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9 UNITED STATES DISTRICT COURT
 10 CENTRAL DISTRICT OF CALIFORNIA
 11 SOUTHERN DIVISION

12 SECURITIES AND EXCHANGE
 13 COMMISSION,

14 Plaintiff,

15 v.

16 MEDICAL CAPITAL HOLDINGS,
 17 INC.; MEDICAL CAPITAL
 CORPORATION; MEDICAL
 PROVIDER FUNDING
 CORPORATION VI; SIDNEY M.
 18 FIELD; and JOSEPH J.
 LAMPARIELLO,

19 Defendants.
 20

Case No. SA CV09-0818 DOC (RNBx)

AMENDED 10 DAY REPORT AND
 ACCOUNTING OF RECEIVER
 THOMAS A. SEAMAN

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1 **I. INTRODUCTION**

2 Thomas A. Seaman, Court-appointed receiver ("Receiver") of Medical
3 Capital Holdings, Inc. ("MCH"), Medical Capital Corporation ("MCC"), Medical
4 Provider Funding Corporation VI ("MP VI"), and their subsidiaries and affiliates
5 (collectively, the "Receivership Entities"), submits this 10 Day Report (the
6 "Report") pursuant to Paragraph VII(E) of the Temporary Restraining Order and
7 Orders: (1) Freezing Assets; (2) Appointing a Temporary Receiver; (3) Prohibiting
8 the Destruction of Documents; and (4) Requiring Accountings; and Order to Show
9 Cause Re: Preliminary Injunction and Appointment of a Permanent Receiver entered
10 on August 3, 2009 ("TRO"). This Report provides the Court and all interested
11 parties with the status of the Receiver's activities and preliminary findings to date.
12 The Receiver and his counsel have met with many people and reviewed countless
13 documents and records over the 10-day period. **The volume of material and**
14 **information acquired, the shortness of time, the complexity of the matters**
15 **analyzed and the need for additional information, verification and analysis**
16 **requires that this Report be considered preliminary; the Receiver may need to**
17 **materially modify its contents after further review and analysis.** The Court will
18 note that the amount of hard accounting data in the Report is limited. Based on his
19 preliminary investigation, the Receiver determined that much of the company's
20 financial documentation was unreliable, forcing the Receiver to review source
21 documents such as cash reports and bank documents to find accurate information.
22 Given these limitations, the large volume of transactions, the numerous
23 intercompany transactions, the misapplication of collections between MPs, and the
24 short time period for preparation of this Report, the Receiver was unable to generate
25 complete financial statements. The Receiver anticipates that the preparation of a
26 more complete accounting will require significant additional time.

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1 **II. PROCEDURAL BACKGROUND**

2 On July 16, 2009, the Securities and Exchange Commission ("Commission")
3 commenced an enforcement action against MCH, MCC, MP VI, Sidney M. Field
4 and Joseph J. Lampariello ("Defendants"), alleging various violations of securities
5 laws. On the same day, the Commission filed an Ex Parte Application for
6 Temporary Restraining Order and Orders: (1) Freezing Assets; (2) Appointing a
7 Temporary Receiver; (3) Prohibiting the Destruction of Documents; (4) Granting
8 Expedited Discovery, and (5) Requiring Accountings; and Order to Show Cause Re:
9 Preliminary Injunction and Appointment of a Permanent Receiver.

10 On July 20, 2009 (the "Original Appointment Date"), the Court entered a
11 Temporary Restraining Order and Orders: (1) Freezing Assets; (2) Appointing a
12 Temporary Receiver; (3) Prohibiting the Destruction of Documents; and (4)
13 Requiring Accountings; and Order to Show Cause Re: Preliminary Injunction and
14 Appointment of a Permanent Receiver (the "Original Order"), appointing Thomas
15 A. Seaman as temporary receiver for the Receivership Entities. On July 21, 2009, at
16 the request of the Defendants, the Court vacated the Original Order and ordered the
17 submission of additional briefing and evidence by the parties to the action.

18 On August 3, 2009 (the "Appointment Date"), the Court entered the TRO,
19 again appointing Thomas A. Seaman as temporary receiver for the Receivership
20 Entities. Pursuant to Paragraph VII of the TRO, the Receiver is required to
21 undertake certain tasks, including:

22 C. to conduct such investigation and discovery as may
23 be necessary to locate and account for all of the assets . . . ,

24 D. to take such action as is necessary and appropriate
25 to preserve and take control of and to prevent the
26 dissipation, concealment or disposition of any assets . . . ,

27 E. to make an accounting, . . . of the assets and
28 financial condition . . . ;

29 G. to employ attorneys and others to investigate and,
30 where appropriate, to institute, pursue and prosecute all
31 claims and causes of action of whatever kind and
32 nature

1 **III. SUMMARY OF RECEIVER'S ACTIVITIES TO DATE**

2 Pursuant to the authority granted to him under Paragraph VII(G) of the TRO,
3 the Receiver has engaged Allen Matkins Leck Gamble Mallory & Natsis LLP
4 ("Allen Matkins") as his general counsel, and LECG, LLC as forensic computer and
5 data preservation specialists. The Receiver's forensic accounting work is being
6 performed by the Receiver and his staff at Thomas Seaman Company. Allen
7 Matkins, LECG and the staff at Thomas Seaman Company have assisted the
8 Receiver in various capacities in all aspects of his preliminary investigation.

9 **A. The Vacated TRO**

10 On July 20, 2009, upon receiving notice that the Court had entered the
11 Original Order, the Receiver went to the MCC offices in Tustin and secured the
12 premises by having the locks changed. The Original Order was entered in the
13 afternoon on July 20th. When the Receiver arrived at the MCC premises, most
14 employees had gone home for the day. The Receiver gave a copy of the Original
15 Order to all employees who were present, inspected the building, and met with Mr.
16 Lampariello and Mr. Fazio.

17 In the meantime, the Court entered a minute order granting the Defendants'
18 request for additional time to respond to the Commission's Ex Parte Application.
19 The Receiver's counsel promptly called the Court for clarification regarding the two
20 orders and left a voicemail message.

21 The following morning, the Receiver, his counsel and his forensic computer
22 specialists from LECG arrived at the MCC premises at approximately 7:00 a.m.
23 The Receiver provided a copy of the Original Order to all employees as they
24 arrived. The employees were advised that MCC and its affiliated companies had
25 temporarily been put under the sole management and control of the Receiver.
26 Employees were asked to remain in a large conference room and to not return to
27 their desks unless accompanied by the Receiver or his assistants.
28

1 LECG immediately began work to preserve the electronic data located on the
2 company servers and hard drives. With the assistance of counsel, the Receiver
3 conducted interviews of MCC's employees. Shortly before 11:00 a.m., the Receiver
4 received notice that the Original Order had been vacated by the Court. He
5 immediately called a meeting of all MCC employees and advised them that his
6 appointment had been vacated and that they could return to work as they normally
7 would. The Receiver promptly turned over the keys to Mr. Fazio and left the
8 building. The subsequent interaction outside the building between the Receiver's
9 counsel and Mr. Fazio is described in the Declaration of David R. Zaro filed on July
10 28, 2009.

11 **B. The Existing TRO**

12 On August 3, 2009, upon receiving notice that the TRO had been entered, the
13 Receiver travelled to the MCC premises in Tustin, secured the premises and called a
14 meeting of all MCC employees. The Receiver advised the employees that unless
15 they were called by him or his representatives and asked to come back in to work,
16 their employment with MCC was terminated effective immediately. The employees
17 informed the Receiver that no one had been paid the July 31 payroll and certain
18 employees' July 15 payroll had also not been paid. In addition, the Receiver is
19 informed that the health insurance premium had not been paid and was therefore
20 cancelled as of July 31, 2009.

21 LECG immediately resumed their electronic data preservation work which
22 consists of making an unalterable forensically sound image of all digital
23 information. The Receiver asked a few employees to return to the MCC offices and
24 assist the Receiver and his staff in locating key documents and financial data, and in
25 notifying interested parties of the TRO. From that point forward, the Receiver and
26 his counsel have taken the following initial steps to investigate and secure the assets
27 of the Receivership Entities, enforce and implement the TRO, preserve the value of
28 the Receivership Entities, and prepare this initial report to the Court:

1 1) Provide notice of the TRO, including the Receiver's appointment and the
2 stay of all creditor actions against the Receivership Entities, to as many as interested
3 parties as possible, including employees (of MCC and affiliated companies), outside
4 counsel and accountants, banks and other financial institutions, the trustees for the
5 MP funds, noteholders, healthcare provider clients, insurance companies with
6 accounts payable to the Receivership Entities, parties in pending litigation or
7 transactions with the Receivership Entities, broker-dealers and brokers that sold MP
8 notes, companies in which the Receivership Entities have equity investments and/or
9 to whom the Receivership Entities have made loans, lenders with security interests
10 in receivership assets and other creditors.

11 2) Interview former MCC employees and counsel (Mr. Fazio and various
12 outside counsel) regarding the operations and assets of the Receivership Entities,
13 pending litigation and transactions, and the flow of funds into and out of the
14 companies.

15 3) Locate and review company documents pertaining to key non-receivable
16 assets, pending litigation and various transactions.

17 4) Advise insurance companies and healthcare providers regarding the
18 possible diversion by healthcare providers of medical receivable payments owed to
19 the MP funds in breach of relevant receivable purchase agreements and in violation
20 of the TRO.

21 5) Establish a website at www.medicalcapitalreceivership.com with
22 information about the case and the receivership for interested parties, including the
23 Commission's complaint, the TRO and the Court's August 3, 2009 minute order.

24 **IV. FACTUAL BACKGROUND**

25 The following reflects the Receiver's report on the corporate structure,
26 enterprise and operations of the Receivership Entities based on interviews,
27 document review and observations. As with other aspects of this Report, the
28

1 information in this section is preliminary and subject to modification by the
2 Receiver as his investigation continues.

3 **A. Operations Overview/Corporate Structure**

4 The Receivership Entities were in the business of purchasing healthcare
5 accounts receivable at a discount from healthcare providers, making other loans and
6 investments, and managing the collection of such receivables/loans/investments.
7 The Receivership Entities' activities were managed through its chief operating
8 company, MCC, a wholly owned subsidiary of MCH.

9 The funds used to make investments were raised through the sale of
10 promissory notes to investors from Special Purpose Corporations ("SPC's").
11 Defendant MP VI is one such SPC.¹ The notes are sold as private placements, and
12 potential investors receive a Private Placement Memorandum ("PPM") describing
13 the terms of the notes, the nature of, and limitations on, the loans and investments
14 that will be made with the proceeds, and the policies and procedures for the payment
15 of fees to the trustees of the MP's (who hold the funds from noteholders until they
16 are used to make investments, and who release funds to the MP's for the purpose of
17 making payments of interest and principal to noteholders)² to MCC, and to MTS
18 (defined *infra*). MCC was the Administrator for each MP pursuant to an
19 Administrative Services Agreement. MTS was the Servicer for each MP pursuant to
20 a Master Service Agreement. As Administrator and Servicer, MCC and MTS

21
22 ¹ MP VI is the last in a series of SPC's comprised of Medical Provider Financial
23 Corporation I ("MP I"), Medical Provider Financial Corporation II ("MP II"),
24 Medical Provider Financial Corporation III ("MP III", which is divided into
25 Series 1 ("MP III.1") and Series 2 ("MP III.2")), Medical Provider Financial
26 Corporation IV ("MP IV", which is divided into Series 1 ("MP IV.1") and Series
27 2 ("MP IV.2")), and Medical Provider Financial Corporation V ("MP V")
28 Collectively, the MP entities are referred to herein as the "MP's" or the "MP
Series". Prior to the MP series, MCH had created similar SPC's through which it
conducted similar note offerings and receivable factoring operations. These
earlier SPC's include a series under the name Carlmont Capital. Each of the
SPC's are wholly owned subsidiaries of MCH.
² In the case of MP I, II, IV and VI, the trustee is Bank of New York Mellon
("BNYM"). In the case of MP III and V, the trustee is Wells Fargo Bank
("WFB").

1 essentially performed all functions of the MP's, including (a) negotiating, executing
2 and issuing promissory notes, (b) identifying and evaluating potential receivable
3 purchase transactions, loans and other investments, (c) producing reports and
4 statements to the trustees required for the release of monies for the funding of
5 receivable purchases, loans and other investments, (d) handling healthcare provider
6 and noteholder relations, (e) processing receivable payments and other loan and
7 investment payments through lockbox accounts to the trustee, and (f) providing
8 periodic reports to the trustee. Indeed, the MP's had no employees or offices of their
9 own, and therefore relied entirely on MCC, and to a lesser degree MTS, to perform
10 all functions.

