
2 failed to reply to even one email to discuss the matter after payment was received.

3 65. V. Reddy was contacted by Plaintiff by phone and email numerous times to discuss the  
4 lack of performance. V. Reddy has continuously provided false statements as to his knowledge  
5 of the deficiency and his experience with Weinstein and Brown.

6 66. It has since been discovered that Defendants' fraudulent actions follow a clear and  
7 ongoing pattern, and were not unique to Plaintiff. Plaintiff is informed and believes, and based  
8 thereon alleges, that Defendants have been offering the same "business opportunity" in various  
9 forms for years. Defendants take their victims' money based on a promise to provide a specific  
10 number of client Accounts, which Defendants have absolutely no intention and/or ability to  
11 deliver.

12 67. Plaintiff is informed and believes, and based thereon alleges, that when the victims  
13 complain, Defendants first make excuses and then cut off all communications.

14 68. Plaintiff is informed and believes, and based thereon alleges, that Defendants have also  
15 been reported to intimidate their victims through baseless countercomplaints, profanity-laced  
16 voicemails, contacting a victim's employer, and other aggressive tactics.

17 69. A summary of Defendants' fraudulent scheme was published on June 1, 2018 by ABC  
18 News 6 Philadelphia, and also ran on their television station. A copy of the news article is  
19 attached hereto as Exhibit 6.

20  
21 Defendant V. Reddy's Sworn Testimony, Failed Bankruptcy, and Co-Conspirators

22 70. On or about March 8, 2018, defendant V. Reddy filed a Chapter 7 Bankruptcy Petition in  
23 the United States Bankruptcy Court for the Eastern District of Michigan. The petition listed one  
24 significant creditor, which resulted from the *Holmes* litigation discussed above.

25 71. In this petition, V. Reddy did not disclose any of the numerous other individuals and/or  
26 business entities that have since been included in a revised listing on his Schedule E/F of  
27 unsecured creditors. These unsecured creditors lost money to V. Reddy, Weinstein, and/or  
28

1 Brown through a scam similar to that perpetrated against Plaintiff. (US Trustee Complaint,  
2 attached hereto as Exhibit 7.)

3 72. On June 27, 2018, V. Reddy was examined under oath by attorney David Miller, of  
4 Clayson, Schneider & Miller, PC, on behalf of the Bankruptcy Trustee. During his examination,  
5 V. Reddy admitted to working “in conjunction with David (Weinstein)” and having a business  
6 relationship with Weinstein. (Exam at p. 18, attached hereto as Exhibit 8.) V. Reddy also stated  
7 in his examination that Weinstein and himself would “split that (the money) equally” from the  
8 sale of medical billing packages. (Exhibit 8 at pp. 20-21.)

9 73. V. Reddy described how in prior business deals, buyers would purchase the medical-  
10 related businesses through Tannenbaum & Milask, which is a New Jersey corporation with  
11 David Weinstein listed as the sole registered agent, “first board of directors,” and sole  
12 incorporator.

13 74. As alleged above, defendant Brown has worked for and/or held himself out as a  
14 broker/agent/employee of the same Tannenbaum & Milask before claiming to work for  
15 Visionary. Regardless of the brokerage firm he acted under, Brown received numerous  
16 complaints from his sale of V. Reddy and Weinstein’s “business opportunities.”

17 75. In his sworn examination, V. Reddy stated that his wife, Defendant M. Reddy, was also  
18 working for David (Weinstein) on his “projects.” According to V. Reddy “the same way David  
19 (Weinstein) was a silent partner for me, she (M. Reddy) was a silent partner for him in doing  
20 things.” (Exhibit 8 at p. 63.) M. Reddy’s employment by Weinstein is further confirmed in her  
21 Reply to Plaintiff’s Opposition to the Motion to Dismiss she filed in this action, in which she  
22 admitted to working with both Weinstein and Medasset.

23 76. V. Reddy also stated that Weinstein would write a single check to V. Reddy and M.  
24 Reddy, which M. Reddy would deposit in her personal bank account. V. Reddy testified that he  
25 cannot differentiate the payments made by Weinstein to himself versus those made to M. Reddy.  
26  
27

1 77. V. Reddy also stated under oath that Weinstein advised M. Reddy to “go get a real job”  
2 since “the market changed so there’s not as many doctors coming in to do the things we used to  
3 do.” This directly contradicts the statements Weinstein, Brown, and V. Reddy made to Plaintiff  
4 during their various phone calls that the market for the business opportunity they were selling  
5 was strong.

6 78. In his examination, V. Reddy disclosed that Defendant M. Thalmarla holds notes  
7 securing his current residence and that Max Global, an Illinois corporation, had been receiving  
8 money from M. Reddy.

9 79. While calculating the value of the bankruptcy estate, the Trustee’s office, through  
10 attorney David Miller, determined that M. Thalmarla and Max Global received \$325,000 in  
11 “fraudulent transfers” of funds from M. Reddy’s bank account. In return, M. Thalmarla wired  
12 \$330,000 to M. Reddy’s bank account, as a purported loan. According to attorney Miller, the  
13 money transfers made between V. Reddy, M. Reddy, Thalmarla, and Max Global were expressly  
14 for the purpose of hiding and laundering assets earned through V. Reddy’s sale of fraudulent and  
15 failed business opportunities, such as the claim being prosecuted in this action.

16 80. When subpoenaed by the Bankruptcy Court to account for funds held in her name, M.  
17 Reddy did not show up to her scheduled hearing, claiming to exercise her Fifth Amendment  
18 privilege against self-incrimination. M. Reddy was subsequently held in contempt of court per  
19 an order dated January 23, 2019, case number 18-43079-mlo.

20 81. On November 15, 2018, Daniel M. McDermott, United States Trustee (Region 9),  
21 Department of Justice, filed a Complaint for Revocation of Discharge with the US Bankruptcy  
22 Court of the Eastern District of Michigan against V. Reddy. In the Complaint, US Trustee  
23 McDermott alleged that Weinstein, Brown, and V. Reddy conspired in an ongoing “fraud  
24 scheme to sell worthless corporate opportunities.”

25 82. In particular, the Complaint alleges that:  
26

27 After consummating the deal, the Co-Conspirators (Weinstein,  
28 Brown, V. Reddy, Visionary) would send only minimal medical

office leads to the victims to be serviced, and when the victims complained about the lack of such medical offices being sent to them, the Co-Conspirators would generally blame the victims and accuse them of somehow breaching their agreement. The Co-Conspirators would eventually cease communication with the victims, and abscond with the funds received from the victims.

83. The US Trustee's Complaint details eight separate transactions, not including Plaintiff's, in which, "Mr. Reddy, Mr. Weinstein and Mr. Brown...fraudulently induced...victims to give them significant sums in exchange for business opportunities the Co-Conspirators had no intention of ever making good on." As result of the US Trustee's complaint, V. Reddy consented to the revocation of his Bankruptcy discharge and the payment of \$330,000 to his creditors.

84. Almost all of V. Reddy's creditors are victims of substantially similar scams as that perpetrated against Plaintiff.

#### Defendants' Fraudulent Intent

85. Plaintiff is informed and believes, and based thereon alleges, that Defendants knew before they entered into their agreement with Plaintiff that they had no intention of fulfilling their obligations. As discussed above, Plaintiff has learned that defendants Weinstein and Reddy were sued at least twice before the subject agreement was entered into and that both suits involved the same or similar claims that are being asserted in this action.

86. The *Holmes v. Reddy* action, discussed above, was filed in 2010.

87. Defendant Weinstein was sued in United States District Court, Northern District of Georgia, in 2012. (*Pullar v. General MD Group et al.*, case number 1:12-cv-04063-TWT.) This action was based on the plaintiffs' allegations that the defendants "conspired to sell to unwitting investors certain transcription lines, medical billing, medical collection, and/or medical answering service accounts." (*Pullar* complaint, ¶¶ 1, 14 ["Defendant David Weinstein . . . fraudulently conspired to sell non-existing and/or non-performing medical billing, collecting and answering service accounts.") As with this action, the *Pullar* plaintiffs also alleged that

1 “Defendants created and disseminated to potential investors a 20 page ‘Executive Summary’,  
2 which contained certain financial projections.” (*Pullar* complaint, ¶ 18.)

3 88. By the time that Defendants entered into their agreement with Plaintiff, they knew they  
4 would not be able to fulfill the terms of the contract because they had not been able to honor any  
5 of the contracts they had entered into before they accepted \$75,000 from Plaintiff and entered  
6 into the agreement at issue. Both V. Reddy and Weinstein had been sued in separate actions, by  
7 three different plaintiffs, concerning the same fraudulent scheme and Plaintiff is informed and  
8 believes that defendant Brown was aware of both lawsuits when he spoke with Plaintiff during  
9 the due diligence period before Plaintiff signed the purchase agreement.  
10

#### 11 Defendant Weinstein’s Recent Actions

12 89. On or about September 18, 2018, Plaintiff sent an email to defendants Weinstein, V.  
13 Reddy and Brown, stating that Plaintiff would take legal action if Defendants did not respond  
14 and/or fulfill the terms of the agreement. Plaintiff never received a response from Weinstein or  
15 any of the other defendants.

16 90. Weinstein only resumed communication, via email, after being served with Plaintiff’s  
17 Illinois Complaint on or about November 8, 2018. Weinstein’s emails did not address his failure  
18 to fulfill the terms of the Agreement nor did they indicate in any way an intent to fulfill the  
19 Agreement or return Plaintiff’s money. Instead, Weinstein’s emails followed a pattern of  
20 behavior exhibited whenever he is faced with a lawsuit or complaint for failure to perform.  
21 Emails received by Plaintiff from Weinstein contained subject lines such as “Let’s Dance,” and  
22 content stating “Kindly notify me which E/O carriers you have. Or shall I call Mr. Slim esquire  
23 who I have a history of suing attorneys.”

24 91. In a February 15, 2019 email, Weinstein discusses suing Plaintiff’s parent company,  
25 Liberty Consulting & Management, LLC for using his “trade secrets.” This is nearly identical to  
26 allegations Weinstein made when being sued in a substantially similar case, *Puller v. General*  
27 *MD Group*, 12-CV-04063, United States District Court For the Northern District of Georgia.  
28

1 92. According to that Complaint:

2  
3 Following the filing of Plaintiffs' original Complaint in this matter,  
4 Defendant David Weinstein began contacting Plaintiff Pullar's  
5 employer, Craneware, Inc. ("Craneware"), alleging that both  
6 Plaintiff Pullar and Craneware had misappropriated Defendant  
7 David Weinstein's confidential and proprietary information.

8 93. Defendant David Weinstein then sent letters to plaintiffs Pullar, Campagna and  
9 Craneware threatening to sue them for their alleged use of his confidential marketing systems,  
10 manuals, clearinghouses, and other proprietary systems and methods.

11 94. To be clear, Plaintiff in this action is unaware of any trade secrets or marketing methods,  
12 if they actually exist, used by Weinstein or any of the defendants. Nor is Plaintiff aware of a  
13 single contract in which Defendants even remotely performed as promised.

14 95. The clearinghouse used by Defendants, "Office Ally" is a free software open to public  
15 use. Office Ally offers its own training and resource center for any user. Defendants do not  
16 have any proprietary rights to this clearinghouse.

17 96. As to Weinstein's marketing secrets or methodology, V. Reddy stated under oath that  
18 there are "no patents, no trademarks, no copyrights, anything along those lines" as it pertains to  
19 his and Weinstein's medical marketing and billing related businesses. (Exhibit 8 at p. 11.)

20 **ALTER EGO ALLEGATIONS**

21 97. Plaintiff is informed and believes, and based thereon alleges, that the individual  
22 defendants formed and then used their various business entities for the sole and express purpose  
23 of perpetuating the fraud and other misconduct discussed in this Complaint.

24 98. There is a unity of interest and ownership which makes Weinstein inseparable from  
25 Medasset.

26 99. According to the Nevada Secretary of State, Defendant Weinstein is, and always was, the  
27 sole owner, registered agent, president, secretary, treasurer, and director of Medasset  
28 Corporation. According to his own affidavit that he filed in Illinois, Weinstein admits to  
"having been the sole owner and officer of Defendant Medasset Corporation since its inception."



Weinstein also admits in this affidavit that “As Medasset’s sole owner and officer, I have complete knowledge of Medasset’s...activities.”

100. Plaintiff is informed and believes, and based thereon alleges, that Medasset was not adequately capitalized when it was formed. According to the Nevada Secretary of State, Medasset was initially capitalized with \$20.00.

101. Upon information and belief, Weinstein has formed and been the sole owner, manager, director, registered agent, and/or other executive position holder for multiple other corporate entities formed to propagate the sale of fraudulent medical service-related businesses.

102. Upon information and belief, Weinstein has even formed and/or utilized non-profit entities to propagate the sale of his “business opportunities.”

103. Two of the individual defendants have been sued in other jurisdictions for the same or similar misconduct discussed in this Complaint.

104. Weinstein was sued in Georgia, case number 1:12-cv-04063-TWT.

105. V. Reddy was sued in Michigan, case number 10-218-CK.

106. Plaintiff is informed and believes, and based thereon alleges, that Weinstein was also convicted of two felony counts of communications fraud in connection with the fraudulent selling of health insurance to thousands of people in Florida. Plaintiff is further informed and believes, and based thereon alleges, that Weinstein committed the fraud through a corporation that he formed.

107. Plaintiff is informed and believes, and based thereon alleges, that allowing any of the individual defendants to maintain a distinction between themselves and their business entities would promote injustice and result in an abuse of the corporate form.

///

///

1 **FIRST CAUSE OF ACTION**  
2 **FOR BREACH OF CONTRACT**

3 (Against Defendants Medasset, Weinstein and Does 1-10)

4 108. Plaintiff repeats the prior allegations of this First Amended Complaint and incorporates  
5 them herein by reference as if set forth in full.

6 109. Defendants Medasset and Weinstein entered into a contract with Plaintiff, by which  
7 Medasset and Weinstein agreed to provide Plaintiff with 60 client accounts for medical appeals  
8 and 30 client accounts for insurance credentialing. Plaintiff paid Medasset and Weinstein  
9 \$75,000 pursuant to the parties' contract.  
10

11 110. Plaintiff has performed all of its obligations under the parties' contract, except for those  
12 obligations which it was prevented from performing.

13 111. Defendants Medasset and Weinstein breached the parties' contract by failing to provide  
14 to Plaintiff the number of client accounts it promised to provide.

15 112. As a direct and proximate result of Medasset's and Weinstein's breach of contract,  
16 Plaintiff has been damaged in an amount to be determined at trial but at least \$75,000 plus  
17 interest.

18 **SECOND CAUSE OF ACTION**  
19 **FOR FRAUD**

20 (Against Defendant Medasset, Weinstein, Brown, V. Reddy and Does 1-20)

21 113. Plaintiff repeats the prior allegations of this First Amended Complaint and incorporates  
22 them herein by reference as if set forth in full.

23 114. In connection with their advertisement and promotion of the "business opportunity,"  
24 Defendants made representations regarding the value of the Accounts, the number of Accounts  
25 that they would provide to Plaintiff and specifically, the monies Plaintiff would collect from such  
26 accounts should they purchase the business system. In particular, Defendants orally represented  
27 to Plaintiff during a series of phone calls (1) that they would provide Plaintiff with 60 clients for  
28

1 Medical Claims Appeal work and 30 clients for Medical Insurance Credentialing work, (2) that  
2 Plaintiff will earn a monthly profit of \$13,048 for medical appeals, (3) that Plaintiff will earn an  
3 annual profit of \$15,000 for insurance credentialing work, (4) that Defendants had no other sales  
4 agreements to fulfill and (5) that Defendants had a high degree of success and customer  
5 satisfaction.

6  
7 115. In the Agreement, Defendants represented that Defendants owned “valid and marketable  
8 legal and beneficial title to the Assets and the Modules, which are free and clear of all liens,  
9 claims, encumbrances and security interests.”

10 116. In the Agreement, Defendants also represented, “Litigation: There is no action, suit,  
11 proceedings.”

12 117. Defendants knew that all of their oral and written representations to Plaintiff were false  
13 when they made them. Weinstein was sued in Georgia in 2013 and V. Reddy was sued in  
14 Michigan in 2010 for the same or similar misconduct alleged in this First Amended Complaint.  
15 Because they were sued at least twice before entering into the Agreement with Plaintiff,  
16 Defendants knew that their representations were false.

17 118. The complaint filed against V. Reddy by the U.S. Trustee provides further evidence that  
18 Defendants had been engaging in a years-long scheme of defrauding clients such as Plaintiff so  
19 that by the time Defendants were discussing the business opportunities with Plaintiff, Defendants  
20 had actual knowledge that they would not or could not honor the Agreement.

21 119. Plaintiffs are informed and believe, and based thereon allege, that the relationship  
22 between and among Weinstein, V. Reddy and Brown caused them all to know that all of the  
23 representations they made to Plaintiff were false at the time the representations were made.

24 120. Defendants made such representations in order to induce Plaintiff to pay to Defendants  
25 \$75,000.00 as a down payment. Plaintiff would not have entered into its contract with Medasset  
26 and it would not have paid \$75,000 if not for Defendants’ misrepresentations.

1 121. Plaintiff justifiably relied upon such representations to its detriment. Plaintiff's reliance  
2 was justified due to the marketing materials provided to them by Defendants and due to the  
3 purported but fraudulent reference provided by V. Reddy before Plaintiff entered into the  
4 Agreement.

5 122. Plaintiff has been directly and proximately damaged in relying on such representations in  
6 an amount to be proven at trial but at least \$75,000.

7 123. Defendants conduct was fraudulent as defined by NRS 42.001, thereby entitling Plaintiff  
8 to recover punitive damages.  
9

10 **THIRD CAUSE OF ACTION**  
11 **FOR CONSPIRACY TO COMMIT FRAUD**

12 (Against All Defendants and Does 1-30)

13 124. Plaintiff repeats the prior allegations of this First Amended Complaint and incorporates  
14 them herein by reference as if set forth in full.

15 125. Plaintiff is informed and believes, and based thereon alleges, that Defendants agreed  
16 among themselves to form the corporate defendants and to use the corporate defendants to  
17 engage in the misconduct discussed in this First Amended Complaint. Plaintiffs are further  
18 informed and believe, and based thereon allege, that Defendants agreed among themselves that,  
19 to further and facilitate their scheme, that they would use different corporate parties in different  
20 locations and that the individual defendants would switch roles in different locations and with  
21 different targets.

22 126. Plaintiff's belief concerning the conspiracy is based on their review of the lawsuits filed  
23 against Weinstein and V. Reddy, the ABC News 6 article, the testimony provided by V. Reddy  
24 and the complaint filed by the Bankruptcy Trustee against V. Reddy. Plaintiff also relies on its  
25 own experience with Defendants, when V. Reddy was first introduced as an outside, independent  
26 reference and then reintroduced as Defendants' trainer.  
27  
28

1 127. Plaintiff is informed and believes, and based thereon alleges, that defendant M. Reddy  
2 participated in the conspiracy. V. Reddy testified under oath that M. Reddy was also working  
3 for Weinstein and was Weinstein's "silent partner."

4 128. Plaintiff is informed and believes, and based thereon alleges, that defendant Brown  
5 participated in the conspiracy. Brown has worked for and/or held himself out as working for  
6 Tannenbaum & Milask (owned by Weinstein) and also claimed to have worked for Visionary.  
7 Furthermore, Brown posted the initial listing for the new business and was the first person that  
8 Plaintiff spoke to concerning the Accounts and the new business.  
9

10 129. Plaintiff is informed and believes, and based thereon alleges, that defendants M.  
11 Thalmarla and Max Global participated in the conspiracy. These defendants helped conceal  
12 proceeds Defendants obtained from their illegal activities and assisted V. Reddy in attempting to  
13 perpetrate a fraud on the Bankruptcy Court.

14 130. Plaintiffs have been harmed by the conspiracy and suffered damages in an amount to be  
15 determined at trial but at least \$75,000.

16 131. Defendants conduct was fraudulent as defined by NRS 42.001, thereby entitling Plaintiff  
17 to recover punitive damages.

18 **FOURTH CAUSE OF ACTION**

19 **FOR DECEPTIVE TRADE PRACTICES**

20 (Against All Defendants and Does 1-40)

21 132. Plaintiff repeats the prior allegations of this First Amended Complaint and incorporates  
22 them herein by reference as if set forth in full.

23 133. NRS 598.0915 defines conduct that is considered to be a deceptive trade practice.

24 134. NRS 598.0915(3) provides that a person engages in a deceptive trade practice when the  
25 person "[k]nowingly makes a false representation as to affiliation, connection, association with  
26 or certification by another person."  
27  
28

1 135. NRS 598.0915(15) provides that a person engages in a deceptive trade practice when the  
2 person “[k]nowingly makes any other false representation in a transaction.”

3 136. Plaintiffs are informed and believe, and based thereon allege, that Defendants’  
4 misconduct as alleged in this First Amended Complaint is a deceptive trade practice as defined  
5 by NRS 598.0915.

6 137. In connection with their advertisement and promotion of the “business opportunity,”  
7 Defendants made representations regarding the value of the Accounts, the number of Accounts  
8 that they would provide to Plaintiff and specifically, the monies Plaintiff would collect from such  
9 accounts should they purchase the business system. In particular, Defendants orally represented  
10 to Plaintiff during a series of phone calls (1) that they would provide Plaintiff with 60 clients for  
11 Medical Claims Appeal work and 30 clients for Medical Insurance Credentialing work, (2) that  
12 Plaintiff will earn a monthly profit of \$13,048 for medical appeals, (3) that Plaintiff will earn an  
13 annual profit of \$15,000 for insurance credentialing work, (4) that Defendants had no other sales  
14 agreements to fulfill and (5) that Defendants had a high degree of success and customer  
15 satisfaction.

16 138. In the Agreement, Defendants represented that Defendants owned “valid and marketable  
17 legal and beneficial title to the Assets and the Modules, which are free and clear of all liens,  
18 claims, encumbrances and security interests.”

19 139. In the Agreement, Defendants also represented, “Litigation: There is no action, suit,  
20 proceedings.”

21 140. Defendants knew that all of their oral and written representations to Plaintiff were false  
22 when they made them. Weinstein was sued in Georgia in 2013 and V. Reddy was sued in  
23 Michigan in 2010 for the same or similar misconduct alleged in this First Amended Complaint.  
24 Because they were sued at least twice before entering into the Agreement with Plaintiff,  
25 Defendants knew that their representations were false.  
26  
27  
28

1 141. Plaintiffs are informed and believe, and based thereon allege, that they have suffered  
2 harm as a direct result of Defendants' deceptive trade practices.

3 **FIFTH CAUSE OF ACTION**

4 **FOR VIOLATION OF THE NEVADA CIVIL RICO STATUTE**

5 (Against All Defendants and Does 1-50)

6 142. Plaintiff repeats the prior allegations of this First Amended Complaint and incorporates  
7 them herein by reference as if set forth in full.

8 143. Plaintiff is informed and believes, and based thereon alleges, that Defendants' conduct as  
9 discussed in this Complaint constitutes racketeering activities as defined in NRS 207.390 and a  
10 racketeering enterprise as defined in NRS 207.380.

11 144. Plaintiff is informed and believes, and based thereon alleges, that Defendants directly  
12 participated in a conspiracy with one another to commit at least two crimes related to  
13 racketeering.  
14

15 145. Plaintiff is informed and believes, and based thereon alleges, that Defendants' activities  
16 have the same or similar pattern, intent, results, victims and methods of commission so that they  
17 are not isolated events.

18 146. Plaintiff is informed and believes, and based thereon alleges, that Defendants acquired or  
19 maintained an interest in and/or control over the racketeering enterprise discussed in this First  
20 Amended Complaint.

21 147. Plaintiff is informed and believes, and based thereon allege, that the damage they  
22 suffered directly results from, and was proximately caused by, Defendants' violation of NRS  
23 207.400.

24 148. As a result of Defendants' misconduct, Plaintiff is entitled to treble damages pursuant to  
25 NRS 207.470(1).

26 WHEREFORE PLAINTIFF PRAYS FOR RELIEF AS FOLLOWS:

27 1. For compensatory damages in an amount to be determined at trial but at least \$75,000;  
28

2. For punitive damages in an amount to be determined at trial;
3. For pre-judgment interest;
4. For treble damages;
5. For costs of suit; and
6. For such other relief as the Court deems just and proper.

Dated this 27th of August, 2019.

/s/ Jay Freedman

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Jay Freedman  
Nevada Bar No. 12214  
11700 W. Charleston Blvd. Ste. 170-357  
Las Vegas, NV 89135  
702-342-5425  
Attorney for Plaintiff





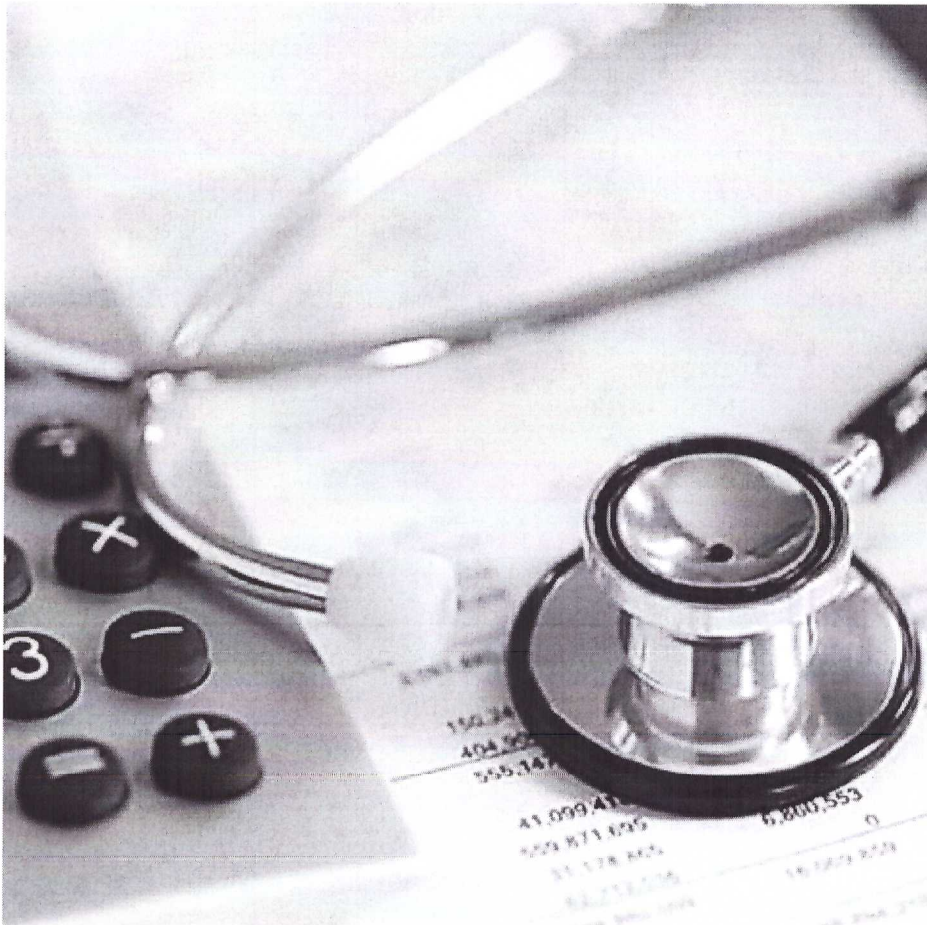
# BizQuest

## Medical Credentialing / Medical Appeals

*Nationwide Relocatable Niche Business*

**\$ Seller Financing**

United States | Business Services Businesses for Sale – Other Business Services Businesses for Sale  
| Find More Business with Asking Prices Between \$100k and \$150k



**Asking Price:**

**\$135,000**

**Gross Revenue:**

**\$300,000**

**Cash Flow:**

**\$155,000**

(Seller's Discretionary  
Earnings)

**EBITDA:**

**Not Disclosed**

**Inventory:**

**Not Disclosed**

**FF&E:**

**Not Disclosed**

**Real Estate:**

**Not Disclosed**

## Business Description

This company has two departments:

First : This company negotiates contracts on behalf of medical offices between insurance companies and government payers to get the medical offices in the payers networks. (Credentialing)

Second: This company also handles denied claims from insurance companies and resubmits and/ appeals the denied claims.

