UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, - against - PATRICK CHURCHVILLE, CLEARPATH WEALTH MANAGEMENT, LLC, Defendants, - and - CLEARPATH MULTI-STRATEGY FUND I, L.P., CLEARPATH MULTI-STRATEGY FUND II, L.P., CLEARPATH MULTI-STRATEGY FUND III, L.P., HCR VALUE FUND, L.P., Relief Defendants.	C.A. No. 15-cv-00191-S-LDA

MOTION BY ACREWOOD PARTIES' FOR ALLOWANCE FOR PAYMENT OF LEGAL FEES, COSTS AND EXPENSES

Pursuant to Paragraph 4 of this Court's November 4, 2015 Order Approving Receiver's Petition for Instructions Regarding the Proposed "Settlement Agreement and Termination of the Operating Agreement, The Joint Investment Agreement and the Servicing Agreement" (Docket No. 41), Acrewood Holdings, LLC, Acrewood Investment Management, L.P., Acrewood 2013, L.P., and Acrewood 2014, L.P. (collectively, the "Acrewood Parties"), respectfully move for the allowance for payment of legal fees, costs, and expenses as identified in the accompanying Memorandum of Law. The grounds for this motion are set forth in the contemporaneously-filed Memorandum of Law and supporting affidavit of Jamie Barrett.

Dated: Providence, Rhode Island
November 12, 2015

Acrewood Holdings, LLC, Acrewood Investment Management, L.P., Acrewood 2013, L.P., and Acrewood 2014, L.P.,
By their Attorneys,

/s/ Jeffrey K. Techentin
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CERTIFICATE OF SERVICE

I, Jeffrey K. Techentin, hereby certify that I filed the within Motion by Acrewood Parties For Allowance for Payment of Legal Fees, Costs And Expenses on the 12th day of November, 2015, and that notice will be sent electronically to all counsel who are registered participants identified on the Mailing Information for Case No. 15-cv-00191-S-LDA.

/s/ Jeffrey K. Techentin

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MEMORANDUM OF LAW IN SUPPORT OF MOTION BY ACREWOOD PARTIES' FOR ALLOWANCE FOR PAYMENT OF LEGAL FEES, COSTS AND EXPENSES

Pursuant to Paragraph 4 of this Court's November 4, 2015 Order Approving Receiver's Petition for Instructions Regarding the Proposed "Settlement Agreement and Termination of the Operating Agreement, The Joint Investment Agreement and the Servicing Agreement" (Docket No. 41), Acrewood Holdings, LLC, Acrewood Investment Management, L.P., Acrewood 2013, L.P., and Acrewood 2014, L.P. (collectively, the "Acrewood Parties"), respectfully submit this memorandum of law in support of their motion for the allowance for payment of legal fees, costs, and expenses.

As explained below, the Acrewood Parties have in good faith undertaken certain actions and procured the services of legal counsel in connection therewith (i) on the belief that the ARCO (as defined below) terms and conditions are in full force and effect, (ii) in the role of manager of Series B because Churchville is unable to act for Series B, and (iii) which have substantially benefitted the SEC and the proceeds available to the Receiver from these matters (together with other proceeds, the "Receiver Estate"). Accordingly, the Acrewood Parties request that the attorneys' fees, costs, and expenses relating to services procured by the Acrewood Parties on behalf of HCR Value Fund GP, LLC and HCR Value Fund should be allowed as an offset against the funds received by the Receiver in respect of the Churchville Parties' (as defined below) interest in the HCR Value Fund pursuant to the recently-approved Settlement Agreement (as defined below). The fees and expenses were incurred primarily (1) to assist the SEC in its understanding of a complex financial structure where understanding that structure was essential to the SEC's investigation and subsequent enforcement action, and (2) to conduct appropriate management of an investment vehicle where failing to do so would have had significant adverse impact on the Receiver Estate. The Acrewood Parties are entitled to payment of those expenses as a matter of contract, but even in the absence of the contractual requirements, those expenses should be treated as administrative costs of the Receiver Estate rather than claims asserted by a mere creditor of the Receiver Estate the obligation to pay which is to be compromised in the same manner as other affected parties.

The fees, costs, and expenses of services procured by the Acrewood Parties on behalf of the HCR Value Fund and HCR Value Fund GP, LLC or otherwise suffered by HCR Value Fund (the "Expenses") fall into four categories:

- Expenses associated with the SEC investigation, the Complaint and proceedings prior to and immediately after the ARCO and negotiation

and documentation of the ARCO. These expenses were the express subject of the indemnification in the ARCO and were incurred solely as a result of the SEC Action (as defined below). These are referred to herein as the "Pre- ARCO and ARCO Expenses".

- Expenses of the HCR Value Fund incurred to Fox Chase Bank as a result of the dispute over whether the Complaint triggered a default under the credit facility which the HCR Value Fund has with Fox Chase Bank. These are referred to herein as "Bank Fees and Expenses".
- Expenses associated with production of documents to the SEC, which production was undertaken at the suggestion, if not requirement, of the SEC, as an implicit condition to the HCR Value Fund not being subject to the Freeze Order (as hereinafter defined). These are referred to herein as the "SEC Production Expenses". The Acrewood Parties maintain that such expenses were procured (i) on the good faith understanding that the ARCO's cost indemnification was in full force and effect, and (ii) were relating to activities synonymous with those that the Receiver would have had to undertake if the Receiver had been appointed at the time, as it was, in the belief of the Acrewood Parties, in the best interest of the Receiver Estate to keep HCR Value Fund outside the Freeze Order.
- Expenses associated with the management of the HCR Value Fund's activities since the Complaint was filed. These are referred to herein as the "Management Expenses" and include expenses associated with:
  - negotiations with Fox Chase Bank to prevent Fox Chase Bank from foreclosing on the assets of the HCR Value Fund;
  - preparation of Amendment No. 1 to the HCR Value Fund limited partnership agreement;
  - negotiation of issues with the Capio Parties (as defined below) and documentation of the Settlement Agreement and Termination of the Operating Agreement, The Joint Investment Agreement and the

Servicing Agreement with the Capio Parties (the "Settlement Agreement"); and

- expenses associated with enforcement of the terms of the ARCO.

I. Factual Background

A. *Background of the Transaction*

1. HCR Value Fund, L.P. ("HCR Value Fund") is an investment vehicle through which investors therein held indirect interests in patient healthcare accounts receivables owned or originated by hospitals and other healthcare providers or providers of health related transportation services. The receivables were acquired by CP Medical, LLC ("CP Medical"), an entity from which the HCR Value Fund is entitled to distributions as an economic interest owner but in which it is not an equity-holding member, the sole equity-holding member being Capio Acquisitions VII, LLC ("Capio VII"). Capio VII is managed by Capio Asset Holdings, LLC (together with Capio VII and CP Medical, the "Capio Parties").

2. HCR Value Fund is one of the Relief Defendants in this action, which was brought by the Securities and Exchange Commission (the "SEC Action"). However, the HCR Value Fund was not subject to the Court's July 30, 2015 Order Appointing Receiver. (Docket No. 16).

3. There are currently two series of limited partnership interests within HCR Value Fund: Series A and Series B. HCR Value Fund GP, LLC was the general partner of HCR Value Fund and was owned and operated by ClearPath Wealth Management, LLC ("ClearPath") and/or Patrick Churchville ("Churchville" and together with ClearPath, the "Churchville Parties").

4. Acrewood 2013, L.P. owns 51.667% of the outstanding partnership interests in Series A of the HCR Value Fund ("Series A"). Acrewood 2013, L.P. and Acrewood

2014, L.P. (together the "Acrewood Investors") collectively own 98.75% of the outstanding partnership interests in Series B of the HCR Value Fund ("Series B").

5. Each of the Acrewood Investors is a limited partnership through which clients of Acrewood Holdings, LLC ("Acrewood Holdings") own their indirect interests of the investments made by HCR Value Fund. Acrewood Investment Management, LP ("Acrewood Management") is the general partner of each of the Acrewood Investors. Acrewood Holdings, Acrewood Management and the Acrewood Investors are collectively referred to herein as the "Acrewood Parties".