11 As envisioned, the operation of each MP was governed by, among other
12 contracts, a Note Issuance and Security Agreement (the "Security Agreement")
13 between the MP and the trustee. Pursuant to the Security Agreements and
14 Administrative Services Agreements, MCC could request payment of an
15 Administrative Fee which was based on a written certification by the MP (prepared
16 by MCC as Administrator) to the trustee of the pertinent MP fund. The certification
17 was to include the calculation of the Net Collateral Coverage Ratio, which was
18 apparently derived by adding together the value of all cash, eligible receivables and
19 collateral, then dividing that number by the amounts payable under the Security
20 Agreement and Notes issued thereunder (principal due at maturity and interest then
21 due to noteholders, trustee/lockbox/servicing costs). It is important to note that in
22 valuing collateral, accounts receivable are only "eligible" to be included if they were
23 purchased by the MP within 180 days of the date the claim was submitted to the
24 payor. Additionally, loans made by the MP's must be valued using the *lesser* of the
25 principal and interest due from the borrower or the value of the property securing
26 them. If the Net Collateral Coverage Ratio was greater than 100% (i.e. the stated
27 value of the assets exceeded the current liabilities), MCC appears to have taken the
28 position that it could request an Administrative Fee in an amount up to the entire

1 balance in the account above and beyond that necessary to maintain the 100% ratio
 2 (although it is not clear that this was done).

3 According to its agreements and disclosures, the MP (through MCC as
 4 administrator) was to have all real and personal property securing loans and
 5 investments appraised at least once a year by an independent appraiser. The MP
 6 was to then certify each year that the required valuations had been completed. Each
 7 certification of the Net Collateral Coverage Ratio was to be based on the most recent
 8 valuations. Thus, MCC was only entitled to an Administrative Fee if, based on
 9 recent independent valuations, the Net Collateral Coverage Ratio was at least 100%.

10 MCC was very successful in attracting investors, apparently raising over
 11 \$1.7 billion from investors in the MP series. In more recent years, however, MCC
 12 appears to have strayed from its core competency of purchasing and collecting
 13 medical receivables, and began using investor funds to make direct loans to
 14 healthcare providers. As time went on, MCC used a significant percentage of
 15 investor funds to make investments unrelated to the healthcare industry, including
 16 real estate, advertising, mobile phone technology, and even a feature film.

17 MCC has collected Administrative Fees in the amount of \$324.549 million
 18 from the MP's. A summary of Administrative Fees by MP follows (\$000):

19	MPFC I	91,030
20	MPFC II	55,659
21	MPFC III	48,650
22	MPFC IV	56,565
23	MPFC V	48,030
24	MPFC VI	24,615
25	Total	324,549

26 Attached hereto as Exhibit "1" is a breakdown of the Administrative Fees by year.

27 Beginning in August 2008 and continuing through the present, MP II through
 28 VI defaulted on their obligations to make payments of interest and/or principal to

1 noteholders. The financial condition of each of the MP's, and the collateral securing
 2 obligations to noteholders, is addressed in more detail in section IV.B. below.

3 Generally, based on the Receiver's preliminary investigation to date, it
 4 appears that the defaults were the result of a number of factors, including but not
 5 limited to, certain non-accounts receivable loans and investments that are in default
 6 and/or have generated little or no returns; interfund transfers of accounts receivable
 7 at prices that appear to be inflated; failure to foreclose on collateral or exercise other
 8 rights under governing agreements; and the apparent diversion by healthcare
 9 provider clients of payments on receivables purchased by the MPs. As a result, it
 10 appears that noteholders will almost certainly suffer significant losses on their
 11 investments.

12 **B. Current Financial Condition of the MP's**

13 The flow of funds into the Receivership Entities from the collection of
 14 accounts receivable has slowed to a trickle. As of June 30, 2009, MCC reported
 15 collateral securing obligations to noteholders with an aggregate value of over
 16 \$1.1 billion, but in July 2009 collected only approximately \$317,000. MP VI
 17 collected only approximately \$282,000 from collateral with a stated aggregate value
 18 of nearly \$80 million. The following table provides the June and July monthly
 19 collections by MP in comparison to the stated value of the collateral.

Entity	JUNE	JULY	6/30/09 Collateral Report
MP I	5,000	-	-
MP II	1,000	-	122,441,000
MP III	115,000	17,000	153,141,000
MP IV	15,000	5,000	425,180,000
MP V			

1		11,000	13,000	407,032,000
2	MP VI	365,000	282,000	79,531,000
3				
4	<u>TOTAL</u>	<u>512,000</u>	<u>317,000</u>	<u>1,187,325,000</u>

5 The Receiver found the existing financial records of the Receivership Entities
6 to be generally unreliable based on, among other things, the failure to comply with
7 GAAP accounting rules. Additionally, it appears that the accountants were in some
8 cases given specific instructions as to how to account for various matters, which
9 calls into question the resulting figures. The Receiver is in the process of generating
10 independent financial records on a cash basis for each entity.

11 1. MP I

12 MP I received total funds from investors in the amount of approximately \$254
13 million. In return, the investors received principal in the amount of \$254 million
14 and interest in the amount of \$49.054 million. MCC was paid administrative fees of
15 approximately \$91 million or more than one-third of the amount raised from
16 investors.

17 MCC and trustee records indicate that approximately \$375,000 remains due
18 and owing to investors, however, all of the assets of MP I have been liquidated and
19 distributed.

20 2. MP II

21 MP II received total funds from investors in the amount of approximately
22 \$251 million. In return, the investors received principal in the amount of \$162.7
23 million and interest in the amount of \$87.6 million. MCC was paid administrative
24 fees of approximately \$55.6 million.

25 As of June 30, 2009, reports by MCC indicate that the outstanding balance
26 payable on issued notes was approximately \$88 million, and that the value of the
27 cash and collateral securing such obligation was approximately \$122 million.
28 However, based on the Receiver's investigation to date, it appears that MCC's stated

1 valuation of the collateral is unreliable. For example, MCC's report values the
2 collateral identified as "SMB King – Acquisition Note" at \$30 million, but the
3 facility in question is now the subject of a proposed sale at a proposed purchase
4 price of \$14.4 million (see section IV.C.12).

5 **3. MP III**

6 MP III, which is divided in to two series, received total funds from investors
7 in the amount of approximately \$354 million. In return, the investors received
8 principal in the amount of \$244.6 million and interest in the amount of \$43.639
9 million. MCC was paid administrative fees of approximately \$48.6 million.

10 As of June 30, 2009, reports by MCC indicate that the outstanding balance
11 payable on issued notes was approximately \$109 million, and that the value of the
12 cash and collateral securing such obligation was approximately \$153 million.
13 However, based on the Receiver's investigation to date, it appears that MCC's stated
14 valuation of the collateral is unreliable. For example, MCC's report values the
15 collateral identified as "Trace Life Science, Inc." at \$30 million, but the facility in
16 question is not operating, is unable to pay its bills, and appears to have made interest
17 payments on the pertinent loan by using an MP III line of credit (see section V.D).

18 **4. MP IV**

19 MP IV, which is divided into two series, received total funds from investors
20 in the amount of approximately \$407 million. In return, the investors received
21 principal in the amount of \$6.416 million and interest in the amount of \$58 million.
22 MCC was paid administrative fees of approximately \$56.6 million.

23 As of June 30, 2009, reports by MCC indicate that the outstanding balance
24 payable on issued notes was approximately \$401 million, and that the value of the
25 cash and collateral securing such obligation was approximately \$425 million.
26 However, based on the Receiver's investigation to date, it appears that MCC's stated
27 valuation of the collateral is unreliable. For example, MCC's report values the
28 collateral related to the Legacy Medical Center in Georgia at \$40 million, but the

1 facility in question has been foreclosed and is not currently operating (see section
2 IV.C.8).

3 **5. MP V**

4 MP V received total funds from investors in the amount of approximately
5 \$403 million. In return, the investors received principal in the amount of \$2.32
6 million and interest in the amount of \$41.063 million. MCC was paid
7 administrative fees of approximately \$48 million.

8 As of June 30, 2009, reports by MCC indicate that the outstanding balance
9 payable on issued notes was approximately \$401 million, and that the value of the
10 cash and collateral securing such obligation was approximately \$407 million.
11 However, based on the Receiver's investigation to date, it appears that MCC's stated
12 valuation of the collateral is unreliable. For example, approximately \$20 million in
13 medical accounts receivable relate to the Georgia facility referenced above that was
14 foreclosed and shut down.

15 **6. MP VI**

16 MP VI received total funds from investors in the amount of approximately
17 \$75 million. In return, the investors received principal in the amount of \$.914
18 million and interest in the amount of \$3.688 million. Of the amount raised by
19 investors, \$9.326 million was used to purchase new accounts receivable and make
20 other investments, and \$41.715 million was used to purchase assets from prior MP's.
21 MCC was paid administrative fees of approximately \$24.6 million, approximately
22 one-third of the amount raised from investors.

23 As of June 30, 2009, reports by MCC indicate that the outstanding balance
24 payable on issued notes was approximately \$74 million, and that the value of the
25 cash and collateral securing such obligation was approximately \$80 million.
26 However, based on the Receiver's investigation to date, it appears that MCC's stated
27 valuation of the collateral is unreliable. For example, millions of dollars of listed
28

1 medical receivables appear to be old, uncollectible receivables that have been
2 systematically sold from MP to MP (see section V.B).

3 **C. Investment/Operating Entities**

4 As referenced above, MCC was the chief operating company for the Medical
5 Capital entities. It appears that in addition to the MP's, MCH and/or MCC hold
6 interests in a number of other entities, either as operating subsidiaries or as entities
7 formed to hold title to collateral on which one or more of the MP's foreclosed.

8 **1. Medical Capital Corporation**

9 MCC is a wholly owned subsidiary of MCH. The directors of MCC are
10 Defendants Sidney Field and Joseph Lampariello, as well as Lawrence J. Edwards.
11 Mr. Field also serves as MCC's Chief Executive Officer. Mr. Lampariello also
12 serves as MCC's President and Chief Operating Officer. Other key employees of
13 MCC included Alan Meister (Treasurer and Chief Financial Officer), Thomas Fazio
14 (General Counsel). MCC's operations are discussed above. MCC's primary source
15 of revenue was the Administrative Fees paid through various SPC's.

16 **2. Medical Tracking Services, Inc.**

17 Medical Tracking Services, Inc. ("MTS") is a wholly owned subsidiary of
18 MCH. MTS is a Nevada Corporation. The President is Juan Roncal and as of the
19 Appointment Date it had approximately 6 employees. MTS provided data entry of
20 receivables and receivable payments for the MP's. When the MP's received batches
21 of receivables under receivable purchase agreements, claim information was directly
22 uploaded from the provider to MTS which audited the information for errors,
23 duplication, etc., and input the data into customized tracking software. As
24 receivable payments came in from insurance companies, MTS would enter data on
25 the payments into the tracking program. MTS would then generate and provide
26 reports to MCC and the MP's on receivable collections.

27 Given the lack of funding for operations and the low volume of receivable
28 collections, the Receiver has terminated the employees of MTS. To the extent there

1 is an ongoing need for the services previously provided by MTS, the Receiver
2 intends to employ selected former employees of MCC to perform those services.

3 **3. National Health Benefits Corporation**

4 National Health Benefits Corporation ("NHBC") is a Nevada Corporation
5 whose principal place of business is in Scottsdale, Arizona. It is a wholly owned
6 subsidiary of MCH. The President of NHBC is John Morris, and the company
7 currently has 32 employees. NHBC contracts with companies that are self-insured
8 and assists such companies in identifying an appropriate Preferred Provider
9 Organization (PPO) and in administering claims. NHBC's revenues come from
10 access fees paid by its clients, which entitle the clients to use NHBC's database of
11 PPO information, and from fees based on claims cost savings achieved by NHBC.

12 NHBC has been in existence since 2001 and has apparently operated at a loss
13 each year. The Receiver understands that MCH and/or MCC has provided a line of
14 credit to NHBC, a significant portion of which has been used to develop the
15 database of PPO information. It appears that MCC has directly withdrawn
16 approximately \$700,000 from NHBC revenues in the last two months.

17 In addition, NHBC recently had judgment entered against it in an action
18 pending in the U.S. District Court for the Northern District of Georgia in an amount
19 of approximately \$2.7 million. In a recent interview, Mr. Morris informed the
20 Receiver that the company needs capital, but based on anticipated reductions in
21 costs and expected revenues, the company expects to operate at a profit in the near
22 future.

23 Given the potential value of the tangible and intangible assets of NHBC as an
24 operating company, including the database of PPO information and relationships
25 with insurers, the Receiver has elected to maintain NHBC's operations for the time
26 being, subject to further review and analysis.

27
28

1 4. **Healthcare Financial Management & Acquisitions, Inc.**

2 Healthcare Financial Management & Acquisitions, Inc. ("HFMA") is a
3 Nevada corporation whose principal place of business was in New York, New York.
4 The President of HFMA is Gary Urbanowicz and as of the Appointment Date the
5 company had approximately 5 employees, including Mr. Urbanowicz. Through its
6 subsidiaries, which include both wholly owned and partially owned entities, HFMA
7 provided billing and collections services for healthcare providers.

8 The Receiver has discussed the operations and financial condition of HFMA
9 with Mr. Urbanowicz. HFMA was unable to pay rent due under its office lease, and
10 therefore was forced to vacate its office space on May 31, 2009. Mr. Urbanowicz
11 and four employees were working out of their homes after that date. All work
12 ceased as of about July 31, 2009. The Receiver has suspended operations of HFMA
13 and terminated its employees. Any remaining business of HFMA will be handled
14 and wound up by the Receiver and his staff. HFMA operated through the following
15 subsidiaries:

16 (a) **Integrative Healthcare Solutions, LLC**

17 Integrative Healthcare Solutions, LLC ("IHS") is a Nevada limited liability
18 corporation that is a wholly owned subsidiary of HFMA. IHS, in turn, owns 80% of
19 Integrated Medical MSO, LLC, a Connecticut limited liability corporation
20 ("IMMSO"), the other 20% of which is owned by Michael Gerstenfeld, M.D. It is
21 believed that IMMSO was formed to manage billing and collections for
22 Dr. Gerstenfeld's medical practice, and that IMMSO is now bankrupt.