**EXHIBIT 1**

Over 30 separate offices Medical Credentialing-

Over 60 separate offices for Medical Appeals

## About the Business

**Year Established:** 2014

**Number of Employees:** 3

**Relocatable:** Yes

**Home Based:** Yes

**Facilities:** completely turn key, all systems in place

**Market Outlook/  
Competition:** growing health care services field

## About the Sale

**Reason For Selling:** contact owner

**Training/Support:** seller will train for a smooth transition.

**Seller Financing:** 78K required.

## Listing Info

**ID:** 1374944

**Ad Detail Views:** 24

The information on this listing has been provided by either the seller or a business broker representing the seller. BizQuest has no interest or stake in the sale of this business and has not verified any of the information and assumes no responsibility for its accuracy, veracity, or completeness. See our full Terms & Conditions.



# **MEDASSET MANAGEMENT CORPORATION**

**A Complete Medical Solution**

## **Medical Appeals Management & Medical Credentialing**



1401-L Route 130 S. Suite 343  
Cinnaminson, NJ 08077

## **Disclaimer**

The information, material, and judgments have been prepared by **Medasset Management Corporation**. While **Medasset Management Corporation** believes this document to be accurate, no warranty is implied, expressed or provided. Recast statements, comments of future potential, and financial projections are based on the assumptions that must be reasonably verified by the reader.

The use of this report, including the identity of **Medasset Management Corporation**, or the verbal or written reproduction of any part, is strictly controlled by execution of the Confidential Disclosure Agreement prior to access.

## **Executive Summary**

# **MEDASSET MANAGEMENT CORPORATION**

**A Complete Medical Solution**

**Medical Appeals Management  
&  
Medical Credentialing**

Category: Medical Services

Business Brokers  
**VISIONARY**

1401-L Route 130 S. Suite 343  
Cinnaminson, NJ 08077

Medasset Management Corporation is presenting this business start-up opportunity in conjunction with expanding their national network. The opportunity arises from the Seller's extensive experience in the medical administrative services industry. From a virtual office template, the unit buyer will operate a medical appeals service business. No medical experience is necessary and all the tools, training, support and clients necessary for positive cash flow are provided by Medasset Management Corporation.

### **Limited Units Available**

This business opportunity for sale is a book of business contracts with Health Care Providers to support their Practices. This company supports health care providers' offices by performing their medical appeals and credentialing. Included with your purchase of this business are the necessary software and training. In addition, Medasset Management Corporation will introduce you to supporting vendors if you choose to use them.



## **Background and Overview**

Medasset Management Corporation was established to offer medical debt collection, medical billing, medical transcriptions, and medical appeals management to clients/health care providers. All clients/health care providers are under 100% transferable service agreements. Business owners are offered the opportunity to affiliate with Medasset Management Corporation and to purchase access to the proven state-of-the-art, industry-leading software and training in a system that uses a proprietary streamlined approach. As you are being trained in your new business and becoming familiar with the systems for a discipline, Medasset Management Corporation provides the clients/health care providers to you under their transferable service agreement to fill your "books of business" in the discipline you purchase. Once these service agreements are transferred, the client/health care provider relationship is yours to 'own' and manage indefinitely.

Get a clear and direct approach to profitability with the ability to grow and expand in the health care field. Pairing this with the successful training methods and backup resources makes you uniquely prepared and qualified to enter the health care industry and become a profitable service provider in your own business. Each discipline has its own unique and proprietary system for you to follow with support provided by Medasset Management Corporation.

Never before has there been a package that encompasses so much with no marketing or sales activity required from the owner to reach profitability.

No need for health industry background.

All training is received via standard web-based systems . . . no travel expenses.

Access to industry leading software and systems is supplied with your purchase.

You bill and get paid directly by your clients/health care providers.

Medasset Management Corporation provides the buyer with all the tools, software, training and equipment to allow the buyer to succeed in the exploding field of health care.

The business owner has total flexibility as they design their business enterprise. In addition, the business owner may elect to add additional units at a later date. The initial 'book of business' for each unit is provided by Medasset Management Corporation from the continuing flow of new clients generated by its medical client level sales and marketing efforts. The new business owner is provided a guaranteed client base with no marketing effort of their own. As each purchased unit matures, additional units can be acquired from the company's resources on a fee based arrangement, or the owner may develop their own client generating referral programs.

This business model success is based on delivering the absolute highest level of customer satisfaction. Therefore, it is important for the new business owner to grow the business as quickly as possible to provide cash flow and to fully comprehend any and all nuances of satisfying the clients/health care providers to be serviced in any discipline. This is very much a relationship business managed primarily electronically via data or voice without face-to-face contact

between the business owner and his/hers geographically disbursed clients/health care providers. Each unit will be filled with a diverse group of clients so the business owner will have a broad scope, not only geographically – but in range of types of practices as well.

By utilizing Medasset Management Corporation, you can take advantage of the benefits that were once only available to multi-million dollar companies. Small and large unit buyers alike can benefit from our streamline approach. Below are just some of the benefits:

Have a clear and direct approach to profitability.

Medasset Management Corporation will hold seller financing (if approved) for a vested interest in your success.

All client/doctor contracts are 100% transferable and once transferred to you, you own the contracts outright.

Medical practice cancellation guarantee\*  
(see contract provisions).

### **Medical Appeals Management**

With new health insurance guidelines and policies implemented, there are a growing number of claims that are being denied for various reasons, and claims in need of appeal. These processes can be time consuming to the medical practice making it a premium service in order to maximize a medical practice's revenue. Increasing numbers of claims are coming back as either denied or requiring more information and due to all the changes in the industry, many practices simply do not have the time or resources to devote to claim fixes. This is an opportunity for the Unit Buyer to not only help

these practices increase their profit and success with their claims submission, but an opportunity also for the Unit Buyer to generate a sound income while also creating the opportunity to cross sell other available disciplines.

Medasset Management will introduce the buyer to industry specific software to maximize your profit. The buyer can then enter into contracts with that company. The client/doctor will forward the office's denied claims or claims appeals to the Buyer. The Buyer will then follow-up on each claim provided and liaison with the insurance companies, TPA, Self-Funded plans, etc. in order to get the claim paid.

Under the units' contract, Medasset Management will provide the business owner over a reasonable time period a client/doctor base capable of providing the estimated annualized cash flow as noted in the attached documents. The business owner will be solely responsible for the ongoing customer service relationship with his/her clients/doctors.

**Medical Claim Resubmission & Denial Management,**  
**once your contract is fulfilled \***

Number of clinics per your contract: 60

Average # of claims per client/doctor: 30

Average claim amount: \$450

Average contingency: 9.9%

Average success rate: 25%

Average Revenue Monthly: \$ 20,048

Average Overhead Monthly: \$7,000

Average Profit Monthly: \$13,048

After all contracts are fulfilled\*

## **Medical Credentialing**

In addition to medical appeals work, Medasset Management Corporation also provides 30 clinics who request credentialing services. Credentialing is a service provided to a clinic, where the doctor is currently out-of-network with an insurance carrier and would like to become part of the network. Clinics generally receive more patients when they are part of an insurance company's network, hence more income.

Medasset Management Corporation will attract clinics who are seeking this service. It should be noted that insurance credentialing is typically a one-time activity that results in the clinic A) becoming part of the network, or B) the clinic being placed on a waiting list for potential inclusion in the future, or C) the clinic's application being denied. Regardless of the outcome, payment will be required by the clinic for the work completed. Any referrals, cross-selling, or other services sold to the clinic is also part of the value package the Unit Buyer will enjoy.

**Medical Credentialing, once your  
contract is fulfilled \*** Number of clinics

per your contract: 30 Average # of  
insurance panels requested: 3

Average charge per panel credentialing: \$200

Average Revenue: \$18,000

Average Overhead per clinic: \$100

Total Projected Profit: \$15,000

After all contracts are fulfilled\*

## **SELLING MEMORANDUM**

### MEDICAL CLAIMS RESUBMISSION & DENIAL SOLUTIONS

60 Doctors / Practices under contract for  
medical appeals work

30 Doctors / Practices requesting credentialing  
services

Relocatable

Seller provides two weeks training

Access to software provided at no charge

The information, material and judgments have been prepared by the Seller. While Visionary Business Brokers believes this document to be accurate, no warranty is implied, expressed or provided. Recast statements, comments of future potential, and financial projections are based on the assumptions that must be reasonably verified by the reader.





STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF WASHTENAW

ANTHONY E. HOLMES,

Plaintiff,

v.

10- 210 -CK

VIJAY REDDY,

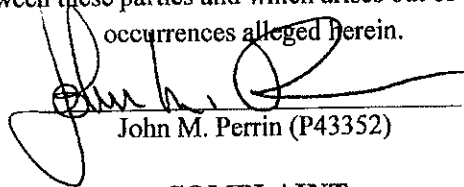
Defendant.

Archie C. Brown

JOHN M. PERRIN, PC  
JOHN M. PERRIN (P43352)  
Attorney for Plaintiff  
27735 Jefferson Ave.  
St. Clair Shores, MI 48081  
586-773-9500  
Fax: 586-773-3475  
[johnmperrin@sbcglobal.net](mailto:johnmperrin@sbcglobal.net)

FILED  
WASHTENAW COUNTY MI  
2010 MAR -2 P 4:14  
LAWRENCE KESTER  
COUNTY CLERK

There is no other matter pending or resolved in this or any other court of competent jurisdiction between these parties and which arises out of the transactions and occurrences alleged herein.



John M. Perrin (P43352)

**COMPLAINT**  
**AND**  
**DEMAND FOR JURY TRIAL**

NOW COMES the Plaintiff, by and through his attorney, John M. Perrin, PC and for his Complaint states as follows;

**Jurisdiction**

1. The Plaintiff, Anthony E. Holmes is a resident of the State of Texas.

2. The Defendant Vijay Reddy is a resident of the State of Michigan, County of Washtenaw, City of Ypsilanti.

3. The underlying facts giving rise to this cause of action occurred within the State of Michigan, County of Washtenaw.

4. Jurisdiction and venue are properly laid with this Court.

#### **GENERAL ALLEGATIONS**

5. During the summer of 2008, the Defendant Reddy began soliciting through advertisements in newspapers for the sale of what he referred to as "assets"; these assets were represented to by medical billing contracts which Reddy represented would generate revenue through debt collections.

6. Essentially, Defendant Reddy was representing that he was in the medical billing/collection business, collecting medical debts for doctors throughout the United States through a corporation called "National Billing Company, Inc." which he represented was a "non-profit" corporation registered with the State of Delaware.

7. After Plaintiff responded to Reddy's add, Reddy represented to Plaintiff that he would sell Plaintiff bundles of medical billing contracts which Reddy claimed were assets held by his corporation, National Billing Company, Inc.

8. During several discussions Reddy described the financial benefits and mechanisms through which Plaintiff would receive passive income by utilizing Ann Sinha of Katonia Tech Solutions to process the claims. According to Reddy, Plaintiff would be able to charge \$2.99 for each claim collected and would split that fee with Sinha.

9. Based upon these representations, Plaintiff and Reddy entered into an *"Agreement for the Purchase and Sale of Certain Business Assets of National Billing*

Corporation" (herein after referred to as the "Asset Agreement") on September 30, 2008. (Attached **Exhibit 1**).

10. According to the terms of the Asset Agreement, Reddy would transfer to Plaintiff 20 medical billing contracts that would generate gross revenue of ten thousand five hundred (\$10,500.00) dollars per month. Reddy also guaranteed that these medical billing contracts would generate a minimum of 7,000 in claims per month.

11. After receiving Plaintiff's initial payment of fifty thousand dollars, Reddy represented that he began transferring the medical billing claims to Sinha/Katonia Tech Solutions.

12. In exchange for the "assets" Plaintiff paid Reddy seventy five thousand (\$75,000.00) dollars total in two payments. The last payment of twenty five thousand (\$25,000.00) was made by Plaintiff on December 8, 2009.

13. By December 8, 2009, the "assets" sold to Plaintiff and supposedly transferred to Sinha/Katonia had generated no revenues for Plaintiff but Reddy continued to provide assurances that revenues were in fact being generated and would shortly be recieved.

14. At or around this time, Reddy suggested to Plaintiff that he would be willing to sell Plaintiff his entire company, National Billing Corporation, Inc. (herein after referred to as "NBC"). Reddy proposed that this sale would be a sale of 100% of Reddy's stock in this company.

15. Defendant Reddy made numerous representations about NBC to Plaintiff to induce him to purchase the company, including;

- a. That for a "marketing cost" of \$40,000.00 per month, 40 new medical billing contracts would be generated each month;
- b. That "this [business] model has been tested for the last 2 years successfully";

- c. That NBC was a profitable company;
- d. That *"The company employs a handful of employees, who are able to attract more American based medical billing contracts and medical debt collection contracts than any other billing or collection company in the world, including publicly traded companies."*
- e. That the company's success was due to *"the unique marketing formula, which would be transferred to the new owner"* generating monthly income of at least Forty seven thousand (\$47,000.00) each month.
- f. Reddy represented that as part of the sale Plaintiff would receive NBC's *"website, software, marketing methodology, trade secrets, future cash flow, existing unfulfilled contracts, all mailing lists, customer lists, past, present, and future relationships with subcontractors, buyers of contracts, marketing consultants, and raw material vendors."*
- g. That the company's "unique marketing methodology" would generate "more doctors (medical billing contracts) then you can handle..."
- h. That NBC had no liabilities whatsoever and had operated on as *"100% cash based business, with no loans or credit"* obligations; meaning the company was debt free, and;
- i. That Reddy and his employees would not compete with NBC for a period of five years.

16. Between January 1, 2009 and February 5, 2009, Defendant Reddy introduced Plaintiff to David Weinstein who Reddy represented was the prior owner of NBC and who would vouch for the profitability of the company.

17. Based upon the representation of Defendant Reddy, on February 5, 2009, Plaintiff entered into a second contract with Reddy, a *"Stock Purchase Agreement"*. (**Exhibit 2**).

18. According to the Stock Purchase Agreement Reddy represented that the Stock value of the Seller includes *"website, software, marketing methodology, trade secrets, future cash flow, existing unfulfilled contracts, all mailing lists, customer lists, past, present, and*

*future relationships with subcontractors, buyers of contracts, marketing consultants, and raw material vendors."*

19. Reddy represented to Plaintiff that he would apply the previously received seventy five thousand (\$75,000.00) dollars and would accept an additional one hundred twenty five thousand (\$125,000.00) for Reddy's 100% stock interest in NBC.

20. In total, Plaintiff had paid Defendant Reddy two hundred thousand (\$200,000.00) dollars for the stock and assets Reddy claimed he was selling to Plaintiff.

21. After receiving an additional one hundred twenty five thousand (\$125,000.00) dollars from Plaintiff on February 5, 2009, Defendant Reddy failed to transfer any of the "assets" he had claimed represented the value of the stock. Plaintiff never received the website, software, marketing methodology, trade secrets, or mailing lists.

22. After the sale was completed, Plaintiff questioned Defendant Reddy regarding irregularities about the sources of income and documentation for deductions. Defendant Reddy then represented that he was unable and/or unwilling to provide back up for the financial records of the company.

23. Following the stock sale, Plaintiff repeatedly requested the prior years tax returns.

24. Contrary to the representations made by Defendant Reddy, Plaintiff learned that NBC was not a profitable company at all nor was it without debt. In addition, its status as a non-profit company was at best questionable.

25. After paying Defendant Reddy for the stock and “assets” of NBC, Plaintiff made several discoveries including that NBC’s website was not owned by NBC; it was owned by David Weinstein.

26. After Plaintiff demanded the “software” that Defendant Reddy had touted as being part of the sale, Defendant Reddy informed Plaintiff that “there is no software”.

27. Following payment by Plaintiff, Defendant Reddy also told Plaintiff that the “unique marketing methodology” was to hire David Weinstein to perform the marketing function.

28. As it was then disclosed by Defendant Reddy, the “marketing methodology” required paying David Weinstein forty thousand (\$40,000.00) dollars per month.

29. Subsequent to the stock sale, Plaintiff learned that Defendant Reddy and David Weinstein had incorporated another entity in Nevada called “National Billing Corporation” on November 14, 2008.

30. As discovered by Plaintiff following the fraudulent stock sale, NBC was in fact a sham corporation with no assets, no profitability, numerous liabilities and a questionable designation as a non-profit corporation under Delaware law.

31. In sum, Defendant Reddy, with others, engaged in a “confidence scheme” intended to defraud Plaintiff out of hundreds of thousands of dollars.

**COUNT I**  
**FRAUD, FRAUD IN THE INDUCEMENT**  
**RECISSION**

32. Plaintiff repeats by reference the preceding paragraphs by reference herein.

33. At all times relevant to this action, Defendant Reddy made representations to Plaintiff intending Plaintiff to rely upon those representations when entering into the two contracts described herein.

34. At all times relevant Defendant Reddy knew or should have known that the representations he and his agents were making to Plaintiff were misleading and/or deliberately false.

35. Plaintiff did rely upon Defendant Reddy's representations and in reliance thereon paid Reddy two hundred thousand (\$200,000.00) dollars.

36. As a direct and proximate cause, Plaintiff has been damage in that he has been defrauded of his money in the means set forth herein.

37. Based upon the intentional or reckless misrepresentations made by Defendant Reddy the two agreements at issue here are void and/or voidable.

38. Based upon the intentional and/or reckless misrepresentations made by Defendant Reddy Plaintiff is entitled to the return of the money taken by Defendant Reddy.

Wherefore, Plaintiff respectfully requests that this honorable Court enter Judgment in favor of this Plaintiff rescinding the contracts and entering an award of damages in an amount in excess of \$25,000.00 with reasonable attorney fees, costs, interest wrongfully incurred.



## **COUNT II**

### **BREACH OF CONTRACT**

39. Plaintiff repeats by reference the preceding paragraphs as if fully set forth herein.

40. Plaintiff entered into two contracts with Defendant Reddy through which Reddy represented that various assets would be sold to Plaintiff.

41. Plaintiff conveyed to Defendant Reddy the purchase price required for the transfer of the assets promised.

42. Defendant Reddy did not transfer the assets promised and/or the assets were not as represented under the terms of the agreements.

43. Defendant Reddy's conduct as described in herein constitutes a breach of the agreements between the parties.

44. Plaintiff has been damaged in the amount of \$200,000.00 as well as suffering lost profits, incurring additional costs, attorney fees and other damages as a consequence of Defendant's breach.

WHEREFORE, Plaintiff requests that this honorable Court enter judgment in Plaintiff's favor in an amount in excess of \$25,000.00 plus interest, reasonable attorney fees and costs wrongfully incurred.

## **COUNT III**

### **UNJUST ENRICHMENT**

45. Plaintiff repeats by reference herein the preceding paragraphs.

46. On the dates set forth herein the Defendant Reddy made certain promises to Plaintiff regarding the transfer of assets that were represented as having value to Plaintiff.

47. Defendant's promise was clear, definite and unequivocal and was specifically made to induce Plaintiff to render Plaintiff's performance, to wit, payment of two hundred thousand (\$200,000.00) dollars.

48. In reliance upon the promises made by Defendant, and to his substantial detriment, Plaintiff performed all that was expected of him.

49. Despite Plaintiff's repeated requests and demands, Defendant has failed to transfer the assets promised and/or to return Plaintiff's money.

50. As a direct and proximate result of Defendant's failure to perform, Plaintiff has suffered damages in excess of \$25,000.00.

51. Defendant has been unjustly enriched as a result of his actions.

52. Plaintiff is entitled to a judgment of this Court compelling Defendant to return his money unjustly received from Plaintiff along with costs, attorney fees and interest.

WHEREFORE, Plaintiff respectfully requests that this honorable Court enter Judgment in his favor and order that Defendant return Plaintiff's money unjustly received and award Plaintiff attorney fees, costs, interest and any and all other damages this honorable Court deems just and fair.

#### **COUNT IV**

#### **EXEMPLARY DAMAGES**

53. Plaintiff incorporates by reference the preceding paragraphs as if set forth herein.

54. Defendant's representations were made intentionally and maliciously and have caused Plaintiff to suffer humiliation, outrage and indignation.

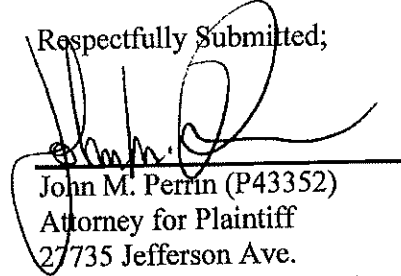
55. Defendant's conduct was intentional, improper, intended to defraud plaintiff and was at all times malicious and therein has cause Plaintiff to suffer harm in excess of what can be

compensated by ordinary damages, including mental anguish, stress, loss of sleep, and other emotional injuries which were and are the natural consequences of Defendant's actions.

WHEREFORE, Plaintiff Requests that this honorable Court enter judgment in his favor and against Defendant and award the following damages;

- a. Compensatory damages in an amount that is in excess of \$25,000.00 and that is sufficient to compensate Plaintiff for his actual, consequential and incidental losses sustained as a result of Defendant's wrongful actions.
- b. Exemplary damages in and amount in excess of \$25,000.00 resulting from Defendants intentional and malicious actions.
- c. Interest, costs and reasonable attorney fees.

Respectfully Submitted;



John M. Perrin (P43352)  
Attorney for Plaintiff  
27735 Jefferson Ave.  
St. Clair Shores, MI 48081  
(586) 773-9500

Dated: February 17, 2010

**AGREEMENT for the PURCHASE and SALE of CERTAIN BUSINESS ASSETS of  
National Billing Corporation**

THIS AGREEMENT, made effective this 30<sup>th</sup> day of September, 2008, in the State of Michigan, and the County of Washtenaw.

WHEREAS, Tony Holmes or a corporate nominee (hereinafter known as "Buyer"), and National Billing Corporation, a Delaware Corporation, whose office is located at 110 W. 9<sup>th</sup> Street, Suite 302, Wilmington, DE 19801 (hereinafter known as "Seller") wishes to sell, and Buyer wishes to buy certain assets of National Billing Corporation (hereinafter known as the "Business") the following applies:

**The total purchase price for the assets described below will be a total of \$100,000 US (One-hundred thousand dollars and 00/xx).** The payments will be as follows: Upon signing this contract, the Buyer will give the Seller a check in the amount of \$50,000 US (Fifty-Thousand dollars and 00/xx) towards the purchase price of the assets and promises as described below of Seller. Upon the acquisition of 10 medical billing contracts, Buyer will tender an additional check in the amount \$25,000 US (Twenty-five thousand dollars and 00/xx) to Seller. Upon the acquisition of a total of 20 clients, the final payment of \$25,000 US (Twenty-five thousand dollars and 00/xx) will be made to Seller.

Total purchase includes 20 medical billing contracts, where a minimum average of 7000 claims per month is received.

If the total average number of claims does not rise to a minimum of 7000 claims per month, after 20 clients have been assigned, then Seller will continue to provide additional clients until such a minimum is reached.

Seller will not receive any ongoing commissions, wages, franchise fees, or other accoutrements from Buyer after the total of \$100,000 has been paid. Seller will not independently contact clients after they have been assigned to Buyer, without the permission of Buyer.

Buyer will acquire on its own, a computer, high-speed Internet connection, a fax machine, and any other relevant items necessary for medical billing. Seller will provide a means to submit medical claims through the Internet.

**EXHIBIT**

1

Buyer will be responsible for any costs incurred as part of the normal course of business, if he chooses not to use a subcontractor.

Seller will replace any lost clients (if at no fault of the Buyer, including but not limited to, not submitting claims within 48 hours, poor customer service, altering the contract, diverting checks, etc.) within 1 year of placement. Seller will have sole discretion in determining the cause of losing a client.

Furthermore, Buyer will have the option to purchase an additional 8000 claims (for a total of 15,000 claims). Buyer must exercise this option by February 1<sup>st</sup>, 2009, in writing. If the option is exercised, the following terms will apply:

The total purchase price of any claims through the option will be \$100,000 US (One-hundred thousand dollars and 00/xx). The payments will be as follows: Upon exercising the option, the Buyer will give the Seller a check in the amount of \$50,000 US (Fifty-Thousand dollars and 00/xx) towards the purchase price of the assets and promises as described below of Seller. Upon the acquisition of 13 medical billing contracts (under the option), Buyer will tender an additional check in the amount \$25,000 US (Twenty-five thousand dollars and 00/xx) to Seller. Upon the acquisition of 12 more clients (a total of 25 clients under the option), the final payment of \$25,000 US (Twenty-five thousand dollars and 00/xx) will be made to Seller. If the total average number of claims does not rise to a minimum 15,000 claims per month, then additional medical billing contracts will be provided until such a minimum is reached.

Witness our Hands and Seals this 30<sup>th</sup> day of September, 2008.

  
Seller

  
Buyer

## **STOCK PURCHASE AGREEMENT**

**This Stock Purchase Agreement, dated as of February 4, 2009 (hereinafter referred to as "Agreement") is entered into by and among the Seller, Vijay Reddy, (hereinafter referred to as the "Seller"), National Billing Corporation (hereinafter referred to as the "Company") and Tony Holmes (hereinafter referred to as the "Purchaser"). The parties, intending to be legally bound, hereto as follows:**

- 1. Sale of Common Stock. Subject to the terms and conditions of this Agreement, Seller agrees to sell and the Company agrees to transfer and the Purchaser agrees to purchase from Vijay Reddy an aggregate of 2000 shares of Seller's Common Stock (the "Shares") at the purchase price of \$75.00 (Seventy-Five dollars US) per share. This 2000 shares represents 100% of shares available of the Company.**
  - a) All parties acknowledge only a medical billing and marketing system is being sold. No other assets other than those relevant to medical billing and a medical marketing system for medical billing contracts are relevant to this agreement.**
  - b) Stock value of the Seller includes website, software, marketing methodology, trade secrets, future cash flow, existing unfulfilled contracts, all mailing lists, customer lists, past, present, and future relationships with subcontractors, buyers of contracts, marketing consultants, and raw material vendors.**
- 2. Payment of Purchase Price. The purchase price of the Shares is \$150,000 (One Hundred Fifty thousand dollars US). \$125,000 (One hundred twenty-five thousand dollars US) shall be paid by certified check at the time of the execution of this document and the balance of \$25,000 (Twenty-five thousand dollars US) will be paid and guaranteed by National Billing**

**EXHIBIT**

**EXHIBIT**

**2**

Corporation as per the Note and Security Agreement, which are attached.