6. HCR Value Fund GP, LLC owns the remaining 1.25% of the outstanding partnership interests in Series B. To Acrewood Holdings' knowledge, HCR Value Fund GP, LLC owns 6.67% of the outstanding partnership interests in Series A.

7. The Acrewood Investors committed $19,750,000 to Series B; HCR Value Fund GP, LLC committed $250,000 to Series B.

8. By virtue of its partnership interests, HCR Value Fund GP, LLC is entitled to receive distributions and is also entitled to a carried interest equal to 20% of the net profits earned on all invested capital for Series A and 20% of the net profits earned on all invested capital for Series B. Series A and Series B are not netted.

9. Series A is close to winding up its affairs. It has already returned all capital to its investors so distributions made by Series A are made 20% to HCR Value Fund GP and 80% to the Series A limited partners (including HCR Value Fund GP, LLC) in accordance with the proportion to how their capital was invested in Series A.

10. Prior to the Settlement Agreement, Series B had not yet returned all capital so distributions by Series B were to be made to the Series B limited partners first in

accordance with how their capital was invested in Series B, and then, once all invested capital had been returned, 20% to HCR Value Fund GP and 80% to the Series B limited partners (including HCR Value Fund GP, LLC) in accordance with the proportion to how their capital was invested in Series B.

11. The HCR Value Fund is governed by a limited partnership agreement dated August 7, 2012. The following provisions from the HCR Value Fund limited partnership agreement are particularly relevant to these matters (emphasis in original):

> Section 11.1. **Exculpation**
>
> Section 11.1.1 **General**.
>
> No Covered person shall be liable to the Partnership or any Partner for any loss suffered by the Partnership or any Partner which arises out of any investment or any other action or omission of such Covered Person if (a) such Covered Person acted in good faith and reasonably believes that such course of conduct was in or not opposed to, the best interest of the Partnership and 9b) such conduct did not constitute gross negligence, willful malfeasance or fraud. For purposes of this Article 11, "**Covered Person**" shall mean the General Partner (including without limitation the General Partner acting as Tax Matters Partner or as liquidator), the Management Company, the members of the General Partner and the Management Company, each officer, director, manager and member or partner of the members of the General Partner or the Management Company, and each partner, member, stockholder, officer, director, manager, employee, agent or Affiliate of any of the foregoing.
>
> Section 11.2 **Indemnification**.
>
> The General Partner (including without limitation the General Partner acting as Tax Matters Partner or as liquidator), the Management Company, the members of the General Partner and the Management Company, each officer, director, manager and member or partner of the members of the General Partner or the Management Company, and each partner, member, stockholder, officer, director, manager, employee, agent or Affiliate of any of the foregoing (each an "**Indemnitee**") shall be indemnified, subject to the other provisions of this Agreement, by the

> Partnership (only out of Partnership assets, including the proceeds of liability insurance) against any claim, demand, controversy, dispute, cost, loss, damage, expense (including attorney's fees), judgment and/or liability incurred by or imposed upon the Indemnitee in connection with any action, suit or proceeding (including before any administrative or legislative body or agency), to which the Indemnitee may be made a party or otherwise involved or with which the Indemnitee shall be threatened, by reason of the Indemnitee's being at the time the cause of action arose or thereafter, the General Partner, the Tax Matters Partner, the Managements Company, a director, officer, manager, member, partner, stockholder, equity-holder, employee, consultant or other agent of the General partner or Management Company, a liquidating trustee (if any) or a director, officer, manager, member, partner, stockholder, equity-holder, employee, consultant or other agent of any other organization in which the Partnership owns or has an interest or of which the Partnership is or was a creditor, which other organization, the Indemnitee serves or has served as director, officer, manager, member, partners, employee, consultant or other agent at the request of the Partnership (whether or not the Indemnitee continues to serve in such capacity at the time such action, suit or proceeding is brought or threatened).
>
> Section 11.2.6.2 **Rights to Indemnification from Other Sources**
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> The rights to indemnification and advancement of expenses conferred in this 11.2 shall not be exclusive of any other right which any Indemnitee may have or hereafter acquire under any law, statute, rule, regulation, charter document, by-law, contract or agreement.

12. Pepper Hamilton LLP ("Pepper") is counsel to the Acrewood Entities in connection with their investment activities and in connection with matters relating to the SEC Action.

13. Dechert LLP ("Dechert") is counsel to the Acrewood Entities in connection with potential litigation that, but for the Settlement Agreement, Acrewood Holdings was contemplating against the Capio Parties.

14. Adler Pollock & Sheehan, P.C. ("AP&S") is local counsel to the Acrewood Entities.

15. Jamie Barrett ("Mr. Barrett") is a principal of Acrewood Holdings, LLC, and the primary contact person at Acrewood Holdings for Pepper, Dechert and AP&S.

B. *Pre-ARCO and ARCO Expenses*

16. On or about March 17, 2015, Mr. Barrett contacted Pepper because he had received a call from Cindy Baran, Esq. of the SEC's Boston office, inquiring about the Acrewood Parties' knowledge of the activities of the Churchville Parties, and Mr. Barrett wanted to understand the Acrewood Parties' duties and/or interests in responding to the SEC's request for information.

17. On March 18, 2015, Mr. Barrett, Pepper and Ms. Baran had a conference call, prompting Mr. Barrett to then seek advice from Pepper as to what an SEC investigation against Churchville Parties would mean and what would be the potential impact on HCR Value Fund of the investigation or any action that might come out of it. Mr. Barrett explained the investment structure of the HCR Value Fund and the potential adverse impact of the SEC investigation for Acrewood Investors in light of their ownership of substantially all of the limited partnership interests in Series B. Mr. Barrett sought advice from Pepper as to the impact of various potential outcomes arising out of the SEC investigation both for the Acrewood Investors and the Acrewood Parties generally.

18. On March 20, 2015, Mr. Barrett informed Pepper that their strategy would be to obtain control of Series B directly from the Churchville Parties and allow Series A to runoff since it was almost done and other limited partners were involved. Mr. Barrett asked Pepper to review the HCR Value Fund documents to devise a strategy to accomplish those objectives.

19. In late March and the first half of April, Pepper reviewed the HCR Value Fund limited partnership agreement and other documents related to HCR Value Fund provided

by Mr. Barrett and discussed its views as to strategies for accomplishing control of Series B with Mr. Barrett.

20. The Complaint in the SEC Action was filed May 7, 2015. No advance notice of the filing of the Complaint was provided to the Acrewood Parties. Mr. Barrett was informed of the Complaint by Fox Chase Bank on May 12, 2015, and Mr. Barrett provided a copy of the document to Pepper on the same day.

21. From May 12 through May 17, 2105, there were many conversations among various of Mr. Barrett, Churchville, Pepper, Fox Chase Bank, counsel to the Churchville Parties, the Capio Parties and counsel to the Capio Parties, about the Complaint, the situation with Fox Chase Bank, and how to ensure there was no default on capital contribution obligations of the HCR Value Fund to CP Medical (which would result in substantial penalties to the HCR Value Fund and therefore to the Receiver Estate) and keep the investment activity continuing at HCR Value Fund.

22. As a result of the activities enumerated in paragraphs 21 above and 27 below, Pepper delivered a first draft of the Agreement Regarding Continuing Operations of HCR Value Fund (the "ARCO") to the Churchville Parties on May 18, 2015. Counsel for the Churchville Parties provided comments to the ARCO on May 19, revised versions were exchanged and after another round of comments, the ARCO was signed on May 21. A copy of the ARCO is attached as Appendix A.