23 As of June 30, 2009 MCC listed as collateral for MP IV.1 a receivable owed
24 by IHS in the amount of approximately \$616,000, and listed as collateral for
25 MP IV.2 a receivable owed by IMMSO in the amount of approximately \$1.7
26 million. These figures are subject to further investigation and verification by the
27 Receiver.

28

1 (b) **Integrative Medical Management, LLC**

2 Integrative Medical Management, LLC ("IMM") is a Nevada limited liability
3 corporation whose owners are HFMA (51%) and Bioquest International, Inc. (49%).
4 IMM owns 100% of the stock of Integrative Medical Centers of America,
5 Virginia LLC, and Integrative Medical Centers of America, New York, Inc. It is
6 believed that these two entities managed separate medical practices in Virginia and
7 New York, respectively. According to Mr. Fazio, IMM obtained a judgment in
8 Virginia against a prior physician relating to the New York practice, and counsel is
9 pursuing collection of that judgment. This information is subject to further
10 investigation and verification by the Receiver.

11 As of June 30, 2009 MCC listed as collateral for MP V a receivable owed by
12 IMM in the amount of approximately \$2 million, which is subject to further
13 investigation and verification by the Receiver.

14 5. **The Perfect Game, LLC**

15 The Perfect Game, LLC ("TPG") is a Nevada limited liability corporation
16 whose primary asset is the rights to a film entitled The Perfect Game. MP IV
17 appears to own a percentage of TPG, the exact amount of which has not yet been
18 ascertained by the Receiver. The Receiver understands, however, that MCH
19 controls a majority of the voting shares. TPG formed High Road Entertainment
20 Group, LLC ("High Road") to produce the film. MP IV owns a controlling interest
21 in High Road.

22 Company records indicate that more than \$20 million was invested in or
23 loaned to this venture. The film is apparently completed, but additional capital is
24 needed for printing and advertising. The Receiver and his counsel have met with
25 the producers from High Road and have had preliminary discussions with a
26 contemplated investor.

27 According to Mr. Fazio, an entity named TPG Soundtrack, LLC, which
28 appears to be owned by MCC (80%) and TPG (20%), owns the rights to the

1 soundtrack album for the film. One or two original songs on the soundtrack are
2 owned by TPG Publishing, LLC, a wholly owned subsidiary of TPG Soundtrack,
3 LLC. The Receiver is investigating the potential value of the rights owned by these
4 entities.

5 As of June 30, 2009, MCC listed as collateral for MP IV.1 a "Non AR
6 Purchase" owed by "TPG-LSA" in the amount of approximately \$16 million, and
7 listed as collateral for MP IV.2 a "Non AR Purchase" owed by "TPG" in the amount
8 of approximately \$8 million. These figures and the identification of the specific
9 entities that owe such amounts are subject to further investigation and verification
10 by the Receiver.

11 **6. Vivavision, Inc.**

12 Vivavision, Inc. ("VVI") is a California corporation whose primary business
13 is marketing content for mobile phone applications. According to Mr. Fazio, the
14 initial content being marketed by VVI was a live video feed of a hamster in a cage.
15 VVI is apparently developing additional content. It appears that MCH or MP III.2
16 purchased stock in VVI over time, beginning in November of 2005, and that MCH
17 or MP III.2 now owns 99.4% of the company. VVI was also provided with a line of
18 credit. As of June 30, 2009 MCC listed as collateral for MP III.2 a "Non AR
19 Purchase" owed by "Vivavision" in the amount of approximately \$6.9 million. It
20 appears Vivavision is in default on its line of credit, and no efforts have been made
21 by MCC to date to execute on any collateral. Mr. Fazio stated that this account was
22 handled personally by Mr. Lampariello and that Mr. Fazio was not permitted to
23 undertake collection activities.

24 It appears that either VVI or MCH pledged a \$150,000 Certificate of Deposit
25 as collateral for an Irrevocable Letter of Credit to VVI's former landlord, and that
26 VVI defaulted on the lease. The Receiver is investigating whether it can obtain a
27 release of the CD from the bank.
28

1 7. Single Touch Interactive, Inc.

2 Single Touch Interactive, Inc. ("STI") is a Nevada corporation whose primary
3 business is providing mobile phone applications such as "shortcut" dialing and
4 ringtones. It appears that loans were made to STI and its former majority
5 shareholder Anthony Macaluso that were secured by 25 million shares of STI.
6 According to Mr. Fazio, this account was handled personally by Mr. Lampariello
7 and that after loan defaults occurred there was a consensual foreclosure on the STI
8 shares. There is conflicting information in the MCC documents as to the percentage
9 ownership interest in STI held by MCC affiliates. As of June 30, 2009, MCC listed
10 as collateral for MP IV.1 under "All Other Receivables, Supporting Receivables" an
11 amount owed by STI of approximately \$5.4 million, and listed a "Non AR
12 Purchase" owed by Mr. Macaluso in the amount of approximately \$10.5 million.

13 The Receiver is investigating the ownership interests in STI held by any
14 MCC affiliate and the value of such interests.

15 8. Georgia Medical Provider Financial Corporation

16 According to Mr. Fazio, Georgia Medical Provider Financial Corporation
17 ("GMPF") is a Georgia corporation and a wholly owned subsidiary of MP IV.
18 Originally, loans were made to Southwest Doctors Group, LLC that were secured by
19 an Atlanta hospital named Legacy Medical Center. When the borrower defaulted on
20 the loans, the property was foreclosed. However, under Georgia law, a separate
21 medical provider entity was required to own an operating hospital, and GMPF was
22 formed to hold title to the property and comply with Georgia law. There have been
23 discussions with third parties concerning the potential purchase of the hospital, but
24 no offers to purchase have been made to date. The hospital is not currently
25 operating.

26 As of June 30, 2009, MCC listed as collateral for MP IV.1 a "Non AR
27 Purchase" in the name of "Legacy/Southwest Doctors Group, LLC" in the amount of
28

1 approximately \$21 million. The Receiver has not discovered any appraisals of this
2 collateral in the files of MCC.

3 **9. Gulf Pines Hospital, Inc.**

4 This interest originated as a loan to Gulf Pines Hospital, Inc. ("GPH") which
5 was secured by a stock pledge from the owner of the company. GPH owned a
6 hospital building and the land on which it was built in Florida. The land had been
7 given to GPH by the city, but the grant of the land contained a clause reverting
8 ownership to the city if the property is ever used as anything other than a hospital.
9 The borrower defaulted on the loan and MCC foreclosed on the stock. According to
10 Mr. Fazio, GPH is now in bankruptcy.

11 As of June 30, 2009, MCC listed as collateral for MP II a "Non AR Purchase"
12 in the name of "Gulf Pines Hospital/Real Estate" in the amount of approximately
13 \$6.6 million. The Receiver has not discovered any appraisals of this collateral in the
14 files of MCC.

15 **10. Corporate Impressions, LLC**

16 Corporate Impressions, LLC ("CI") is a Delaware limited liability
17 corporation and a wholly owned subsidiary of MCH. The primary purpose of CI is
18 to hold title to, and maintain, a 118 foot yacht named the Home Stretch, which is
19 moored in Newport Beach, California. CI periodically employs a captain and crew
20 for sailing excursions, the principal beneficiaries of which appear to have been
21 Mr. Field and Mr. Lampariello. The Receiver has taken action to secure the yacht.

22 **11. 15101 Red Hill Holdings, LLC**

23 15101 Red Hill Holdings, LLC ("15101 Red Hill") is a wholly owned
24 subsidiary of MCH formed for the purpose of holding title to the MCC office
25 property located 15101 Red Hill Avenue in Tustin. The purchase of the 15101 Red
26 Hill property was financed in part by Lone Oak Fund, who took a deed of trust on
27 the property. 15101 Red Hill leased the building to MCC.

28

1 15101 Red Hill has defaulted on the loan and a Notice of Default was
2 recorded. On the same day that the TRO was entered, August 3, 2009, the lender
3 obtained an order from the Orange County Superior Court appointing a receiver
4 over the property. The Receiver promptly gave notice of the TRO to Loan Oak
5 Fund and the state court receiver and met briefly with the state court receiver at the
6 premises. The Receiver anticipates engaging a broker to liquidate this asset.

7 **12. Castle Hill Investors**

8 The MP II fund made a loan to LAV Care Corporation for the purpose of
9 purchasing a senior living facility located in Thousand Oaks, California called
10 Castle Hill Retirement Village.³ LAV Care Corporation defaulted on the note, and
11 MCC, as administrator for the MP II fund, foreclosed on the property and formed
12 Castle Hill Investors, Inc. to hold title to the property. The facility is currently being
13 operated by Autumn Senior Living. The property was the subject of a proposed sale
14 at a proposed purchase price of \$14.4 million. As of June 30, 2009, MCC listed as
15 collateral for MP II a "Non AR Purchase" in the name of "SMB King" in the amount
16 of approximately \$30 million. The Receiver has been advised that the SMB King
17 loan was for the Castle Hill transaction.

18 **V. AREAS OF CONCERN**

19 During his preliminary investigation, the Receiver has identified numerous
20 areas of concern with respect to the operations, assets and financial condition of the
21 Receivership Entities. The following are a few of these areas of concern.

22 **A. Diversion/Withholding of Accounts Receivable Payments by**
23 **Providers**

24 Although he has yet to confirm or quantify the scope of this potential issue,
25 the Receiver has been advised that certain healthcare providers with receivable
26 purchase agreements with one or more of the MP's have diverted payments from
27

28 ³ The Receiver understands that, separately, MP IV.1 made loans to an apparently related entity, SMB King, secured by medical and/or other receivables.

1 insurance carriers to themselves in breach of the relevant purchase agreements. As
2 noted above, the Receiver has taken initial action to stop any such diversion by
3 contacting the relevant insurance carriers and instructing them to send all payments
4 on claims for services provided by the relevant healthcare providers to the lockboxes
5 established by MCC for receipt of payments by the relevant MP fund. Healthcare
6 providers have also been advised by the Receiver that any such diversion breaches
7 the relevant purchase agreements and violates the TRO.

8 One entity that appears to have engaged in such conduct is Integrated
9 Healthcare Holdings, Inc. ("IHHI"). In approximately March of 2005, Medical
10 Capital financed the acquisition of four Southern California hospitals from Tenet
11 Healthcare by a group of doctors who formed IHHI. The total amount loaned to
12 IHHI was approximately \$90 million, and proceeds from MP II and MP IV.1 were
13 used to make the loans, which are secured by, among other things, deeds of trust on
14 the hospital properties. Proceeds from various MP's appear to have been used to
15 purchase medical receivables from IHHI hospitals. Payments of such receivables
16 were made to specified lockbox accounts, which were swept daily and ultimately
17 deposited in the appropriate trust accounts. Beginning in approximately April of
18 2009, deposits into the trust accounts from the lockboxes assigned to IHHI
19 essentially ceased. It is the Receiver's understanding that IHHI claims that MCC
20 defaulted on the payment of so-called reserves. However, it is not clear at this time
21 whether there is any justification for the diversion of payments from the
22 Receivership Entities.⁴

23 Separately, IHHI has been involved in various suits with its shareholders, the
24 company that sold the hospitals to IHHI, Tenet Healthcare, a group of physicians
25 that work at the hospitals, Orange County Physicians Investment Network, and other

26 ⁴ Since the Receiver's appointment, two Federal Express boxes have arrived at the
27 Medical Capital offices in Tustin, containing large volumes of check copies
28 apparently for payments made directly to the IHHI hospitals for receivables
purchased by MP V. The check copies contained in these two boxes total
\$3,660,918.94.

1 parties. In connection with these lawsuits, it was apparently alleged that an
 2 improper relationship existed between Mr. Lampariello and Bruce Mogul, the
 3 former CEO of IHHI. The Receiver presently has limited information with regard to
 4 this matter. However, given the size of IHHI's obligations to the Receivership
 5 Entities, the Receiver intends to promptly investigate the claims by and against
 6 IHHI.

7 **B. Transfer of Accounts Receivable Between SPC's**

8 The Receiver's preliminary review of MCC records indicates that accounts
 9 receivable were regularly transferred from older SPC's to newer SPC's. At this
 10 point, the Receiver has identified 301 such transfers. The following table reflects
 11 monies paid from one SPC to another:

Fund	Cash Received	Cash Paid
Carlmont Capital I	9,925,038	-
Carlmont Capital II	88,920,332	11,535,848
MCC SPC I	18,710,166	-
MCC SPC 3	2,080,988	-
MCC SPC 4	1,342,215	-
MCC SPC 7	27,013,275	6,675,438
MCC SPC 8	1,151,487	-
MCH	6,758,969	2,080,988
MCM	43,459,777	-
MP I	189,207,505	171,542,787
MP 2	150,992,919	77,217,290
MP 3	124,658,478	76,261,222
MP 3.2	7,002,809	8,680,804
MP 4	84,193,881	156,462,019
MP 4.2	62,020,331	76,883,451
MP 5	12,012,571	189,271,650
MP 6	-	52,839,241
Total	829,450,739	829,450,739

23
 24 Attached as Exhibit "2" is an MCC report listing intercompany transfers
 25 through May 2009. The Receiver's investigation into these transfers has uncovered
 26 a number of potential issues. First, it appears that some of the receivables being
 27 purchased were already aged when purchased by the newer SPC. It is common
 28 sense that receivables lose value as they age. As discussed above, under the

1 Security Agreements, receivables are only eligible to be included as collateral for
2 the purposes of calculating the Net Collateral Coverage Ratio if they were purchased
3 within 180 days of when the claim was submitted to the payor. It is an Event of
4 Default under the Security Agreements if the Net Collateral Coverage Ratio is less
5 than 100%. Additionally, MCC apparently based its requests for administrative fees
6 on Collateral Reports showing a ratio of more than 100%.