3. **Representations and Warranties of Seller.** Seller hereby represents and warrants to Purchaser that, the statements contained in the following paragraphs of this Section 4 are all true and correct as of the Closing Date:

- a) **Organization and Standing. Articles and Bylaws.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and Michigan and has all requisite corporate power and authority to carry on its business as now conducted.
- b) **Corporate Power.** Seller has all requisite legal and corporate power to enter into, execute and deliver this Agreement and the Warrant. This Agreement, and upon issuance, the Warrant will be valid and binding obligations of Company, enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, moratorium, and other laws of general application affecting the enforcement of creditors rights.
- c) **Authorization.**
  - 1) **Corporation Action.** All corporate and legal action on the part of Seller, its officers, directors, and shareholders necessary for the execution and delivery of this Agreement, the sale and issuance of the Shares.
  - 2) **Valid Issuance.** The Shares issued will be validly issued and will be free of any liens, encumbrances; provided however, that the Securities may be subject to restrictions on transfer under state

and/or federal securities laws as set forth herein, and as may be required by future changes in such laws.

- d) **Government Consent Etc. No Consent, approval, order or authorization of, or designation, registration, declaration or filing with, any federal, state, local or other governmental authority on the part of the Seller is required in connection with the valid execution and delivery of, this Agreement, sale or issuance of the Securities, other than, if required, filings or qualifications under the Delaware Corporate Securities Law or other applicable Blue Sky Laws, which filings or qualifications, if required, will be timely filed or obtained by Seller.**

**4. Representation and Warranties by Purchaser. Purchaser represents and warrants to Seller as of the Closing Date as follows:**

- a) **Investment Intent: Authority. This Agreement is made with Purchaser in reliance upon Purchaser's representation to Seller, evidenced by Purchaser's execution of this Agreement, that Purchaser is acquiring the Securities for investment for Purchaser's own account, not as a nominee or agent, for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof, within the meaning of the Securities Act of 1933, as amended, (the "Securities Act") or the California Law. Purchaser has the full right, power, authority and capacity to enter into and perform this Agreement and the Agreement will constitute a valid and binding obligation upon Purchaser, except as the same may be limited by bankruptcy, insolvency, moratorium, and other laws of general application affecting the enforcement of creditors' rights.**



- b) **Transfer Restrictions.** Purchaser covenants that in no event will it sell, transfer, dilute or otherwise dispose of any of the Securities without the express written consent of Mr. Vijay Reddy or until full satisfaction of the remaining \$25,000 which shall be paid by September 15, 2009.
- c) **Indemnification.** Seller will indemnify any past acts or omissions with regard to the Stock Purchase including, but not limited to tax liability, and Purchaser will indemnify for all post sale acts and omissions.

**5. Legends.** Seller will place the following legends on each certificate representing Securities:

The Securities represented hereby have not been registered under the Securities Act of 1933 as amended ("ACT") or any applicable state securities laws ("Blue Sky Laws"). Any transfer of such securities will be invalid unless a registration statement under the ACT or as required by Blue Sky Laws is in effect as to such transfer or in the opinion of counsel satisfactory to the Seller such registration is unnecessary in order for such transfer to comply with the ACT of Blue Sky Laws.

**6. Miscellaneous.**

- (a) **Waivers and Amendments.** Any provision of this Agreement may be amended, waived or modified upon the written consent of Mr. Vijay Reddy and Purchaser.
- (b) **Governing Law.** This Agreement, and all actions arising out of or in connection with this Agreement,

shall be governed by and construed in accordance with the laws of the State of Michigan, without regard to the conflicts of law provisions of any other state. The parties acknowledge and agree that the exclusive venue and jurisdiction of any dispute arising out of this Agreement shall be a federal or state court located in the County of Washtenaw in the State of Michigan.

- (c) **Entire Agreement.** This Agreement, together with the exhibits attached hereto, constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.
- (d) **Survival.** The representations, warranties, covenants, and agreements made herein shall survive the execution and delivery of this Agreement.
- (e) **Notices, etc.** Any notice request or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) upon receipt of personally delivered (ii) three (3) days after being mailed by registered or certified mail, postage prepaid, or (iii) one day after being sent by recognized overnight courier or by facsimile, if to Purchaser at 618 Mesa Ridge, San Antonio, TX 78258 or such other address or number as Purchaser shall have furnished to Seller in writing or if to Seller at 3830 Packard Street, Suite 220, Ann Arbor, MI 48180 or at such other address or number as Seller shall have furnished to Purchaser in writing.
- (f) **Validity.** If any provision of this Agreement shall be judicially determined to be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

- (g) Counterparts.** The Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall be deemed to constitute one instrument.
- (h) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.** Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities, under or by reason of this Agreement, except as expressly provided in this Agreement.
- (i) Non-Compete.** The Seller owner(s) and employees agree not to compete for a period of 5 years in the medical billing business without the express written consent of the Purchaser. However, in case of default of this Agreement or its related Exhibits, the non-compete will become void. Recognizing the financial importance of this particular marketing system to this particular business, Seller will not disclose or disseminate without written consent of the Buyer.
- (j) Training and Transition.** Seller will train Purchaser for a period of 60 days at no additional cost.
- (k) If Purchaser requests, after the 60 day transition period, Mr. Vijay Reddy can be hired as a consultant for the business at a rate of \$20/hour. At the option of the Purchaser, no monies need to be paid to Mr. Vijay Reddy until such time the Purchaser draws a salary or other payment for himself or one of his assigns. Specific assignments, hours to be worked, and requests will be mutually determined by Purchaser and Mr. Vijay Reddy.**

WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date and year first written above.

Vijay Reddy, Seller

Signature:

Name: Vijay Reddy

National Billing Corporation, Company

By:

Vijay Reddy

Signature:

Vijay Reddy

Title:

President

Tony Holmes, Purchaser:

Signature:

Tony Holmes

Name:

TONY HOLMES

**Exhibit "A"**

**PROMISSORY NOTE**

**Twenty Five Thousand Dollars and 00/XX US.**

**Date: February 5, 2009**

**I, Tony Holmes, President, acting on behalf of National Billing Corporation, the undersigned, promises to pay to the order of Vijay Reddy, located at 3830 Packard Street, Suite 220, Ann Arbor, MI 48180, or his assigns, in lawful money of the United States of America, the principal sum of Twenty Five Thousand Dollars and 00/xx US (\$25,000) dollars, to be repaid as follows: One lump sum payment of \$25,000 US (Twenty Five Thousand Dollars and 00/xx US) shall be paid no later than September 15, 2009.**

**DEFAULT: If the above lump sum payment is not received by September 15<sup>th</sup>, 2009, a default will occur.**

**Security and repayment provisions are also contained in a document entitled "Security Agreement" as set forth in "Exhibit B" attached hereto.**

**If default be made in the performance of or compliance with any of said events, said principal sum thereon shall become at once due and payable at the option of holder thereof, and be collectible without further notice. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.**

**If this note be placed in the hands of an attorney for collection after the same shall for any reason become due, or if collected by legal proceedings or through the probate of bankrupt courts, then all cost of collection, including a reasonable sum for attorney fees shall be added hereto as attorney's fees secured and collectible as the principal hereof.**

**The undersigned agrees to remain and continue bound for the payment of the principal provided for under the terms of this note notwithstanding any extension or extensions of the time of, or for the payment of said principle, or any change or changes in the amount or amounts agreed to be paid under**

and by virtue of the obligation to pay provided for in this note and waive all and every kind of notice of such extension or extensions, change or changes, and agree that the same may be made without the joinder of the undersigned.

Each party understands that this is a legally binding document. Both parties have had full opportunity to consult legal counsel and receive legal advice of their choice with respect to this agreement before signing it, have read this agreement and fully understand it. This note carries no interest.

It is expressly agreed and declared that this note is given for an actual loan of twenty Five Thousand Dollars and 00/xx (\$25,000.00).

IN WITNESS WHEREOF, the DEBTOR has hereunto set his hand this 5th day of February, 2009

Debtor: Tony Holmes

National Billing Corporation,

Tony Holmes, President of National Billing Corporation

Witness: \_\_\_\_\_

Acknowledged

Vijay Reddy

**Exhibit "B"**

**Security Agreement**

**This Agreement, made effective this 5th day of February, 2009 in the State of Michigan and the County of Washtenaw.**

**I, Tony Holmes, President, and acting on behalf of National Billing Corporation, Inc. located at 618 Mesa Ridge, San Antonio, TX 78258, for valuable consideration, receipt whereof is hereby acknowledged, hereby grants to Vijay Reddy, located 3830 Packard Street, Suite 220, Ann Arbor, MI 48180, or his assigns, (hereinafter called "SECURED PARTY") a purchase money security interest in the following properties (hereinafter called "COLLATERAL"): and all of the records, customer lists, vendors, subcontractors, goodwill, inventory, name, marketing and trade secrets, website, and other non-tangible assets used in the operation of the Business known as National Billing Corporation, Inc. located at 3830 Packard Street, Suite 220, Ann Arbor, MI 48180 in the amount of the remaining balance due, as set forth hereto, to secure the payment of Twenty Five Thousand Dollars and 00/xx US (\$25,000) dollars as provided in the said Promissory Note of DEBTOR to SECURED PARTY, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising (all hereinafter called the "OBLIGATIONS").**

**DEBTOR hereby warrants and covenants:**

- 1. That the COLLATERAL is used primarily for business use;**
- 2. That the COLLATERAL shall be kept at the place of business; and the DEBTOR shall notify SECURED PARTY in writing of any change in the location of the COLLATERAL prior to such change, and the DEBTOR shall not remove the COLLATERAL from the country or countries in which the COLLATERAL is presumably located without the written consent of SECURED PARTY;**

3. That should the addresses shown at the beginning of this agreement change, DEBTOR shall notify SECURED PARTY in writing of any change prior to such change;
4. That DEBTOR will permit SECURED PARTY, upon 30 days written notice, permission to inspect the ongoing operation at DEBTOR's location, including but not limited to the books and records as well as general operation.

DEBTOR further covenants and agrees that they will maintain insurance at all time with respect to all the COLLATERAL against such risks, in such amount, containing such terms, in such form, for such periods and written by such companies as may be satisfactory to SECURED PARTY, such insurance to be payable to SECURED PARTY and DEBTOR as their interest may appear, that at the request of the SECURED PARTY all policies of insurance shall be delivered to it and held by it, that SECURED PARTY may work directly with Insuring parties in obtaining, adjusting, settling, and cancelling such insurance and endorsing any drafts; that DEBTOR will promptly pay when due all taxes and assessments upon the COLLATERAL; that at its option SECURED PARTY may discharge taxes, liens, or security interests or other encumbrances at any time levied or placed on the COLLATERAL, may pay for insurance on the COLLATERAL and may pay for the maintenance and preservation of the COLLATERAL; and that DEBTOR shall reimburse SECURED PARTY pursuant to the foregoing authorization.

DEBTOR shall keep the Franchise Fees, lease and/or mortgage payments on the business and premises current at all times. Should DEBTOR fail to do so, SECURED PARTY may declare DEBTOR to be in default and seek its remedies hereunder, and/or bring the lease payments current and add the amount of the principal balance remaining on the Note.

DEBTOR shall be free to transfer the COLLATERAL to any corporation in which the DEBTOR is the owner of at least two thirds (2/3) of the outstanding shares of stock, but any such transfer shall not be done in such manner so as to reduce the security of the SECURED PARTY in said assets, and SECURED PARTY may require personal guarantees from the DEBTOR.



DEBTOR shall not transfer any of the COLLATERAL to any other person or entity without the SECURED PARTY'S consent.

DEBTOR shall be in default if DEBTOR fails to pay any part of the remaining \$25,000 when due as set forth in the agreement dated this day. SECURED PARTY shall give written notice to DEBTOR that they are in default and DEBTOR shall have ten (10) days to make payment from date of written notice. This means that if the DEBTOR does not pay the debt and other obligations of the agreement when due, the COLLATERAL may be sold, repossessed, and/or removed in order to satisfy the debt under the agreements. Further, should the DEBTOR be in default at anytime, any and all non-compete and/or no solicitation agreements become null and void at the time of default. In the event of any default in the payment of the OBLIGATIONS secured by this Agreement or the performance of any covenant contained herein; or if any warranty, representation, or statement made or furnished to SECURED PARTY by DEBTOR proves to have been false in any material respect when made or furnished then SECURED PARTY under the laws of the State of Michigan, including, without limitation thereto, the right to take possession of the COLLATERAL and for that purpose SECURED PARTY may enter upon any premises on which the COLLATERAL or any part thereof may be situated and remove the same therefore. DEBTOR agrees, upon request of SECURED PARTY, to assemble the COLLATERAL and make it available to SECURED PARTY at a place designated by SECURED PARTY. Notice of the time and place of any public sale or of the time after which any private sale is made, when required by law, shall be deemed reasonable if given at least five (5) days before such sale. SECURED PARTY shall be entitled to reimbursement from DEBTOR for reasonable attorney's fees and costs incurred by SECURED PARTY in enforcing its rights hereunder.

The word DEBTOR, whenever used herein, shall be construed to mean and include the necessary grammatical changes required to make the provisions hereof apply to corporations or individual, men or women, singular or plural, as though in each case fully expressed. The provisions hereof shall, as the case may require, bind or inure to the benefit of, the respective heirs,

successors, legal representatives and assigns of DEBTOR and SECURED PARTY.

Each party to this agreement understands that this is a legally binding document. All parties have had full opportunity to consult legal counsel and receive legal advice of their choice with respect to the agreement before signing it, have read this agreement and fully understand it.

IN WITNESS WHEREOF, the DEBTOR has hereunto set his hand this 5th day of February, 2009

Debtor: Tony Holmes, PRESIDENT

National Billing Corporation,

Tony Holmes, President of National Billing Corporation

Witness: \_\_\_\_\_

Acknowledged

Vijay Reddy

ADDENDUM TO CONTRACT DATED FEBRUARY 4, 2009

It is hereby stated and otherwise agreed that the following terms shall be applied to the stock purchase agreement dated February 4, 2009:

As part of this Agreement, and Addendum, Tony Holmes will void his agreement with regard to the block purchase dated on or about October 1, 2008, between him and National Billing Corporation that was signed and executed prior to this Stock Purchase Agreement. All clients as part of consideration of the Stock Purchase Agreement shall be assigned to Vijay Reddy individually.

Recognizing that Vijay Reddy will in turn work and sell this block of business, the restrictive covenant is hereby amended to allow Vijay Reddy to service and profit from the voided and assigned block of business described above. However, absence of this block, the full restrictive covenant will be deemed as in place and as written.

**Vijay Reddy, Seller**

Signature: Vijay Reddy

Name: Vijay Reddy

Date: 2/4/09

**National Billing Corporation, Company**

By: Vijay Reddy

Signature: Vijay Reddy

Title: 2/4/09

**Tony Holmes, Purchaser:**

Signature: Tony Holmes

Name: TONY HOLMES



WHEREAS Medasset Corporation (hereinafter known collectively as the "Seller"), and who has agreed to sell certain systems, assets, as well as intellectual property and where Liberty Consulting & Management Services, LLC (on behalf of a company to be formed later) (hereinafter known as "Buyer") agrees to buy certain systems, assets, as well as intellectual property, both parties agree to the following:

The purchase price will be \$125,000.00 US (One Hundred Twenty Five Thousand Dollars and 00/xx US). Buyer will give Seller \$75,000.00 US (Seventy Five Thousand Dollars and 00/xx US) and simultaneously execute a Promissory Note in the amount of \$50,000 US (Fifty Thousand Dollars and 00/xx US) at the time of signing this Agreement. **The Promissory Note will not be due until 60 medical appeals clinics have been assigned and 30 medical credentialing applications have been requested..**

The following are to be provided:

**Medical Appeals:** Seller will deliver, over the course of nine months from the date of signing this Agreement, 60 medical practices, whose total annual uncollected receivables will average a goal of \$5 million dollars annually.

**Medical Credentialing:** Seller will deliver, over the course of nine months from the date of signing this Agreement, 30 medical offices who are seeking credentialing services. Credentialing is defined as a service provided to a clinic, where the doctor is currently out-of-network with an insurance carrier and would like to become part of the network.

If Buyer does not reach \$5 million dollars in annual uncollected receivables or 30 medical offices who request credentialing services, after all other contract terms are satisfied, then the Sole Remedy will be as follows: Seller will provide a refund, not to exceed \$45,000 for any reason under the following formulas:

**Medical appeals refund:**

***[1 - ((total uncollected revenue from the past 30 days\*12) / \$5,000,000)] \*45,000 = refund.***

*For clarity, if the total uncollected revenue for the past 30 days, 9 months from the date the Agreement is dually signed, is \$250,000, then the refund would be calculated as follows:*

*$[1 - ((\$250,000 * 12) / \$5,000,000)] * 45,000 = \text{an } \$18,000 \text{ refund.}$*

**Medical credentialing refund:**

$[1 - (\text{Number of clients delivered} / 30)] * 45,000 = \text{refund}$

*For clarity, if the number of clients delivered is 20, then the refund would be calculated as follows:*

*$[1 - (20/30)] * 45,000 = \text{a } \$15,00 \text{ refund.}$*

**At the signing of this contract, Buyer agrees to the following performance guidelines including but not limited to:**

**Billing:**

1. Buyer agrees to begin servicing all clients within 1 business day of receipt and assignment of any transferred contract.
2. Buyer agrees to abide by all contract provisions of the assigned contracts and the medical practices.
3. Buyer agrees not to illegally defer any money.
4. Buyer agrees to a high standard of customer service and to promptly return calls and all correspondence and contracts that were assigned to them.
5. Buyer agrees to accept all contracts assigned to them.
6. Buyer agrees to be trained for all systems, intellectual property and assets.
7. Buyer agrees to do all requisite follow-up and keep in touch with the client on a minimum of a weekly basis to continue to generate new claims to appeal and/or bill.

**Credentialing:**

1. Buyer agrees to begin servicing all clients within 1 business day of receipt and assignment of any transferred request for credentialing.

2. Buyer agrees to abide by all contract provisions of the assigned contracts/work and the medical practices.
3. Buyer agrees to promptly contact insurance carriers to begin the credentialing process. Buyer will conduct all requisite work and only ask the doctor to perform work that Buyer cannot legally do.
4. Buyer agrees to a high standard of customer service and to promptly return calls and all correspondence and contracts that were assigned to them.
5. Buyer agrees to accept all credentialing work assigned to them.

**Seller hereby represents and agrees:**

- 1. Corporate Status:** Seller has been duly created, validity exists, and is in good standing.
- 2. Title to Assets:** Seller holds valid and marketable legal and beneficial title to the Assets and the Modules, which are free and clear of all liens, claims, encumbrances and security interests.
- 3. Litigation:** There is no action, suit, proceedings.
- 4.** Seller has the right and power to transfer clients to Buyer as contemplated herein. Seller's contracts with Clients permit the assignment of those contracts to Buyer.
- 5.** Medical billing software and a clearinghouse to process claims will be made available at no charge to the Buyer with a minimum of 10 simultaneous users allowed to access the system. The software will have a User ID that is transferrable to Buyer. The User ID will allow for Buyer to file medical billing claims electronically at no charge.
- 6.** No restrictions will be placed on Buyer to attract their own clients through their own marketing methods including, but not limited to, Request for Proposals, referrals, telesales, telemarketing, or personal sales. If any new clients are acquired and a contract is signed, Buyer may inform Seller, and Seller will remove that clinic from active solicitation.
- 7.** Seller will not sell any other service to a clinic that is assigned to Buyer (exclusive). This restriction includes, but is not limited to, medical transcription, medical collection, medical billing, and answering services.

**Terms:**

Buyer will provide a wire transfer or certified check in the amount of \$75,000.00 US (Seventy Five Thousand Dollars and 00/xx US) at the time of execution of this agreement. Buyer will give equal monthly payments as per the Promissory Note, which calls for an amortization of 5 years with a 3-year balloon. **Debt service payments and interest on the debt service will begin after and only when 60 medical appeals clinics have been assigned and 30 medical credentialing applications have been requested.** The Agreement including all exhibits, constitutes the entire agreement between the Parties with respect to the subject matter hereof, and merges and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions. Neither of the Parties will be bound by any conditions, definitions, warranties,

understandings, or representations with respect to the subject matter hereof other than as expressly provided herein. No oral explanations or oral information by either party hereto will alter the meaning or interpretation of this Agreement. The terms and conditions of this Agreement will prevail notwithstanding any different, conflicting or additional terms and conditions that may appear on any letter, email or other communication or other writing not expressly incorporated into this Agreement.

**Training and Transition:**

At no cost to the Buyer, the Seller will train and transition up to 2 consecutive weeks for medical billing. If additional training beyond the 2 weeks is required, or requested, Seller will provide up to 20 additional hours of training at no cost to the Buyer. These 20 additional hours may be spread out over the course of one year. Training shall not exceed 1 year from the signing of this agreement for any reason. Buyer will make themselves available for this training and may not refuse the training. If Buyer is not available for training or refuses training it will be considered as though they have been trained for the full period allotted.

**Confidentiality:**

At all times, the Buyer will respect the confidentiality and the extensive work put into the intellectual property, assets, and systems. Buyer will not attempt to reverse engineer the marketing methodology for personal gain or publishing purposes.

**Commercial Transaction:**

This transaction is considered a commercial transaction.

**Venue:**

The venue is the State of Nevada and the County of Clark.

**Governing Law:**

This Agreement will be governed by the laws of Nevada and the County of Clark.

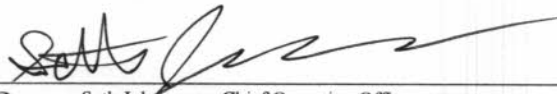
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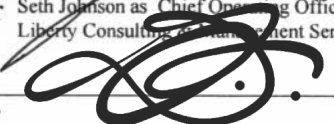


If the Buyer defaults with regard to any of the paragraphs above, as well as the Promissory Note, individually or collectively, the Buyer will immediately return all contracts, assets and systems and intellectual property that has been delivered and will release, hold harmless, and indemnify the Seller.

**Restrictive Covenant:**

Unless a default occurs, the Seller will be prohibited, once the contract has been transferred to Buyer, from contacting or soliciting those clients. The one exception would be to verify the reason of loss. Buyer will void this clause if Buyer chooses to use Seller's resources in order to service Buyer's clients however, Seller will not solicit Buyer's clients. Buyer will not solicit Seller's third party resources.

 DATE: May 3, 2018  
Buyer Seth Johnson as Chief Operating Officer,  
Liberty Consulting & Management Services, LLC (on behalf of an entity to be formed later)

 DATE: May 3, 2018  
Seller  
Medasset Corporation



**OUTGOING WIRE TRANSFER Bank Name: WINTRUST BANK**

Wire Created by UserID: LDICKMAN2 Date: 5/3/2018 Time: 13:27:14  
 Branch: 001 Name: DEFAULT BRANCH 380 Phone #: \_\_\_\_\_  
 Amount: 75,000.00 USD WIRE FEE AMOUNT: [Refer to Fee Schedule]  
 Ins Amount: \_\_\_\_\_ Ins Currency: \_\_\_\_\_ Exchange Rate: \_\_\_\_\_  
 Account #: Redacted  
 Customer Name: LIBERTY CONSULTING & MANAGEMENT SER Phone #: \_\_\_\_\_  
 Address 1: 1000 SKOKIE BLVD SUITE 225 Address 2: WILMETTE,IL 60091-1176  
 Address 3: \_\_\_\_\_

**BANK INFORMATION**

Destination Bank Name: BENEFICIAL BANK Bank ABA: 236075689  
 Destination Bank Address 1: \_\_\_\_\_  
 Destination Bank Address 2: \_\_\_\_\_  
 Destination Bank Address 3: \_\_\_\_\_  
 Beneficiary Bank Name: \_\_\_\_\_ Bank ID: \_\_\_\_\_  
 Beneficiary Bank Address 1: \_\_\_\_\_  
 Beneficiary Bank Address 2: \_\_\_\_\_  
 Intermediary Bank Name: \_\_\_\_\_ Bank ID: \_\_\_\_\_

**CUSTOMER (BENEFICIARY) INFORMATION**

Beneficiary Name to Credit: VISIONARY BUSINESS BROKERS  
 Account Number to Credit: Redacted  
 Beneficiary Address 1: 141-I ROUTE 130 SOUTH #343  
 Beneficiary Address 2: CINNAMINSON NJ 08077  
 Beneficiary Address 3: \_\_\_\_\_  
 Other Information: 180503132411LDIC  
 Bank to Bank Info: \_\_\_\_\_  
 ORG to BNF Info: \_\_\_\_\_  
 Purpose of Wire: \_\_\_\_\_

Customer Signature: \_\_\_\_\_

Date: May 3, 2018

\*\*\*CUSTOMER AUTHORIZATION \*\*\* BANK IS HEREBY AUTHORIZED TO SEND THE ABOVE REFERENCED WIRE TRANSFER AND DEBIT THE ACCOUNT INDICATED ABOVE FOR THE AMOUNT OF THE WIRE TRANSFER PLUS WIRE TRANSFER FEES PURSUANT TO THE ACCOUNT AGREEMENT AND DISCLOSURE STATEMENT AND FEE SCHEDULE, AS PREVIOUSLY PROVIDED OR MAY BE REQUESTED FROM BANK AT ANY TIME AND MAY BE CHANGED BY BANK FROM TIME TO TIME. Wire Transfer Disclosure Information (International Wires) Due to the nature and complexity of international banking and unless otherwise separately disclosed in writing: (1) it is impossible for the Bank to make any delivery time or fee charge guarantees on any foreign wire transfers and (2) the Bank is not responsible for variances in foreign exchange rates. Our fees only cover our costs for sending funds. Additional fees can be (and often are) incurred by necessary tracing, recall of funds, rate changes and verifications required by foreign banks. It should be understood any additional costs or fees are passed on to the customer. As the originating Bank, we rely on the customer for accurate and complete instructions for the receiver/beneficiary bank specifications. Erroneous information can (and often does) result in nonpayment or delay of funds and significant monetary impact to the originator.

**EXHIBIT 4**



**BREAKING NEWS** Boy dies after being struck by SEPTA bus in Wissinoming

menu

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New Jersey

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67°

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EDITThe #1 Online Business Plan  
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## Investigation: Men accused of selling bogus businesses



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MORE VIDEOS

Investigation: Men accused of selling bogus businesses. Chad Pradelli reports during Action News at 11pm on June 1, 2018.

By [Chad Pradelli](#)

Friday, June 01, 2018

CHERRY HILL, N.J. (WPVI) -- Two men are accused of selling fraudulent businesses, and Action News identified more than a dozen alleged victims around the country during a year-long investigation.

As it turns out, one of the alleged con artists has been operating out of Cherry Hill, New Jersey.

Steve Sami is an alleged victim out of Florida.

"They will take your money, they will string you along. They have no morals and conscience and you will lose every penny you have."

David Weinstein of Cherry Hill, New Jersey and Jay Reddy of Michigan say they sign medical practices up for billing, transcription, and/or collection services and then sell those contracts to investors who want to manage the businesses.

But some investors tell Action News those companies are bogus, and that they've lost more than \$1.3 million with one or both of these men since 2010.

Sami says, "I've made probably, in the whole process, a couple hundred dollars."

Your business  
can save  
money by  
saving energy.

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Father of missing 6-year-old boy: 'I thought they

**EXHIBIT 5**

Weinstein's marketing materials say, "We do the hard part. We get the doctors under contract for you." Buyers get what's called a Triple Play of all three businesses for \$125,000.