23. There are three sections of the ARCO which are particularly relevant to these matters:

> 1.1. Co-Management of HCRVF-Series B. ClearPath will not undertake any management decision with respect to HCRVF-Series B pursuant to the Management Agreement including issuing capital calls, making cash or in-kind distributions, approving tax

> returns and making tax elections, creating new series, or other decisions relating to the management of HCRVF-Series B, without the prior approval of Acrewood Holdings. In the event that the ability of ClearPath (or another entity controlled by Churchville) to act as Management Company as contemplated by Section 4.3 of the HCRVF LPA is prevented by any court order entered in the SEC Action, upon written notice to Churchville and ClearPath by Acrewood Holdings, (a) Churchville and ClearPath agree that Acrewood Holdings shall be authorized to exercise all management discretion afforded by Section 4.3 of the HCRVF LPA; and (b) upon the written request from Acrewood Holdings, ClearPath shall provide (i) the 90 days' notice of termination of the Management Agreement provided for under Section 6 of the Management Agreement, or (ii) notice of dissolution of HCRVF-Series B pursuant to Section 8.3 of the HCRVF LPA, *provided that* any such dissolution shall be conditioned upon entry into such agreements as will provide Churchville or an affiliate of HCRVF-GP with the same economic rights with respect to the portfolio owned by HCRVF-Series B as exist as of the date hereof.
>
> …
>
> 2.1 Cost Reimbursement. Churchville and ClearPath hereby agree to indemnify the Acrewood LPs, CP Investor and Acrewood Holdings for any reasonable out-of-pocket costs incurred by them in connection with the SEC Action, this Agreement and any actions reasonably undertaken in connection therewith. Any such expenses may be offset against the Management Fee or other payments or distributions due to ClearPath or HCRVF-GP in respect of HCRVF-Series B or the CP Medical business.
>
> 2.2. Indemnification. Churchville and ClearPath agree that (i) they will not be entitled to indemnification from HCRVF under Section 11.2.1 of the HCRVF LPA in respect of any claims, demand controversy, dispute, cost, loss, damage, expense (including attorneys' fees), judgment, and/or liability relating to the SEC Action and (ii) in no event shall HCRVF provide any advancements of expenses to Churchville or ClearPath pursuant to Section 11.2.4 of the HCRVF LPA.

24. The Pepper legal fees in connection with the above matters from March 17, through May 11, 2015 were $4,443.75 and from May 12 through May 21 were $10,008.53 for a total for this period of $14,452.28. The Acrewood Parties procured no other legal services

prior to May 21, 2015 in connection with these matters, other than those discussed in Section B below.

C. *Bank Fees and Expenses*

25. On May 12, 2015 Fox Chase Bank, lender under a credit line to HCR Value Fund, declared a default, swept the HCR Value Fund's bank accounts of cash and accelerated the maturity of the outstanding balance of the loan, making a capital call for $1,063,253.57 from the investors in Series B. Acrewood Investors did not fund their share of the capital call and, to their belief, neither did HCR Value Fund GP, LLC. Rather, the bank was ultimately repaid in August 2015 by the bank's sweep of cash distributed to HCR Value Fund Series B by CP Medical.

26. On May 12, 2015 Fox Chase Bank took all cash from the Series A and Series B accounts at Fox Chase Bank. After receiving communications from Mr. Barrett as to the inappropriateness of any withdrawal from Series A's account (as Series A was not a borrower under the line of credit), Fox Chase restored the amounts withdrawn from Series A. Ultimately when Fox Chase was repaid in August when they swept cash received into the Series B account from CP Medical, they also assessed a $20,000 fee for attorney fees incurred by the bank which they also withdrew from the Series B account.

27. From May 12 through May 27, 2105, there were many conversations among various of Mr. Barrett, Churchville, Pepper, counsel to the Churchville Parties, Fox Chase Bank and its counsel (White & Williams), about how to manage the Fox Chase situation and keep the line of credit available. Fox Chase had no interest in doing so and maintained that the filing of the Complaint triggered a default which entitled them to terminate the line of credit and sweep the HCR Value Fund bank accounts, accelerate the outstanding balance and require immediate repayment of the amounts outstanding under the line of credit, and ultimately

withdrew amounts from the accounts to cover their fees and expenses associated with the default and any collection activity.

28. Mr. Barrett informed Pepper that, on May 26, 2015, Mr. Barrett had a conversation with the Chief Lending Officer of Fox Chase Bank which was followed on May 27, 2015, by a letter from counsel to Fox Chase Bank providing notice of default by Acrewood Investors because it had not met the capital call, allowing for 10 days to cure the default. Acrewood again did not fund the capital call as it did not believe, on advice of Pepper, that the bank had properly called a default and it also expected that payments to HCR Value Fund from CP Medical in the next month or two would be sufficient to repay the bank. Mr. Barrett had numerous conversations with Fox Chase Bank to request deferral of any action by the bank, indicating that, within a small amount of time (at the time it was estimated it could be as soon as within 30 days), the distributions from CP Medical to HCR Value Fund (which were then anticipated to be made mid-June) would be sufficient to repay the bank.

29. On June 8, 2015, because the Freeze Order did not freeze the assets of HCR Value Fund, Pepper responded on behalf of the Acrewood Parties to the May 27 default letter from Fox Chase Bank summarizing that the SEC's filing of the complaint was not a proper basis for declaring a default, that the HCR Value Fund's assets were not affected by the complaint as evidenced by the Freeze Order. Despite that, Fox Chase Bank continued to take a different position.

30. To the best knowledge and belief of the Acrewood Parties, no Churchville Parties were involved in any substantive part of the dialogue with Fox Chase Bank that resulted in them not seizing the collateral. It is the Acrewood Parties' belief that seizing the collateral could have devastated the value of the HCR Value Fund as its rights to distributions from CP

Medical could have been sold in a fire sale or otherwise liquidated in order to repay the bank's loan, and that it was solely the result of the Acrewood Parties' effort, guided by advice of counsel, that Fox Chase Bank did not execute on the collateral.

31. The Fox Chase Bank fee of $20,000 has been paid out of HCR Value Fund assets. 79% of the fee (or $15,800) reduced the distributions to the Acrewood Investors, and 21% of the fee (or $4,200) reduced the distributions to HCR Value Fund GP, LLC.

32. The Pepper legal fees associated with the foregoing Fox Chase Bank matters were $3,128.40. The Acrewood Parties procured no other legal services in connection therewith.

D. *SEC Production Expenses*

33. On May 19, 2015, the SEC filed its Motion for injunction and freezing of assets of the Churchville Parties. On June 2, 2015, the Court entered an order granting the SEC's request for injunction and freezing of assets.

34. Counsel to Churchville Parties emailed Pepper relaying a summary of a discussion he held on May 27 with Mr. Jones of the SEC in which they inquired if Mr. Jones would take a call from counsel for the Acrewood Parties. Counsel to the Churchville Parties reported to Mr. Barrett that, at that point in time, the SEC was insisting on freezing the assets of HCR Value Fund, and that a "freeze order will essentially tie up monies Capio owes to HCR Value Fund for prior purchases." Counsel to the Churchville Parties asked that Mr. Barrett provide the Series B bank statements and confirm that the only investor monies that had flowed through the Series B bank account at Fox Chase Bank had been the Acrewood Parties' monies (and monies of prior limited partners in Series B whose interests the Acrewood Parties had acquired on March 2, 2015) and that there was no commingling of monies in the Series B account. Mr. Barrett reviewed the statements in the possession of the Acrewood Parties and

provided that confirmation to the best of his knowledge to counsel to the Churchville Parties late on May 27.

35. On May 28, 2015, Pepper had a call with Mr. Jones of the SEC. In that call, Pepper assisted the SEC's understanding of the ramifications to HCR Value Fund, and therefore the Acrewood Parties and the Receiver Estate, of subjecting the HCR Value Fund to an asset freeze; specifically that subjecting it to a freeze would verify the bank's default position, inhibit HCR Value Fund's ability to perform its obligations to CP Medical and therefore generate a substantial negative impact on the value of HCR Value Fund to its investors, particularly with respect to Series B which was 98.75% owned by Acrewood Investors. At the end of the call, Mr. Jones indicated to Pepper that he expected to avoid circumstances at the hearing to be held later that day (May 28) that would stem from the Fox Chase default being effective and invited Pepper and the Acrewood Parties to confirm all of their statements in a submission to the SEC.