7 Second, it appears from MCC's records that at least some of the receivables
8 purchased by newer SPC's did not actually exist at the time of that purchase. If true,
9 such a transaction would reflect even more obvious problems. Third, it appears that
10 the values of accounts receivable were overstated on Collateral Reports to the
11 trustees, based on which MCC asserted the right to be paid administrative fees.⁵

12 Some examples that illustrate these concerns are as follows:

13 Advanced Radiology. Sometime prior to 2004, Carlmont Capital II, an SPC
14 created by MCH prior to the MP Series, appears to have purchased accounts
15 receivable from healthcare provider Advanced Radiology. From February to
16 April 2004, Carlmont Capital II sold these accounts receivable to MP I for
17 \$14,958,812. MP I received no payments from these accounts receivable, nor were
18 any additional accounts receivable purchased from Advanced Radiology. Then,
19 more than three years later in July, 2007, MP I sold these same accounts receivable
20 to MP IV for \$18,547,869; an increase of nearly \$3.6 million. It the Receiver's
21 understanding that no payments had been collected on the accounts in the preceding
22 three years. Approximately 16 months later in October 2008, MP IV sold the same
23 accounts receivable to MP VI for \$20,587,851, an increase of over \$2 million even
24 though the accounts receivable were now over four years old. Exhibit "3" provides
25 reports extracted from the general ledger of MPs I, IV and VI reflecting the
26 aforementioned intercompany transfers. As of June 30, 2009, MCC listed

27
28

⁵ The concern regarding overstated collateral values is discussed further below with respect to non-receivable loans and investments.

1 approximately \$10.6 million of receivables purchased from Advanced Radiology on
2 the MP VI Collateral Report. As of that date, the receivables appear to have been
3 approximately four and a half years old.

4 Monsour Medical. The Receiver's preliminary investigation indicates that in
5 March 2006, MP II purchased accounts receivable from healthcare provider
6 Monsour Medical for \$574,955. In May 2006, MP II apparently collected \$339,299
7 and the balance of the accounts receivable was reduced to \$235,656 accordingly.
8 During the ensuing year, it appears that MP II did not receive any additional
9 payments on the accounts receivable. Then, in May 2007, MP II sold the accounts
10 receivable to MP III for \$430,613, nearly \$200,000 more than the current balance.
11 It appears that no additional accounts receivable were purchased from Monsour
12 Medical and no money had been collected in the preceding year. At that point, the
13 receivables were approximately 15 months old. In August 2008, MP III sold the
14 same accounts receivable to MP VI for \$599,569. As of June 30, 2009, MCC listed
15 \$578,000 of receivables purchased from Monsour Medical on the MP VI Collateral
16 Report. As of that date, it appears that the receivables were more than three years
17 old.

18 NLV, Inc. In January 2004, MP I bought accounts receivable for provider
19 NLV, Inc. from Carlmont Capital II for \$3,222,088. In the ensuing three and a half
20 years, it appears that no advances were made to NLV, nor were any funds collected.
21 Yet, in August 2007, MP IV bought the accounts receivable from MP I for
22 \$3,729,006. In January 2008, MP V bought the same accounts receivable from
23 MP IV for \$3,815,149. Again there appears to have been no activity with the
24 accounts receivable, which at that point were approximately 4 years old. In
25 August 2008, MP VI bought these accounts receivable from MP V for \$4,242,802
26 and apparently has received no collections since the transfer. On July 2, 2009, MCC
27 apparently sent a collection letter to NLV stating an unpaid balance of \$154,222.71
28 and enclosing an accounts receivable aging report substantiating the amount owing.

1 As of June 30, 2009, the value of the NLV accounts receivable listed on the MP VI
2 Collateral Report was \$4,154,222.71, exactly \$4 million higher than the unpaid
3 balance reported to NLV.

4 Total Family Care. In May 2004, MP I bought accounts receivable for Total
5 Family Care from Carlmont Capital II for \$2,539,619. In August 2007, MP IV
6 bought the accounts receivable from MP I for \$3,840,945. During that period, there
7 was apparently no collections or new receivable purchases from Total Family. In
8 August 2008, MP VI bought the same receivables from MP IV for \$4,402,587. It
9 appears that in October 2008, MCC wrote-up the value of the accounts receivable by
10 \$2,007,596 to \$6,410,184, despite the fact that there were apparently no collections
11 or new receivable purchases. As of June 30, 2009, MCC listed \$6,451,576 of
12 receivables purchased from Total Family on the MP VI Collateral Report. As of
13 that date, it appears that the receivables were more than five years old.

14 The transfer of receivables from one SPC to another at values that appear to
15 be inflated strongly suggests the use of newer investor monies to pay older
16 investors. All of the examples above involve receivables listed on the June 30, 2009
17 Collateral Report for MP VI. As discussed above, the Receiver's preliminary review
18 indicates that MP VI raised approximately \$75 million from investors and used
19 approximately \$53 million of such funds to purchase receivables from older SPC's.
20 MCC was paid approximately \$24 million in administrative fees from the MP VI
21 fund. The Receiver continues to investigate these issues.

22 **C. Other Intercompany Transfers**

23 In addition to the sale transactions between SPC's discussed above, the
24 Receiver has seen evidence of various other transactions between and among
25 various Medical Capital entities that could involve the comingling of funds between
26 entities and/or the overpayment for assets. The Receiver will need to conduct a
27 forensic accounting to determine whether such issues exist.

28

1 **D. Trace Life Science**

2 **1. Use of Loan Accounts**

3 Loans appear to have been made using proceeds from MP III.2 for the
4 purchase of a Texas facility that made nuclear isotopes for medical purposes. The
5 company is named Trace Life Science, Inc. ("Trace"). The acquisition loan was
6 secured, at least in part, by a pledge of stock in the company and an irrevocable
7 proxy which could permit MP III.1 to exercise certain rights in the event of a
8 default. MP III.1 proceeds also appear to have been used to fund a Line of Credit
9 ("LOC") to Trace.

10 It appears from the Receiver's preliminary investigation that Trace
11 periodically drew down funds from its LOC and used those funds, in part, to make
12 interest payments on its acquisition loan. Such payments may have given the false
13 appearance that Trace was performing on the acquisition loan.

14 **2. Environmental/Asset Value Issues**

15 Shortly before the filing of this Report, the Receiver was told by counsel for
16 Trace and/or its principals that the staff at the Texas facility had ceased working,
17 that critical maintenance (including having a charge of dry nitrogen placed in the
18 facility's linear accelerator) had to be done immediately, and that the local utility
19 was prepared to shut off power to the facility for non-payment of invoices, which
20 could indirectly cause the facility to be decommissioned. The Receiver has also
21 been given conflicting information concerning the exact nature of MP III.1's interest
22 in Trace. The Receiver is investigating these issues and addressing the most
23 immediate concerns.

24 **E. Overstatement of Collateral Values**

25 It appears from the Receiver's investigation to date that the values of certain
26 assets that constitute the collateral for repayment of Notes issued by the MPs have
27 been overstated in MCC's reporting to the trustees, and in some instances
28

1 significantly overstated. The overstatement of accounts receivable values is
2 discussed above.

3 **1. Non-AR Collateral**

4 The values of a number of non-medical receivable assets appear to have been
5 consistently overstated in MCC's reports to the trustees. For example, as discussed
6 above, the Trace acquisition loan was listed at the amount of its outstanding balance
7 despite the fact that apparently it could only make interest payments by drawing
8 down its LOC. In addition, it appears that MCC listed the entire balance due on
9 certain loans after foreclosure on the collateral, rather than the post-foreclosure
10 value of the asset. For example, as discussed above, the Castle Hill Retirement
11 Village in Thousand Oaks, California secured a loan to LAV Care Corporation.
12 After the property was foreclosed, MCC apparently obtained an appraisal assessing
13 its value at approximately \$23 million, and later entered into a proposed sale of the
14 property for \$14.4 million. Despite such evidence of lower value, it appears that
15 MCC continued to list the value of the collateral at approximately \$30 million in its
16 Collateral Reports. The Receiver has identified a number of assets for which
17 internal MCC tracking reports and other documents suggest a significantly lower
18 value than that stated in Collateral Reports. It appears that MCC obtained
19 significant Administrative Fees based on the submission of such Collateral Reports.

20 **2. Potential Non-Arms Length Loan Transactions**

21 The Receiver has reviewed evidence indicating that certain loan transactions
22 may not have been arms length transactions. Mr. Fazio, who was responsible for
23 addressing defaults, indicated that a number of loan accounts were handled
24 personally by Mr. Lampariello, and that Mr. Fazio was not authorized by
25 Mr. Lampariello to execute on all collateral for certain loans. For example, a loan
26 appears to have been made from MP IV.2 to Spherios Holdings, LLC, which was
27 owned by Dr. Gez Agoli, a prior associate of Mr. Lampariello. When Spherios
28 defaulted on the loan, according to Mr. Fazio, he was not given the "green light" to

1 pursue any collection efforts. Mr. Fazio indicated that Mr. Lampariello had made
2 "bad" settlements on prior loans to Dr. Agoli. There are additional loans to certain
3 doctors and their operating companies that bear a similar potential appearance of
4 impropriety (i.e. defaults without collection efforts). The Receiver continues to
5 investigate these issues.

6 **F. Mischaracterization of Assets as Medical Receivables**

7 The Receiver has identified a number of assets listed as medical receivables
8 in the MCC Collateral Reports that, upon closer inspection, do not appear to be
9 medical receivables. For example, in its June 30, 2009 Collateral Report for MP VI,
10 MCC includes an entry for Trace in the amount of \$15.8 million as a medical
11 receivable asset. As discussed above, the monies provided to Trace were in the
12 form of an acquisition loan and an LOC. It is the Receiver's understanding that
13 Trace has not been operational since approximately September 2008, and likely
14 could not have generated any receivables, much less medical receivables. In the
15 same MP VI Collateral Report, MCC has an entry for "EMARK" in the amount of
16 \$17.2 million as a medical receivable asset. It is the Receiver's understanding that
17 "EMARK" is an internet advertising company that provides "spam e-mail" services
18 to its customers, and does not provide any medical services.

19 **G. Potential Violation of the Security Agreements**

20 As discussed above, it appears that under the Security Agreements, the MP's
21 were to have all non-receivable assets independently appraised on an annual basis,
22 and were to have used the values from the most recent appraisals in their reports to
23 the trustees. It appears that MCC, as Administrator of the MP's, has not regularly
24 conducted such appraisals. This calls into question the values in the reports from
25 MCC to the trustees. The Receiver continues to investigate this issue.

26 **H. Failure to Preserve Collateral Value**

27 It appears that in recent years, MCC has failed to make payments necessary to
28 protect the value of certain assets securing obligations to noteholders. For example,

1 with respect to the film, The Perfect Game, it appears MCC failed to make promised
2 payments to a distributor in Mexico, who has apparently threatened to distribute the
3 film there immediately, which could significantly reduce the value of the film in the
4 United States. Additionally, as discussed above, MCC appears to have failed to take
5 steps to protect the value of the Trace facility. Similar issues appear to have
6 developed with respect to maintenance of the Legacy Medical Center in Georgia.

7 **I. Administration of the Receivership**

8 Notwithstanding the apparent overstatement of asset values by MCC, it does
9 appear to the Receiver that there are assets of significant value to the Receivership
10 Estate if such assets can be protected and ultimately liquidated in a reasonable
11 manner. However, given the existing structure and financial condition of the
12 Receivership Entities, the Receiver has insufficient funds to undertake the actions
13 that are required to protect, and ultimately liquidate, all assets. Accordingly, the
14 Receiver, after consultation with interested parties to explore all options for funding
15 the necessary activities, anticipates filing a motion in the coming weeks that
16 addresses this situation.

17 **VI. PENDING LITIGATION INVOLVING RECEIVERSHIP ENTITIES⁶**

18 The Receiver has contacted outside counsel representing the Receivership
19 Entities in various pending matters, advised them of his appointment and of the stay
20 of proceedings against the Receivership Entities, and asked that they promptly file
21 with the relevant courts and give notice to the relevant parties of the TRO. Through
22 these conversations, the Receiver has become aware of the following actions, which
23 are believed to be currently pending:

24
25
26

27 ⁶ The Receiver has become aware of other potential claims against one or more of
28 the Receivership Entities that have not resulted in litigation. The Receiver is
investigating the validity and potential effect of such claims.