According to a sales brochures, buyers get "a clear and direct approach to profitability." Steve Sami says his contract with Jay Reddy promised 300 medical answering service contracts.

But in the two years since, he says he's received just a few. Sami and others have filed complaints with their state attorneys general.

"Within a month I texted him and said something feels strange and the contracts aren't coming, and he basically said he had a death in the family and it's the holidays. He told me it will pick up."

But he says it never did and that when he threatened to expose Reddy after learning of other alleged victims, a man claiming to be David Weinstein called out of the blue and left a profanity-laced voicemail.

Action News has learned at least three alleged victims have sued Weinstein and or Reddy over the years. Attorney John Perrin represented an alleged victim out of Michigan who sued Reddy in 2010.

"It was really just an empty shell and there was nothing to it," Perrin said.

He says Reddy was constantly reselling the business but never delivering contracts with physicians,

"There were literally dozens of these entities and when you looked at who created them, it was coming back to either Vijay Reddy or David Weinstein."

Perrin won \$200,000 in court but says he's never been able to collect and just last month Reddy filed for bankruptcy.

Two Georgia men sued Weinstein in Federal court in 2012. In court papers, Weinstein denied any wrongdoing. He and other defendants later agreed to a confidential settlement. Action News has also learned Weinstein was convicted of health insurance fraud in 2002.

Sami says he wants his money back and justice for himself and other victims.

"I believe the FBI should be involved, the IRS. Money should be recouped and given back to the people who lost it," Sami said.

Both Reddy and Weinstein refused our request for comment. We tracked down Weinstein to a Cherry Hill condo and he actually called police on us, accusing us of harassment.

Officially, the FBI says it cannot confirm or deny they're investigating. But since our investigation began, several alleged victims tell us they've been interviewed by agents.

Weinstein is still selling the business model and living in Las Vegas.

Recommended by

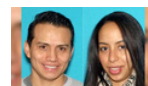
## TRENDING



Teenager shot and killed in West Oak Lane



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New Jersey man charged with pretending to be a dentist, botched teen's braces



Child rape suspect may be in stolen car, Solebury Twp. police say

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UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re:

Case No. 18-43079-mlo

**Vijay Reddy,**

Chapter 7

Debtor.

Hon. Maria L. Oxholm

**Daniel M. McDermott,**  
**United States Trustee,**

Adversary Case No.

Plaintiff,

v.

**Vijay Reddy,**

Defendant.

**COMPLAINT FOR REVOCATION OF DISCHARGE  
UNDER 11 U.S.C. §§ 727(d)(1) and 727(a)(2), (3), (4) & (5)**

Daniel M. McDermott, United States Trustee, complains of the Defendant,  
Vijay Reddy, as follows:

**COMMON ALLEGATIONS**

1. The Defendant is an individual who at the time his chapter 7 petition was originally filed, resided at 4269 Kingston, Milan, Michigan 48160.
2. The above-captioned proceeding was commenced by the filing of a voluntary Chapter 7 petition on March 8, 2018.



3. The Defendant were granted a discharge on August 24, 2018. This action is therefore timely under 11 U.S.C. § 727(e)(1).

4. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(J), over which this Court has jurisdiction pursuant to 28 U.S.C. § 1334.

5. Plaintiff Daniel M. McDermott is the United States Trustee for Region 9, comprised of the States of Michigan and Ohio.

6. The Defendant submitted bankruptcy schedules and a statement of financial affairs, signed under penalty of perjury. The Defendant also testified at his 341 Meeting of Creditors that his schedules and statement of financial affairs were true and correct.

7. The United States Trustee came into information, after Mr. Reddy's discharge was entered on August 24, 2018, that the Defendant knowingly and fraudulently failed to disclose required information in the course of his bankruptcy proceedings, and that assets had dissipated that could have otherwise been used to repay the Defendant's creditors.

8. Specifically, the United States Trustee became aware of the facts and subject matter giving rise to this cause of action on or after October 11, 2018 – the date that a putative creditor described below, Mr. Eli Johnson, left an initial telephone message for the U.S. Trustee trial attorney filing this complaint.

9. As further explained below, the Defendant ran a fraud scam along with several other individuals that duped unsuspecting investors into buying worthless corporate opportunities for significant sums of money. Those corporate opportunities were designed by Mr. Reddy and his co-conspirators to fail for the unsuspecting investors, and Mr. Reddy and his co-conspirators would abscond with the victim's investments – at least \$770,000 of which the United States Trustee knows about as of the date of this filing. When Mr. Reddy filed his bankruptcy case, he omitted these victims as creditors of his, and further failed to explain the dissipation of the \$770,000 or more of their investment money. Mr. Reddy also lied on his bankruptcy schedules and at his 341 meeting of creditors – he testified he had been unemployed since at least the year prior to his filing, when in fact he was still working in the same capacity he had previously been during the fraud scheme, and duped a new investor out of another \$75,000 only days after Mr. Reddy's meeting of creditors. His discharge should be revoked as a result.

### **The Fraud Scheme to Sell Worthless Corporate Opportunities.**

10. Three main individuals were involved in the fraudulent scheme described in this complaint: David Weinstein, a resident of Nevada who has business interests in New Jersey, Kevin Brown, a resident of New Jersey, and the Defendant (collectively, "the Co-Conspirators").

11. The Co-Conspirators controlled various real or fake corporate entities described below, and would use those corporate entities to further the fraudulent scheme.

12. Generally, each victim known at this time by the United States Trustee would respond to an advertisement purporting to sell corporate opportunities – in every case known to the United States Trustee at this time, the corporate opportunity was generally for the purchase of answering service rights for doctor's offices, or to support their medical billing for their practices.

13. For example, many victims described below were induced to purchase answering-machine routing rights for medical offices. The victims believed they were purchasing guaranteed contracts to handle after-hours messages left at those offices, which they could charge between \$60 and \$70 monthly for those services. In turn, they would serve as a middle-man routing those calls to an overseas facility that would charge the victims roughly \$30 to \$40 monthly to handle each office's calls. In this way, the victims were induced to believe that money could be made simply by routing the medical office's calls overseas with very little effort on their own.

14. In most instances, the first individual that the victims would receive communication from was either Mr. Weinstein, through a brokerage company he

controlled called Tannenbaum & Milask, or Mr. Brown through either Tannenbaum & Milask or another company called Visionary Business Brokers.

15. From there, conference calls were often set up with the Co-Conspirators, and prospective materials about the business opportunities were transmitted to the victims outlining projected cash flow and likely returns on investment – both the materials themselves and the statements by the Co-Conspirators prior to the signing of purchase agreements were fraudulent inducements to close the sales.

16. The purchase agreements varied, but generally the victims would be buying a guaranteed number of medical offices that the Co-Conspirators were contractually obligated to bring to the victims during a specific time period. For example, one victim spent \$240,000 to purchase 1,200 client accounts for a 14-month time frame – which at \$60 per month per account, would net \$1,008,000 for the victim during that time. Factoring out \$40 per month for the overseas call center's cost, the victim would still expect to make \$336,000 during those 14 months on his original \$240,000 investment.

17. Generally, a purchase agreement would be signed between the victim and Mr. Reddy as the owner or operator of a third-party entity, and funds would change hands from the victims to the Co-Conspirators.

18. After consummating the deal, the Co-Conspirators would send only minimal medical office leads to the victims to be serviced, and when the victims complained about the lack of such medical offices being sent to them, the Co-Conspirators would generally blame the victims and accuse them of somehow breaching their agreement. The Co-Conspirators would eventually cease communication with the victims, and abscond with the funds received from the victims.

**The Pre-Petition Fraud Victims.**

***Camille Batiste***

19. Camille Batiste (“Batiste”) is a resident of the state of Illinois, residing at 600 Southbrooke Drive, Decatur, Illinois 62521.

20. In late 2016, Batiste invested \$75,000 in the Co-Conspirators’ fraud scheme.

21. Emails between Mr. Brown at Tannenbaum & Milask, and Batiste began on October 11, 2016, when Mr. Brown sent Batiste a non-disclosure agreement for a medical business opportunity.

22. Business prospectus materials were sent to Batiste with the Tannenbaum & Milask logo as well as an entity called Revenue Asset Services. Those materials outlined how, for \$75,000 down and an additional \$50,000 due over

three years, Batiste could expect to recoup net profits of \$135,600 per year over six years.

23. On December 13, 2016, a corporate entity Batiste controlled signed a purchase agreement with American Medical Answering Services, LLC. Mr. Reddy signed and initialed the purchase agreement on behalf of the selling corporate entity.

24. In that purchase agreement, the seller agreed to deliver 300 medical answering service contracts at a minimum charge of \$69 per office per month. For this, Batiste paid \$75,000 immediately, and pledged an additional \$50,000 from a promissory note.

25. In total, Batiste received only 12 such accounts, not the 300 contracted for.

26. When Batiste contacted the Co-Conspirators about their failure to perform, she received excuses originally and then later silence. They refused to return her money, and eventually stopped responding to her communications after a few months.

***Nadeem Fatmi***

27. Nadeem Fatmi (“Fatmi”) is a resident of the state of Georgia, residing at 1225 Kincaid Road, Marietta, Georgia 30066.

28. In 2016, Fatmi invested \$75,000 in the Co-Conspirators' fraud scheme.

29. In late December 2016, Fatmi saw an advertisement on the internet for an opportunity to purchase after-hours call support for medical offices, through Mr. Brown as a broker with Tannenbaum & Milask.

30. On November 29, 2016, a corporate entity Fatmi controlled signed a purchase agreement with American Medical Answering Service, LLC. Mr. Reddy signed and initialed the purchase agreement on behalf of the selling entity.

31. In that purchase agreement, the seller agreed to deliver 300 medical answering service contracts at a minimum charge of \$69 per office per month. For this, Fatmi paid \$75,000 immediately, and pledged an additional \$50,000 from a promissory note.

32. In total, Fatmi received only 8 such accounts in the 3.5 months after the purchase agreement was signed, not the 300 contracted for.

33. When Fatmi contacted the Co-Conspirators about their failure to perform, she received excuses originally and then later silence. They refused to return her money, and eventually stopped responding to her communications after a few months.

***Steven Sami***

34. Steven Sami (“Sami”) is a resident of the state of Florida, residing at 2502 Delaney Avenue, Orlando, Florida 32806.

35. In 2016, Fatmi invested \$75,000 in the Co-Conspirators’ fraud scheme.

36. On November 1, 2016, Sami signed a purchase agreement with American Medical Answering Service, LLC. Mr. Reddy signed and initialed the purchase agreement on behalf of the selling entity, but the signature line shows he is signing for an entity known as Revenue Asset Services, not American Medical Answering Service, LLC.

37. In that purchase agreement, the seller agreed to deliver 300 medical answering service contracts at a minimum charge of \$69 per office per month. For this, Sami paid \$75,000 immediately, and pledged an additional \$50,000 from a promissory note.

38. In total, Sami received only 12 such accounts in the months after the purchase agreement was signed, not the 300 contracted for.

39. When Sami contacted the Co-Conspirators about their failure to perform, he received excuses originally and then later silence. They refused to return Sami’s money, and eventually stopped responding to Sami’s communications after a few months.



***Gerson Benoit & Desiree Cortes***

40. Gerson Benoit (“Benoit”) and Desiree Cortes (“Cortes”) are a married couple and residents of the State of Pennsylvania, residing at 965 Brookwood Drive, Pottstown, Pennsylvania 19464.

41. In 2016, Benoit and Cortes invested \$45,000 in the Co-Conspirators’ fraud scheme.

42. On November 1, 2016, Benoit signed a purchase agreement with an entity known as Revenue Asset Services. Mr. Reddy signed and initialed the purchase agreement on behalf of the selling entity.

43. In that purchase agreement, the seller agreed to deliver 100 medical answering service contracts at a minimum charge of \$69 per office per month. For this, Benoit paid \$45,000 immediately, and pledged an additional \$10,000 from a promissory note. The funds were wired from an account in Cortes’ name.

44. In total, Benoit received only 10 such accounts in the months after the purchase agreement was signed, not the 100 contracted for.

45. When Benoit and Cortes contacted the Co-Conspirators about their failure to perform, they received excuses originally and then later silence. They refused to return Benoit and Cortes’ money, and eventually stopped responding to their communications after a few months.

***Paul Volen***

46. Paul Volen (“Volen”) is a resident of the state of Florida, residing at 215 Pablo Road, Ponte Vedra Beach, Florida 32082.

47. In 2016, Volen invested \$75,000 in the Co-Conspirators’ fraud scheme.

48. On August 19, 2016, Volen signed a purchase agreement with Revenue Asset Services, LLC. Mr. Reddy signed and initialed the purchase agreement on behalf of the selling entity.

49. In that purchase agreement, the seller agreed to deliver 300 medical collection contracts whose total annual uncollected receivables will average \$3,000,000. For this, Volen paid \$75,000 immediately, and pledged an additional \$50,000 from a promissory note.

50. In total, Volen received only 10 such accounts in the months after the purchase agreement was signed, not the 300 contracted for.

51. When Volen contacted the Co-Conspirators about their failure to perform, he received excuses originally and then later silence. They refused to return Volen’s money, and eventually stopped responding to Volen’s communications after a few months.

***Michael Bradley***

52. Michael Bradley (“Bradley”) is a resident of the state of Illinois, though his exact address is not known to the U.S. Trustee at the time of the filing of this complaint.

53. In 2016, Bradley invested \$240,000 in the Co-Conspirators’ fraud scheme.

54. On October 13, 2016, Bradley signed a purchase agreement with Revenue Asset Services, LLC. Mr. Reddy signed and initialed the purchase agreement on behalf of the selling entity.

55. In that purchase agreement, the seller agreed to deliver 1200 medical answering service contracts at a minimum charge of \$69 per office per month. For this, Bradley paid \$240,000 immediately, which he paid for by taking out a bank loan.

56. In total, Bradley received only 35 such accounts in the months after the purchase agreement was signed, not the 1200 contracted for.

57. When Bradley contacted the Co-Conspirators about their failure to perform, he received excuses originally and then later silence. They refused to return Bradley’s money, and eventually stopped responding to Bradley’s communications after a few months.

***Craig Sylverston***

58. Craig Sylverston (“Sylverston”) is a resident of the state of Florida, residing at 12366 Sunchase Drive, Jacksonville, Florida 32246.

59. In 2015, Sylverston invested \$30,000 in the Co-Conspirators’ fraud scheme.

60. On October 15, 2015, Sylverston signed a purchase agreement with MedAsset Management Company, LLC. Mr. Weinstein signed and initialed the purchase agreement on behalf of the selling entity.

61. In that purchase agreement, the seller agreed to deliver 100 medical debt accounts with total average uncollected receivables of \$1.5 million. For this, Sylverston paid \$30,000 immediately, and pledged an additional \$25,000 from a promissory note.

62. In total, Sylverston received only 43 such accounts in the months after the purchase agreement was signed, not the 300 contracted for.

63. When Sylverston contacted the Co-Conspirators about their failure to perform, he received excuses originally and then later silence. They refused to return Sylverston’s money, and eventually stopped responding to Sylverston’s communications after a few months.

***Kaplana Dugar***

64. Kaplana Dugar (“Dugar”) is a resident of the state of Pennsylvania, residing at 9004 Pembroke Court, Pittsburgh, Pennsylvania 15237.

65. In 2016, Dugar invested \$155,000 in the Co-Conspirators’ fraud scheme.

66. On November 16, 2016, Dugar signed a purchase agreement with American Medical Answering Service, LLC. Mr. Reddy signed and initialed the purchase agreement on behalf of the selling entity.

67. In that purchase agreement, the seller agreed to deliver 1000 medical answering service contracts at a minimum charge of \$69 per office per month. For this, Dugar paid \$155,000 immediately, and pledged an additional \$75,000 from a promissory note.

68. In total, Dugar received only 11 such accounts in the months after the purchase agreement was signed, not the 1,000 contracted for.

69. When Dugar contacted the Co-Conspirators about their failure to perform, he received excuses originally and then later silence. They refused to return Dugar’s money, and eventually stopped responding to Dugar’s communications after a few months.

**Mr. Reddy and the Other Co-Conspirators Defrauded the Victims.**

70. Mr. Reddy, Mr. Weinstein and Mr. Brown, through the entities they either directly controlled or were associated with as described above, fraudulently

induced the above-described victims to give them significant sums in exchange for business opportunities the Co-Conspirators had no intention of ever making good on.

71. Each of the above-described victims has a “claim” against Mr. Reddy’s bankruptcy estate, as that term is defined in 11 U.S.C. § 101(5)(A). There are likely more such victims not known to the United States Trustee as of the filing of this complaint.

72. On information and belief, based on his communications with the victims and his responses to their demands for return of their money, Mr. Reddy is aware of the claims held by the victims described above.

73. None of the victims described above are listed as creditors in Mr. Reddy’s bankruptcy documents – despite what Mr. Reddy may argue is the unliquidated and/or disputed nature of those claims. Mr. Reddy’s failure to disclose these creditor claims constitute false oaths for each such victim.

74. The victims described above gave at least \$770,000 to Mr. Reddy and his co-conspirators in the years leading up to Mr. Reddy’s bankruptcy filing, as can be seen from the chart below summarizing the relevant paragraphs above:

Batiste:	\$75,000
Fatmi:	\$75,000
Sami:	\$75,000
Benoit & Cortes:	\$45,000
Volen:	\$75,000

Bradley:	\$240,000
Silverston:	\$30,000
Dugar:	<u>+\$155,000</u>
<b>Total:</b>	<b>\$770,000</b>

75. The \$770,000 received by Mr. Reddy and the Co-Conspirators, if still available, could otherwise have paid a significant portion of Mr. Reddy's creditor claims in this bankruptcy case.

76. To date, Mr. Reddy has offered no explanation, let alone a satisfactory explanation, for the dissipation of those funds.

77. To date, Mr. Reddy has provided no documents to explain the business transactions evidencing the dissipation of those funds.

**Mr. Reddy's Bankruptcy Filing and 341 Meeting.**

78. Mr. Reddy filed his bankruptcy petition on March 8, 2018.

79. Mr. Reddy filed his schedules and statement of financial affairs on or about March 21, 2018 [*see* Doc. No. 9]. All of those documents were signed by Mr. Reddy under penalty of perjury.

80. Mr. Reddy does not disclose the victims described above anywhere in his bankruptcy documents – most notably, they are omitted from his Schedule E/F list of unsecured creditors.

81. Mr. Reddy also does not disclose the \$770,000 as historical income in his Statement of Financial Affairs, which required disclosure of all income

received within the two years prior to the bankruptcy filing on Questions 4 and 5 of that document.

82. Mr. Reddy's Schedule I also discloses that he is unemployed.

83. Mr. Reddy appeared and testified under oath at his 341 meeting of creditors on April 18, 2018.

84. At that meeting of creditors, Mr. Reddy testified under oath that he has not worked since 2016. As described below, this was also false – Mr. Reddy continued to be involved in the fraud scam described above after that time, and defrauded at least one additional investor post-petition as described below. His 341 testimony about his employment was also false.

**The Co-Conspirators Defraud Another Victim Post-Petition.**

85. Seth Johnson is the Chief Operating Officer of an entity known as Liberty Consulting & Management Services, LLC.

86. In early 2018, *while Mr. Reddy's bankruptcy case was pending*, Mr. Johnson invested \$75,000 in the Co-Conspirators' fraud scheme.

87. On May 3, 2018 – less than three weeks after Mr. Reddy testified he had been unemployed since at least 2016, Mr. Johnson signed a purchase agreement with MedAsset Corporation. Mr. Weinstein signed the contract on behalf of the selling entity.



88. In that purchase agreement, the seller agreed to deliver 60 medical practice accounts with outstanding average annual receivables of \$5,000,000. For this, Mr. Johnson's company paid \$75,000 immediately, and signed a promissory note for an additional \$50,000.

89. Within days of Mr. Johnson signing the purchase agreement, Mr. Reddy ran the on-boarding meeting with Mr. Johnson to begin to implement the business asset transition – which, of course, was a scam just like the other victims described above were subjected to.

90. Mr. Reddy continued to communicate directly with Mr. Johnson on behalf of the Co-Conspirators until August 2018, when they ceased communications with Mr. Johnson.

91. In total, Mr. Johnson received only 3 such accounts in the months after the purchase agreement was signed, not the 60 contracted for.

92. When Mr. Johnson contacted the Co-Conspirators about their failure to perform, he received excuses originally and then later silence. They refused to return Mr. Johnson's money, and eventually stopped responding to Mr. Johnson's communications after a few months.

93. It therefore appears that Mr. Reddy's involvement with the fraud scam, and his likely derivation of income from that fraud scam, continued through

2017 and into 2018. Mr. Reddy's testimony at his meeting of creditors that he had no income sources and had not been employed since 2016 was therefore false.

94. To date, Mr. Reddy has not explained what became of the \$75,000 Mr. Johnson paid to the Co-Conspirators, nor has he provided any documentation to explain the dissipation of those assets.

95. The United States Trustee had no knowledge of the information included above until after the Court entered the Order Discharging Debtor on August 24, 2018.

**COUNT I  
REVOCATION OF DISCHARGE PURSUANT  
TO 11 U.S.C. § 727(d)(1) and 11 U.S.C. § 727(a)(2)**

96. Plaintiff hereby incorporates and restates paragraphs 1 through 95 as if fully stated herein.

97. In accordance with 11 U.S.C. § 727(d), on request of the trustee, a creditor, or the United States Trustee, and after notice and a hearing, the court shall revoke a discharge granted under subsection (a) of this section if "such discharge was obtained through fraud of the debtor, and the requesting party did not know of such fraud until after the granting of such discharge." 11 U.S.C. § 727(d)(1).

98. The Defendant's discharge was obtained through fraud by committing acts proscribed by 11 U.S.C. § 727(a)(2) that were not known by the United States Trustee before the Court granted the discharge on August 24, 2018.

99. In accordance with 11 U.S.C. § 727(a)(2), the Court shall grant the Debtor a discharge unless - -

the debtor, with the intent to hinder, delay, or defraud a creditor or an officer of the estate charged with custody of property under this title, has transferred, removed, destroyed, mutilated or concealed, or has permitted to be transferred, removed, destroyed, mutilated, or concealed - -

(A) property of the debtor, within one year before the date of the filing of the petition; or

(B) property of the estate, after the date of the filing of the petition.

100. As set forth above, the Defendant, with the intent to hinder, delay or defraud a creditor, has transferred, removed, destroyed, mutilated or concealed property, before and after the filing of the Petition, and has continued to conceal his financial transactions and dealings after the filing of the Petition with the intent to further hinder, delay or defraud his creditors and their collection efforts.

101. The Defendant's failure to disclose and to continue to conceal the existence, transfer or disposition of assets as set forth above constitutes an intent to hinder, delay, or defraud a creditor or an officer of the estate, pursuant to 11 U.S.C. § 727(a)(2).

102. The United States Trustee did not know of the Defendant's fraudulent conduct described above until after the Court granted the Defendant's discharge on August 24, 2018.

**WHEREFORE**, Plaintiff Daniel M. McDermott, United States Trustee, respectfully requests that this Honorable Court revoke Defendant's discharge under 11 U.S.C. §§ 727(d)(1) and 727(a)(2).

**COUNT II**  
**REVOCATION OF DISCHARGE PURSUANT TO**  
**11 U.S.C. § 727(d)(1) and 11 U.S.C. § 727(a)(3)**

103. Plaintiff hereby incorporates and restates paragraphs 1 through 102 as if fully stated herein.

104. In accordance with 11 U.S.C. § 727(d), on request of the trustee, a creditor, or the United States Trustee, and after notice and a hearing, the court shall revoke a discharge granted under subsection (a) of this section if "such discharge was obtained through fraud of the debtor, and the requesting party did not know of such fraud until after the granting of such discharge." 11 U.S.C. § 727(d)(1).

105. The Defendant's discharge was obtained through fraud by committing acts proscribed by 11 U.S.C. § 727(a)(3) that were not known by the United States Trustee before the Court granted the discharge on August 24, 2018.

106. In accordance with 11 U.S.C. § 727(a)(3), the Court shall grant the Debtor a discharge unless - -

the debtor has concealed, destroyed, mutilated, falsified, or failed to keep or preserve any recorded information, including books, documents, records, and papers, from which the debtor's financial condition or business transactions might be ascertained, unless such act or failure to act was justified under all of the circumstances of the case[.]

107. As set forth above, the Defendant has failed to provide, and thus either concealed, destroyed, falsified, or failed to keep information, including books, documents, records and papers from which his financial condition or business transactions might be ascertained for himself personally.

108. The Defendant's actions and/or failure to act as described herein do not appear justified under all of the circumstances of this case.

109. The United States Trustee did not know of the Defendant's fraudulent conduct described above until after the Court granted the Defendant's discharge on August 24, 2018.

**WHEREFORE**, Plaintiff, Daniel M. McDermott, United States Trustee, respectfully requests that this Honorable Court revoke Defendant's discharge under 11 U.S.C. §§ 727(d)(1) and 727(a)(3).

**COUNT III**  
**REVOCATION OF DISCHARGE PURSUANT TO**  
**11 U.S.C. § 727(d)(1) and 11 U.S.C. § 727(a)(4)**

110. Plaintiff hereby incorporates and restates paragraphs 1 through 109 as if fully stated herein.

111. In accordance with 11 U.S.C. § 727(d), on request of the trustee, a creditor, or the United States Trustee, and after notice and a hearing, the court shall revoke a discharge granted under subsection (a) of this section if “such discharge was obtained through fraud of the debtor, and the requesting party did not know of such fraud until after the granting of such discharge.” 11 U.S.C. § 727(d)(1).

112. The Defendant’s discharge was obtained through fraud by committing acts proscribed by 11 U.S.C. § 727(a)(4) that were not known by the United States Trustee before the Court granted the discharge on August 2, 2017.

113. In accordance with 11 U.S.C. § 727(a)(4), the Court shall grant the Debtors a discharge unless - -

the debtor knowingly and fraudulently, in or in connection with the case  
- -

- (A) made a false oath or account;
- (B) presented or used a false claim;
- (C) gave, offered, received, or attempted to obtain money, property, or advantage or a promise of money, property or advantage, for acting or forbearing to act; or

(D) withheld from an officer of the estate entitled to possession under this title, any recorded information, including books, documents, records and papers relating to the debtor's property or financial affairs.

114. As set forth above, it appears that the Debtor has not fully and accurately described his assets, financial dealings, creditors, employment history, and transfers of assets, and thus has made numerous false oaths in his written and oral statements under oath in violation of 11 U.S.C. § 727(a)(4)(A).

115. The United States Trustee did not know of the Defendant's fraudulent conduct described above until after the Court granted the Defendant's discharge on August 24, 2018.

**WHEREFORE**, Plaintiff Daniel M. McDermott, United States Trustee, respectfully requests that this Honorable Court revoke Defendant's discharge under 11 U.S.C. §§ 727(d)(1) 727(a)(4).

**COUNT III**  
**REVOCATION OF DISCHARGE PURSUANT TO**  
**11 U.S.C. § 727(d)(1) and 11 U.S.C. § 727(a)(5)**

116. Plaintiff hereby incorporates and restates paragraphs 1 through 115 as if fully stated herein.

117. In accordance with 11 U.S.C. § 727(d), on request of the trustee, a creditor, or the United States Trustee, and after notice and a hearing, the court shall revoke a discharge granted under subsection (a) of this section if "such discharge

was obtained through fraud of the debtor, and the requesting party did not know of such fraud until after the granting of such discharge.” 11 U.S.C. § 727(d)(1).