36. Later on May 28, 2015, counsel to the Churchville Parties reported to Mr. Barrett and Pepper that there had been a call between Mr. Jones and counsel to the Churchville Parties, and that Churchville's economic interest and any fees due him from HCR Value Fund would be frozen, but the HCR Value Fund itself would not, and that Mr. Jones had said that he would still need to review fund documents to be sent by Pepper and that he reserved the right to seek relief with respect to HCR Value Fund. Counsel for the Churchville Parties also inquired of Pepper and Mr. Barrett in the same email whether anyone had heard from Capio and, if not, whether Acrewood Parties thought the relationship was terminated.

37. Pepper began work on the submission to the SEC on May 29, 2015. It was prepared by Pepper and Mr. Barrett and encompassed making a hard copy of 49 documents relating to the HCR Value Fund available to the SEC as well as an electronic data room of those

documents. The documents demonstrated the current contractual affairs of the HCR Value Fund, as well as the history of the Acrewood Parties involvement therewith. The documents included the ARCO. The total submission was 497 pages of documents and was accompanied by a 16 page, single spaced, summary of Acrewood Parties' involvement with Series A and Series B, all of which supported the statements made to the SEC on the basis of which, presumably, the SEC did not include the HCR Value Fund in the entities that were the subject of the freeze order. At Mr. Barratt's request, the Receiver was given access to the same electronic data room on August 20, 2015.

38. On June 2, 2015, the Court issued its order freezing assets (the "Freeze Order") and specifically did not include HCR Value Fund in the funds and assets that were subject to the Freeze Order. Neither Pepper nor the Acrewood Parties were provided a copy of the draft Freeze Order submitted to the Court by the SEC.

39. The Pepper legal fees associated with the SEC Submission were $25,479.91. The Acrewood Parties procured no other legal services in connection with the SEC submission.

E. *Management Expenses*

40. At or about the same time as the ARCO was signed, Mr. Barrett sought confirmation from counsel to the Churchville Parties that no formal capital call had been issued from Capio Parties as of that date and that there was no unmet capital call.

41. On June 11, 2015, one of the Capio Parties emailed Mr. Barrett that it intended to make no distributions to HCR Value Fund because of wording in the Freeze Order which they interpreted as telling them not to do so. This resulted in a series of conversations and letters over the next month among Pepper, Mr. Barrett, counsel to the Capio Parties and counsel to the Churchville Parties, regarding the position of the Capio Parties. As a result of these

discussions and correspondences, it became apparent that the only means to resolve the Capio interpretation of the Freeze Order was to obtain a clarifying order. The proposed clarifying order was provided to Pepper and the Acrewood Parties prior to being submitted to the Court and Pepper commented thereon. It was issued by the Court on July 30 (the "July 30 Order").

42. In this same June and early July 2015 time period, Pepper and counsel to the Churchville Parties engaged in various communications relating to the ARCO's provisions allowing an affiliate of the Acrewood Investors to step in as manager of the HCR Value Fund and as its general partner because Churchville was unable to act for HCR Value Fund GP, LLC. The Churchville Parties agreed the June 2 Order blocked their management authority and that the Acrewood Parties were entitled to become the manager of Series B by reason of the original, self-executing terms of the ARCO without any action on the part of any Churchville Party. However, with respect to the general partner substitution, the Churchville Parties allowed that the Freeze Order prevented them from signing any agreement which would allow an affiliate of the Acrewood Parties to become general partner of Series B. The Acrewood Parties provided notice that they were assuming the manager role on July 6, 2015. The authorization to substitute the general partner came in the July 30 Order.

43. The July 30 Order provided that "***HCR Value Series B may continue to operate, pursuant to the terms of the "Agreement Regarding Continuing HCRVF Operations***…." (emphasis added), and that the [Acrewood Parties] could replace HCR Value Fund GP, LLC as general partner with an entity controlled by the Acrewood Parties, and that the interest of HCR Value Fund GP, LLC could be converted to a special limited partner interest provided (a) no financial interest of the Defendants is dissipated or diminished; (b) monies that go to the Defendants from the HCR Value Fund are escrowed and frozen, and (c) Churchville

plays no investment advisory role in the on-going operations of HCR Value. The only substantive comments added to this by Pepper was to allow for the July 30 Order to also cover the substitution of the general partner and conversion of the interest of HCR Value Fund GP, LLC to a special limited partner interest. The initial draft provided by the SEC and the final July 30 Order provided that the operations would continue as provided in the ARCO. Acrewood Parties and Pepper understood the "no dissipation or diminishment" condition to apply to what was to happen thereafter, i.e. under their watch, that it was prospective in nature, and that it was meant to require the Acrewood Parties to preserve and protect the assets of HCR Value Fund, and that it was not intended to change one of the terms of the ARCO retroactively.

44. The Pepper legal fees in connection with the matters described in paragraphs 40 through 43 from May 22 through July 31, 2015 were $23,172.29.

45. During August, September and October 2015, the Acrewood Parties worked with Fox Chase Bank (which still houses the Series A and Series B bank accounts) to facilitate flow of funds through those accounts including verifying receipts into the Series A and Series B accounts from CP Medical, evaluated the monthly reports regarding the performance of the assets owned by CP Medical that were provided by the Capio Parties, interacted with the Capio Parties regarding CP Medical and negotiated the Settlement Agreement with the Capio Parties, analyzed the receivables pools and the potential benefits of sales of all or some thereof at various price points, prepared summary and detailed spreadsheets regarding the distributions that could be made by HCR Value Fund in various scenarios, coordinated legal counsel's activities for the benefit of HCR Value Fund, and dealt with the accountants for the HCR Value Fund in connection with its delinquent tax returns. Pepper assisted the Acrewood Parties in these endeavors by (i) advising regarding the relationship between HCR Value Fund and Fox Chase

Bank, (ii) preparing the proposed Amendment No. 1 in a manner consistent with the ARCO, (iii) reviewing and commenting on the proposed Settlement Agreement with Capio, (iv) addressing considerations regarding the failure of HCR Value Fund to file its tax returns in a timely manner, (v) responding to the Receiver's inquiries regarding HCR Value Fund documentation, (vi) reviewing and commenting on the Receiver's Request for Instructions Regarding Amendment No. 1, (vii) preparing the Acrewood Parties' Statement Regarding the Receiver's Request for Instructions, (viii) advising regarding several summary analyses prepared by the Acrewood Parties of the distributions that would be made by HCR Value Fund in various scenarios, and (viii) preparing for and attending the hearing before the Court on October 29.

46. The Pepper legal fees and costs incurred in connection with these matters from August 1 through October 31, 2015 were $44,667.19.

47. The Acrewood Parties engaged Dechert on June 30, 2015 to analyze and prepare a litigation strategy against Capio in case it became necessary to proceed along those lines because the Capio Parties were not making any distribution payments to HCR Value Fund and were claiming that the HCR Value Fund was in breach of its obligations to CP Medical. Ultimately, following the July 30 Order, CP Medical began making distributions but the distributions were reduced because Capio applied the penalty rates applicable in the event of a default by the HCR Value Fund of its obligations to CP Medical. Between July and October 2015, the Acrewood Parties and Dechert drafted and negotiated the Settlement Agreement for the benefit of HCR Value Fund (both Series A and Series B) and the Receiver Estate. The Dechert legal fees through the end of October were $28,850.55.

48. In November, the activities of the Acrewood Parties and their counsel have been limited to completion of the steps necessary for the execution of Amendment No. 1

and the Settlement Agreement and the preparation of this Memorandum and accompanying documents.

49. Acrewood Parties anticipate that the activities of the HCR Value Fund between November 12 and the winding up of Series B could involve an additional $15,000 in legal fees and has suggested to the Receiver that HCR Value Fund reserve $20,000 for each series of the HCR Value Fund for items such as final tax returns and distribution of Schedules K-1, payment of fees and taxes related to its status as a Delaware registered entity and other organizational expenses.