1 A. Actions Brought by the Receivership Entities

2 1. New Life Sciences

3 This is understood to be an action pending in the United States District Court
4 for the District of Nevada to collect amounts owed and enforce rights under a
5 receivables purchase agreement. The New Life Sciences receivables at issue are
6 apparently part of MP IV.

7 2. Concept 1 Academies

8 This is understood to be an action pending in the United States District Court
9 for the District of Nevada to collect amounts owed and enforce rights under a
10 receivables purchase agreement, promissory note and/or line of credit. The
11 Concept 1 Academies receivables, loan and line of credit at issue are apparently part
12 of MP III.2.

13 3. Trace Life Sciences

14 The Receiver understands that there are actions pertaining to Trace pending in
15 both Nevada state court (Clark County District Court) and Texas state court. These
16 actions pertain to loans made to Trace by the MP entities. There are loans to Trace
17 included in both MP III.1 and MP VI.

18 4. Dermacia

19 This is understood to be an action pending in Nevada state court to collect
20 amounts owed and enforce rights under separate receivables purchase and loan
21 agreements. The Dermacia receivables and loan at issue are apparently part of
22 MP IV.1.

23 B. Actions Brought Against Receivership Entities

24 1. Coalition America

25 This is understood to be a suit brought by Coalition America against MCH
26 subsidiary NHBC in United States District Court for the Northern District of
27 Georgia, alleging misappropriation of trade secrets and related claims. Shortly
28 before entry of the TRO, a jury verdict in favor of Coalition America in the amount

1 of approximately \$2.2 million was entered, together with a court award of
2 exemplary damages in the amount of \$500,000. Upon entry of the TRO, outside
3 counsel for NHBC promptly filed notice of the TRO with the district court. The
4 district court issued an order finding that the TRO did not prevent it from entering
5 judgment, and therefore entered judgment against NHBC in the amount of
6 approximately \$2.7 million on August 5, 2009.

7 **2. Progressive Insurance**

8 This is understood to be a suit brought by Progressive Insurance in New York
9 state court alleging that Deajess Medical Imaging, Preferred Medical Imaging
10 and/or Boston Post Road Medical Imaging, healthcare providers located in New
11 York, violated New York law by transferring medical receivable payments to
12 MP IV.1 and 2, and MP V. The Receiver has been advised that an order dismissing
13 the action is expected to be entered soon.

14 **3. State Farm Insurance**

15 This is understood to be a suit brought by State Farm Insurance in New York
16 state court involving the same allegations as the action brought by Progressive
17 Insurance. The Receiver understands that MCC and/or MP IV sued State Farm in a
18 separate action alleging that State Farm improperly diverted receivable payments.
19 The Receiver has been advised that settlement discussions with State Farm have
20 taken place and that a consensual resolution of both matters may be possible.

21 **4. Loan Oak Fund**

22 As noted above, Loan Oak Fund made a purchase-money loan to 15101 Red
23 Hill in connection with the purchase of the 15101 Red Hill property and took a
24 promissory note and deed of trust on the property. 15101 Red Hill defaulted on the
25 note and, shortly before the TRO was entered, Loan Oak Fund commenced a
26 foreclosure action in Orange County Superior Court. On the same day that the TRO
27 was entered, Loan Oak Fund obtained an order appointing a receiver over the
28 property.

1 **VII. RECOMMENDATIONS**

2 Based on his preliminary investigation and analysis, the Receiver
3 recommends that the receivership continue, and has the following additional
4 recommendations:

5 1. The Receiver has conducted a preliminary review of the books and
6 records and financial condition of the Receivership Entities. However, a complete
7 forensic accounting is necessary to address the extent of commingling among the
8 funds and the impact of intercompany transfers upon the investors and the enterprise
9 (e.g. whether early investors substantially benefited from money invested by later
10 investors) Accordingly, the Receiver recommends completing a more thorough
11 accounting to address these and other areas of concern, and that such accounting be
12 filed within 120 days.

13 2. The Receiver recommends investigating the activities of third parties
14 who may have substantially benefitted from their relationship with the principals,
15 including, but not limited to, those individuals who received substantial loans from
16 Receivership Entities; those who received disproportionately large returns on their
17 investments as compared to other similarly situated investors, including at times
18 when there were insufficient proceeds in the fund to permit such returns; and those
19 individuals and entities that made side agreements with the principals which allowed
20 for diversion of receivable payments or other funds.

21 3. The Receiver recommends investigating and addressing the numerous
22 assets of the Receivership Entities and developing a comprehensive plan for
23 maximizing the recovery from each asset for the benefit of investors and creditors of
24 the receivership estate.

25 4. The TRO provides that the Receivership Entities and their subsidiaries
26 and affiliates are included within the purview of the receivership. The Receiver
27 understood this language to be broad enough to encompass MP I through V, and the
28 Receiver recommends formally including such entities within the scope of the

1 receivership. As discussed above, all of the MPs are currently in default on their
2 obligations to noteholders, there has been a systematic transfer of receivables among
3 the MPs and prior SPC's, and multiple MPs have made loans to and/or investments
4 in the same companies. Additionally, as a practical matter, none of the MP's can
5 function independently from MCC – they have no employees, no offices and no
6 ability to act except through MCC. Finally, based on the Receiver's preliminary
7 investigation, it is possible that a complete accounting may yield evidence that the
8 business was operated as a unitary enterprise, or that equity calls for such treatment.
9 While the Receiver has not reached such a conclusion, it is evident that certain of
10 the administrative procedures currently in place are costly and may be unnecessary
11 in light of the Court-supervised receivership.

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Dated this 14th day of August, 2009

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: David R. Zaro
David R. Zaro, *mef*
CA Bar No. 124334
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Thomas A. Seaman

EXHIBIT "1"

Administrative Fees paid to MCC from MPFC
(in 000's)

	2003	2004	2005	2006	2007	2008	2009	TOTAL
MPFC I	\$ -	\$ 10,900	\$ 27,200	\$ 16,100	\$ 9,100	\$ 27,700	\$ 30	\$ 91,030
MPFC II		\$ 7,000	\$ 24,784	\$ 16,800	\$ 4,125	\$ 2,950	\$ -	\$ 55,659
MPFC III			\$ 3,650	\$ 24,850	\$ 14,775	\$ 5,375	\$ -	\$ 48,650
MPFC IV				\$ 1,500	\$ 38,635	\$ 16,430	\$ -	\$ 56,565
MPFC V					\$ 6,350	\$ 37,450	\$ 4,230	\$ 48,030
MPFC VI						\$ 18,405	\$ 6,210	\$ 24,615
TOTAL	\$ 17,900	\$ 55,634	\$ 59,250	\$ 72,985	\$ 108,310	\$ 10,470	\$ 324,549	

EXHIBIT "2"

**Medical Capital Special Purpose Corporations
Intercompany Transactions
From 2003 thru May 2009**

Transaction Date	Seller	Buyer	Provider	ENR Balance	Cash Paid
				\$ 2,601,235.06	\$ 2,080,988.05
11/5/2003	SP3	MCH	Metabolic Disease	\$ 2,747,567.47	\$ 2,198,053.98
11/5/2003	MCH	SP7	Forum Medical	3,103,599.94	2482879.96
11/13/2003	MCM	CC2	Progressive Path of Fort Myers	\$ 987,460.84	\$ 797,968.68
12/15/2003	MCH	SP7	Forum Medical	\$ 231,962.37	\$ 185,569.90
12/18/2003	Carl2	MP1	Cambridge Point	\$ 328,638.48	\$ 262,910.79
12/18/2003	Carl2	MP1	Healthcare for Women	\$ 1,183,489.61	\$ 946,791.69
12/18/2003	Carl2	MP1	Omega Healthcare	\$ 685,857.86	\$ 546,686.29
12/18/2003	Carl2	MP1	Vision Medical	\$ 997,639.64	\$ 798111.64
12/23/2003	SP7	CC2	Metabolic Treatment	\$ 1,153,638.71	\$ 922,910.97
12/23/2003	SP1	MP1	Mobile Nursing	\$ 6,049,141.03	\$ 3888529.78
12/24/2003	MCM	CC2	Progressive Medical	\$ 69,235.65	\$ 55,388.52
1/6/2004	MCH	MP1	Caring Solutions	\$ 76,807.65	\$ 61,446.12
1/6/2004	MCH	MP1	Medical Staffing	\$ 3,222,088.13	\$ 2,577,670.51
1/14/2004	Carl2	MP1	NLV, Inc.	\$ 386,513.01	\$ 309,210.41
1/28/2004	SP4	MP1	Creative Medical	\$ 649,081.47	\$ 519,265.18
1/28/2004	SP4	MP1	Mobile Nursing Care	\$ 2,594,577.76	\$ 2,075,662.21
1/30/2004	MCH	MP1	Metabolic Disease	\$ 66,705.11	\$ 53,364.09
1/30/2004	MCH	SP7	Alpha Exams, LLC	\$ 71,232.31	\$ 56,985.85
1/30/2004	MCH	SP7	Leonard Manor	\$ 1,550,127.10	\$ 1,240,101.68
2/17/2004	SP7	MP2	American Medequip	\$ 642,173.63	\$ 513,738.91
2/18/2004	SP4	SP7	Valley Wellness	\$ 5,746,263.01	\$ 4,597,010.41
2/27/2004	MCM	MP1	Advanced Radiology	\$ 12,976,780.27	\$ 10,381,424.21
2/27/2004	MCM	MP1	MRI	\$ 87,914.80	\$ 70,331.84
2/27/2004	SP7	MP2	Alpha Exams LLC	\$ 230,383.46	\$ 184,306.77
2/27/2004	Carl2	MP2	Cashflow Solutions	\$ 292,362.90	\$ 233,890.32
2/27/2004	SP7	MP2	Effingham	\$ 1,286,753.37	\$ 1,029,402.70
3/4/2004	SP1	MP2	Carter Medical	\$ 3,446,161.87	\$ 2,756,929.50
3/16/2004	Carl2	MP1	Oaks Diagnostics	\$ 3,712,242.42	\$ 2,969,793.94
4/16/2004	Carl2	MP1	Advance Radiology	\$ 1,485,768.36	\$ 1,188,614.69
4/16/2004	SP1	MP2	Carter Medical	\$ 4,986,579.11	\$ 3,989,263.29
4/30/2004	Carl2	MP1	Advanced Radiology	\$ 1,237,393.96	\$ 989,915.17
4/30/2004	Carl2	MP1	Oaks Diagnostic	\$ 833,945.47	\$ 667,156.38
4/30/2004	Carl1	MP2	Eastern Medical	\$ 1,311,396.02	\$ 1,049,116.82
4/30/2004	MCH	SP7	Forum	\$ 1,549,090.28	\$ 1,239,272.22
5/28/2004	SP1	MP1	Community Healthcare Specialist Medical	\$ 513,727.87	\$ 410,982.30
5/28/2004	MCH	MP1	Advanced Radiology	\$ 1,237,393.96	\$ 989,915.17
5/28/2004	SP1	MP1	Community Healthcare	\$ 2,539,619.93	\$ 2,031,695.94
5/28/2004	Carl2	MP1	Total Family Care	\$ 2,042,980.06	\$ 1,634,384.05
5/28/2004	Carl2	MP1	Vision MRI-Oakbrook	\$ 7,283,478.49	\$ 6,107,019.24
5/28/2004	MCM	MP2	Southwest Hospital	\$ 4,210,421.79	\$ 3,368,337.43
5/28/2004	Carl2	MP2	Valley Diagnostic	\$ 469,954.21	\$ 375,963.37
5/28/2004	Carl2	MP2	Valley Health Care	\$ 633,523.62	\$ 506,818.90
5/28/2004	SP7	MP2	Valley Wellness Center	\$ 2,617,111.08	\$ 2,093,688.86
6/30/2004	SP7	MP1	American Medequip Corp	\$ 4,056,704.41	\$ 3,245,363.53
7/29/2004	SP1	MP1	Get Well	\$ 23,929,892.00	\$ 19,143,913.60
7/30/2004	Carl2	MP1	Daejess Medical	\$ 11,216,318.58	\$ 10,094,686.72
8/25/2004	SP1	MP1	Global Testing Group	\$ 12,929,540.44	\$ 11,636,586.40
9/10/2004	MCM	MP1	Boston Post	\$ 4,851,474.44	\$ 4366327
9/29/2004	MCM	CC2	Robert Scott Schepp (Boston?)	\$ 3,264,995.38	\$ 2,936,495.84
10/19/2004	Carl2	MP2	Associated Rehab	\$ 55,831.31	\$ 44,665.05
10/26/2004	SP7	MP1	First Response	\$ 14,196,420.65	\$ 11,357,136.52
10/26/2004	SP7	MP1	Forum	\$ 4,842,569.31	\$ 4,358,312.38
10/27/2004	Carl2	MP1	Robert Scott Schepp, MC	\$ 2,347,005.91	\$ 1,877,604.73
11/18/2004	Carl2	MP1	Preferred Medical Imaging		

Medical Capital Special Purpose Corporations
 Intercompany Transactions
 From 2003 thru May 2009