118. The Defendant’s discharge was obtained through fraud by committing acts proscribed by 11 U.S.C. § 727(a)(4) that were not known by the United States Trustee before the Court granted the discharge on August 24, 2018.

119. In accordance with 11 U.S.C. § 727(a)(5), the Court shall grant the Debtor a discharge unless - -

the debtor has failed to explain satisfactorily, before determination of denial of discharge under this paragraph, any loss of assets or deficiency of assets to meet the debtor's liabilities[.]

120. As set forth above, the Defendant has failed to explain satisfactorily the loss of deficiency of assets to meet his liabilities, including but not limited to the dissipation of the \$770,000 in pre-petition funds and the \$75,000 in post-petition funds from the fraud scheme described above.

121. The United States Trustee did not know of the Defendant’s fraudulent conduct described above until after the Court granted the Defendant’s discharge on August 24, 2018.

**WHEREFORE**, Plaintiff Daniel M. McDermott, United States Trustee, respectfully requests that this Honorable Court revoke Defendant’s discharge under 11 U.S.C. §§ 727(d)(1) 727(a)(5).



Respectfully submitted,

**DANIEL M. McDERMOTT**  
**UNITED STATES TRUSTEE**  
Region 9

By /s/ Sean M. Cowley  
Trial Attorney  
Office of the U.S. Trustee  
211 West Fort St - Suite 700  
Detroit, Michigan 48226  
(313) 226-3432  
Sean.Cowley@usdoj.gov  
[P72511]

Dated: November 15, 2018



UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

- - - - -  
In the Matter of:

VIJAY REDDY,

Debtor.

Case No. 18-43079-mlo  
Chapter 7  
Hon. Maria L. Oxholm

- - - - -  
  
The Examination of VIJAY REDDY, taken  
before me, Glenn G. Miller, Notary Public within and for  
the County of Oakland, State of Michigan, at 645  
Griswold, Suite 1300, Detroit, Michigan, on Wednesday,  
June 27, 2018.

APPEARANCES:

CLAYSON, SCHNEIDER & MILLER, PC  
645 Griswold, Suite 3900  
Detroit, Michigan 48226  
(By David P. Miller, Esq.)

Appearing on behalf of Trustee.

ALSO PRESENT: Brittany Byrnes

## W I T N E S S I N D E X

Witness	Examination	Page
Vijay Reddy	Mr. Miller	3

## E X H I B I T I N D E X

Exhibit No.	Description	Page
A	Order	7
B	4-3-18 Reddy Letter	8
C	2016 Tax Return	21
D	10-26-16 Offer to Purchase	27
E	Acquisition Agreement	29
F	E-Mail String	42
G	People Driven Credit Union Statement	52
H	Statement of Commissions	59
I	Margaret Reddy Tax Returns	61
J	Closing Statement	86
K	Promissory Note	89

(Attached to Original.)

Detroit, Michigan

Wednesday, June 27, 2018

At about 1:00 p.m.

- - -

V I J A Y R E D D Y

was thereupon called as a witness herein, and after having been duly sworn to tell the truth, the whole truth and nothing but the truth, was examined and testified as follows:

MR. MILLER: Today is the date and time set for the 2004 Examination of Vijay Reddy, case number 18-43079-mlo. My name is David Miller. I'm appearing on behalf of Trustee Timothy J. Miller.

EXAMINATION

BY MR. MILLER:

Q. Mr. Reddy, would you state your name for the record.

A. Vijay Reddy.

Q. You're the debtor in the case?

A. Correct.

Q. Today is going to be a question and answer session.

I'll ask the questions and you give the answers. It is being recorded, so please allow me to finish my questions before you begin answering them so we can get an accurate record and I'll do the same courtesy for you. So the questions I'll be asking you, if you don't

1 understand them please ask me to explain. Otherwise,  
2 I'll assume you understood the questions.

3 And is there any reason that anything  
4 you say today would not be truthful and accurate? Are  
5 you under the influence of any sort of substances or any  
6 medications?

7 A. No medications, no substances or anything else.

8 Q. Where do you live, Mr. Reddy, what is your address?

9 A. 4269 Kingston Drive, Milan, Michigan, 48160.

10 Q. What do you do, what is your job?

11 A. Currently I'm not employed.

12 Q. What is your education, your background?

13 A. I got my bachelor's degree from Michigan State  
14 University in psychology, I've got a master's degree  
15 from Indiana University of Pennsylvania in clinical  
16 psychology and I've got an MBA from Cleary University.

17 Q. Are you currently looking for employment?

18 A. I have something that may be offered to me in the coming  
19 months but it's a position with my uncles. They want me  
20 to work for them in Africa, but I need to be going out  
21 there, which I didn't want to do before the bankruptcy  
22 was over because it would look weird to do international  
23 travel in the middle of this. So I haven't gone to  
24 complete the investigation of what I would be doing.

25 Q. Do you know what you would be doing in general?

1 A. My uncles have a mine I believe in it's Ghana. They  
2 want me to essentially oversee some of the operations,  
3 making sure the people are showing up to work and doing  
4 operational things.

5 Q. Like a management position?

6 A. Yeah.

7 Q. What about your previous occupations in the past, what  
8 sort of work have you done?

9 A. After finishing graduate school in clinical psychology,  
10 I worked as a psychologist at Henry Ford Hospital.  
11 Technically, I worked in the Human Resources Department,  
12 but it doesn't make a difference. After that I went  
13 into business for myself doing medical billing and  
14 medical transcription. That was a position that my  
15 uncle essentially owned that business that he asked me  
16 to run it and take care of it for him. After that,  
17 through word of mouth, I was told about a position in  
18 Philadelphia working for Blue Cross, so they recruited  
19 me to go work for them there. That lasted about five or  
20 six months.

21 After that I was recruited for a  
22 position in Texas working for the VA based on my work I  
23 had done in Philadelphia, it was word of mouth, so I  
24 worked for them for four month. I don't recall the  
25 exact time frame. That was several years ago. And then

1 I came back to Michigan full time. From there I worked  
2 with David Weinstein doing odd jobs for his medical  
3 billing transcription businesses.

4 Q. We'll get into a little bit of that later. The uncle  
5 you mentioned, is it the same uncle who you have a  
6 potential job offer for the mines in Africa or is that a  
7 different uncle?

8 A. It's a different uncle that offered me the position, but  
9 they're all brothers.

10 Q. What are their names?

11 A. The one who owned the medical billing transcription  
12 company from 12 years ago, his name is Siva, S-i-v-a,  
13 and his last name is T-h-a-l-m-a-r-l-a. The other uncle  
14 that you've been referencing is Mohan. His first name  
15 is spelled M-o-h-a-n, and then Thalmarla is his last  
16 name.

17 Q. And Mohan Thalmarla is the same uncle who holds the  
18 notes securing your current residence; is that correct?

19 A. With my wife, correct.

20 Q. Okay. Then you live in that home that you mentioned,  
21 the Kingston Drive home, with your wife. Correct?

22 A. Correct.

23 Q. And two kids, I believe?

24 A. One kid is 25, grown and out of the house; the other one  
25 is 14.



1 Q. I want you to look in this booklet that I've provided to  
2 you. On the left-hand side in that pocket there is an  
3 order. You can pull it out and take a look. The title  
4 is Order Directing Debtor to Produce Certain Records and  
5 Appear for Examination Pursuant to Federal Rule  
6 Bankruptcy Procedure 2004. Have you seen this document  
7 before?

8 A. Yes.

9 Q. And you understand that it's an order in your bankruptcy  
10 case requiring you to appear today and produce several  
11 documents?

12 A. Correct.

13 Q. I'm going to have this marked as Exhibit A.

14 (Deposition Exhibit A was  
15 marked for Identification.)

16 BY MR. MILLER:

17 Q. So that very same order, now marked as Exhibit A,  
18 requires you to produce, to the extent not already  
19 produced and to the extent in your possession, several  
20 documents, an itemized list of 1 through 28. Do you see  
21 that?

22 A. Yes.

23 Q. And these documents, the document lists 1 through 28,  
24 those are essentially copied from my letters that I sent  
25 to you requesting documents in this case. Correct?

1 A. Correct.

2 Q. So you received those requests and provided several  
3 documents in response to those requests?

4 A. Correct.

5 Q. If you look in that booklet in front of you, I'm going  
6 to have you flip to the tab that says document requests  
7 and response.

8 (Deposition Exhibit B was  
9 marked for Identification.)

10 BY MR. MILLER:

11 Q. We marked that as Exhibit B. See that first page there  
12 is a letter from you to the bankruptcy trustee, Timothy  
13 Miller, sent in advance of your 341 Hearing. Do you  
14 recognize that document?

15 A. Yes.

16 Q. That's your signature at the bottom there?

17 A. Yes.

18 Q. And the next page of that same Exhibit B is titled  
19 Evidence of Income/Statement of Support. Is that your  
20 signature on that document as well?

21 A. Yes.

22 Q. And you've seen that before and that's something you  
23 prepared?

24 A. Yes.

25 Q. And the next page in that same exhibit is a letter sent

1 from me to you. June 8, 2018 is the date on it. This  
2 is my first document request that I sent to you. You've  
3 seen this request. This is the one we just referred to.  
4 Correct?

5 A. Yes.

6 Q. If you flip four pages, there's a letter from you dated  
7 June 11, 2018 to me. It's a response to that first  
8 document request. That's something you prepared?

9 A. Yes.

10 Q. And the signature at the end of that letter, is that  
11 your signature?

12 A. Yes.

13 Q. The next letter in that same Exhibit B is dated June  
14 12th, a letter from me to you, a follow-up document  
15 request. You've seen this follow-up request before?

16 A. Yes.

17 Q. And the last letter in this Exhibit B, it's actually an  
18 attachment pulled from your e-mail that you sent to me  
19 in response to that second document request. Correct?

20 A. Yes.

21 Q. So that itemized list on that last portion of it, 1  
22 through 12, that's something you prepared as well.  
23 Correct?

24 A. Yes.

25 Q. So the first document request asked for records and

1 documents from current and prior businesses including  
2 formation documents, etcetera, for 2016, 2017, 2018 for  
3 Revenue Asset Services, LLC Nevada, American Medical  
4 Answering Services, LLC and Revenue Asset Services, LLC  
5 Michigan.

6 A. Yes.

7 Q. And the documents you produced, you believe that's  
8 everything you have on that?

9 A. Yes.

10 Q. Tell me about Revenue Asset Services, LLC Nevada.

11 A. So I had a Revenue Asset Services of Michigan, which I  
12 sold to a guy named Joseph Bernardo. Once I sold that  
13 to him and he defaulted on our agreement, a few months  
14 later I decided I might go back into this business that  
15 I sold to him again, but I haven't done anything with it  
16 yet.

17 Q. So the intent was to build up and create a company  
18 similar to the Revenue Asset Services, LLC of Michigan?

19 A. Or at least have the option to if I wanted to get back  
20 into it, but I've not done anything yet.

21 Q. So there's no assets of that business at all?

22 A. Correct.

23 Q. Have you done any work to sort of build a portfolio?

24 A. There's no bank account, there's no infrastructure.

25 Other than like intellectual property, I'm not sure what

1 else to consider there.

2 Q. What do you mean intellectual property?

3 A. Marketing, how to attract clients, how to set up the  
4 infrastructure, how to talk to doctors, how to do the  
5 things necessary to build that business.

6 Q. So you mean you have that knowledge?

7 A. Yeah, it's in my head.

8 Q. Are there any patents or trademarks or anything owned by  
9 Revenue Asset Services, LLC Nevada?

10 A. No patents, no trademarks, no copyrights, anything along  
11 those lines.

12 Q. It's never filed a tax return or anything like that?

13 A. No.

14 Q. Is that the same for American Medical Answering Service?

15 A. Correct.

16 Q. In Exhibit B, your response dated June 11, item number 1  
17 C, you reference that Mr. Bernardo would have any  
18 balance sheets, profit loss statements, ledgers,  
19 formation documents, etcetera. Correct?

20 A. Correct. What I did, if I can expound, the last time I  
21 met with him in person I put everything into a little  
22 green thumb drive that had bank statements, how to run  
23 the company, what to do to attract the doctors,  
24 frequently asked questions the doctors might have of  
25 you, anything I could possibly think of that was in

1 written form that could be put into this little green  
2 thumb drive. All the clients, all the vendors I used,  
3 anything else I put into a little green thumb drive and  
4 handed it to him. I said when you confirm this is  
5 everything, I'll destroy everything on mine, which he  
6 confirmed for me the next day, maybe a couple hours  
7 later. So I went ahead and destroyed everything on my  
8 end because that was part of the company's belongings.

9 Q. The next document request asked for financial records or  
10 documentation relating to the transfer of Revenue Asset  
11 Services, LLC Michigan. You produced several documents  
12 in response to that request. Correct?

13 A. Yes.

14 Q. If you want to take a look at those documents before I  
15 ask about the documents themselves, what were the assets  
16 of Revenue Asset Services, LLC Michigan?

17 A. You mean how was the company run, what was it doing?  
18 I'm not sure I understand the question.

19 Q. Sure. You can tell me that. What was the company  
20 doing, what was going on with the company?

21 A. The company was very unique. It was a very niche  
22 business. It would go out, attract doctors, whether  
23 pediatricians or pain doctors, and say basically we will  
24 do your medical billing for \$2.99 for every claim we  
25 process on your behalf. Generally, one patient visit

1 translates to one claim. We would do it essentially for  
2 \$3.00 a claim.

3 I did medical billing many years ago  
4 when I bought it from David. I don't want to ever do  
5 that again. It's a very tedious process and I wasn't  
6 interested in doing the day-to-day work. What I would  
7 do is get these doctors under contract and I would put  
8 in all those contracts this contract is assignable in  
9 its entirety. So then you take that contract and the  
10 sell it to someone else who actually wanted to run or  
11 own or expand, or whatever, their own medical billing  
12 business.

13 People would come to me and say I don't  
14 have any skills in sales and marketing but I really want  
15 to run a medical billing business. Please help me get  
16 clients. So I would get the clients onboard, assign  
17 them over to them and that person was supposed to take  
18 care of it. If they didn't know how to do medical  
19 billing, I would give them training, software that they  
20 would need, ongoing support so they could be successful  
21 and my job was to bring the doctors onboard.

22 Essentially be the sales arm for other  
23 people's medical billing operation. Medical billing was  
24 one thing, medical collection, bring doctors onboard  
25 that needed medical collection services and then hand it

1 off to other people who wanted to do medical collection.

2 That was the way the business was run.

3 Q. So this Revenue Asset Services, LLC of Michigan, did it  
4 already have contracts with doctors to do billing for  
5 them when you sold it to Mr. Bernardo?

6 A. No. We considered doctors that would come onboard  
7 inventory. We try to keep inventory as close to zero as  
8 possible. If a doctor came onboard we would  
9 immediately, within an hour, the same day usually,  
10 assign it to someone else who needed to get another  
11 contract to fill their contract. I call them block  
12 owners.

13 If a block owner said give me 15  
14 medical billing doctors, I would fill them under an  
15 ongoing basis as quickly as they could absorb it. I  
16 would keep doing marketing until they got to 15 doctors  
17 or however many doctors they needed to get to. So we  
18 didn't keep inventory in-house unless it was absolutely  
19 necessary. At the time that I ran the company it was  
20 never necessary. There was always another block owner  
21 who said, okay, I'm ready for another client, send one  
22 on over.

23 Q. What was it that was sold if not contracts to Mr.  
24 Bernardo, was it the ability to be a block owner? I'm  
25 confused.



1 A. I had a couple block owners. I sold all those block  
2 owners to Mr. Bernardo and said when this person gets  
3 eight contracts, or whatever the number is, they're  
4 going to pay a benchmark payment of \$10,000 or whatever  
5 it is. When they get to some number of clients, they're  
6 going to make you a monthly payment of whatever it is,  
7 depending what the block owner's contract says.

8 So the contract with the block owner  
9 was sold to Mr. Bernardo as part of Revenue Asset  
10 Services because Revenue Asset Services owned that  
11 contract. I'm not sure if I'm making sense. I can  
12 clarify it more if I need to.

13 Q. I'm not familiar with medical billing at all.

14 A. Okay.

15 Q. So try and break it down for me easily. Let's say A is  
16 doctors or a doctor, B is Revenue Asset Services  
17 Michigan, C is your block owners. Clarify what does a  
18 block owner mean?

19 A. They would get a block of contracts. Like 15 doctors  
20 offices would be assigned to them and that would fill  
21 their block.

22 Q. So they were the ones processing the claims?

23 A. On a day-to-day basis, correct. They were not my  
24 employees. They were just people that came to me and  
25 said I will pay you X amount of dollars if you give me Y

1           number of doctors, to break it down in very simple  
2           terms.

3       Q.       So you would recruit the doctors and then plug them into  
4           a block owner?

5       A.       Yes.

6       Q.       How much did they pay you for that?

7       A.       It depended on the contract.   Some people went very  
8           small and said I don't know you, I've never heard of you  
9           so I'm just going to put up \$5,000 or whatever the  
10          number is and we'll see how it goes.   As clients would  
11          come in, like every third client they would pay me  
12          another \$5,000.   Others said I'm not a small fish, I'm a  
13          bigger fish in the sea, I want to do a \$35,000 contract,  
14          so I will pay you \$35,000 up front and when I get eight  
15          doctors I'll pay you another \$15,000, when I get 15  
16          doctors I'll pay you the final \$15,000, and if I still  
17          like it after we do that then the next contract I'll put  
18          up \$75,000.   I never got to a \$75,000 contract with the  
19          medical billing, but that was the intent, to keep going  
20          for people that were still interested and wanted to  
21          become a repeat buyer.

22      Q.       Then these doctors are locked in on the contract to stay  
23           with the block owner since you have the ability to  
24           transfer it?

25      A.       The doctor could exit their contract with 30 days

1 notice, that was also written into their contract, and  
2 that was fully disclosed to all the block owners.  
3 Generally speaking, if you're doing a good job and  
4 everything is going smoothly, why would they leave you  
5 type of thing. If you're doing a bad job, you're  
6 essentially going to kill the doctor's revenue and if  
7 they're locked into you for one year or five years or  
8 whatever, the doctor is going to go bankrupt before the  
9 one year is over, so that's not a good business  
10 practice.

11 Q. Tell me how Revenue Asset Services fits into this  
12 equation of you getting doctors and then tying them up  
13 with the block owners.

14 A. So there are two sides to the business. One is with the  
15 doctors and one is with the block owners. Revenue Asset  
16 Services would go out and do marketing and sales work by  
17 phone, fax, telemarketing. Eventually out of a thousand  
18 doctors, or whatever, some percentage of those doctors  
19 are going to sign up throughout the sales cycle, whether  
20 you call them and explain what we do and how we do what  
21 we do. We sell them on all the aspects of what we do.  
22 Anyway, some number of those doctors are going to sign  
23 up. When they sign up, they're immediately assigned out  
24 to a block owner.

25 Q. That doesn't tell me what Revenue Asset Services

1 Michigan has done.

2 A. We would do the marketing, which is -- 80 percent of the  
3 job is just doing marketing and controlling the  
4 marketing and making sure there's not too much out there  
5 or too little. When a block owner says give me clients  
6 more aggressively, we increase the marketing. Doing the  
7 marketing is really 80 percent of the job, convincing  
8 them to sign a contract with us. To let us handle their  
9 medical billing is a big undertaking. That's 80 percent  
10 of the job. The other 20 percent is managing the block  
11 owners, making sure they have the resources that they  
12 need, making sure if they have a question, like if this  
13 is a workmen's comp claim, it's weird, which is true,  
14 then I would go and say here's the stuff you need to go  
15 through, call workmen's comp, you're going to need X, Y,  
16 Z before you can file the claim because workmen's comp  
17 requires medical justifications, on and on and on.

18 Q. You were the party doing that for Revenue Asset  
19 Services?

20 A. I was helping, ongoing training with the block owners to  
21 make sure they could do their job, but, yeah, I was the  
22 one controlling that.

23 Q. And doing the marketing?

24 A. I did it in conjunction with David.

25 Q. David Weinstein?

1 A. Weinstein.

2 Q. Is there any other employees of Revenue Asset Services,  
3 Michigan?

4 A. No.

5 Q. Was there?

6 A. No.

7 Q. So you and David were the only employees?

8 A. He was not my employee. He was more like my independent  
9 contractor. I guess independent contractor is the  
10 correct word.

11 Q. So you were doing the marketing and managing the block  
12 owners. What was David doing?

13 A. He was helping with marketing. Marketing is a huge  
14 thing. There's no way one person can do it all. He  
15 would help with sales calls as they came in. You have  
16 to get to these calls in real time. No doctor wants to  
17 deal with a billing company that can't answer their  
18 sales line. That was his primary job. He also helped  
19 me with the telemarketing side of it. He has a  
20 telemarketing firm, I don't know if they're his personal  
21 employees or not, but he has a team of people that does  
22 that.

23 He would coordinate with the list  
24 brokers to identify doctors that would be part of our  
25 group of people that -- like doctors that work at

1 hospitals we can't do. We can't do hospital billing.  
2 The hospital has their own billers. Even if we did get  
3 a hospital, I don't know how many thousands of claims  
4 they process a day, but that would be ridiculous to give  
5 to anyone. He would help me identify who would be part  
6 of the appropriate target group. We didn't do dentists  
7 because dental billing is a whole different animal. He  
8 would identify outpatient private practice doctors that  
9 fits certain criteria and then go identify them as part  
10 of a list.

11 Q. And so how was the compensation of you and David decided  
12 for Revenue Asset Services Michigan?

13 A. The way I would do it is when a person signed up all  
14 their up-front money would be used strictly for  
15 marketing to get them through as much of their contract  
16 until they defaulted on us, they quit, or said I've had  
17 enough, this is not the business for me.

18 Q. When you say a person who signed up, you mean a  
19 potential block owner?

20 A. Block owner. They would put up some up-front money.  
21 That was designed strictly for the marketing. And then  
22 we go through their contract and when we came to the end  
23 of their contract and whatever was left over was the  
24 profit of the business and we would split that equally.

25 Q. You and David would split that equally?

1 A. Yes. If the down payment was big enough, we would take  
2 part of the money up front, but that wasn't the way I  
3 wanted to do business.

4 Q. When Mr. Bernardo buys this company, is he expected to  
5 take over operations as far as doing the work that you  
6 were doing and/or David?

7 A. He was expected to replace me. David offered to keep  
8 working with them and be his ongoing independent  
9 contractor. I'm not a lawyer. I don't know the right  
10 word for it. David offered to say I will stay onboard  
11 and we'll split up the duties, what you're good at and  
12 what I'm good at.

13 Q. So in your 2016 tax return, if you flip backwards and  
14 find that. I'm looking at the 2016 Form 1040 U.S.  
15 Individual Tax Return for Vijayakumar Reddy as well as  
16 the Michigan tax return for that same year, same person.

17 A. Yes.

18 Q. Is this a document that you've seen before?

19 A. Yeah.

20 Q. That's your tax returns?

21 A. Correct.

22 (Deposition Exhibit C was  
23 marked for Identification.)

24 BY MR. MILLER:

25 Q. If you look at the federal return, the first one,

1           Schedule C, which is profit or loss from business. It's  
2           about the fourth page of the document. There it is.  
3           You see that on top, Profit or Loss from a Business, and  
4           that's for medical consulting sales and marketing is the  
5           principal type of business?

6       A.     Yes.

7       Q.     And the business name of Revenue Asset Services?

8       A.     Yes.

9       Q.     Is that one in the same, Revenue Asset Services of  
10           Michigan, LLC, that we've been discussing?

11      A.     Correct.

12      Q.     And so the gross receipt or sales of \$81,000, is that  
13           what you and David split or is that your split already?  
14           Let me clarify. You mentioned you and David would split  
15           the income from the business. That \$81,000, does that  
16           represent the total gross sales of the business or just  
17           your portion of it?

18      A.     I don't recall. I'm inclined to say that's my part of  
19           it. I think that's my part of it.

20      Q.     Let me ask it another way. Look down at line 31 on that  
21           same page. You see that was the net profit after all  
22           the business expenses and all that, that number \$36,944.  
23           Is that what you received after splitting with David or  
24           is that the total income for 2016, total net income for  
25           2016 of Revenue Asset Services, LLC Michigan?



1 A. I don't recall how -- I know he had expenses that are  
2 not recorded here because he had the telemarketing team,  
3 so I'm inclined to say that \$81,000 was my part of what  
4 I had to pay off and the \$36,944 is what was left over  
5 after I covered my expenses for building brochures,  
6 phone, fax, Internet, cell phone, gas.

7 Q. Did Revenue Asset Services, LLC Michigan ever file its  
8 own tax return?

9 A. No. It was a pass-through.

10 Q. Do you know if it was listed on Mr. Weinstein's tax  
11 return in the same way, on a Schedule C?

12 A. I have no idea how he did his taxes.

13 Q. Understood. The money that was paid to you, how was it  
14 paid to you?

15 A. What do you mean?

16 Q. Did it come in the form of checks, was it cash payments,  
17 was it direct deposit?

18 A. The block owners would pay the brokerage firm, which in  
19 this case was Tannenbaum & Milask. Tannenbaum & Milask  
20 would take ten percent of whatever the contract value  
21 was and give it to whoever the broker was for that  
22 particular transaction that brought the block owner to  
23 us and then -- yeah, whatever is left over -- how did we  
24 split it, though? Some portion of the profit was just  
25 sent to me as a check from Tannenbaum & Milask.

1 Q. So checks you received were issued by Tannenbaum &  
2 Milask?

3 A. Yes.

4 Q. Did they issue you a 1099?

5 A. No, I don't think so, although -- it was a couple years  
6 ago and I'm trying to recall the information. I have  
7 some recollection some of these people might have  
8 written a check to me directly and I took ten percent  
9 off and paid Tannenbaum, who eventually paid off the  
10 broker. I'm sorry. I'm trying to be as complete as  
11 possible but I just don't recall how it was done.

12 Q. Expenses you list on the same sheet. If you look at  
13 line number 9, you have car and truck expenses. Do you  
14 recall what those expenses were for?

15 A. Mostly maintenance of my car that I had to drive around  
16 to some of these doctor offices. Anywhere in the  
17 Midwest area, if I could, and they were a large enough  
18 contract, I'd go meet the doctors personally. I spent a  
19 lot of time on the road between the car, the  
20 maintenance, the tolls because I'd go to Pennsylvania as  
21 well, and it added up to \$4,967.

22 Q. What kind of car was it?

23 A. Toyota RAV4.

24 Q. That's the same Toyota RAV4 that you still have?

25 A. Yes.

1 Q. Do you drive it still, is that how you got here today?

2 A. Yes.

3 Q. Commission and fees, line number 10, \$12,500, is that  
4 the portion that was paid to Tannenbaum & Milask?

5 A. Not necessarily. Tannenbaum & Milask was one of the  
6 brokers that made themselves available. There was  
7 another broker in Florida, John -- I can't think of his  
8 company. He had a Florida brokerage firm, I can't  
9 recall the name of that company, but he brought in  
10 people as well. I believe that he was some part of that  
11 \$12,500. It's not strictly \$12,500 all went to  
12 Tannenbaum. Some portion of that would have went  
13 straight to John.

14 Q. I'm confused. If the income was \$81,000 and you're only  
15 keeping ten percent, why would the commissions and fees  
16 be so much less?