II. Arguments

A. The ARCO Is an Enforceable Contract

50. The ARCO is an enforceable contract as the parties thereto intended to be bound, the terms of the contract are clear and there was legal consideration. The ARCO is governed by Delaware law pursuant to Section 4.3 of the ARCO. Under Delaware law, "there are three elements for a valid, enforceable contract: (1) the parties intended that the contract would bind them, (2) the terms of the contract are sufficiently definite, and (3) the parties exchange legal consideration." *Bryant v. Way*, Civ. No. 11C-01-164 RRC, 2011 Del. Super. LEXIS 228, *9 (Del. Super. Ct. May 25, 2011); *Pulieri v. Boardwalk Props., LLC*, Civ. No. 9886-CB, 2015 Del. Ch. LEXIS 37, *14 (Del. Ch. Feb. 18, 2015); *PharmAthene, Inc. v. SIGA Techs., Inc.*, Civ. No. 2627-VCP, 2011 Del. Ch. LEXIS 136, *44 (Del. Ch. Sept. 22, 2011).

51. There was no limitation on the ability of the Churchville Parties to contract at the time they entered into the ARCO. At that time, the Complaint had been filed and the Motion for Preliminary Injunction and Freezing of Assets had been filed. The SEC had not yet proven its case on the merits. The was significant dispute between the Churchville Parties

and the SEC as to whether the SEC could prove its the HCR Value Fund was sufficiently tainted as to warrant subjecting it to an injunction.

52. The existence of the SEC investigation, its enforcement action, and the appointment of a receiver does not alter the status of the ARCO as an enforceable contract. *See, e.g.*, *In re FBI Distribution Corp.*, 330 F.3d 36, 43 (1st Cir. 2003) (noting that, although enforcement of a pre-petition contract against the debtor-in-possession requires the assumption of the contract, it remains in effect and enforceable against nondebtor parties).

53. In this case, the Receiver and the Receiver Estate have enjoyed the benefits of the Acrewood Parties' performance under the ARCO and the Receiver has not sought to repudiate the contract in whole or in part. Under those circumstances, the Receiver should be obliged to perform the obligations of the Churchville Parties under the ARCO, including making the required indemnification. Although in the bankruptcy context, a trustee cannot assume a contract by implication, it is not clear that any such requirement exists in a common law receivership. *See* 11 U.S.C. § 365. But even if the Court were to determine that a court-approval requirement exists for receivers as well, good grounds exist for the Receiver to assume the contract and for the Court to approve that assumption. Because the ARCO is, in effect, a pre-petition contract that is "beneficial to the estate," it should be assumed. *In re FBI Distribution*, 330 F.3d at 42. Indeed, the Court has already passed on the ARCO as an appropriate contract in its July 30, 2015 Order (Docket No. 17) in which it authorized continued performance under the ARCO.

54. Under the circumstances, it is clear that the Receiver has assumed the ARCO with court approval. Where a receiver has assumed a contract, "'it assumes the contract *cum onere*,' and the liabilities incurred in performing the contract will be treated as

administrative expenses." *Id.* at 42 (quoting *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 531-32 (1984)). *See also, e.g., In re Italian Cook Oil Corp.*, 190 F.2d 994, 997 ("The trustee, however, may not blow hot and cold. [...] If he receives the benefits he must adopt the burdens."). The claimed expenses should be deemed administrative expenses of the estate and allowed as such.

55. The Freeze Order has been given prospective effect in all respects in the SEC Action. To void one term of the ARCO on the grounds that it is a contract entered into in anticipation of the injunction imposed by the Freeze Order would be to give the Freeze Order retroactive effect to modify the ARCO. It is well established that relief by injunction operates in the future (*Landgraf v. Usi Film Prods.*, 511 U.S. 244, 273-74 (1994)) and that "relief against ***prospective*** harm is traditionally afforded by way of an injunction, the scope of which is limited by the scope of the ***threatened*** injury." *Friends of the Earth, Inc. v. Laidlaw Envtl. Servs. (TOC), Inc*., 528 U.S. 167, 204 (2000)(analyzing standing requirements) (emphasis added).

56. The Acrewood Parties had been discussing the substance of the ARCO prior to the filing of the Complaint, negotiated an arrangement with the Churchville Parties and then performed the management functions that should have been undertaken by the Churchville Parties, which actions were all to the benefit of the HCR Value Fund, i.e. the Churchville Parties (which is ultimately the Receiver Estate) and the Acrewood Investors. They in good faith relied upon the bargain struck in the ARCO as a binding agreement.

57. The language in Section 2.1 of the ARCO is very clear as to the intended indemnity effected through offset. There was nothing hidden or misleading about it. The agreement had been provided to the SEC in the production of documents delivered on June 23, well before the SEC prepared its July 14 Motions which resulted in the July 30 Order, and was

made available to the Receiver on August 20, well before the September 12 objection to the offset term raised by the Receiver in its markup of Amendment No. 1.

58. The July 30 Order recognized the ARCO as a valid contract when it said that the parties may proceed pursuant to the ARCO so long as the activities undertaken pursuant to it, i.e. undertaken by an affiliate of the Acrewood Parties as manager or substitute general partner, did not dissipate or diminish the value to HCR Value Fund GP, LLC. The Acrewood Parties proceeded in good faith based on this understanding of the ARCO, the Motion and the Order.

59. The indemnification set forth in the HCR Value Fund limited partnership agreement contemplated "agents" of the general partner being indemnified from the Partnership assets. To limit the indemnification of agents to partnership assets when the agent is the 98.75% limited partner defeats the purposes of the indemnification. To deal with the fact that in some circumstances the indemnification provisions would not be suitable, the HCR Value Fund limited partnership agreement contemplated the ability of the parties to negotiate additional indemnification. The ARCO contained such additional indemnification and is thus not inconsistent with the original bargain between HCR Value Fund GP, LLC and the Acrewood Investors.

60. The ARCO represented a negotiated agreement with mutual covenants that were bargained for – the Acrewood Parties could step in and take over management of the investment vehicle if its general partner and manager were prohibited from doing so, and notwithstanding that management would now have to be undertaken by the Acrewood Parties, the management fee would continue to be paid but the general partner or manager would have to indemnify Acrewood Parties for their costs. To deny the costs would remove one element of the

bargain now deemed distasteful yet keep all of the elements that are beneficial to only one party to the agreement.

61. It was not until September 12, 2015 when the Receiver delivered its comments on Amendment No. 1 to the HCR Value Fund limited partnership agreement that the indemnification in Section 2.1 of the ARCO was even questioned. Yet the ARCO had existed since May 21, been known to the SEC since June 23, and the data room which contained it was made available to the Receiver on August 20. Up until September 12, there was no question raised as to the fact that there was a binding agreement between the Churchville Parties and the Acrewood Parties, i.e. the ARCO, which provided very clearly that the Acrewood Parties would be indemnified for any out-of-pocket expenses incurred by them by reason of the SEC Action and that such indemnity could be effected by offset against distributions and payments to the Churchville Parties. As a result, the Acrewood Parties engaged attorneys and incurred expenses with the assumption that the expenses would be paid for from proceeds due to the Receiver Estate.

B. The Equities Require that Acrewood Investors' Return on Investment Not be Diminished by Costs that should have been incurred by the Churchville Parties

62. The tasks that have been performed by Acrewood Holdings since early May 2015 have either been tasks that would normally fall squarely within the role of fund manager or that have become necessary solely by reason of the SEC Action. Imposing costs associated with such actions on a party not otherwise involved in the SEC Action is inequitable and either is or should be against public policy as it is inconsistent with the role of the SEC in protecting investors.

63. To require the Acrewood Investors to bear the costs associated with the SEC Action while also paying a management fee to ClearPath is tantamount to taking a portion

of the Acrewood Parties' return and applying it for the benefit of investors in other funds in which none of the Acrewood Parties were involved.