Transaction Date	Seller	Buyer	Provider	ENR Balance	Cash Paid
11/30/2004	Carl2	MP2	Friendship	\$ 131,344.63	\$ 105,075.70
11/30/2004	Carl2	MP2	Integra Sleep	\$ 115,648.53	\$ 92,518.82
11/30/2004	Carl2	MP2	Mobile Medic	\$ 151,198.57	\$ 120,958.86
11/30/2004	Carl2	MP2	Neuro Motive Inc	\$ 132,646.65	\$ 106,117.32
11/30/2004	Carl2	MP2	Visiting Nurse	\$ 2,831,964.83	\$ 2,265,571.86
12/7/2004	Carl1	MP2	Southwest Medical	\$ 2,585,787.20	\$ 2,068,629.76
12/14/2004	Carl1	MP2	AmeriCare MedServices	\$ 3,259,612.54	\$ 2,607,690.03
12/14/2004	Carl1	MP2	Lincoln Hospital	\$ 5,726,952.58	\$ 4,581,562.06
01/07/2005	Carl 2	MP2	Executive Medical Testing	\$ 2,859,091.81	\$ 2,287,273.45
02/16/2005	Carl 2	MP1	Oceanaire Residential	\$ 391,751.79	\$ 313,401.43
02/16/2005	Carl 2	MP1	Quality Care, LLC	\$ 418,539.73	\$ 334,831.79
02/16/2005	Carl 2	MP1	Orcasita Oceanaire - Plaza	\$ 134,512.58	\$ 107,610.06
02/23/2005	MP2	MP1	Carter Medical	\$ 3,564,282.24	\$ 2,851,425.79
02/23/2005	MP2	MP1	Executive Medical Testing	\$ 2,990,951.41	\$ 2,392,761.13
02/24/2005	MP2	MP1	American Medequip	\$ 2,305,069.77	\$ 1,844,055.82
02/24/2005	MP2	MP1	Associate Rehabilitation	\$ 3,332,369.21	\$ 2,665,895.37
02/24/2005	MP2	MP1	Lincoln Hospital	\$ 5,726,952.58	\$ 4,581,562.06
02/24/2005	MP2	MP1	Visiting Nurse Group	\$ 3,020,967.04	\$ 2,416,773.63
02/28/2005	Carl 2	MP1	Associated Chiropractic	\$ 2,644,895.58	\$ 2,115,916.46
02/28/2005	Carl 2	MP1	Assured Home Health	\$ 560,147.58	\$ 448,118.06
02/28/2005	Carl 2	MP1	F & Y Surgical Supplies	\$ 3,849,159.60	\$ 3,079,327.68
02/28/2005	Carl 2	MP1	NCIA	\$ 1,332,151.36	\$ 1,065,721.09
02/28/2005	Carl 2	MP1	Metabolic Treatment	\$ 1,384,368.04	\$ 1,107,494.43
02/28/2005	Carl 2	MP1	PMC Medical	\$ 781,735.92	\$ 625,388.74
02/28/2005	Carl 2	MP1	Progressive Path - FM	\$ 4,288,279.69	\$ 3,430,623.75
02/28/2005	Carl 2	MP1	Progressive Path - Pines	\$ 5,461,788.43	\$ 4,369,430.74
02/28/2005	Carl 2	MP1	Preferred Medical Imaging	\$ 2,260,008.02	\$ 1,808,006.42
02/28/2005	Carl 2	MP1	Statewide Medical System	\$ 3,795,436.19	\$ 3,036,348.95
02/28/2005	Carl 2	MP1	Trinity Medical Supply	\$ 547,829.76	\$ 438,263.81
03/01/2005	Carl 2	MP1	Progressive Path Florida	\$ 3,012,615.73	\$ 2,410,092.58
03/01/2005	Carl 2	MP1	Progressive Path Palm	\$ 2,964,570.21	\$ 2,371,656.17
03/01/2005	Carl 2	MP1	Progressive Path Medical	\$ 6,796,785.31	\$ 5,437,428.25
03/01/2005	Carl 2	MP1	PTS Healthcare	\$ 378,262.55	\$ 302,610.04
04/12/2005	SPC7	MP1	Preferred Medical Imaging	\$ 2,175,643.49	\$ 1,740,514.79
06/01/2005	SPC7	MP2	Alpha Omega - Riverside	\$ 1,891,904.93	\$ 1,513,523.94
06/01/2005	SPC7	MP2	Alpha Omega - San Diego	\$ 2,225,130.02	\$ 1,780,104.02
06/01/2005	SPC7	MP2	Clay Medical Services, Inc.	\$ 657,661.00	\$ 526,128.80
06/01/2005	SPC7	MP2	Pain Management	\$ 1,560,015.49	\$ 1,248,012.39
06/01/2005	SPC7	MP2	Plaza Appliance	\$ 1,647,852.61	\$ 1,238,282.09
06/01/2005	SPC7	MP2	Plaza Therapy	\$ 1,613,791.67	\$ 1,291,033.34
06/01/2005	SPC7	MP2	Quality Healthcare	\$ 980,627.61	\$ 784,501.85
06/01/2005	SPC7	MP2	Home Care Medical Equip	\$ 683,036.09	\$ 546,428.87
06/28/2005	SPC8	MP2	First Choice Health Services	\$ 200,895.06	\$ 200,895.06
06/28/2005	SPC8	MP2	Hughson Paramedic	\$ 654,439.59	\$ 654,439.59
06/28/2005	SPC8	MP2	Adams Family Medical	\$ 134,479.82	\$ 134,479.82
06/28/2005	SPC8	MP2	Access Medical Associates	\$ 161,672.86	\$ 161,672.86
06/29/2005	MP1	MP2	Boston Post Road	\$ 12,188,796.29	\$ 9,751,037.03
06/29/2005	MP1	MP2	Forum Medical	\$ 13,580,176.84	\$ 10,864,141.47
06/30/2005	MP1	MP2	MRI Global Imaging Services	\$ 11,416,169.60	\$ 9,132,935.68
09/21/2005	MP 1	SP7	Leonard Manor, Inc.	\$ 327,548.71	\$ 262,038.97
09/21/2005	MP 1	SP7	Fort Worth Manor, Inc.	\$ 844,167.31	\$ 675,333.85
09/21/2005	MP 1	SP7	Vidor Manor, Inc.	\$ 344,619.60	\$ 275,695.68
09/21/2005	MP 1	SP7	Kilgore Manor, Inc.	\$ 675,918.80	\$ 540,735.04
09/21/2005	MP 1	SP7	Mason Convalescent Care	\$ 315,508.02	\$ 252,406.41

**Medical Capital Special Purpose Corporations
Intercompany Transactions
From 2003 thru May 2009**

Transaction Date	Seller	Buyer	Provider	ENR Balance	Cash Paid
10/21/2005	MP 1	MP3	Michael T. Parra	\$ 5,853,167.63	\$ 4,682,534.10
11/21/2005	MP 2	MP3	Southwest Hospital	\$ 7,713,757.11	\$ 6,174,005.89
02/28/2006	MP 1	MP2	Preferred Medical Imaging	\$ 6,554,795.80	\$ 5,243,836.64
02/28/2006	MP 1	MP3	PMG - Path of Florida	\$ 3,372,346.65	\$ 2,697,877.32
02/28/2006	MP 1	MP3	PMG - Path of Fort Myers	\$ 4,711,480.47	\$ 3,769,184.38
02/28/2006	MP 1	MP3	PMG - Path of Palm Beach	\$ 3,462,057.07	\$ 2,769,645.66
02/28/2006	MP 1	MP3	PMG - Path of Pines	\$ 6,301,937.05	\$ 5,041,549.64
02/28/2006	MP 1	MP3	Progressive Medical Group	\$ 7,348,095.62	\$ 5,878,476.50
05/31/2006	MP 2	MP3	Valley Diagnostic Center	\$ 7,829,454.39	\$ 6,263,563.51
07/28/2006	MP 1	MP3	Boston Post	\$ 6,208,462.97	\$ 4,966,770.38
07/28/2006	MP 1	MP3	Global Testing	\$ 12,620,282.42	\$ 10,096,225.94
07/28/2006	MP 2	MP3	Plaza Appliance	\$ 2,234,193.88	\$ 1,787,355.10
07/28/2006	MP 2	MP3	Plaza Therapy	\$ 2,195,167.53	\$ 1,756,134.02
07/28/2006	MP 1	MP3	PMC of America	\$ 933,366.19	\$ 746,692.95
07/28/2006	MP 2	MP3	Home Care Medical Equip	\$ 1,098,066.93	\$ 878,453.54
09/29/2006	MP 1	MP3	American Equip - HCFA	\$ 3,454,895.62	\$ 2,753,916.50
09/29/2006	MP 1	MP3	American Equip - HCFA	\$ 3,204,859.64	\$ 2,563,887.71
09/29/2006	MP 2	MP3	Alpha Omega - Riverside	\$ 3,401,598.25	\$ 2,721,278.60
09/29/2006	MP 2	MP3	Alpha Omega - San Diego	\$ 3,625,978.25	\$ 2,900,782.60
09/29/2006	MP 1	MP3	Carter Medical Group	\$ 3,297,255.96	\$ 4,121,569.95
09/29/2006	MP 2	MP3	Pain Management Rehab	\$ 3,039,522.52	\$ 2,431,618.02
09/29/2006	MP 2	MP3	Plaza Appliance	\$ 655,106.16	\$ 524,084.93
09/29/2006	MP 2	MP3	Plaza Therapy	\$ 907,018.83	\$ 725,615.06
12/22/2006	MP 3	MP4	PMG - Path of Fort Meyers	\$ 6,661,771.94	\$ 5,329,417.55
01/04/2007	MP 1	MP4	Lincoln Hospital	\$ 6,849,752.67	\$ 5,479,802.14
01/04/2007	MP 1	MP4	Metabolic Disease Foundation	\$ 4,497,580.48	\$ 3,598,064.38
01/26/2007	MP 1	MP4	Associated Chiropratic	\$ 3,795,842.28	\$ 3,036,673.82
01/26/2007	MP 3	MP4	PMG - Path of Florida	\$ 5,219,645.22	\$ 4,175,716.18
02/01/2007	MP 3	MP4	Progressive Medical Equip	\$ 10,209,974.58	\$ 8,167,979.66
02/02/2007	MP 3	MP4	American Medequip-Invoice	\$ 3,601,852.94	\$ 2,881,482.35
02/02/2007	MP 3	MP4	Carter Medical Group	\$ 4,214,785.49	\$ 3,371,828.39
02/02/2007	MP 1	MP4	Executive Medical Testing	\$ 3,895,048.59	\$ 3,116,038.87
02/02/2007	MP 3	MP4	PMC Medical of America	\$ 882,284.79	\$ 705,827.83
02/02/2007	MP 3	MP4	PMG - Path of Palm Beach	\$ 5,224,794.90	\$ 4,179,835.92
02/02/2007	MP 2	MP4	Southwest Medical Supply	\$ 3,194,879.94	\$ 2,555,903.95
02/02/2007	MP 2	MP4	Quality Healthcare, Inc.	\$ 2,301,596.58	\$ 1,841,277.26
02/02/2007	MP 3	MP4	Home Care Medical Equip	\$ 1,017,199.98	\$ 813,759.98
02/20/2007	MP 1	MP4	Oaks Diagnostic	\$ 7,858,485.26	\$ 6,286,788.21
02/23/2007	MP 3	MP4	American Medequip-HCFA	\$ 3,351,208.59	\$ 2,680,966.87
02/23/2007	MP 1	MP4	Associate Rehabilitation	\$ 4,387,956.28	\$ 3,510,365.02
02/23/2007	MP 3	MP4	Pain Management Rehab	\$ 3,241,642.18	\$ 2,593,313.74
02/23/2007	MP 1	MP4	Statewide Medical System, Inc.	\$ 4,610,489.64	\$ 3,688,391.71
03/05/2007	MP 3	MP4	Plaza Appliance	\$ 3,124,895.64	\$ 2,499,916.51
03/05/2007	MP 3	MP4	Plaza Therapy	\$ 3,304,587.49	\$ 2,643,669.99
03/09/2007	MP 3	MP4	Alpha Omega - Riverside	\$ 3,542,158.94	\$ 2,833,727.15
03/09/2007	MP 2	MP4	Hughson Paramedic Ambulance	\$ 612,174.66	\$ 489,739.73
03/09/2007	MP 2	MP4	Strategic Government Solutions	\$ 748,304.02	\$ 598,643.22
03/19/2007	MP 2	MP4	Paramed EMS	\$ 437,291.71	\$ 349,833.37
03/19/2007	MP 2	MP4	Friday's Place	\$ 488,993.15	\$ 391,194.52
03/20/2007	MP 3	MP4	PMG - Path of Pines	\$ 8,340,158.94	\$ 6,672,127.15
03/23/2007	MP 3	MP4	Alpha Omega - San Diego	\$ 3,745,985.46	\$ 2,996,788.37
03/23/2007	MP 2	MP4	Clay Medical Services	\$ 819,717.44	\$ 655,773.95
03/23/2007	MP 1	MP4	Get Well Medical Supply	\$ 5,357,808.89	\$ 4,286,247.11
04/05/2007	MP 3	MP4	Boston Post Road	\$ 10,425,073.66	\$ 8,340,058.93