17 A. Because the commissions and fees are based on the total  
18 amount of the contract. If someone said I'll put up  
19 \$10,000 now but the total value of their contract when  
20 it all was paid off, let's say it's \$55,000, then the  
21 commission would be \$5,500. So it throws off the  
22 numbers. I can see where the confusion would come in,  
23 it's skewed a little bit, so the brokers are making more  
24 than their ten percent because if the block owner never  
25 completes their contract because they quit the business,

1           they never pay the rest of what's owed then I'm out the  
2           money. But the broker made their ten percent off the  
3           full amount, whatever the contract amount would have  
4           been.

5       Q.     You have an expense for supplies. What sort of  
6           supplies? Is that just paper, marketing materials?

7       A.     Brochure material, marketing material, ink cartridges  
8           for a very expensive printer. The printer itself was  
9           like \$1,200 but the cartridges for that is really  
10          expensive and we run through them very quickly because  
11          we send out so many brochures.

12      Q.     You have expenses under line 25 for utilities. Does  
13          Revenue Asset Services have or did it have an office?

14      A.     It did at one point. We shut it down in 2016 because it  
15          just didn't make sense to keep an expense that big, but,  
16          yeah, I think it was early in the year, I don't recall  
17          what time of the year it was, but it just didn't make  
18          sense to maintain it.

19      Q.     You shut it down before the sale to Bernardo?

20      A.     Yes.

21      Q.     Do you remember where it was located?

22      A.     You want the address? I know how to get there. I can't  
23          recall the name of the road. Packard Road in Ann Arbor.

24      Q.     Michigan?

25      A.     Michigan.

1 Q. So if you go to that same tab of Revenue Asset  
2 Management, it should be after the taxes.

3 A. My page starts with 2 of 3. I don't know what happened  
4 to 1 of 3. Oh, here it is. My fault.

5 Q. You see an Offer to Purchase?

6 A. Yes.

7 Q. Is that something you prepared?

8 A. I think it was jointly prepared between me and Joseph.

9 Q. So you've seen this document before?

10 A. Yes.

11 Q. And that page 3 of 3, that's your signature there?

12 A. Yes.

13 (Deposition Exhibit D was  
14 marked for Identification.)

15 MR. MILLER: Let the record reflect I had  
16 that marked as Exhibit D.

17 A. I think the exhibits are missing from this document,  
18 though. It's only three pages long.

19 BY MR. MILLER:

20 Q. Number 1 on that Offer to Purchase describes websites,  
21 equipment, trade fixtures, inventory, supplies,  
22 trademarks, trade names, phone numbers, contracts and  
23 all other tangible and intangible assets used in the  
24 business known as Revenue Asset Services.

25 A. Correct.

1 Q. What is the website?

2 A. I think the website at that time was  
3 revenueassetsservices.com or .net.

4 Q. Does it still exist?

5 A. I'm not paying for it. I never tried to go to it again.  
6 I'm not sure.

7 Q. The equipment of the business, what was that?

8 A. It would have been any brochure supplies that I had in  
9 my possession.

10 Q. Equipment is not necessarily supplies, though. Later on  
11 it asks for supplies. What is the equipment, printers?

12 A. No, I didn't give him a printer. I told him he needed  
13 to buy a printer and gave him the model number for my  
14 printer and said you should get an equivalent one, but  
15 mine was seven or eight years old. I told him to get an  
16 equivalent one of that model. I don't know if they  
17 still manufactured it or not. I think the word was put  
18 in there to be sure we were thorough.

19 Q. So there was no equipment then?

20 A. I guess not, no. I don't know the legal terminology of  
21 it, but no.

22 Q. What about trade fixtures?

23 A. I'm not even sure what that is. He insisted we put that  
24 in there. I don't know the legal significance of that.  
25 I guess a fixture is something that's physical, but I

1 don't know what else he got that was physical other than  
2 what was on my thumb drive.

3 Q. It references trademarks as well.

4 A. There was no trademarks but I threw it in there because  
5 he wanted to be thorough.

6 Q. Did Revenue Asset Services have a phone number?

7 A. Yes, it had 800 numbers, which I transferred to him.

8 Q. And you had mentioned earlier that there were no  
9 contracts at the time of the sale?

10 A. There were contracts with block owners but with doctors  
11 I had already assigned everything. So inventory was  
12 zero with doctors.

13 Q. The contracts with the block owners were I send you a  
14 doctor and you pay me ten percent?

15 A. Right. That was Exhibit something that is not here.  
16 You might have put it somewhere else.

17 Q. If you flip through a little bit --

18 A. (Interposing) If it's in there, that's fine.

19 Q. -- you'll come upon an acquisition agreement. I believe  
20 that's the one you're referring to that would have the  
21 exhibits.

22 A. Yeah.

23 (Deposition Exhibit E was  
24 marked for Identification.)

25 BY MR. MILLER:

1 Q. What we're looking at is an Acquisition Agreement as  
2 well as exhibits attached to that that I've had marked  
3 as Exhibit E. Do you recognize these documents as well?

4 A. Yes. I jointly prepared them with Mr. Bernardo.

5 Q. And on Page 4 of that Acquisition Agreement your  
6 signature appears there above your name?

7 A. Correct.

8 Q. And Mr. Bernardo -- is it Bernard or Bernardo?

9 A. He's given it to me both ways. He told me Bernardo was  
10 his family name but Bernard is what he used with his  
11 contracts. I just took his word for it.

12 Q. But that's his signature on Page 4?

13 A. Yeah. What happened was he signed it, if you look after  
14 Page 7, you'll see his signature again. That was his  
15 attempt to do a digital signature. He did that around  
16 October 27th or 28t. I wasn't satisfied with it so I  
17 physical drove down to Chicago and we signed it again  
18 and that's where his signature is from November 1st.

19 Q. On page 4?

20 A. On page 4. The pages after page 4, I don't know if that  
21 was binding or not. His personal banker also signed it,  
22 which is page 9, not marked.

23 Q. Do you know what that name is?

24 A. Sumitra Parikh.

25 Q. Can you spell that?



1 A. Let me find it for you. It's on page 7.

2 Q. So Sumitra Parikh was Mr. Bernard's personal banker?

3 A. Correct.

4 Q. So it mentions in the recitals on the first page you're  
5 the hundred percent owner of the membership interest in  
6 Revenue Asset Services?

7 A. Correct.

8 Q. How does Mr. Weinstein come into play there?

9 A. He's not an equity owner. He's my independent  
10 contractor that helps me with stuff. I don't know the  
11 legal terminology. I guess that's the best way to  
12 describe him. The reason he's not part of the company  
13 is because we don't agree on how to run companies and  
14 we're better off being I'm the one who owns the company  
15 and I'll make the decisions about how to do things and  
16 you just do whatever it is that you do.

17 Q. Do you still work with him?

18 A. I assist him but he doesn't pay me for the work I'm  
19 doing. I don't spend more than two hours a week maybe  
20 doing various things for him because he asks for it.  
21 It's more of a professional courtesy and at some point  
22 in the future I might need him. It's partly an  
23 investment of my time knowing he'll return the favor  
24 later. It's not like we have a financial arrangement.

25 Q. What kind of things will you do for him?

1 A. If he says could you read this document, because he's  
2 poor at spelling and grammar, and I'll fix it for him.  
3 Like on the website if he says I don't know how to do an  
4 SEO for this search term, can you help me, it will take  
5 me a few minutes' time. I talk to him more than I work  
6 for him. I talk to him a couple hours a week. He's a  
7 good friend of mine. I've known him for like 12 years.

8 Q. You said on the website. What website?

9 A. He has a website, medassetmanagement.com, .net.

10 Q. You said Med Asset Management?

11 A. M-e-d management.com, I think. It's still a work in  
12 progress. The website is not complete.

13 Q. On that first page of the Acquisition Agreement marked  
14 as Exhibit E you see item 1.2, the purchase price for  
15 \$500,000?

16 A. Yes.

17 Q. Did you receive any of that purchase price?

18 A. None. There was no down payment because he essentially  
19 admitted he lied when he -- he sent a form to Tannenbaum  
20 & Milask saying he had a hundred thousand dollars  
21 available for funds purchase, but he admitted to me when  
22 I met him in person he didn't have the hundred thousand  
23 dollars. He really wanted to get out of his current  
24 industry and he begged me and said I really, really want  
25 to do this so can we work out an arrangement when money

1 comes in you'll get a certain percentage of it until a  
2 hundred thousand dollars is paid off? As more money  
3 comes in, you'll get 80 percent for the first hundred  
4 thousand, 60 percent when we cross that threshold, then  
5 40 percent when we cross 200,000 and so on, but he quit  
6 the business after about ten days is my recollection.  
7 There were people ready to sign up but he refused to do  
8 what needed to be done to get them to sign up.

9 Q. What do you mean people ready to sign up?

10 A. The brokers had lined up, Ray something or other,  
11 anyway, Ray said I want to do a deal for \$35,000 to  
12 start and we'll see how it goes. He was ready, okay,  
13 give me the contract, let me put my signature down, but  
14 Joseph refused to do anything.

15 Q. The block owners were ready?

16 A. Yes. I think it's referenced in the later e-mails.

17 Q. The second page of that document, item 2.6, it says the  
18 broker record of this transaction is Tannenbaum &  
19 Milask. That's the one you've been referring to.  
20 Correct?

21 A. Correct.

22 Q. It references a broker listing agreement. Is that  
23 something you are in possession of?

24 A. Where do you see that?

25 Q. In item 2.6, that second sentence says both parties

1 acknowledge seller will pay any commissions or fees  
2 required by Tannenbaum & Milask, Inc. as part of their  
3 broker listing agreement.

4 A. I never signed one with Tannenbaum & Milask. I think  
5 that was something Joseph put in there, that whole  
6 section. It didn't seem to matter that much to me. I  
7 think the last sentence was the operative sentence,  
8 buyer is not responsible for any fees or commissions  
9 payable to the brokers because he didn't want to be  
10 paying out anything at closing.

11 Q. So on page 4 of 7 of that same document, the Schedule A  
12 - Contingent Assets, CJPS Services, two collection  
13 blocks, one billing block. Is that what you've been  
14 referring to as a block owner?

15 A. Correct, and there's six of them here.

16 Q. Who owns CJPS Services?

17 A. I don't recall, actually. It was a corporation, a C  
18 Corp, and that's all I remember about those people.  
19 They were kind of miserable to deal with, as I remember,  
20 but I don't recall the owner's name. I think it was a  
21 man who was the miserable one but I don't recall his  
22 name.

23 Q. And Cindy Tyler, is that an individual?

24 A. Yes. She's in Michigan, Minnesota, Michigan. I'm  
25 pretty sure it's Michigan.

1 Q. Do you still work with her?

2 A. I've not heard from her since a little bit after the  
3 sale. She called me to complain that Joseph Bernardo  
4 wasn't answering her calls.

5 Q. And Gary Tucker, is that an individual?

6 A. Yes.

7 Q. And do you know where he is?

8 A. Somewhere down south but I don't remember which state.

9 Q. Have you talked to him recently?

10 A. Not since the sale went south. He called to complain  
11 also about Joseph wouldn't return his calls.

12 Q. What about IBN Corporation?

13 A. They're an Indian company and same thing. They called  
14 me to complain Joseph wasn't responding and they wanted  
15 advice what they need to do next. Each of these people  
16 were pretty close to hitting a benchmark or completing a  
17 contract or whatever it was. If he had done a little  
18 bit of work, he could have made a little bit of money.

19 Q. Paul V, is that an individual as well?

20 A. Yes. I'm blanking on his last name. I think he's in  
21 the same state as Gary, is my recollection, and they're  
22 somewhere down south because they had a southern accent.

23 Q. What about DRC Systems USA?

24 A. My recollection is they're an Indian company.

25 Q. What happened to these companies after you sold the

1 business as far as receiving clients? Did they continue  
2 to receive clients or did anyone pick up the reigns for  
3 Mr. Bernardo?

4 A. The clients -- the doctors you mean?

5 Q. Well, the job of Revenue Asset Services, LLC was to pull  
6 in these doctors and plug them into these blocks.  
7 Correct?

8 A. Yes.

9 Q. And so what happened with these block owners once Mr.  
10 Bernardo stopped or when you sold the business and they  
11 stopped getting new clients, new doctors?

12 A. I got a lot of angry phone calls. I think most of these  
13 people were far enough along that they got the value of  
14 what they already paid for. If they put up 10,000 or  
15 20,000 or whatever it was, then they got at least that  
16 number of clients, plus the training and other things.  
17 This is strictly my conjecture and assumptions. If they  
18 were thinking of suing me or Joseph, they went to an  
19 attorney and the attorney said they're going to go  
20 through all this and we're going to go through  
21 mitigation and whatever, how much is your actual damages  
22 based on what you paid? I think the answer for probably  
23 most or all these people is pretty much almost nothing  
24 and is it worth it to litigate for 2,000 or 3,000 based  
25 on what they had received up to that point.

1                   If you broke down the value of each  
2           client plus the training they got and the ongoing  
3           support, it came up to some number value, which they got  
4           from me with no problems at all. I told them they  
5           should do whatever they felt they needed to do, whether  
6           it was to sue me or sue Joseph, but I didn't feel it was  
7           legal for me to take back a business from him without  
8           filing a lawsuit. Maybe I'm wrong about that, I didn't  
9           consult with an attorney, but it seemed like he could  
10          have sued me if I tried to take back clients that  
11          technically belonged to him or the company. I was kind  
12          of paralyzed for a few weeks, a month, whatever, and  
13          then eventually the phone calls just stopped and I was  
14          sort of stunned and didn't do anything for all of 2017.

15   Q.   My question after that is, if each of these had gotten  
16          most of what they were to receive and there was only a  
17          couple thousand left, where is the value that's going to  
18          Mr. Bernardo?

19   A.   Well, let's say like CJPS, their receivables was  
20          \$75,000. Let's say he got nine clients, I have no idea  
21          where he was at when he got to the point where he was  
22          at, if he was at nine clients then all he needed was one  
23          more client then he would have put up \$5,000. There was  
24          value there. I think clients did come in because the  
25          marketing didn't stop abruptly. Even if I put a bunch

1 of stuff out there today, I just can't stop it once it's  
2 out there. People will call and people will send in  
3 their contracts.

4 Q. Would these companies then be obligated to keep  
5 accepting or, I guess, they would want to keep accepting  
6 doctors from Mr. Bernardo?

7 A. I would assume logically that he would want to sign the  
8 contract, hand it over, take their money, but he chose  
9 not to. He chose not to sign anything at all, even the  
10 doctors that were coming in. So there was a lot of  
11 value if he had just -- if he literally had done nothing  
12 but signed contracts for doctors and handed them out to  
13 people but he refused to do anything.

14 Q. How much do you think he would have made?

15 A. He could have made a lot based on the receivable that  
16 were out there. So if you just added the receivables,  
17 it comes out to about \$250,000 overall. There's still  
18 money from the 250 that would go to expenses, so I don't  
19 want to say it was all profit. It was not.

20 Q. So there's \$200,000 out there to be gained, you sell it  
21 to Mr. Bernardo for supposedly \$500,000?

22 A. That was the asking price. I think that was the  
23 acquisition price.

24 Q. And he pays you nothing?

25 A. Correct.



1 Q. Why didn't you see an attorney?

2 A. I was told that he had nothing. He told me when I first  
3 met with him that he lied about how much -- he didn't  
4 have a hundred thousand dollars available for making an  
5 acquisition. He told me about his import-export wine  
6 company was doing badly for various economic reasons  
7 that I couldn't really follow. He begged me to let him  
8 do this and he was a hard worker and he sold me on it,  
9 so I went forward with it. I guess it was sort of I've  
10 seen this before, like if someone has no money and you  
11 go sue them, what is the point on spending \$10,000 on an  
12 attorney to get nothing.

13 Q. I don't mean seeing an attorney to sue him for the  
14 purchase price, I mean to void the contract so you can  
15 pick up where you left off and recover these 250,  
16 \$200,000 of receivables.

17 A. I didn't even know that was possible. It didn't occur  
18 to me, actually.

19 Q. Weren't you upset when Mr. Bernardo didn't pay you  
20 anything for this and you did all this hard work and it  
21 was left on the table?

22 A. Yes. I was extremely upset. I probably wasn't thinking  
23 clearly. Between them and getting all these people  
24 complaining to me that I'm going to come after you and  
25 him, I was mostly bracing for the idea that I'm going to

1 get hit with all these lawsuits and there's nothing I  
2 can do about it. It didn't occur to me to pick up the  
3 reigns. I would assume it would take years to go  
4 through litigation that way. Maybe I'm wrong. I did  
5 not consult an attorney.

6 Q. Did you ask David Weinstein about that?

7 A. No. He felt sorry for me, you know, he said if there's  
8 anything I can do for you let me know. He's not an  
9 attorney either.

10 Q. But you do have a lot of schooling, so you understand  
11 business clearly and understand medical billing clearly.

12 A. Yeah, but the law is a little bit outside my wheelhouse.

13 Q. Page 5 of 7, the first two contingent liabilities. What  
14 is the difference there between Schedule A and Schedule  
15 B? It looks like a copy and paste.

16 A. That was something Joseph put together. He said  
17 basically, maybe he's wrong, but he said basically when  
18 you make a stock purchase that the clients, under this  
19 scenario, the clients that are being sold are both  
20 assets and liabilities, assets because they have  
21 receivables that you'll eventually get, but those assets  
22 are also liabilities because it takes money to do the  
23 things that need to get done so you can collect those  
24 receivables. It sounded like circular logic to me, but  
25 it seemed important to him so I said okay.

1 Q. So page 7 of 7 there, is that Mr. Bernard's signature as  
2 well, Joseph M. Bernard, who we also have been referring  
3 to as Mr. Bernardo?

4 A. Correct.

5 Q. And Mr. Bernardo lives at 3457 West Irving Park Road,  
6 Chicago, Illinois, 60618?

7 A. I think that's his storage unit he has. I think he  
8 lived at the other address, 1313 something Lundergan  
9 Avenue.

10 Q. Is that on the --

11 A. (Interposing) I think it's in the e-mails I turned over.

12 Q. Okay. If you need to take a break at any time, just let  
13 me know.

14 A. No, it's just this cough.

15 Q. To your knowledge, is Revenue Asset Services, LLC  
16 continuing any business operations?

17 A. Revenue Asset Services of Michigan?

18 Q. Yes.

19 A. My understanding is he just abandoned it and left it.  
20 He didn't even contact the State of Michigan to do  
21 whatever transfer paperwork was necessary. I sent him  
22 the link but he even refused to do that.

23 Q. You understand you could have sued Mr. Bernardo.  
24 Correct?

25 A. Yeah. I mean, I know I could have sued him, you can sue

1 anyone for any reason, but my concern was how much am I  
2 going to get back from him, which I think the answer was  
3 zero.

4 Q. Is that why you didn't put it on your bankruptcy  
5 schedules as far as an asset of yours?

6 A. Yeah. It didn't occur to me it was an asset. If I need  
7 to amend my bankruptcy papers, I'm happy to do that, but  
8 I don't think it will change anything.

9 Q. To your knowledge, has Mr. Weinstein sued Mr. Bernardo  
10 at all?

11 A. No. Well, I think he would have told me but I think the  
12 answer is no. I don't know what his grounds would be  
13 for suing him.

14 Q. You had mentioned some e-mails you turned over. I did  
15 pull some excerpts from them. They're in the front  
16 pocket of the binder you have in front of you.

17 (Deposition Exhibit F was  
18 marked for Identification.)

19 MR. MILLER: Those are marked as Exhibit  
20 F.

21 BY MR. MILLER:

22 Q. Have you seen these documents before?

23 A. Yes. I turned them over to you.

24 Q. That first page looks like an e-mail from you to Joseph,  
25 Mr. Bernardo. Correct?

1 A. Correct.

2 Q. And quoting you, you say "Specifically I need to close  
3 my bank account before I sign." What bank account are  
4 you referring to?

5 A. There is a bank account at TCF Bank that I used for  
6 Revenue Asset Services. I think it had a few thousand  
7 dollars in it when I closed it.

8 Q. When did you close it?

9 A. It would have been around the end of October 2016 before  
10 the sale was complete.

11 Q. This e-mail is dated 10-29-16.

12 A. Then it would have been like 10-30, 10-29 possibly. It  
13 was done in the afternoon.

14 Q. Is that a business checking account then?

15 A. Yes. I used to pay for, like, the website maintenance,  
16 the 800 numbers, other things for the business.

17 Q. Was it in your name or the business' name?

18 A. The business' name.

19 Q. But you were a signatory on it?

20 A. Right.

21 Q. Was anyone else signed on the account?

22 A. No.

23 Q. My June 8th record request letter had requested copies  
24 of all monthly statements, check registers, canceled  
25 checks for all checking, savings, investment, credit and

1 other financial accounts in which you had an interest  
2 for March 1, 2016 to present including all accounts held  
3 in your name, held jointly or any accounts you merely  
4 used or had access to including closed accounts. So  
5 this account would fall under that request. Correct?

6 A. I don't think so because the account doesn't belong to  
7 me. It belongs to the company and the company belongs  
8 to Joseph. I didn't think I was permitted to get that  
9 and I don't have any bank statements from that time  
10 anyways. I put everything on a little green thumb drive,  
11 they're all PDF bank statements and whatnot, and I  
12 handed it over to him and I destroyed everything that  
13 was in my possession. So if there's a way to get it,  
14 I'll be happy to turn it over, but I don't think they'll  
15 give it to me anymore.

16 Q. The end part of that request says any accounts that  
17 debtor merely used or had access. You understand that  
18 means accounts that you were a signatory on?

19 A. Correct, but -- with no malicious intent, I didn't think  
20 it was appropriate to turn over an account for something  
21 I didn't own anymore.

22 Q. You understand that now though. Right?

23 A. If you're telling me the truth, I'll take your word for  
24 it.

25 Q. Is there any other accounts you were a signatory on for

1 March 1, 2016 to present?

2 A. No.

3 Q. You're not a signatory on any other bank accounts?

4 A. No, just the ones I turned over to you.

5 Q. The People's Driven Credit Union is what you're  
6 referring to?

7 A. Right.

8 Q. Other than the People's Driven Credit Union account  
9 statements you turned over and the TCF business checking  
10 account in Revenue Asset Services, LLC of Michigan's  
11 name, there were no other accounts you were signatory to  
12 from March 1, 2016 to present?

13 A. Not that I can recall, no. I'm pretty sure the answer  
14 is a complete no.

15 Q. The third page of the e-mail excerpts that have been  
16 marked as Exhibit F, the second e-mail on that page from  
17 you to Joseph Bernardo, in your third paragraph you  
18 reference signing power of attorney paperwork so you can  
19 sign documents on the company's behalf?

20 A. Correct.

21 Q. Were those documents executed?

22 A. No.

23 Q. What was going to be the purpose of that?

24 A. I showed him an app on my phone called Sign Now. You  
25 can digitally sign documents. So when I would get like

1 a contract from a doctor's office that says I want  
2 medical billing, they would fax in their contract, the  
3 fax would go to my 800 number and it would convert it to  
4 a PDF and send it to me. I could pull it up from my  
5 phone, sign it digitally from my phone and forward it to  
6 whoever the next block owner was. It was very  
7 convenient. When I could do it on my phone, everything  
8 was much easier. I showed him the app on my phone and  
9 said this is what you should download on your phone. He  
10 said that's great but his phone was acting up. It was  
11 overheating. He was going to get a new one. I told him  
12 when you get your new phone we'll be golden, just  
13 download the app.

14 In the meantime I said you'll have to  
15 get these contracts, print them at your computer, sign  
16 them, scan them, organize them and then e-mail them to  
17 the next block owner. It's going to be a little extra  
18 work than pushing a button and sending it but that's  
19 what happens when you don't have a working phone. He  
20 suggested to me why don't we just do it where you sign  
21 everything, I'll give you power of attorney and it will  
22 be easy to do just until this was done, so we'll make it  
23 a limited power of attorney. I think we had a certain  
24 number of days set aside.

25 I never drew up the paperwork and as



1 far as I know I don't think he did either. I would have  
2 insisted that we sign the documents together in front of  
3 a notary so that no one could come back at us later, but  
4 he never signed -- he never produced the documents. I  
5 think by the time we got around to the point we'll do it  
6 on this date he stopped talking to me.

7 Q. Did you ever meet him in person?

8 A. Two or three times, actually. He's in Chicago.

9 Q. Do you know about what age he was?

10 A. Early to mid 30s.

11 Q. Do you know his educational background at all?

12 A. I probably knew it back then. I don't know it now.

13 Q. Do you think he went to college?

14 A. He has maybe an associate's degree but college might be  
15 pushing it.

16 Q. On the next page of that e-mail excerpt, Exhibit F, the  
17 last e-mail on that page is from you to Joseph and  
18 references a wire to Tannenbaum. What was that for?

19 A. When a block owner signs their initial contract, they  
20 either send a check to Tannenbaum or wire to Tannenbaum  
21 and the broker works that out with them. They prefer it  
22 wired because it's instantaneous and the broker  
23 commission gets paid out right away and so forth.

24 Q. So this Ray Gillani was one of the block owners?

25 A. I don't think he ever signed up. I could be wrong about

1           that. He definitely didn't sign up with Revenue Asset.

2           I don't remember talking to the guy ever.

3       Q.     But he was a potential block owner?

4       A.     He was a potential. I may have spoken with -- I can't  
5           remember.

6       Q.     Is this the Ray you referenced earlier?

7       A.     Yeah, yes.

8       Q.     You had mentioned a Ray but you couldn't remember his  
9           last name.

10      A.     Yeah.

11      Q.     The last page of that Exhibit F, the front side of it,  
12           the first e-mail is an e-mail from you to Joseph,  
13           November 5th, 2016. It talks about "Between you and  
14           David you should be able to handle most of it. I'll  
15           keep doing the trainings," etcetera. So, really, he was  
16           replacing you in the business?

17      A.     That was the intent, yes.

18      Q.     How long had this business been in existence?

19      A.     About six months before I sold it to him is my  
20           recollection, but I'm pretty sure I formed it that year.  
21           I got -- we have the formation documents here somewhere.

22      Q.     You think it was 2016?

23      A.     I'm sorry, it was 2014. I don't think I did anything  
24           with it right away. I think it was late 2015, early  
25           2016 I started doing stuff with it.

1 Q. You began operations?

2 A. Yeah, I began started doing stuff.

3 Q. So it took you almost a year then to sort of build up  
4 this block of business, these block owners, and that's  
5 what you were planning on selling to Mr. Bernardo?

6 A. Right.

7 Q. Did you make any income from it in 2015?

8 A. 2015 I don't think so. I'm inclined to say no. Did I  
9 have any clients in 2015? 2015 I was working for a guy  
10 named Avner (ph), who was in the medical billing  
11 business. I basically took care of his clients for him.  
12 I can't recall if I had him pay me directly or if he  
13 paid my company, but I made a little bit of money off  
14 him in 2015. It might have been 2014. I don't think I  
15 had any active block owners that early is my  
16 recollection but I can't recall.

17 Q. In the backside of that very last page there's a screen  
18 shot of an e-mail from you to Joseph on November 9,  
19 2016. Have you seen this before?