64. Nothing has shown that the HCR Value Fund is tainted in any way with ill-gotten gains from Churchville's actions. The Acrewood Parties had nothing to do with MultiStrategy Fund I, II or III other than that they purchased interests in HCR Value Fund from some of the investors in those funds.

65. The Acrewood Parties are not the equivalent of creditors of the Receiver Estate. They have, if anything, undertaken a role with respect to HCR Value Fund which is the equivalent of the Receiver's role with respect to the MultiStrategy Funds.

66. If the Acrewood Parties had not done the job that they did with respect to the HCR Value Fund over the past five months, the Receiver would have had to (i) take the time to get up to speed and understand all of the HCR Value Fund agreements, (ii) interact with Fox Chase Bank to attempt to prevent their foreclosure on the assets of the HCR Value Fund, (iii) manage the relationship with the Capio Parties (with whom they were unfamiliar) and get them to make the required distributions, (iv) approach the Capio Parties with regards to a settlement and negotiate its terms, (v) hire an investment adviser to advise it about the proper valuation for a disposition of the investment, (vi) obtain the consent of the Acrewood Parties to such disposition (else risk claims of breach of fiduciary duty), and (vii) wind up the HCR Value Fund. All that assumes that Fox Chase Bank would not have executed on the collateral and made such steps moot; had Fox Chase Bank executed on the collateral, it may have resulted in a significantly smaller return to the Receiver Estate.

67. When a manager cannot perform investment management functions, the first thing an investor will normally do is to stop paying the management fee. However, the

Acrewood Parties were willing to continue the $25,000 per month management fee in the ARCO because they did not know at that time what was going to happen and if the Churchville Parties had prevailed in their defense of the Motion that resulted in the Freeze Order, then ClearPath would have still been able to manage the HCR Value Fund. And if it could not manage it, and if the Acrewood Parties had to take over that management, then the Acrewood Parties were not looking for a windfall by not having to pay the management fee. They certainly did not know at the time that they negotiated the ARCO what any of the legal fees would look like over the next several months. So instead, they inserted an offset through the indemnity in Section 2.1 of the ARCO. The Acrewood Parties always expected their return on investment to be net of management fees, and that it would be net of only the management fees. If the indemnified costs were very low, then net management fees would still benefit ClearPath; and if the costs were higher than the $25,000 per month management fees, the Acrewood Parties were protected. In short, the Acrewood Parties were not willing to both assume that cost and pay the management fees. They were only willing to reduce their returns by the $25,000 per month that was their original bargained for condition on the basis of which they made a $19,750,000 commitment to the HCR Value Fund. Requiring the Acrewood Parties to bear the expenses associated with their management work, which, the Acrewood Parties submit, has had a great result for the Receiver Estate and achieved that result much sooner than it otherwise would have, would be inequitable because it would force the Acrewood Parties to pay management fees and bear all the costs of performing the work that the manager should have been doing.

68. Though the Acrewood Parties do not act with respect to Series A, for all of the same reasons outlined above, the Acrewood Parties also believe that none of the Series A

investors should be required to bear any of the costs associated with the matters addressed herein, which also benefit Series A.

III. Conclusion

For the foregoing reasons, the Acrewood Parties respectfully requests that their motion be granted, and that (i) the indemnification in Section 2.1 of the ARCO be recognized as an enforceable contract provision, (ii) the offset of all of the foregoing legal fees, costs and expenses, the aggregate of which through October 31, 2015 is $143,555.62, be allowed as an offset against amounts distributable or payable to the Churchville Parties by HCR Value Fund, (iii) the Receiver either pay such amounts directly or reimburse the Acrewood Parties for any portion of such amounts as have been previously paid or borne by Acrewood Parties, (iv) the $20,000 Fox Chase Bank fee be restored to the HCR Value Fund by the Churchville Parties out of the Receiver Estate, (v) any future legal fees, costs, and other expenses which would be indemnified under Section 2.1 of the ARCO be allowed as an offset against amounts payable or paid to the Churchville Parties, and (vi) the Court grant such other and further relief as may be necessary or proper, as justice may require.

Dated: Providence, Rhode Island
November 12, 2015

Acrewood Holdings, LLC, Acrewood Investment Management, L.P., Acrewood 2013, L.P., and Acrewood 2014, L.P.,
By their Attorneys,

/s/ Jeffrey K. Techentin
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CERTIFICATE OF SERVICE

I, Jeffrey K. Techentin, hereby certify that I filed the within Memorandum of Law in Support of Motion by Acrewood Parties For Allowance for Payment of Legal Fees, Costs And Expenses on the 12th day of November, 2015, and that notice will be sent electronically to all counsel who are registered participants identified on the Mailing Information for Case No. 15-cv-00191-S-LDA.

/s/ Jeffrey K. Techentin

EXHIBIT A

AGREEMENT REGARDING CONTINUING HCRVF OPERATIONS

Execution

AGREEMENT REGARDING CONTINUING HCRVF OPERATIONS

This AGREEMENT REGARDING CONTINUING HCRVF OPERATIONS is made this 21st day of May, 2015 by and among CP Investor, L.P., a Delaware limited partnership ("***CP Investor***"), Acrewood 2013, L.P. a Delaware limited partnership ("***Acrewood 2013***"), Acrewood 2014, L.P. a Delaware limited partnership ("***Acrewood 2014***"), Acrewood Holdings, LLC, a Delaware limited liability company ("***Acrewood Holdings***"), Patrick Churchville, an individual residing in Rhode Island ("***Churchville***"), the HCR Value Fund, L.P. (with respect to Series B only), a Delaware series limited partnership ("***HCRVF***" and Series B thereof, "***HCRVF Series B***"), HCR Value Fund GP, LLC, a Delaware LLC ("***HCRVF-GP***"), and ClearPath Management, LLC, a Rhode Island limited liability company ("***ClearPath***"). Certain capitalized terms used in this Agreement have the meanings set forth in Article 2.

BACKGROUND

HCRVF-Series B is an Economic Interest Owner (as defined in the CP Medical LLC Operating Agreement effective August 17, 2012 (as such agreement may have been or may hereafter be amended from time to time, the "***CP Medical Agreement***") in CP Medical, an entity in which a third party unaffiliated with HCRVF or any investor therein, Capio Acquisitions VII, LLC, owns 100% of the membership interests (the "***Capio Member***"). CP Medical owns pools of health care receivables which it acquired with funds from HCRVF and the Capio Member. Generally, HCRVF funds 90% and the Capio Member funds 10% of the acquisition cost of each pool. The pools are attributed to Series A and Series B within HCRVF in direct correlation to the funds contributed by each series to the acquisition of the pools. The receivables are serviced by an affiliate of CP Medical.

ClearPath is currently the manager of HCRVF and Acrewood 2013 and Acrewood 2014 (collectively the "***Acrewood LPs***") are limited partners in HCRVF-Series B. The Acrewood LPs have the total capital commitments, funded capital commitments and unfunded capital commitments to HCRVF-Series B in the amounts set forth on *Schedule 1* hereto. Currently, the Acrewood LPs own 98.75% of HCRVF-Series B and HCRVF-GP owns the other 1.25%.

A Complaint was recently filed against Churchville and ClearPath by the Securities Exchange Commission in the United Stated District Court for the District of Rhode Island (the "***SEC Action***") which makes certain allegations and seeks certain remedies which could adversely impact the returns to the Acrewood LPs notwithstanding that they are not the target of the Complaint. The parties hereto would like to take certain steps with respect to the Acrewood LPs' unfunded commitments to HCRVF-Series B, without altering the economic interests of Churchville and ClearPath, to protect the interests of the Acrewood LPs and to ensure that the commitments made by CP Medical to acquire new pools of health care receivables can be fulfilled and the business of CP Medical, funded to the same extent as it would be in the absence of this Agreement, may continue.

CP Investor is an entity in which the Acrewood LPs are the sole limited partners (in the same proportion as their commitments to HCRVF-Series B) and in which Acrewood GP,

LLC is the general partner. CP Investors is managed by Acrewood Holdings, which is the manager of each of the Acrewood LPs.