**Medical Capital Special Purpose Corporations
Intercompany Transactions
From 2003 thru May 2009**

Transaction Date	Seller	Buyer	Provider	ENR Balance	Cash Paid
04/05/2007	MP 3	MP4	Southwest Hospital	\$ 8,236,112.90	\$ 6,588,890.32
04/09/2007	MP 2	MP4	Lifecare Ambulance	\$ 127,258.15	\$ (101,806.52)
04/09/2007	MP 2	MP4	Mobile Medic Ambulance	206777.93	\$ 165,422.34
04/09/2007	MP 2	MP4	Adams Family Medical	\$ 74,676.10	\$ 59,740.88
04/09/2007	MP 2	MP4	Access Medical Associates	\$ 161,080.42	\$ 128,864.34
04/09/2007	MP 2	MP4	Aslan	\$ (91,971.66)	\$ 73,577.33
04/09/2007	MP 2	MP4	Aslan WIP	\$ 692,335.32	\$ 553,868.26
04/10/2007	MP 2	MP4	Alpha Exams, LLC	\$ 81,770.55	\$ 65,416.44
04/10/2007	MP 2	MP4	Medcare Transport, Inc.	\$ 379,823.32	\$ 303,858.66
04/10/2007	MP 2	MP4	Neuro Motive, Inc.	\$ 181,703.84	\$ 145,363.07
04/10/2007	MP 2	MP4	Vantage Services Corporation	\$ 339,405.73	\$ 271,524.58
04/10/2007	MP 1	MP4	Visiting Nurse Group	\$ 3,588,496.51	\$ 2,870,797.21
04/10/2007	MP 2	MP4	New Life Centers, LLC	\$ 373,065.03	\$ 298,452.02
04/13/2007	MP 3	MP4	Dermacia, Inc.	\$ 3,270,731.80	\$ 2,216,585.44
04/20/2007	MP 1	MP4	F & Y Surgical	\$ 4,795,478.54	\$ 3,836,382.83
04/20/2007	MP 2	MP4	Friendship Community Healthcare	\$ 175,130.10	\$ 140,104.08
04/20/2007	MP 3	MP4	Global Testing Group	\$ 12,906,874.52	\$ 2,325,499.62
04/20/2007	MP 2	MP4	Bethesda Pediatrics	\$ 165,879.21	\$ 132,703.37
04/20/2007	MP 2	MP4	Richard Linchitz, MD	\$ 263,102.10	\$ 210,481.68
04/20/2007	MP 2	MP4	Robert B. Johnson	\$ 360,025.89	\$ 288,020.71
05/09/2007	MP2	MP4	Integra Sleep Solutions, LLC	\$ 183,760.63	\$ 131,008.50
05/09/2007	MP2	MP4	Monsour Medical Center	\$ 430,613.23	\$ 344,490.58
05/10/2007	MP2	MP4	First Choice Health Services	\$ 200,895.06	\$ 160,716.05
05/10/2007	MP2	MP4	San Diego Center For Women	\$ 67,512.13	\$ 54,009.70
05/10/2007	MP2	MP4	Ross Medical Group	\$ 112,004.19	\$ 89,603.43
05/10/2007	MP2	MP4	Spherios of Roswell	\$ 154,342.75	\$ 123,474.20
05/14/2007	MP2	MP4	Preferred Medical Imagining -#1	\$ 1,263,456.99	\$ 1,010,765.59
05/15/2007	MP2	MP4	Breathing Disorder	\$ 740,066.67	\$ 592,053.34
05/21/2007	MP1	MP4	Community Healthcare	\$ 4,274,487.22	\$ 3,419,589.78
05/21/2007	MP2	MP4	Preferred Medical Imagining PC	\$ 6,240,472.21	\$ 4,992,377.77
05/23/2007	MP1	MP4	Creative Medical	\$ 1,263,653.75	\$ 1,010,923.00
05/29/2007	MP2	MP4	Boston Post Road Medical	\$ 14,318,899.31	\$ 11,455,119.45
05/29/2007	MP1	MP4	Caring Solutions, LLC	\$ 1,322,142.23	\$ 1,057,713.78
05/29/2007	MP1	MP4	Health Care For Woman	\$ 430,902.02	\$ 344,721.62
05/30/2007	MP1	MP4	Peoples Community Health Center	\$ 817,835.23	\$ 654,268.18
06/01/2007	MP4 #1	MP4.2	Alpha Omega - San Diego	\$ 3,825,694.51	\$ 3,060,555.81
06/04/2007	MP1	MP4.2	Omega Healthcare Network, Inc.	\$ 1,734,001.13	\$ 1,387,200.90
06/07/2007	MP3	MP3.2	Valley Healthcare/ Valley Diagnostic	\$ 8,862,508.99	\$ 1,090,007.19
06/11/2007	MP1	MP4.2	Metabolic Treatment Center	\$ 2,245,840.59	\$ 1,796,672.47
06/11/2007	MP1	MP4.2	Mobile Nursing	\$ 3,098,758.50	\$ 2,479,006.80
06/18/2007	MP1	MP4.2	Vision MRI - Oatbrook	\$ 3,675,495.54	\$ 2,940,396.43
06/26/2007	MP1	MP4.2	National Health Service, Inc.	\$ 11,045,975.82	\$ 8,836,780.66
07/03/2007	MP2	MP4.2	Forum Medical Management	\$ 17,199,349.91	\$ 13,759,479.93
07/06/2007	MP4 #1	MP4.2	Alpha Omega - Riverside	\$ 3,695,745.21	\$ 2,956,596.17
07/09/2007	MP1	MP4.2	Advance Radiology	\$ 18,547,869.54	\$ 14,838,296.63
08/06/2007	MP3	MP3.2	Valley Healthcare	\$ 3,527,384.80	\$ 2,821,907.84
08/24/2007	MP1	MP4.2	Assured Home Health	\$ 988,597.51	\$ 790,878.01
08/27/2007	MP1	MP4.2	Total Family Care	\$ 3,840,975.35	\$ 3,072,780.28
08/30/2007	MP1	MP4.2	NLV, Inc.	\$ 3,779,232.85	\$ 3,023,386.28
09/24/2007	MP1	MP4.2	MRI Global Imagining	\$ 25,705,489.96	\$ 3,564,391.97
10/04/2007	MP2	MP4.2	MRI Global Imaging Services	\$ 9,958,803.95	\$ 7,967,043.16
10/29/2007	MP2	MP4.2	MRI Gloabal - Store #2	\$ 8,012,482.54	\$ 6,409,986.03
12/07/2007	MP4	MP5	Get Well Medical Supply	\$ 6,368,404.12	\$ 5,094,723.30
12/10/2007	MP3	MP5	Healthcare for Women	\$ 512,500.74	\$ 410,000.59

**Medical Capital Special Purpose Corporations
Intercompany Transactions
From 2003 thru May 2009**

Transaction Date	Seller	Buyer	Provider	ENR Balance	Cash Paid
				\$ 1,285,946.25	\$ 1,028,757.00
12/10/2007	MP1	MP5	Trinity Medical Supply	\$ 837,200.62	\$ 669,760.50
12/10/2007	MP1	MP5	Vision Medical Group	\$ 2,729,380.08	\$ 2,183,504.06
12/19/2007	MP4	MP5	Quality Healthcare Inc.	\$ 12,130,250.26	\$ 9,704,200.21
12/19/2007	MP1	MP5	Western Medical center - Ana	\$ 5,098,046.19	\$ 4,078,436.95
12/19/2007	MP4	MP5	Chapman Medical Center	\$ 438,648.00	\$ 350,919.00
01/02/2008	MP1	MP5	Peninsula Podiatry	\$ 307,954.82	\$ 246,363.86
01/02/2008	MP1	MP5	Pharmacon Pharmacy	\$ 1,480,567.96	\$ 1,184,454.37
01/02/2008	MP1	MP5	LAV Care Coporation	\$ 7,847,602.51	\$ 6,278,082.01
01/02/2008	MP3 #1	MP5	Parkway Hospital, Inc.	\$ 1,476,744.94	\$ 1,181,395.95
01/08/2008	MP3 #2	MP5	Creative Medical, Inc.	\$ 5,118,263.34	\$ 4,094,610.67
01/08/2008	MP4 #1	MP5	Metabolic Disease Foundation	\$ 3,815,149.11	\$ 3,052,119.29
01/08/2008	MP4 #2	MP5	NLV, Inc.	\$ 5,054,640.74	\$ 4,043,712.59
01/11/2008	MP3 #1	MP5	Parkway Hospital, Inc.	\$ 4,484,625.33	\$ 3,587,700.26
01/16/2008	MP4 #2	MP5	Alpha Omega - San Diego	\$ 4,211,498.44	\$ 3,369,198.75
01/18/2008	MP2	MP5	Kingwood Pines Hospital	\$ 831,660.37	\$ 665,328.30
01/23/2008	MP4 #2	MP5	People's Community Health Center	\$ 2,198,080.01	\$ 1,752,064.01
01/25/2008	MP2	MP5	Kingwood Pines Hospital	\$ 3,558,740.98	\$ 2,870,992.78
01/25/2008	MP3 #1	MP5	Parkway Hospital, Inc.	\$ 906,154.54	\$ 724,923.63
01/31/2008	MP2	MP5	Breathing Disorders service, Inc.	\$ 5,487,668.77	\$ 4,390,135.02
02/01/2008	MP4 #1	MP5	F & Y Surgical	\$ 3,460,922.25	\$ 2,768,737.80
02/01/2008	MP2	MP5	Kingwood Pines Hospital	\$ 4,166,766.87	\$ 3,333,413.34
02/01/2008	MP3 #1	MP5	Parkway Hospital, Inc.	\$ 1,504,791.73	\$ 1,203,833.38
02/08/2008	MP4 #2	MP5	Assured Home Health	\$ 1,887,621.88	\$ 1,510,097.50
02/08/2008	MP3 #2	MP5	Caring Solutions, LLC	\$ 4,668,016.37	\$ 3,734,413.10
02/11/2008	MP2	MP5	Kingwood Pines Hospital	\$ 2,967,794.65	\$ 2,374,235.72
02/12/2008	MP3 #1	MP5	Parkway Hospital, Inc.	\$ 7,613,948.07	\$ 6,091,079.26
02/13/2008	MP4 #2	MP5	Boston Post Road Medical	\$ 1,631,412.80	\$ 1,305,130.24
02/13/2008	MP4 #2	MP5	Omega Healthcare Network, Inc.	\$ 1,560,734.16	\$ 1,248,587.33
02/20/2008	MP2	MP5	Kingwood Pines Hospital	\$ 3,067,736.63	\$ 2,454,189.30
02/26/2008	MP2	MP5	Kingwood Pines Hospital	\$ 12,435,632.39	\$ 9,948,425.91
02/27/2008	MP2	MP5	Kingwood Pines Hospital	\$ 4,789,574.34	\$ 3,831,659.47
02/29/2008	MP3 #2	MP5	Community Healthcare Specialist	\$ 1,384,368.04	\$ 1,107,494.43
03/03/2008	MP4 #2	MP5	Metabolic Treatment Center	\$ 1,343,910.29	\$ 1,075,128.23
03/03/2008	MP4 #1	MP5	Statewide Medical System	\$ 3,426,613.56	\$ 2,741,290.85
03/04/2008	MP2	MP1	Gulf Pines Hospital	\$ 3,865,239.15	\$ 3,092,191.32
03/04/2008	MP3	MP1	Parkway Hospital	\$ 3,673,272.16	\$ 2,938,617.73
03/11/2008	MP4 #2	MP4	Mobile Nursing	\$ 3,316,477.41	\$ 2,653,181.93
03/25/2008	MP3 #1	MP5	Parkway Hospital, Inc.	\$ 4,274,805.61	\$ 3,419,844.49
03/27/2008	MP4 #2	MP1	MRI Oakbrook	\$ 1,535,319.11	\$ 1,228,255.29
04/14/2008	MP4 #2	MP5	Metabolice Treatment Center	\$ 3,863,616.40	\$ 3,090,893.13
04/14/2008	MP4 #1	MP5	Pain Management Rehab	\$ 4,185,103.43	\$ 3,348,082.74
04/14/2008	MP4 #1	MP5	Statewide Medical System	\$ 5,247,376.99	\$ 4,197,901.59
04/25/2008	MP2	MP5	Gulf Pines Hospital	\$ 13,284,569.52	\$ 10,627,655.62
05/05/2008	MP4 #1	MP5	Global Testing Group	\$ 7,543,843.89	\$ 6,035,075.11
05/05/2008	MP4 #1	MP5	Lincoln Hospital	\$ 8,892,487.63	\$ 7,140,390.10
05/05/2008	MP4 #1	MP5	Oaks Diagnostic	\$ 4,401,509.85	\$ 3,521,207.88
05/08/2008	MP4 #2	MP5	Alpha Omega - Riverside	\$ 7,863,248.95	\$ 6,290,599.16
05/14/2008	MP4 #2	MP5	Boston Post Medical Imaging	\$ 9,201,458.94	\$ 7,361,167.15
06/06/2008	MP4 #1	MP5	PMG - Path of Pines	\$ 11,580,426.91	\$ 9,264,341.53
06/06/2008	MP4 #1	MP5	PMG - Progressive Medical Corp	\$ 4,368,349.55	\$ 3,494,679.64
06/06/2008	MP4 #2	MP5	Total Family Care	\$ 193,956.19	\$ 6,737,665.65
06/20/2008	MP3 #1	MP4	Trace Life Sciences, Inc.	\$ 2,333,434.48	\$ 1,866,747.58
06/20/2008	MP3	MP5	Valley Healthcare Medical	\$ 8,357,680.74	\$ 6,686,144.59
06/23/2008	MP2	MP1	Gulf Pines Hospital		