20 A. Yes. I wrote that e-mail to him.

21 Q. So it looks like you were at that point threatening a  
22 lawsuit against him?

23 A. No, I wasn't threatening a lawsuit against him. I was  
24 informing him that all the block owners were probably  
25 going to file a lawsuit against him. And I didn't say

1           this but I expected they were going to file against both  
2           of us because I think that's what people do. When they  
3           file lawsuits, they file against everyone. No, I wasn't  
4           threatening him with anything.

5       Q.     In this e-mail you say, "If you continue this course of  
6           action, it will not prevent lawsuits against you."

7       A.     Yes. I was referencing everyone else that was probably  
8           going to sue him. The previous e-mail to this one I  
9           sent he said something to the effect of this is hard or  
10          I can't do this or this isn't my personality to run this  
11          kind of business. And this e-mail here is dated  
12          November 9th, so it was nine or ten days after he bought  
13          the business that he decided he didn't want it.

14      Q.     You reference here his personal bank account, savings,  
15           401 (k) and wine import-export business. Do you have  
16           knowledge of those items?

17      A.     No. I just threw out stuff because I was trying to get  
18           him to come back to the table and he was clearly on his  
19           way out.

20      Q.     The wine import-export business is oddly specific. Had  
21           he mentioned something like that before?

22      A.     Yeah. He said he was in the wine import-export business  
23           when I met him, but he said it was going downhill for  
24           various international -- I don't know about the wine  
25           import-export business, but someone else was flooding

1 the market or something and that's why he wanted to exit  
2 that business and go into a profitable business in the  
3 health care sector because it was recession proof.

4 Q. Did he mention any names of any businesses or anything  
5 like that?

6 A. Not that I recall. Unless it's listed in the e-mail, I  
7 don't think he did. He may have during one of our  
8 conversations but I can't recall from two years ago.

9 Q. The People's Choice Credit Union account statement we  
10 referenced earlier that was turned over, there wasn't  
11 much going on in that account at all. Correct?

12 A. Correct.

13 Q. The statements that you turned over were from March  
14 31st, 2016 to current. Correct?

15 A. I think it goes before that but let me take a look here.

16 Q. I'm sorry, March 1st.

17 A. I believe that's the times you requested it for.

18 Q. You see this is just an excerpt of what you sent me but  
19 it's that first statement and then the last statement as  
20 well as the balance details.

21 A. Yeah.

22 Q. That you screen-shotted and then it looks like you  
23 printed a PDF from the web page for that last page.

24 A. Yeah, whatever.  
25

1 (Deposition Exhibit G was  
2 marked for Identification.)

3 MR. MILLER: Let the record reflect I've  
4 marked these bank account statements as Exhibit G.

5 BY MR. MILLER:

6 Q. You had stated you were making income in 2016 from  
7 Revenue Asset Services. Correct?

8 A. Yes.

9 Q. That you would either receive payments directly from the  
10 block owners or indirectly through Tannenbaum & Milask?

11 A. Correct.

12 Q. What did you do with that money?

13 A. I would have deposited it. I think I deposited it to my  
14 wife's account. In 2016 I don't think I actually made  
15 too terribly much. I think I would have kept some of it  
16 in the Revenue Asset Service's account. The real profit  
17 would have come from the end when these contracts were  
18 fulfilled. I don't think I took much.

19 Q. I saw in your 2016 tax return there was \$80,000 of  
20 income.

21 A. I think I had them write it to my wife's account because  
22 it was easier to get one big check instead of two small  
23 checks because my wife was working for David separately  
24 from anything I was doing for him.

25 Q. This is money that you earned then and it's being paid

1 out, not operational costs. Correct?

2 A. Could you restate that?

3 Q. So you had mentioned that you had a business bank  
4 account?

5 A. Um-hmm, yes.

6 Q. But then that you also had some profit from the  
7 business.

8 A. That's reflected on the tax return.

9 Q. Correct. Now, the money that came in and then was paid  
10 out for your expenses, like we discussed, did that  
11 happen in your business bank account?

12 A. For the website, the 800 numbers and so forth, right,  
13 that would have come out of the business bank account.  
14 So I think I refreshed that enough to make sure there  
15 was enough there to take care of all the monthly  
16 expenses that might have been incurred. I think the  
17 rest of the profit I just told David just write me a  
18 check, my wife a check, rather than sending us two  
19 separate checks.

20 Q. What do you mean rather than sending us two separate  
21 checks?

22 A. He would mail her a check for the work she had done and  
23 he would mail me a separate check.

24 Q. She was doing the same thing?

25 A. She was working with David on David's projects. David

1 had been doing other things with medical billing,  
2 medical collection, medical transcription, electronic  
3 medical record services, a bunch of things I'm not into.

4 Q. But those payments to her were separate from the  
5 payments to you for the Revenue Asset Services?

6 A. Right. She made her own money from him doing stuff she  
7 was doing for him.

8 Q. But your money then was issued on a separate check but  
9 still deposited in your wife's account?

10 A. Yes.

11 Q. So if you look at those bank statements, would you be  
12 able to tell which ones were yours or which ones were  
13 hers?

14 A. Only because of my tax returns. I could -- well,  
15 individual checks? I don't know. I probably could have  
16 if I had all the statements and things I gave to Joseph  
17 Bernardo. I could have matched up each one from them.

18 Q. Where does she bank at?

19 A. Chase Bank.

20 Q. So often banks will keep, I think actually they're  
21 required to keep images of the checks that are deposited  
22 and posted to the account. If you looked at those  
23 checks, would they be designated in any particular way  
24 as to differentiate them between payments to you and  
25 payments to your wife?



1 A. No. I doubt it. I think it was one giant check he  
2 wrote.

3 Q. You said before it was two separate checks.

4 A. That's what I'm saying, why would he send two separate  
5 checks. He did not send two separate checks. He sent  
6 one giant check and said here, I'm not going to waste  
7 another check going to the same address.

8 Q. How would you know between you and your wife what money  
9 was yours, what money was hers?

10 A. Well, at the time I would have been able to figure it  
11 out by looking at all the stuff that's now not in my  
12 possession. That's how I figured out my tax returns,  
13 was based on what I did with these people, what she did  
14 and I could say this much was set aside for this  
15 contract and so forth, but she got all the checks but I  
16 assigned a certain portion of it to me. That's how I  
17 did my tax returns.

18 Q. And so why was it going into your wife's account?

19 A. Convenience.

20 Q. Is it you guys had joint expenses and were paying things  
21 together?

22 A. Yeah, just convenience. Depositing one check rather  
23 than going to two separate banks. It didn't occur to me  
24 it was important.

25 Q. Within your responses you mentioned when you lived back

1 at 4569 Hickory Pointe Boulevard you had paid something  
2 like the home maintenance and some of the taxes on that  
3 property. Would that have come from that joint account?

4 A. Yes. The account is strictly owned by my wife. It's  
5 not a joint account.

6 Q. You're not a signatory?

7 A. Correct.

8 Q. But that account in your wife's name, that has both your  
9 money and her money in it?

10 A. Correct.

11 Q. How do you live day-to-day now? Do you still use that  
12 account?

13 A. No.

14 Q. Does your wife?

15 A. Just my wife.

16 Q. You still live together?

17 A. Yes.

18 Q. And so when you need to put gas in your car, what do you  
19 do?

20 A. Cash.

21 Q. Where does that cash come from?

22 A. From her. I usually keep about a hundred dollars with  
23 me at any given time.

24 Q. She doesn't give you a debit card to use or anything  
25 like that?

1 A. No.

2 Q. Does she give you a certain amount of cash each month?

3 A. I ask her for it when I need it. We usually have a  
4 couple hundred dollars laying around the house. My job  
5 right now is mostly to take care of our daughter, who is  
6 sick.

7 Q. I'm sorry to hear about your daughter being sick. When  
8 you say sick, does she have a serious illness?

9 A. It's pretty serious. Do you need to know the medical?  
10 I prefer not to talk about it.

11 Q. No, I'm just wondering what the nature is. Is that  
12 something you do full time?

13 A. Someone needs to be with her when she's not in school  
14 for her safety. I'll leave it at that.

15 Q. Do you work around the house?

16 A. How do you mean, like a house husband?

17 Q. What do you do during your days, what is a day in your  
18 life spent like?

19 A. Cleaning, making sure my daughter doesn't have something  
20 that could be harmful to her. I check her a lot and  
21 then I just take care of the household.

22 Q. What about your wife?

23 A. She works for Kelly Services who contracted her to Ford.

24 Q. And then comes home and helps with everything else?

25 A. She doesn't do a lot when she gets home, but yeah.

1 Q. Eats dinner, watches some TV and hangs out with the  
2 daughter?

3 A. Yeah.

4 Q. But she works for Kelly Services full time?

5 A. Correct. She started in January. Prior to that she was  
6 working with David more but the work with him has  
7 tapered off considerably and he advised her to go get a  
8 real job, salary job.

9 Q. What has caused the work to taper off considerably?

10 A. You want my conjecture?

11 Q. If you know anything that's not conjecture, I'd like to  
12 know it but, if not, I'll take the conjecture.

13 A. Broadly speaking the market changed so there's not as  
14 many doctors coming in to do the things we used to do.  
15 My conjecture is because of various things President  
16 Trump did, like he tried to kill the Affordable Care Act  
17 several times, it caused a lot of ripples throughout the  
18 entire industry and I think it affected this. I don't  
19 have any hard evidence of that.

20 Q. If you would flip to the tab that says pay stubs MR,  
21 later in that booklet. That's your wife's pay stubs  
22 there?

23 A. Correct.

24 Q. She works 40 hours a week, gets a regular paycheck?

25 A. Correct.

1 Q. And she's been doing that since December 2017?

2 A. My recollection is January.

3 Q. Is she at the Troy location or does she work from home?

4 A. No, she works on site in Dearborn, I believe.

5 Q. The next document there under Statement of Commissions,  
6 if you can take a look at that.

7 (Deposition Exhibit H was  
8 marked for Identification.)

9 A. It looks like the car title. Oh.

10 BY MR. MILLER:

11 Q. This is marked as Exhibit H. Have you seen this before?

12 A. I produced it.

13 Q. So you created this?

14 A. With assistance from my wife and David, yeah.

15 Q. This is just like a Word document or Excel document you  
16 created?

17 A. Yes.

18 Q. So what did you use to create this?

19 A. I think I went to the bank statements and looked at any  
20 deposits and any deposits that would have come from  
21 David specifically.

22 Q. You say you went to the bank statements. You mean your  
23 wife's Chase Bank account?

24 A. Yeah. She pulled it up on her computer and said how do  
25 I do these.

1 Q. So these 2016 deposits, are they all going to be your  
2 wife's?

3 A. Yes.

4 Q. So none of these are your deposits for Revenue Asset  
5 Services?

6 A. No, because it was sold in October. So some of these  
7 must be commingled because David sent one check. I  
8 might be able to reconstruct it if I asked David for  
9 some of the paperwork.

10 Q. So this is actually a list of deposits from Tannenbaum &  
11 Milask to the Chase bank account?

12 A. Correct.

13 Q. Not necessarily only Margaret's income?

14 A. Correct.

15 Q. Some of these 2016 ones --

16 A. (Interposing) Yeah, the May, June, up until -- November  
17 1st it was sold, so anything from 10-11 going backward  
18 might be some commingled statements. 10-11, time looks  
19 too small, but I can look at it, but yeah, 5-12-16 to  
20 10-11 might be some commingled statements.

21 Q. If you go back to the tax returns, I want to look at  
22 your wife's tax returns that you provided.

23 MR. MILLER: Off the record.

24 (A brief discussion was held  
25 off the record.)

1 MR. MILLER: Back on the record here.

2 BY MR. MILLER:

3 Q. We were about to look at your wife's tax returns. It  
4 looks like in 2016 she had both wages and business  
5 income?

6 A. Yes.

7 (Deposition Exhibit I was  
8 marked for Identification.)

9 MR. MILLER: I had marked as Exhibit I the  
10 2016 and 2017 tax returns of Margaret Reddy. I will be  
11 retaining this exhibit and redacting the Social Security  
12 numbers prior to giving it back to our court reporter  
13 here for the record.

14 BY MR. MILLER:

15 Q. It looks like she had wages and business income in 2016?

16 A. Yes.

17 Q. Do you know where she was working?

18 A. I think she was working at United Health Group at that  
19 time.

20 Q. She also was getting business income?

21 A. Yes.

22 Q. Do you know what business it was?

23 A. It was with David, what she does now.

24 Q. Do you know what particular business entity or is it  
25 just work for Milask, Tannenbaum & Milask?

1 A. I don't know which entity she was getting the money  
2 from. He has several businesses. I don't know all the  
3 things she was doing for each one of them.

4 Q. How did you get these tax returns?

5 A. She gave them to me. She didn't raise a stink about it.  
6 She said hold on, I'm going to pull them up.

7 Q. Would she give you those Chase Bank statements as well?

8 A. Yes.

9 Q. Would she give them to you to turn over to me?

10 A. I don't see why not.

11 Q. You can have her do that for that same applicable  
12 period?

13 A. Sure. Could you e-mail me? That will work.

14 Q. But all this consulting work on her Schedule C, 2016,  
15 that would all be work for David?

16 A. Correct.

17 Q. And/or Tannenbaum & Milask?

18 A. Correct.

19 Q. And remind me again what this work entails.

20 A. She pretty much did all the behind-the-scenes work, took  
21 sales calls, built brochures. She managed people who  
22 had tempers, she in some cases managed David, she helped  
23 with the web site, she put her voice on all the 800  
24 numbers to say like welcome to whatever the company's  
25 name was, press 1 for this, press 2 for that. All the



1 behind-the-scene's work that no one likes to think about  
2 she took care of.

3 Q. And the commissions then, how was she paid commissions  
4 for that behind-the-scene work?

5 A. The word commissions -- I see why it's confusing, but  
6 she wasn't doing commission-based work, like she made a  
7 sale and made a commission off of it. That was internal  
8 lingo that all of us used with each other because just  
9 the way we've been working. The same way David was a  
10 silent partner for me, she was a silent partner for him  
11 in doing things. I don't know what his formula was for  
12 how much she got paid, I never thought to ask, but it  
13 was always a very generous amount and I wasn't about to  
14 look a gift horse in the mouth. Every time he made a  
15 sale with whatever work he was doing with her, whether  
16 it was with medical collection or transcription, he set  
17 aside a certain portion for how much he thought was his  
18 profit margin from that and he would pay her based on  
19 his formula. I don't know how much he paid himself, but  
20 I know how much she got paid and that's where it all  
21 came from. He used the word commission. I'm not sure  
22 if misnomer in the right word. It's not the way that  
23 other people use the word commission in a more  
24 traditional business model.

25 Q. That commission statement that we looked at marked as

1 Exhibit H, they're not actually commissions?

2 A. If I can put more context around it. Let's say someone  
3 came in and said I want to buy an electronic medical  
4 record system from you, here's my -- I'm just making up  
5 numbers, these aren't real -- hundred thousand dollars.  
6 David would take that and say I need to set aside  
7 \$30,000 for taking care of getting the things this guy  
8 needs. The other \$70,000 is my profit margin. Of that  
9 \$70,000 I'm going to keep X and Y goes to Margaret. Is  
10 that a commission? I don't really know.

11 Q. So do you know what percentage, you said you and David  
12 were 50/50, but do you know what percentage your wife  
13 was?

14 A. It was not 50/50, and I don't really know the formula,  
15 but he had a formula that he plugged in and divided by  
16 two and multiplied by that and it came out to whatever  
17 number it was. David would know the formula but I never  
18 asked him for it.

19 Q. Did you think it was less than half?

20 A. I'm pretty sure it was less than half but -- there's no  
21 way it would be more than half. Is it less than half?  
22 Probably, but I don't know how much less.

23 Q. Was there any agreements written between you and David  
24 or your wife and David ever?

25 A. Yes, there was -- not in the recent period. When I

1 first met him in 2005, anyway, at that point when I  
2 didn't know him at all we had agreements on everything,  
3 like for whatever transaction we had, bar none. After a  
4 couple of years getting to know him and being good  
5 friends with him, they just sort of faded away because  
6 we just understood each other. The only reason that  
7 people would write up contracts that way is because they  
8 don't trust the other party not to screw them. It's  
9 kind of the unspoken sentiment between us. And I would  
10 not sue him either. I can't even think in what context  
11 I would sue him.

12 Q. In law school they called contracts planning for the  
13 divorce, plan for when bad things happen. So you don't  
14 imagine that happening with David?

15 A. No. Short of him having a heart attack and not having  
16 paid us the last commission, I can't think of any  
17 scenario that would upset me with him.

18 Q. Does David have other, quote-unquote, other silent  
19 partners other than you and your wife?

20 A. Conjecture, yes, but I don't know who they would be or  
21 who they are or what they do.

22 Q. You think he has other businesses besides the ones you  
23 and your wife are helping him out with?

24 A. He certainly has other -- he's always working on  
25 something. He's not the kind of guy that sits still and

1           coasts along. He's the guy that has to keep doing  
2           something. I'm not sure if I'm a hundred percent aware  
3           of every business he's engaged in and I never asked him  
4           for it. When I was working with him it kept me busy  
5           enough, but with what my wife does with him kept her  
6           busy enough, too. She's not doing almost anything with  
7           him now.

8       Q.     Was she doing this at the same time as working for  
9           United?

10    A.     I think there was a very little, if any, overlap between  
11           the two. I think she'd come to the end of her time at  
12           United because she was miserable there and David says  
13           why don't you come work with me and we'll work on this  
14           other project I've got going, so that's how that kind of  
15           got started. There might have been some overlap at the  
16           end but I don't think it was fairly significant.

17    Q.     On her 2016 Schedule C there is an expense listed on  
18           line 11 for contract labor and \$126,766. Do you know  
19           who that contract labor was or what company?

20    A.     It was with Karthik Thalmarla. He's my cousin  
21           essentially. They were working on something. He worked  
22           for Black Rock and financially he's kind of a brilliant  
23           guy, but he had been doing stuff and I don't fully  
24           understand the nature what of he was doing but it was  
25           around businesses that my wife had.

1 Q. How do you spell his first name?

2 A. K-a-r-t-h-i-k. He is now working with my uncles in  
3 Africa. I think he's back, but he works in the African  
4 businesses now.

5 Q. You mentioned Black Rock. What is that?

6 A. A consulting firm, like Deloitte & Touche. One of the  
7 big ten, big five. He has an MBA.

8 Q. What was the work that he did for your wife?

9 A. I don't know. I know they would talk everyday and  
10 working on stuff. I think with the EMR system but I  
11 don't want to conjecture on things I don't have good  
12 knowledge of.

13 Q. She lists car and truck expenses on her Schedule C as  
14 well. Do you know what that is for?

15 A. She did a lot of traveling to Chicago specifically but  
16 also to meet with vendors for the EMR. She met with  
17 Advanced MD, a couple others. I don't fully understand  
18 what that was for but it was for a lot of travel expense  
19 she incurred.

20 Q. Is that for the same RAV4?

21 A. No. I believe it was for her Toyota Highlander.

22 Q. That's what she drives?

23 A. That's what she drives.

24 Q. You drive the RAV4?

25 A. Yes.

1 Q. But they're both titled in her name?

2 A. Yes.

3 Q. They're both paid off?

4 A. Yes.

5 Q. Who paid those?

6 A. She did.

7 Q. When, do you know?

8 A. Whatever year they were bought. I think one was bought  
9 in 2015 and the other was 2014. The 2014 one was the  
10 RAV4, but my father actually paid for that and then we  
11 reimbursed him a few weeks after the sale, but it was  
12 still titled in her name.

13 Q. There were never any loans then?

14 A. Right.

15 Q. What does your father do?

16 A. He's a retired physician. He's not working anymore. He  
17 does have properties. He has a couple gas stations. He  
18 lives in Florida. He has a condo down there. He also  
19 owns a home in Indiana, right at the Indiana-Illinois  
20 border. He's trying to sell that, too, but he was a  
21 physician for 35 odd years.

22 Q. So now he's sort of a property owner and  
23 jack-of-all-trades?

24 A. Yeah. He's mostly retired. He's 80 percent retired and  
25 20 percent dabbles in stuff.

1 Q. On the same Schedule C of your wife's 2016 tax returns  
2 there is \$15,000 in expenses for travel, meals and  
3 entertainment. Is that for her visits to Chicago?

4 A. No, she flew a couple places. She flew to Las Vegas,  
5 flew to Philadelphia, the hotel and Uber and then to  
6 take out the people she was entertaining.

7 Q. Again there's utilities listed on here in the amount of  
8 \$10,000. Does she have an office she works out of?

9 A. No. I'll have to ask her about it. I don't know. I  
10 wonder what that is.

11 Q. When she was doing this consulting work, where was she  
12 working?

13 A. From a home office. She might have taken out a space  
14 for a home office deduction. I think that would be --  
15 I'll have to ask her.

16 Q. And on the line 27 A, other expenses, it lists \$125,000.  
17 If you flip the page, part B details the other expenses  
18 and there's just one line. Under part 5, do you see  
19 other expenses? It says consulting fees, Max Global  
20 Inc., \$125,000. Do you know what that is for?

21 A. Consulting. I can get a breakdown for you. I don't  
22 know what it is.

23 Q. What is Max Global Inc.?

24 A. A company in Chicago. It's owned by my uncle.

25 Q. Which uncle?

1 A. Mohan.

2 Q. It looks like she was receiving income from David then  
3 paying out to your cousin for some contract labor?

4 A. She was doing stuff with David. She took a lot of the  
5 money she was doing with him and had a separate thing  
6 she was doing with my uncle and my cousin.

7 Q. Do you know what that separate thing was?

8 A. It was in the medical industry. They were trying to put  
9 together a software package for something with all their  
10 expertise. They had an outsource team in India that was  
11 coding to create EMR is my understanding. My  
12 understanding is pretty poor when it comes to this  
13 stuff. My wife is an IT person. I don't know her -- or  
14 like that stuff and when she explains it to me it makes  
15 my eyes glaze over. I don't have the details what she  
16 was doing.

17 Q. Do you know if any of this income came from that  
18 separate venture she was doing with your cousin and  
19 uncle?

20 A. I don't understand the question.

21 Q. On the Schedule C, 2016, there's gross income of  
22 \$462,774. Was that income all from her dealings with  
23 David or was some of it income from whatever side  
24 business she had with your cousin and uncle?

25 A. I don't think the side business has generated anything



1 yet. I think it will soon but it hasn't yet. I'm  
2 always told we'll have to wait a few more months and  
3 that's all I hear from my uncle, my cousin and wife.  
4 I'll leave it to them to do whatever they're doing.

5 Q. Does your wife have any business interests in her name?

6 A. No. This is a sole proprietorship that she was  
7 operating under.

8 Q. She doesn't have any LLCs or corporations or anything in  
9 her name?

10 A. No.

11 Q. Remind me again. Max Global Inc., that's Mohan  
12 Thalmarla's business?

13 A. Yeah.

14 Q. What does he do?

15 A. One of his things is the mining I mentioned earlier in  
16 Ghana or wherever it's at. I don't know if he still has  
17 an interest in the company or not, but he used to have a  
18 flower-type of business. Basically I don't know which  
19 country in Africa it is but in some African country  
20 there's certain soil conditions and weather conditions  
21 that a certain type of flower that's apparently very  
22 expensive will grow, so he harvests that and sells it to  
23 Israel, Japan, Poland, a couple other countries. That's  
24 another thing he does. I don't know if this is part of  
25 Max Global or not. But then he has other building

1 projects in India. His brothers might be more involved  
2 than him, but they're building, for lack of a better  
3 word, a skyscraper in one of the more industrial cities  
4 in India, in Mumbai, I believe. He has a couple other  
5 things I'm blanking on. He's got his hand on lots of  
6 certain pots and he's constantly traveling.

7 Q. Is the Thalmarlas, are they related to you by blood?

8 A. Yes. They're my mother's brothers. Mohan, I don't know  
9 this but I've heard a rumor that Mohan isn't technically  
10 our blood relative, he might be more of a distant cousin  
11 that might be adopted, but we don't bring it up.  
12 There's someone else in the family, Madhavi,  
13 M-a-d-h-a-v-i, she is definitely not related to us. She  
14 was essentially adopted by, like, a second cousin type  
15 of thing, but that's a story from 30 years ago.

16 Q. So when you call him an uncle that's sort of --

17 A. (Interposing) I call Havi my aunt even though she's not.  
18 It's like a respect thing. Even people who are  
19 definitely not related to you but like your father's  
20 friend, you call them uncle or aunty.

21 Q. Did your wife know the Thalmarlas prior to being married  
22 to you or was she introduced to them by marriage?

23 A. She met them after we got married. My family didn't  
24 approve of my wife because she's white, so they didn't  
25 want anything to do with her. When I married her they

1           didn't really have much choice but to accept her. They  
2           met in about 2002.

3       Q.     It seems like they accept her now.

4       A.     Oh, yeah.

5       Q.     That's good. Her 2016 return references a health  
6           savings account. Has she used that account for medical  
7           expenses for yourself?

8       A.     For me, yes; for herself, yes; for our daughter, yes. I  
9           don't know how much is left in the HSA because she's not  
10          working for United Health Group who was funding the HSA.

11      Q.     But it was used for all three of your expenses?

12      A.     Yes, our household.

13      Q.     Do you guys get insurance through Tannenbaum & Milask?

14      A.     She gets it threw Kelly Services. She doesn't get  
15          health insurance because she wasn't satisfied with their  
16          plan, so we pay for it privately through Blue Cross.

17      Q.     And it covers you and your daughter?

18      A.     And my wife. Although the deductible is so high, it's  
19          practically useless.

20      Q.     In between her work for United and working now for Kelly  
21          Services, did you guys just buy private insurance then?

22      A.     Yeah. There might have been a gap of a month or two,  
23          but, yeah, pretty much we just bought it from Blue  
24          Cross.

25      Q.     Correct me if I'm wrong, but she stopped working for

1 United in 2016?

2 A. Right.

3 Q. And then throughout 2017 up through December of 2017 she  
4 was strictly doing commission work. Both of you were?

5 A. I was doing Revenue Asset Services and she did  
6 commissioned work and she worked with my uncles but --  
7 I'm not sure what the question is.

8 Q. So throughout 2017 neither of you had a W-2 employer.  
9 Correct?

10 A. Yeah, I'm pretty sure that's correct.

11 Q. Except for maybe at the very end of December when she  
12 started working for Kelly Services?

13 A. Yeah. I think Kelly Services was January of this year.

14 Q. So during that time you had no employer with which to  
15 provide you health care?

16 A. Correct.

17 Q. So did you have health care?

18 A. Yeah, we paid for it privately. I think there was a  
19 month or two there was a gap but otherwise it was paid  
20 for privately.

21 Q. Were you continuing to work for commissions as well in  
22 2017?

23 A. In 2017? No, I didn't do anything. I just took care of  
24 my daughter.

25 Q. Did your wife work from home throughout 2017 then?

1 A. Yeah, except for when she was looking for a job with  
2 Kelly Services. She went on interviews prior to that  
3 with a few other firms, but for all intents and purposes  
4 she worked from home.

5 Q. You had mentioned she had all these different roles as  
6 far as filling gaps where it needed to be for David,  
7 like doing marketing, doing various other roles in this  
8 commission-based job.

9 A. Correct.

10 Q. Did you ever help her with that, I mean if she was  
11 pressed for time or if she had various things to be  
12 completed?

13 A. I don't think she was ever pressed, quote-unquote, for  
14 time. If she asked me for help I would have helped her,  
15 but I don't recall helping her tremendously much.