NOW THEREFORE, in consideration of the recitals above and the mutual representations and covenants set forth in this Agreement, the parties hereto hereby agree as follows:

ARTICLE 1
Changes Re HCRVF-Series B

Section 1.1. Co-Management of HCRVF-Series B. ClearPath will not undertake any management decision with respect to HCRVF-Series B pursuant to the Management Agreement including issuing capital calls, making cash or in-kind distributions, approving tax returns and making tax elections, creating new series, or other decisions relating to the management of HCRVF-Series B, without the prior approval of Acrewood Holdings. In the event that the ability of ClearPath (or another entity controlled by Churchville) to act as Management Company as contemplated by Section 4.3 of the HCRVF LPA is prevented by any court order entered in the SEC Action, upon written notice to Churchville and ClearPath by Acrewood Holdings, (a) Churchville and ClearPath agree that Acrewood Holdings shall be authorized to exercise all management discretion afforded by Section 4.3 of the HCRVF LPA; and (b) upon the written request from Acrewood Holdings, ClearPath shall provide (i) the 90 days' notice of termination of the Management Agreement provided for under Section 6 of the Management Agreement, or (ii) notice of dissolution of HCRVF-Series B pursuant to Section 8.3 of the HCRVF LPA, *provided that* any such dissolution shall be conditioned upon entry into such agreements as will provide Churchville or an affiliate of HCRVF-GP with the same economic rights with respect to the portfolio owned by HCRVF-Series B as exist as of the date hereof.

1.1.1. In the event of any termination of the Management Agreement occurring pursuant to Section 1.1 above, ClearPath and Acrewood shall (i) cooperate with each other to find a substitute manager of HCRVF-Series B reasonably acceptable to Acrewood Holdings, which substitute may be an affiliate of Acrewood Holdings if Acrewood Holdings so requests, and (ii) enter into an alternative arrangement whereby the equivalent of the Management Fee (as defined in Section 4.3 of the HCRVF LPA and as the same be adjusted pursuant to Section 2.1 of this Agreement) is, until such time as the SEC Action has been finally resolved, paid to Lepizzera & Laprocina IOLTA Account to hold on behalf of Churchville and/or ClearPath.

1.1.2. In the event of any dissolution of HCRVF-Series B pursuant to a request made by Acrewood Holdings to dissolve the HCRVF pursuant to Section 8.3 of the HCRVF LPA, ClearPath and Acrewood shall (i) take such steps as necessary to dissolve HCRVF, and (ii) cooperate with each other to establish an ownership structure acceptable to Acrewood Holdings pursuant to which the activities of what had been HCRVF shall be under the management direction of Acrewood Holdings and ClearPath's and HCRVF-GP's economic interests in any such successor entity shall not result in ClearPath or HCRVF-GP (or an affiliate or either thereof) receiving less from the HCRVF investments that would be the case without this Agreement subject to the provisions of Section 1.1.1 requiring all payments that would otherwise

be made to Churchville and/or ClearPath to, until such time as the SEC Action has been finally resolved, instead be made to Lepizzera & Laprocina IOLTA Account to be held on behalf of Churchville and/or ClearPath.

Section 1.2. Further Contributions. At Acrewood Holdings' election, all Capital Contributions (as defined in the CP Medical Agreement) which HCRVF-Series B would, but for this Agreement, be required to make on or after the date hereof to CP Medical shall, in full satisfaction of such obligations, be made instead 98.75% (the "***LP Portion***") by CP Investor directly to CP Medical and 1.25% by HCRVF-Series B (the "***GP Portion***"). The GP Portion shall be funded solely by HCRVF-GP *provided that*, if HCRVF-GP is unable or unwilling to fund the GP Portion, or if the GP Portion is not funded within five (5) days after the due date therefor, the CP Investor shall have the right, but not the obligation, to fund any portion thereof not funded by HCRVF-GP. Acrewood shall seek the consent of CP Medical to make the Capital Contributions as contemplated by this Section 1.2. If such consent is obtained, then from and after the date of CP Investor's first Capital Contribution to CP Medical, CP Investor shall be an Economic Interest Owner (as defined in the CP Medical Agreement) in CP Medical. As such, whenever CP Medical makes a distribution in respect of Capital Contributions made by HCRVF-Series B and CP Investor, (i) CP Investor shall be entitled to receive (A) 100% of the portion of such distributable amount which is distributed in respect of any part of the GP Portion funded by CP Investor, plus (B) the Acrewood Amount, and (ii) HCRVF-Series B shall be entitled to receive the remainder. The amounts distributable under the foregoing clause (ii) shall be distributable by HCRVF-Series B solely to HCRVF-GP, *provided that*, until such time as the SEC Action has been finally resolved, such amounts shall not be distributed to HCRVF-GP but shall instead be distributed to the Lepizzera & Laprocina IOLTA Account to be held on behalf of HCRVF-GP.

Section 1.3. Cumulative Effect of Distributions. The parties acknowledge and agree that the terms of Section 6.2.1 of the HCRVF LPA requires that distributions of distributable proceeds earned from HCRVF-Series B be made first to the partners in HCRVF-Series B until they have received a return of all capital invested in HCRVF-Series B, and then divided 80% to the limited partner(s) therein, and 20% to HCRVF-GP. Accordingly, HCRVF-GP and the Acrewood LPs agree that all Future Distributions will be made in such manner as is necessary to cause Aggregate Distributions to have been received as Section 6.2.1 would have required if all Capital Contributions made by CP Investor to CP Medical had been amounts contributed by the Acrewood LPs to HCRVF-Series B and by HCRVF-Series B to CP Medical (the date when Aggregate Distributions have been so received is referred to herein as the "***True Up Date***").

Section 1.4. Past Contributions. Churchville and HCRVF-GP shall use all commercially reasonable efforts to ensure that CP Medical shall continue to distribute 100% of the returns from health care receivable pools the acquisition of which was funded by Capital Contributions made by HCRVF-Series B prior to the date hereof in the same manner as it would make such distributions if this Agreement were not entered into.

ARTICLE 2
Financial and Other Terms

Section 2.1. Cost Reimbursement. Churchville and ClearPath hereby agree to indemnify the Acrewood LPs, CP Investor and Acrewood Holdings for any reasonable out-of-pocket costs incurred by them in connection with the SEC Action, this Agreement and any actions reasonably undertaken in connection therewith. Any such expenses may be offset against the Management Fee or other payments or distributions due to ClearPath or HCRVF-GP in respect of HCRVF-Series B or the CP Medical business.

Section 2.2. Indemnification. Churchville and ClearPath agree that (i) they will not be entitled to indemnification from HCRVF under Section 11.2.1 of the HCRVF LPA in respect of any claims, demand controversy, dispute, cost, loss, damage, expense (including attorneys' fees), judgment, and/or liability relating to the SEC Action and (ii) in no event shall HCRVF provide any advancements of expenses to Churchville or ClearPath pursuant to Section 11.2.4 of the HCRVF LPA.

Section 2.3. IOLTA Account Deposits. For federal income tax purposes, any amounts deposited in the Lepizzera & Laprocina IOLTA Account to be held on behalf of (i) HCRVF-GP shall be treated as having been distributed first by CP Medical to HCRVF-Series B and then by HCRVF-Series B to the Lepizzera & Laprocina IOLTA Account on behalf of HCRVF-GP, or (ii) Churchville or Clearpath shall be treated as having been paid to Churchville or ClearPath (as appropriate).

Section 2.4. Allocations. All allocations made by HCRVF-Series B to HCRVF-GP or the Acrewood LPs shall be adjusted as necessary to take into account the arrangements set forth in this Agreement.

Section 2.5. No Other LPs. HCRVF-GP acknowledges that the Acrewood LPs are the sole LPs in HCRVF-Series B and agree that no other limited partnership interests in HCRVF-Series B will be issued after the date hereof without the consent of Acrewood Holdings.