**Medical Capital Special Purpose Corporations
Intercompany Transactions
From 2003 thru May 2009**

Transaction Date	Seller	Buyer	Provider	ENR Balance	Cash Paid
06/29/2008	MP2	MP5	Legacy Medical Center	\$ 909,491.15	\$ 4,696,751.18
07/07/2008	MP2	MP5	Legacy Medical Center	\$ 4,829,735.96	\$ 3,863,788.77
07/07/2008	MP3 # 1	MP5	Trace Life Science	\$ 3,361,469.33	\$ 2,689,175.46
07/09/2008	MP4 # 2	MP3.2	National Health Services	\$ 2,828,895.69	\$ 2,263,116.55
07/14/2008	MP3 # 1	MP3.2	Concept I Academies, LLC	\$ 3,132,215.80	\$ 2,505,772.64
08/14/2008	MPFC5	MP6	NLV, Inc.	\$ 4,242,802.40	\$ 3,394,241.92
08/15/2008	MPFC4 #2	MP6	Total Family Care	\$ 4,402,587.94	\$ 3,522,062.35
08/19/2008	MPFC5	MP6	Peoples's Community Health Center	\$ 682,867.47	\$ 546,293.98
08/19/2008	MPFC5	MP6	LAV Care	\$ 1,029,063.06	\$ 823,250.45
08/19/2008	MPFC5	MP6	Breathing Disorder Service	\$ 803,583.94	\$ 642,867.15
08/20/2008	MPFC3 #1	MP6	Sherios of Roswell	\$ 504,917.02	\$ 403,933.62
08/21/2008	MPFC3 #1	MP6	Trace Life Sciences	\$ 492,232.38	\$ 393,786.38
08/26/2008	MPFC3 #1	MP6	Valley Healthcare	\$ 11,345,348.88	\$ 9,076,279.10
08/26/2008	MPFC5	MP6	Valley Healthcare	\$ 2,333,434.48	\$ 1,866,474.58
08/26/2008	MPFC3 #2	MP6	Monsour Medical Center	\$ 599,569.59	\$ 479,655.67
08/26/2008	MPFC2	MP6	Legacy Medical Center	\$ 3,978,815.45	\$ 3,183,052.36
08/29/2008	MPFC5	MP6	Trace Life Science	\$ 3,352,144.18	\$ 2,681,715.34
09/08/2008	MPFC5	MP6	Assured Home Health	\$ 2,572,158.94	\$ 2,057,727.15
09/11/2008	MPFC4 #2	MP5	National Health Center	\$ 2,135,738.94	\$ 1,708,591.15
09/18/2008	MPFC4 #2	MP5	National Health Center	\$ 640,800.68	\$ 512,640.54
09/19/2008	MPFC4 #1	MP6	Trace Life Sciences	\$ 8,921,207.91	\$ 7,136,966.33
10/21/2008	MPFC4 #1	MP6	Home Care Medical	\$ 653,628.85	\$ 522,903.08
10/23/2008	MPFC4 #2	MP6	Advanced Radiology	\$ 20,135,038.88	\$ 16,108,031.10
12/09/2008	MPFC4#1	MP5	National Health Services	\$ 132,058.31	\$ 105,646.65
12/10/2008	MPFC4#1	MP5	National Health Services	\$ 402,288.06	\$ 502,860.08
12/12/2008	MPFC4#1	MP5	National Health Services	\$ 400,539.59	\$ 500,674.49
12/15/2008	MPFC4#1	MP5	National Health Services	\$ 318,079.33	\$ 254,463.46
12/16/2008	MPFC4#1	MP5	National Health Services	\$ 307,759.17	\$ 246,207.34
12/29/2008	MPFC4#1	MP5	National Health Services	\$ 307,179.96	\$ 245,743.97
12/30/2008	MPFC4#1	MP5	National Health Services	\$ 250,508.77	\$ 200,407.02
01/05/2009	MPFC4#1	MP5	National Health Services	\$ 407,996.24	\$ 326,396.99
01/06/2009	MPFC4#1	MP5	National Health Services	\$ 437,895.16	\$ 350,316.13
Grand Total				\$ 1,054,285,244.97	\$ 829,450,738.89

EXHIBIT "3"

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MP Financial Corp I
 Detail General Ledger - Standard
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Jrnl	Tran	Bat	Per	Reference	Vendor	Tran	Tran	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
Type	Type	Nbr	Emt	Nbr		Date	Description				
Acct:	11030101				Medical receivable providers 1						
CA	ZZ	200390	02-04								
						Sub: 0-00-00003-00-00	Sub Acct Added During Posting				
						2/27/2004	Interco trans. Advance Rad.		5,746,263.01		
						Period 02-04	Total	0.00	5,746,263.01	0.00	5,746,263.01
						Period 03-04	Total	5,746,263.01	0.00	0.00	5,746,263.01
						4/16/2004	Interco trans fr MCH/Carr12-Adv		3,712,242.42		
						4/30/2004	Interco trans Advanced Radio		4,986,578.11		
						Period 04-04	Total	5,746,263.01	8,698,821.53	0.00	14,445,084.54
						5/28/2004	Interco trans Advanced Radio		513,727.87		
						Period 05-04	Total	14,445,084.54	513,727.87	0.00	14,958,812.41
						Period 06-04	Total	14,958,812.41	0.00	0.00	14,958,812.41
						Period 07-04	Total	14,958,812.41	0.00	0.00	14,958,812.41
						Period 08-04	Total	14,958,812.41	0.00	0.00	14,958,812.41
						Period 09-04	Total	14,958,812.41	0.00	0.00	14,958,812.41
						Period 10-04	Total	14,958,812.41	0.00	0.00	14,958,812.41
						Period 11-04	Total	14,958,812.41	0.00	0.00	14,958,812.41
						Period 12-04	Total	14,958,812.41	0.00	0.00	14,958,812.41
						Period 01-05	Total	14,958,812.41	0.00	0.00	14,958,812.41
						2/28/2005	dkb/sus/0505 <i>AK advise</i>		0.00	248,240.69	
						Period 02-05	Total	14,958,812.41	0.00	248,240.69	14,710,571.72
						Period 03-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 04-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 05-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 06-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 07-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 08-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 09-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 10-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 11-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 12-05	Total	14,710,571.72	0.00	0.00	14,710,571.72
						Period 01-06	Total	14,710,571.72	0.00	0.00	14,710,571.72

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MP Financial Corp I
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Jrnl	Tran	Bat	Per	Reference	Vendor	Tran	Tran	Beginning	Debit	Credit	Ending
Type	Type	Nbr	Ent	Nbr		Date	Description	Balance	Amount	Amount	Balance
Period	02-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	03-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	04-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	05-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	06-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	07-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	08-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	09-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	10-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	11-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	12-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	01-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	02-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	03-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	04-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	05-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	06-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
7/9/2007 Interco trans Advance Radiolog								18,547,869.54	0.00	0.00	18,547,869.54
Period	07-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	08-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	09-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	10-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	11-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	12-07						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	01-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	02-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	03-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	04-08						Total	14,710,571.72	0.00	0.00	14,710,571.72
Period	05-08						Total	14,710,571.72	0.00	0.00	14,710,571.72

CA ZZ 218901 07-07

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MP Financial Corp I
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Jrnl	Tran	Bat	Per	Reference	Vendor	Tran	Tran	Beginning	Debit	Credit	Ending
Type	Type	Nbr	Ent	Nbr		Date	Description	Balance	Amount	Amount	Balance
	Period	06-08	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	07-08	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	08-08	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	09-08	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	10-08	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	11-08	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	12-08	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	01-09	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	02-09	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	03-09	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	04-09	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Period	05-09	Total					-3,837,297.82	0.00	0.00	-3,837,297.82
	Acct	11030101	Total					0.00	14,958,812.41	18,796,110.23	-3,837,297.82
	Total				Assets			0.00	14,958,812.41	18,796,110.23	-3,837,297.82

- ^ Indicates the period entered is different from the period posted.
- * Indicates there are no GL transactions to support summarized Acctlist period activity.
- ** Indicates the calculated period ending balance does not match the YTD balance on Acctlist.
- *** Indicates the calculated account balance does not match the account balance on Acctlist.
- # Indicates Assets do not match Liabilities or Net Income does not equal the YTD Net Income account.

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MP Financial Corp IV
 Detail General Ledger - Standard
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Jrnl	Tran	Bat	Per	Ent	Reference	Vendor	Tran	Tran	Description	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
Acct	11030101				Medical receivable providers 1				Sub: 0-00-00-00003-00-00				
CA	ZZ	216804	07-07	SII			7/9/2007		Intra trans Advance Radio.	18,547,869.54		0.00	18,547,869.54
							Period 07-07	Total		0.00	18,547,869.54	0.00	18,547,869.54
							Period 08-07	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 09-07	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 10-07	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 11-07	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 12-07	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 01-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 02-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 03-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 04-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 05-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 06-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 07-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 08-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							Period 09-08	Total		18,547,869.54	0.00	0.00	18,547,869.54
							10/23/2008/C trans Advanced Radiology				20,135,038.88	0.00	20,135,038.88
							Period 10-08	Total		18,547,869.54	0.00	0.00	-1,587,169.34
							Period 11-08	Total		-1,587,169.34	0.00	0.00	-1,587,169.34
							Period 12-08	Total		-1,587,169.34	0.00	0.00	-1,587,169.34
							Period 01-09	Total		-1,587,169.34	0.00	0.00	-1,587,169.34
							Period 02-09	Total		-1,587,169.34	0.00	0.00	-1,587,169.34
							Period 03-09	Total		-1,587,169.34	0.00	0.00	-1,587,169.34
							Period 04-09	Total		-1,587,169.34	0.00	0.00	-1,587,169.34
							Period 05-09	Total		-1,587,169.34	0.00	0.00	-1,587,169.34
							Acct	11030101	Total	0.00	18,547,869.54	20,135,038.88	-1,587,169.34
							Total	Assets		0.00	18,547,869.54	20,135,038.88	-1,587,169.34

Date: Monday, August 10, 2009
 Time: 02:28PM
 User: HOWARDDC

MP Financial Corp IV
Detail General Ledger - Standard
 Periods: 12-03 Through 05-09 As of: 8/10/2009 Ledger ID: ACTUAL

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 Report: 01620.rpx
 Company: 74MFFC4

- ^ Indicates the period entered is different from the period posted.
- Indicates there are no GL transactions to support summarized AcctHist period activity.
- ** Indicates the calculated period ending balance does not match the YTD balance on AcctHist.
- *** Indicates the calculated account balance does not match the account balance on AcctHist.
- # Indicates Assets do not match Liabilities or Net Income does not equal the YTD Net Income account.

Jrnl	Tran	Bat	Per	Reference	Vendor	Tran	Tran	Beginning	Debit	Credit	Ending
Type	Type	Nbr	Ent	Nbr		Date	Description	Balance	Amount	Amount	Balance

Date: Monday, August 10, 2009
 Time: 02:26PM
 User: HOWARD C

MP Funding Corp VI
Detail General Ledger - Standard
 Periods: 12-03 Through 05-09 As of: 8/10/2009 Ledger No: ACTUAL

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 Report: 01620.rpt
 Company: 78MWF0C8

Jrnl	Tran	Ref	Per	Ent	Nbr	Reference	Vendor	Tran	Tran	Description	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
Type	Type	Nbr	Nbr	Nbr	Nbr	Nbr	Nbr	Date	Date					
Acct:	11030101	Medical receivable providers 1												
CA	ZZ	224295	10-08					Sub: 0-00-00-00003-00-00		Sub Acct Added During Posting				
								10/23/2008/C trans Advanced Radiology			20,135,038.88		0.00	
								Period 10-08 Total			0.00	20,135,038.88	0.00	20,135,038.88
								11/30/2008close sus 08/08				287,596.25		0.00
								Period 11-08 Total			20,135,038.88	287,596.25	0.00	20,422,635.13
								12/31/2008close sus 12/08						0.00
								Period 12-08 Total			20,422,635.13	24,721.52	0.00	20,444,356.65
								1/31/2009 close sus 12/08				134,317.89		0.00
								Period 01-09 Total			20,444,356.65	134,317.89	0.00	20,578,674.34
								Period 02-09 Total			20,578,674.34	0.00	0.00	20,578,674.34
								3/31/2009 adjust AR balances				82,787.85		0.00
								Period 03-09 Total			20,578,674.34	82,787.85	0.00	20,661,462.19
								4/30/2009 Adjust AR - Apr 09				0.00		0.00
								Period 04-09 Total			20,661,462.19	0.00	0.00	20,661,462.19
								5/31/2009 Adjust AR - May 09				41,177.08		0.00
								Period 05-09 Total			20,578,674.34	41,177.08	0.00	20,619,851.42
								Acct 11030101 Total			0.00	20,702,639.27	82,787.85	20,619,851.42
								Total			0.00	20,702,639.27	82,787.85	20,619,851.42

- ^ Indicates the period entered is different from the period posted.
- * Indicates there are no GL transactions to support summarized Acct-Hist period activity.
- ** Indicates the calculated period ending balance does not match the YTD balance on Acct-Hist.
- *** Indicates the calculated account balance does not match the account balance on Acct-Hist.
- # Indicates Assets do not match Liabilities or Net Income does not equal the YTD Net Income account.