16 Q. There's a lot of leg work as far as printing, stuffing  
17 envelopes?

18 A. That's a little more -- we don't print and stuff  
19 envelopes because that would take a tremendous amount of  
20 time. There's actually a mail house that mails and  
21 stuffs and prints thousands of envelopes for us, so they  
22 would be doing that sort of thing, and David would take  
23 care of paying them. So for every, like, thousand  
24 pieces of mail that go out to various doctors offices,  
25 one percent maybe will answer, so you got like ten, give

1 or take, that respond and want a brochure. Building ten  
2 brochures doesn't take that much of her time. Even if  
3 they came in daily, they would take five minutes a  
4 piece.

5 Q. In other words, it's a lot of work on the computer then?

6 A. Yeah, maintaining the website, doing the SEO for it,  
7 stuff I have no expertise for, answering the sales  
8 calls. I don't recall there being a point I can't do  
9 anymore, there's 60 hours of work coming in a week, I  
10 can't keep up, I don't think I ever heard her say that.  
11 If anything, I think I'd say she was probably under 40  
12 hours a week, which is why she had free time doing work  
13 for my uncles and cousin.

14 Q. If you look at her 2017 Schedule C, you can see she had  
15 gross income of \$205,700. What was the source of those  
16 funds?

17 A. My assumption is all David.

18 Q. And the line item 11 again is a \$10,000 expense for  
19 contract labor. Do you know what that's for?

20 A. I think she had hired certain other people to take care  
21 of small projects. It might have been on the website to  
22 make it look pretty because it's not something she's  
23 good at. I think there might have been some other  
24 people that might have been helping her with grunt work,  
25 for lack of a better word, and that probably would have

1           been more along the lines of stuffing envelopes that any  
2           monkey can do.

3       Q.     Throughout 2017 she's doing this work for David and  
4           you're staying at home taking care of your daughter and  
5           you are living at the Hickory Pointe house.   Correct?

6       A.     Correct.

7       Q.     And in your response you mentioned that originally when  
8           you moved into Hickory Pointe you were paying the  
9           mortgage.   Was that you and your wife paying the  
10          mortgage together?

11      A.     Yes, because back then I was working for Henry Ford  
12          Hospital and I think she was working for a company  
13          called Arial (ph), which is no longer around.

14      Q.     How long did you pay the mortgage for?

15      A.     Three or four years.

16      Q.     You lived there about ten years?

17      A.     I think a little more than that.   Bear with me.   We  
18          moved in in 2004 and we moved out in December of last  
19          year.

20      Q.     So 13 years?

21      A.     Yeah.

22      Q.     And the house is titled in your father's name?

23      A.     Correct.

24      Q.     Except that you're the power of attorney on the title.  
25          Correct?

1 A. When the house was sold he gave me power of attorney to  
2 sell the house because he couldn't be there, just for  
3 the closing.

4 Q. The deed to the buyer?

5 A. Yeah.

6 Q. Did you know the buyer?

7 A. No.

8 Q. So you paid the mortgage for maybe three or four years  
9 with your wife. The mortgage is also in your dad's  
10 name?

11 A. Yes.

12 Q. Not in your wife's name or not in your name?

13 A. No.

14 Q. Do you remember what the mortgage payment was?

15 A. It was around a thousand dollars, give or take.

16 Q. And during that time your dad is paying the taxes?

17 A. The first couple of years, yes, and the house insurance.

18 Q. And then what causes you to sort of switch that  
19 arrangement?

20 A. I stopped working for Henry Ford, my wife wasn't working  
21 for Arial and we said we have a problem, so he's like  
22 let's see how it goes, you'll find a job. So we went  
23 through quite awhile of difficulty. It gets into a  
24 little bit of family drama, but my wife and father  
25 didn't get along for a while for various reasons. Do



1           you need the reasons?

2       Q.     If they're pertinent.

3       A.     Basically she didn't spend enough time with my parents,  
4           didn't call them enough. My father is an easily angered  
5           type of man. I don't remember what year it was, but  
6           basically he told my wife the house belongs to me, the  
7           car you're driving belongs to me, it was a Toyota  
8           something, not either of the cars we drive now, but I  
9           bought all this stuff, done all this stuff for you. So  
10          they had a big argument. The final product was take  
11          your lipstick and get out of my house. So we were  
12          planning on moving out even though we didn't know where  
13          we were going to go, so we were thinking of moving in  
14          with my sister-in-law but my mother told my father if  
15          they do that we're pretty much never going to see them  
16          again and I want to see my granddaughter.

17                        So at that point it triggered another  
18          series of events that brought my father on the paying  
19          for the house and saying you can stay there as long as  
20          you want but the house belongs to me, just take care of  
21          the lawn and taxes and house insurance and etcetera, and  
22          that's how we got to that arrangement.

23       Q.     So for the next ten years, nine to ten years then, you  
24           paid the taxes on the house and the insurance?

25       A.     And other upkeep/maintenance.

1 Q. Was there any major projects you did as far as putting  
2 on a new roof?

3 A. Yes, the roof was replaced. I don't remember what year  
4 that was, ten years ago, give or take. The carpet was  
5 taken out and replaced. The basement was carpeted, too.

6 Q. That was replaced as well? Replaced or newly carpeted?

7 A. There was nothing there before so I guess newly  
8 carpeted.

9 Q. But the other carpets in the house were then replaced?

10 A. Yeah. Hot water heater was replaced. A back porch --  
11 my son-in-law went ahead and built a back porch for us.  
12 We just paid him for the material and he essentially did  
13 it for free. Other than that it was like little things,  
14 planting flowers, cutting the lawn.

15 Q. And the insurance and taxes as well?

16 A. Yeah.

17 Q. So that was the situation then for the next ten years  
18 through to the end of 2017?

19 A. Yes, December.

20 Q. And so when you and your wife went back to work or were  
21 making income then, your dad didn't say you got money  
22 now, let's pay the mortgage?

23 A. No. We didn't talk to him about -- my relationship with  
24 my father is complicated. I told him very clearly I'm  
25 not working in 2017 and every single, well, every couple

1 days he would call, because he calls me every couple  
2 days, he would say do you have a job yet? It got  
3 ridiculous and he would be insulting about it that I'm a  
4 house husband. I didn't tell him about my daughter and  
5 what was going on at that time. I told him, because I  
6 was tired of all the abuse I was taking from him, I told  
7 him that I was working for Blue Cross, which was not  
8 true, but that stopped the conversation of what are you  
9 doing, when are you going to get a real job, when are  
10 you going to start being a man, so he stopped that. He  
11 still continues to believe that I work for Blue Cross,  
12 even though I do not, because it's easier for me to live  
13 and have some sort of relationship with him than to deal  
14 with what it would otherwise be. What was the question  
15 again?

16 Q. When was it that you told him you worked for Blue Cross?

17 A. It was early 2017. I don't recall the exact date.

18 Q. But you had worked other jobs in between during that  
19 nine to ten years. Right?

20 A. I actually did work at Blue Cross in Philadelphia and I  
21 worked for the VA, I worked for a guy named Avner out in  
22 New York doing medical billing work for him. I had done  
23 other things in the meantime.

24 Q. My question is, during that nine to ten years when you  
25 would get a job and make some income, I'm not sure

1 exactly what was happening with your wife, but he never  
2 said you need to pay this mortgage again or you guys  
3 just kept the agreement?

4 A. We kind of kept the agreement. I never brought it up  
5 again.

6 Q. You weren't going to upset the status quo?

7 A. I wasn't going to rock the boat when I had a decent  
8 arrangement that I could be happy with. If he did bring  
9 it up and say I want to get paid, I would have resumed  
10 payment, but I didn't bring it up. I think partially he  
11 was concerned with my mother's wrath with him if it came  
12 to take your lipstick and get out of my house type of  
13 thing again. I think he wanted to ask but he didn't and  
14 I think he was waiting for me to say something and I was  
15 sort of in the same boat. I don't know how much this is  
16 pertinent.

17 Q. It helps me understand the situation at the very least.  
18 So at the end of that 13, 14 year period you guys decide  
19 to move to a different home?

20 A. Yes.

21 Q. And sell the house?

22 A. Right. My father made it clear that the house was still  
23 his. He's always made snide comments, to either me or  
24 my daughter, that the house is his and she's his guest.  
25 I guess he thought it was teasing but I was not happy

1 with it.

2 Q. Sometimes parents can be that way.

3 A. Yes. My wife, she holds a grudge against take your  
4 lipstick and get out of the house. That was the impetus  
5 for we're financially stabilized more than we've ever  
6 been, let's get out of here.

7 Q. When that house is sold do you know what the mortgage  
8 was?

9 A. There was no -- you mean to the new person?

10 Q. No, no, the original mortgage that was taken out when  
11 you guys first moved in.

12 A. The purchase price. It was 230,000 the price, somewhere  
13 around there.

14 Q. So the Hickory Pointe house was sold for about \$233,000?

15 A. Something like that, yeah.

16 Q. And there was no mortgage on it when it was sold?

17 A. No. My father paid it off years before.

18 Q. How long ago?

19 A. He paid it off like four years into us living there,  
20 five years. That was the time the get your lipstick and  
21 get out of my house conversation happened.

22 Q. It wasn't that he continued to make the payments  
23 according to the term, it's he had the cash and paid it  
24 off?

25 A. Yeah. He's not into paying interest. He thinks that's

1 highway robbery and he's got the cash to do it.

2 Q. So he paid it off sometime during that nine to ten year  
3 period?

4 A. Yes.

5 Q. So the end of 2017 you're financially stable, you want  
6 to move. What becomes of that, you said, that \$230,000?

7 A. Yeah, I think the selling price was \$205,000. That's  
8 what ended up being after closing costs and this and  
9 that was taken out. I think about \$205,000 was the  
10 final check that was cut to my father.

11 Q. The net proceeds?

12 A. Yes.

13 Q. And he kept those net proceeds?

14 A. Yeah.

15 Q. He didn't share any with you or your wife?

16 A. No. He deposited it to his bank account and I never  
17 heard about it again.

18 Q. Did you feel entitled to any of that?

19 A. I didn't do anything to earn it. No, he paid off the  
20 house. I don't see how I would have any equity stake in  
21 that, no.

22 Q. Well, you did pay the mortgage for four years or so.

23 A. Well, when you rent an apartment you don't get money  
24 back from the apartment complex. That's the way I  
25 thought of it, that I was a renter.

1 Q. You did pay the mortgage for three to four years?

2 A. Yeah, but I don't think that was -- I never thought -- I  
3 never thought of it as mine.

4 Q. For the nine or ten years you did pay the insurance and  
5 taxes?

6 A. Correct.

7 Q. And did those repairs you mentioned?

8 A. Yes.

9 Q. As well as generally maintaining the house?

10 A. Yeah.

11 Q. You said you're more financially stable than you've ever  
12 been so you decide to get a new house.

13 A. Well, I should clarify. I didn't decide, my wife  
14 insisted we get a new house because she didn't want to  
15 keep living in a place she was told to get out of.

16 Q. That's the Kingston Drive property you moved to?

17 A. Correct.

18 Q. And the purchase price of that particular property was  
19 something like \$300,000?

20 A. Like 330.

21 Q. Who is Robert Hugh McCurren?

22 A. He's the guy that bought the house on Hickory Pointe  
23 Boulevard.

24 Q. Do you know him outside of him buying the house?

25 A. No. I didn't meet him at closing. I met him the week

1 before closing when he was doing the final walk-through.

2 That's the first and last time I ever met him.

3 Q. How do you say your father's name?

4 A. Rama-chandra.

5 Q. In the closing documents he's listed as, he or you, I'm  
6 not sure, is listed as Ramachandra Jay Reddy. Is Jay  
7 his middle name?

8 A. No. Can I see that?

9 Q. Sure. We'll mark it as an exhibit.

10 (Deposition Exhibit J was  
11 marked for Identification.)

12 BY MR. MILLER:

13 Q. This is the closing package of the Hickory Pointe  
14 property marked as Exhibit J. Let me make sure you're  
15 on the right page. See the tab that says Hickory  
16 property? That's the first page there. If you flip to  
17 the fourth page, Wall Mount Addendum. There it is.

18 A. I don't see the Jay.

19 Q. See under seller?

20 A. Yeah, Ramachandra Jay Reddy. Oh, the real estate agent  
21 put it in that way. That is all her.

22 Q. Whose signature appears there?

23 A. I had power of attorney so I signed it.

24 Q. That is your signature?

25 A. Right, and my initials next to it.



1 Q. Then your wife's signature below that?

2 A. Correct, because that's what they asked us to do. I did  
3 not prepare this paperwork, Real Estate One did.

4 Q. Have you seen it before?

5 A. I've seen it before but I'm not the author of it.

6 Q. The page right before that, where it says Ramachandra V.  
7 Reddy, that's your signature as well?

8 A. Yes, power of attorney, POA.

9 Q. Is your father's middle initial V?

10 A. Yes.

11 Q. That may have been where they confusion lied.

12 A. V stands for Vanam, V-a-n-a-m. That's the family name.

13 Q. So if you look at the form at the top it says 2017  
14 Substitute Form 1099 S, 1099 for a sales tax form.  
15 That's it. See the gross proceeds there? So this  
16 account or escrow number there, is that your father's  
17 account, is that the escrow account? Do you know whose  
18 account that is?

19 A. It's not mine. It might be Real Estate One or the  
20 closing company.

21 Q. Is that your signature there, though?

22 A. Yes. This is one of the papers that they gave us at  
23 closing. I'm not sure I understand all the legal  
24 significance of everything.

25 Q. So then the Kingston Drive property, that's the new one,

1 the sales price of that is \$327,000; is that right?

2 A. Yes. I thought it was 330. No, you're right. I think  
3 they took off a little bit because there was some things  
4 that needed to get fixed.

5 Q. That's in your wife's name?

6 A. Correct.

7 Q. And the purchase of that property, where did the money  
8 come from?

9 A. From my uncle.

10 Q. And is that just cash he had on hand or did he himself  
11 take out a loan to fund it?

12 A. I believe it's cash he had on hand, but I never asked  
13 him where he got the funds from.

14 Q. Obviously if he has \$300,000 to throw around --

15 A. (Interposing) My uncle is pretty wealthy. His net worth  
16 is a very large number, one I'll never see in my  
17 lifetime.

18 Q. I understand why you want to go work for him then. All  
19 these signatures are your wife's signature?

20 A. Yes.

21 Q. Do you know Joseph Fox and Jamie Fox outside of the  
22 previous owners and sellers of the property?

23 A. No. Until the day we moved in, I never met them.

24 Q. So your wife executed a promissory note to pay Mohan  
25 Thalmarla back for the 330 that was borrowed from him?

1 A. Correct, because she didn't want to get into another  
2 situation like she did with my father. Although, my  
3 uncle doesn't have the temper issues my father does.

4 Q. So that \$1,978.52, has that been paid starting in June  
5 2018?

6 A. She mailed the check on June 1st but he's in Africa so  
7 he hasn't deposited it, as far as we know.

8 Q. Is that check from the same Chase account?

9 A. Yes.

10 Q. And you plan on continuing to make those payments,  
11 you're going to make another one in July?

12 A. Yes. I expect on July 1st it will go out.

13 Q. And that's his signature there on that fourth page?

14 A. Yeah.

15 (Deposition Exhibit K was  
16 marked for Identification.)

17 BY MR. MILLER:

18 Q. Marked as Exhibit K is a promissory note as well as an  
19 insurance contract on the Kingston property we've been  
20 discussing. Have you seen this promissory note before?

21 A. Yes.

22 Q. The insurance on the property mentioned specific  
23 coverage. There's an itemization on the insurance held  
24 on that property. The coverage of the property for  
25 personal property and other structures is \$37,100 for

1 other structures and \$259,700.00 for the personal  
2 property?

3 A. Correct.

4 Q. Do you know what that covers?

5 A. Yeah. I think when I called GEICO to have them explain  
6 to me what all this means, they basically said if a  
7 typhoon completely wiped out your property what would it  
8 cost to restore everything? The outside structures  
9 include things like the deck, the driveway, the fencing  
10 around parts of the property, tool shed, foundation for  
11 a structure that's out there already, and possibly large  
12 trees and bushes. When she added that together, it's  
13 probably about this much. GEICO never came out and did  
14 an estimate. The other 239 odd thousand was if a  
15 typhoon wiped out the house and it had to be completely  
16 bulldozed away, what would it cost to replace it. It  
17 was estimated at about 239 odd thousand is what it would  
18 cost to recover all that.

19 Q. What I'm referring to is not the real property coverage.  
20 I understand the other structures. There's a personal  
21 property portion of it for 259 in addition to the real  
22 property and other structures.

23 A. I think you're mistaken. If we're paying for it, I  
24 think we should reverse that. There's nothing in the  
25 house that that's valuable.

1 Q. I may be mistaken.

2 A. If you add the two pieces together, it adds up pretty  
3 close to the cost of the house we paid for and you throw  
4 in the value of the real estate for location or  
5 whatever. If there's a gold mine, I'd love to know  
6 about it.

7 Q. Do you have any personal property insurance policies or  
8 does your wife?

9 A. I thought whatever GEICO covered. We did file a claim  
10 when we first moved in because one of the toilets on the  
11 first floor we flushed and apparently it didn't work  
12 right and it caused some significant damage on the first  
13 floor, so they reimbursed like \$2,000 or something, but  
14 there was no content damage. I can't think of what  
15 would be worth \$259,000 in my house.

16 Q. Sometimes in the case where there's jewelry in the home  
17 or any other expensive items they'll do a rider on it  
18 and do personal property coverage as well. To your  
19 knowledge, there's nothing covered under that GEICO  
20 insurance policy?

21 A. Other than my wedding ring and my wife's wedding ring,  
22 we don't have stuff like that.

23 Q. We're almost done, I promise.

24 A. Do you need to see my driver's license to confirm who I  
25 say I am?

1 Q. I think your testimony here today confirms.

2 A. Do you mind if I use the rest room?

3 Q. Go ahead.

4 (A brief recess was held during  
5 the deposition.)

6 BY MR. MILLER:

7 Q. The main reason you filed this case it seems is a  
8 judgment against you?

9 A. Yes.

10 Q. From Mr. Holmes?

11 A. Yes.

12 Q. In relation to a business that you sold him and he  
13 alleged was a fraudulent transaction?

14 A. Yes.

15 Q. Has he been making collection attempts against you?

16 A. In 2009 he won the judgment and I think in 2015 he tried  
17 to secure the judgment. Other than that, nothing.

18 Q. What do you mean secure the judgment?

19 A. I think there's paperwork after you go through  
20 arbitration that you have to tell the judge you won and  
21 you want to do whatever it is so you can secure the  
22 judgment so you can garnish bank accounts or garnish  
23 wages. But he finally started legal proceedings to  
24 secure the judgment, but whatever that procedure is he  
25 did that in 2015. I did try to oppose it because there

1 was a Michigan Supreme Court case that said you got one  
2 year to secure the judgment. Between my attorney and  
3 his attorney wrangling over it I lost that motion, but I  
4 never heard from him again after that point.

5 Q. So it went to arbitration?

6 A. Correct, in 2009.

7 Q. And the arbitrator decided --

8 A. (Interposing) It was a breach of contract.

9 Q. And you owed him \$200,000?

10 A. Right, but there was no fraud.

11 Q. So when you say secure the judgment, do you mean that to  
12 transform the arbitration result into a judgment?

13 A. Yes. I'm not really sure of the legal wording that's  
14 correct here, but I think that's what it is.

15 Q. Did you employ an attorney in this matter?

16 A. Yes. My attorney never showed up for the arbitration so  
17 I ended up defending myself.

18 Q. Did you pay the attorney?

19 A. I paid him in advance, which was my problem, and all he  
20 said was settle, settle, settle. I said I didn't do  
21 anything wrong, I refuse to settle when I've not done  
22 anything wrong. When the arbitration date came, he  
23 pretty much called me the day before and said I'm not  
24 going to be there but go ahead and do it anyway, you're  
25 smart, and if you need me you can call me.

1 I went through and prepared it as best  
2 I could. When I got there the arbitrator said it's fine  
3 that you want to do this and it's your choice but you're  
4 going up against a very experienced attorney so you're  
5 at a disadvantage. So I called my attorney and he said  
6 don't worry about it, you're fine, you got all the facts  
7 on your side. I apparently chose the wrong attorney  
8 because that was terrible legal advice.

9 Q. This attorney you're referring to, is that Michael  
10 Maddaloni?

11 A. Yes.

12 Q. How much did you pay him?

13 A. I think it was \$3,500, but it was so long ago, plus  
14 whatever it costs for depositions and whatever other  
15 court costs.

16 Q. What work did he do on the case?

17 A. My opinion? Nothing. I think I did most of the work  
18 myself because I would put together everything. I would  
19 say here's what I want to file a motion for, here's what  
20 our legal strategy should be and he said basically yeah,  
21 that's good. He was present for my deposition. He was  
22 not present when the other side wanted to do a  
23 creditor's exam and he wasn't present at all for the  
24 arbitration. I wrote the closing argument myself and I  
25 e-mailed it to him and he forwarded it to the



1 arbitrator, I'm not sure he read it, and the arbitrator  
2 sent back the decision. That's kind of where I'm at  
3 now. I should have delayed but Mr. Maddaloni told me it  
4 was okay.

5 The other attorney had me sign this  
6 form before we started arbitration saying I agree I was  
7 going to do it pro se hac. I had to sign a form saying  
8 I wouldn't use this as a reason to dismiss the judgment  
9 or the arbitrator's award. My attorney said go ahead  
10 and sign it, and here we are.

11 Q. When this happens you're living at the Hickory Pointe  
12 Drive house?

13 A. Yes.

14 Q. And were you still working at that time? Refresh my  
15 memory. Still working in 2010?

16 A. No. I think I was not working until -- it was a couple  
17 years later I think I went to Philadelphia. I guess I  
18 was working on this quite a bit of my time.

19 Q. Did they ever garnish your wages or your bank account?

20 A. No. There never was an attempt to and I didn't hide  
21 where I was banking. I didn't close any accounts. I'm  
22 sorry. I did have account with Fifth Third at the time  
23 but I closed that account because I was upset with their  
24 customer service because they were charging me every  
25 month a fee and my balance is so much more than what

1           you're telling me it has to be, but they kept charging  
2           me like ten dollars a month and I eventually closed that  
3           account but not because of any of this.

4       Q.     Have you been contacted by Mr. Holmes or his attorney,  
5           John Perrin, since then?

6       A.     No. I did include it with the bankruptcy filing in the  
7           sense I'm filing bankruptcy, so he knows.

8       Q.     Are you aware of the criminal allegation against Mr.  
9           Weinstein?

10      A.     Yeah. You mean from Florida?

11      Q.     Yes.

12      A.     Yes. I found out after this litigation was complete. I  
13           asked him about it and he said for the most part it was  
14           blown over and he had all the civil rights restored. He  
15           didn't get a pardon but -- basically everything he was  
16           doing at the time is now legal in Florida but at the  
17           time it was political. I looked into it and I confirmed  
18           it all.

19      Q.     And as of right now does he have any sort of  
20           investigation against him?

21      A.     Not criminally or anything else like that, no.

22      Q.     Your wife hired attorneys who filed an appearance in  
23           your bankruptcy case.

24      A.     I'm aware.

25      Q.     The attorneys are based out of New Jersey. I can't

1 recall the name at the moment.

2 A. Kasen, K-a-s-e-n.

3 Q. Have you spoken with them at all?

4 A. I've spoken with them.

5 Q. Are you a client of theirs?

6 A. No. He's made it clear I'm not a client of his and  
7 nothing we talk about is confidential.

8 Q. Has he asked you questions in relation with your  
9 bankruptcy case?

10 A. The reason my wife hired him at the time she hired him,  
11 at the time, it's sort of in flux now, but we were  
12 discussing getting a divorce at some point. We  
13 previously decided if we do we're going to wait until my  
14 daughter is finished with high school, she just finished  
15 her freshman year, because of her safety concerns and  
16 mental health issues. We don't want to add more stress  
17 than what's already going on, but she wanted to be sure  
18 she wouldn't be liable for my old business debts that  
19 she had nothing to do with. So she hired an attorney to  
20 represent her for that in that way.

21 Q. And what has been the nature of your conversations with  
22 them?

23 A. I just told them I'm filing. I didn't tell them I was  
24 going to come meet with you and do one of these meetings  
25 to answer questions. I asked them is it okay that we

1 get, like, various things from my wife like her tax  
2 returns. I asked her initially and she said go talk to  
3 the attorney, so I called him up and he said that's  
4 fine.

5 Q. The 2004 order is on the docket, they get electronic  
6 notice of that, so they are aware you are appearing, or  
7 they have notice you're appearing here today.

8 A. You said 2004? 2009.

9 Q. I'm sorry, 2004 is the bankruptcy rule under which  
10 you're appearing for examination. It's a legal term of  
11 art, Bankruptcy Rule 2004 Examination. That's what I  
12 was referring to.

13 A. Got you.

14 Q. The attorneys that she employed, is there a reason she  
15 went to New Jersey to employ bankruptcy attorneys as  
16 opposed to finding a local attorney?

17 A. My understanding is she spoke with David because we're  
18 all friends and he said he used a bankruptcy attorney  
19 way back when and his name is David Kasen, here's his  
20 number, and I think that's how she found him.

21 Q. Do you know if Mr. Weinstein is a client of theirs  
22 currently?

23 A. He's not. He filed bankruptcy in 2000.

24 Q. Probably in Florida?

25 A. Yes.

1 Q. Other than the Chase Bank account statements that are in  
2 your wife's name from March 1, 2016 to current, that  
3 concludes my questioning. I may have questions about  
4 those statements. So at this time I will hold the  
5 examination open until I have time to receive those  
6 documents and review them, if you can get them to me in  
7 the next two weeks. I'm trying to think of my schedule,  
8 but I think within two weeks of reviewing them I should  
9 be -- that should conclude the examination as far as  
10 today goes. There may be other questions I have for you  
11 in general, but at this time that concludes the  
12 examination.

13 (The Examination was concluded  
14 at 3:55 p.m.)  
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25

1 STATE OF MICHIGAN)

2 COUNTY OF OAKLAND)

3 I, Glenn G. Miller, Notary Public  
4 within and for the County of Oakland, State of Michigan,  
5 do hereby certify that the witness whose attached  
6 examination was taken before me in the above-entitled  
7 matter was by me duly sworn at the aforementioned time  
8 and place; that the testimony given by said witness was  
9 stenographically recorded in the presence of said  
10 witness and afterwards transcribed by computer under my  
11 personal supervision, and that the said deposition is a  
12 full, true and correct transcript of the testimony given  
13 by the witness.

14 I further certify that I am not connected  
15 by blood or marriage with any of the parties or their  
16 attorneys, and that I am not an employee of either of  
17 them, nor financially interested in the action.

18 IN WITNESS WHEREOF, I have hereunto set  
19 my hand at the City of Pontiac, County of Oakland, this  
20 day of , 2018.

21  
22  \_\_\_\_\_

23 Glenn G. Miller

24 Notary Public, Oakland County, MI

25 My Commission expires 8-27-18

**CERTIFICATE OF SERVICE**

I, Jay Freedman, declare under penalty of perjury under the law of the State of Nevada that the following is true and correct. I served the attached **FIRST AMENDED COMPLAINT** in the following manner:

Through the Court's electronic service system on August 31, 2019.

Dated this 31st day of August, 2019

/s/ Jay Freedman  
Jay Freedman