ARTICLE 3
Definitions

Section 3.1. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

3.1.1. "***Acrewood Amount***" means whichever of the following is applicable at the time of the relevant distribution:

(a) If the PayBack Date has not occurred, the Acrewood Amount is 100% of the amounts distributable in respect of the LP Portion, plus any amounts due to any Acrewood Party pursuant to Section 2.1.

(b) If the PayBack Date has occurred, the Acrewood Amount is 80% of the amounts distributable in respect of the LP Portion, plus any amounts due to any Acrewood Party pursuant to Section 2.1.

3.1.2. "***Acrewood Party***" means any or all, as the context requires, of the Acrewood LPs (or either of them), CP Investor, and Acrewood Holdings.

3.1.3. "***Aggregate Distributions***" means all distributions made by HCRVF-Series B since inception of HCRVF-Series B plus all amounts distributed to CP Investor by CP Medical in respect of the LP Portion.

3.1.4. "***Capital Contributions***" has the meaning assigned to it the CP Medical Agreement.

3.1.5. "***Future Distributions***" means all distributions made by HCRVF-Series B and all amounts distributed to CP Investor by CP Medical in respect of the LP Portion.

3.1.6. "***HCRVF LPA***" means the Limited Partnership Agreement of HCRVF dated as of August 7, 2012 (as such agreement may have been or may hereafter be amended from time to time).

3.1.7. "***Management Agreement***" means the Management Agreement dated as of November 8, 2013 between ClearPath and HCRVF-Series B (as such agreement may have been or may hereafter be amended from time to time).

3.1.8. "***PayBack Date***" means the date when the Acrewood LPs and CP Investor shall have received, either from HCRVF-Series B or pursuant to distributions received pursuant to Section 1.2, an amount equal to all capital invested in CP Medical by the Acrewood LPs and/or CP Investor (either directly or indirectly through HCRVF-Series B).

ARTICLE 4
Miscellaneous

Section 4.1. Inconsistent Provisions. It is the intent of the parties that this Agreement supersede any inconsistent provisions in the HCRVF LPA, Management Agreement, CP Medical Agreement and any other agreement relating to the relationship of the parties under any contracts, agreements or understandings relating to CP Medical; *provided that,* this Agreement is not intended to have any impact on Series A of the HCRVF. Churchville and ClearPath specifically acknowledge and agree that the arrangements set forth in this Agreement shall not be deemed to violate Section 2 (relating to non-circumvention) of the Side Letter Agreement dated December 6th, 2013 by and among Acrewood 2013, HCRVF-GP and HCRVF-Series B.

Section 4.2. Controversy or Claim. Any controversy or claim arising out of or relating to this Agreement shall be resolved, and the costs associated therewith apportioned among the parties hereto, in the same manner as if such controversy or claim had arisen under the CP Medical Agreement.

Section 4.3. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware as applied to agreements among residents of such state entered into and to be performed entirely within such state, without giving effect to the principles or rules of conflict of laws to the maximum extent such principles or rules would permit the application of the laws of another jurisdiction.

Section 4.4. Confidentiality. This Agreement shall be treated as confidential in the same manner as the HCRVF-LPA.

Section 4.5. Entire Agreement. This Agreement, the HCRVF LPA and the CP Medical Agreement contain the entire understanding between the parties hereto with respect to the subject matter addressed in this Agreement and fully supersedes any and all prior or contemporaneous agreements or understandings between the parties hereto or thereto, as applicable, pertaining to the subject matter hereof.

Section 4.6. Further Assurances. Each of the parties hereto does hereby covenant and agree on behalf of itself, its successors, and its assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other action as may be required by law or reasonably necessary to effectively carry out the purposes of this Agreement.

Section 4.7. Notices. Any notice, consent, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be (a) delivered personally to the Person or to an officer of the Person to whom the same is directed, or (b) sent by facsimile, electronic mail, overnight mail or registered or certified mail, return receipt requested, postage prepaid, addressed as required by the HCRVF LPA or CP Medical Agreement, as applicable.

Section 4.8. Binding Effect; No Third Party Beneficiaries. Except as otherwise expressly provided herein, this Agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors and all other Persons hereafter holding, having or receiving an interest in HCRVF-Series B. Nothing contained in this Agreement, express or implied, is intended to or shall confer upon any person, other than the parties hereto and their respective successors and permitted assigns, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 4.9. Severability. In the event that any provision of this Agreement as applied to any party or to any circumstance, shall be adjudged by a court to be void, unenforceable or inoperative as a matter of law, then the same shall in no way affect any other provision in this Agreement, the application of such provision in any other circumstance or with respect to any other party, or the validity or enforceability of this Agreement as a whole. In addition, any failure by Acrewood Parties to obtain the agreement of CP Medical to Section 1.2 shall not affect the validity of any other terms of this Agreement.

Section 4.10. Counterparts. This Agreement may be executed in any number of multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one agreement, binding on all parties hereto.

Section 4.11. Waivers. No waiver by any party of any default with respect to any provision, condition or requirement hereof shall be deemed to be a waiver of any other provision, condition or requirement hereof; nor shall any delay or omission of any Partner to exercise any right hereunder in any manner impair the exercise of any such right accruing to it hereafter.

Section 4.12. Preservation of Intent. If any provision of this Agreement is determined by an arbitrator or any court having jurisdiction to be illegal or in conflict with any laws of any state or applicable jurisdiction, then the parties agree that such provision shall be modified to the extent legally possible so that the intent of this Agreement may be legally carried out. If any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect or for any reason, then the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that all of the parties' rights and privileges shall be enforceable to the fullest extent permitted by law.

Section 4.13. Certain Rules of Construction. All Article or Section titles or other captions in this Agreement are for convenience only, and they shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Unless the context otherwise requires an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles and words in the singular include the plural, and words in the plural include the singular. In addition, each reference herein to a particular Person shall include a reference to such Person's successors and permitted assigns. A reference to any document or agreement shall include such document or agreement as amended, modified or supplemented from time to time in accordance with its terms. A reference to any law, rule, regulation or statute includes any amendment or modification thereto. The words "herein" "hereof," "hereunder," "hereto," and words of like import shall refer to this Agreement as a whole and not any particular article, section or subdivision of this Agreement. A reference to an Article, Section, Exhibit or Schedule is a reference to the Article, Section, Exhibit or Schedule of this Agreement, unless otherwise indicated. The Schedules hereto or referred to herein shall be deemed as fully a part of this Agreement as if set forth herein in full. The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement. In this

[space intentionally left blank]

Agreement, the singular includes the plural and the plural includes the singular, pronouns stated in the neuter gender shall include the masculine, the feminine and the neuter, and the words "including," "include" and "includes" shall be deemed to be followed by the words "without limitation."

IN WITNESS WHEREOF, the above-named parties have duly executed this Agreement re Continuing Operations as of the date first set forth above.

Patrick Churchville

Acrewood 2013, L.P.
By: ACREWOOD INVESTMENT MANAGEMENT, LP, its General Partner

By: ACREWOOD GP, LLC, its General Partner

By _____
Name: Stephen Chang
Title: Managing Member

HCR Value Fund, L.P.
By: HCR Value Fund GP, LLC

By: _____
Name: Patrick Churchville
Title: Manager

Acrewood 2014, L.P.
By: ACREWOOD INVESTMENT MANAGEMENT, LP, its General Partner

By: ACREWOOD GP, LLC, its General Partner

By: _____
Name: Stephen Chang
Title: Managing Member

ClearPath Management, LLC,

By: _____
Name: Patrick Churchville
Title: Manager

Acrewood Holdings, LLC

By: _____
Name: Stephen Chang
Title: Managing Member

CP Investor, L.P.
By: ACREWOOD GP, LLC, its General Partner

By: _____
Name: Stephen Chang
Title: Managing Member

Execution

Schedule I

Unfunded Capital Commitments

As of May 21, 2015

Limited Partner	Total Capital Commitment	Funded Capital Commitment	Unfunded Capital Commitment
Acrewood 2013, L.P.	$13,750,000		
Acrewood 2014, L.P.	$6,000,000		