

UNITED STATES DISTRICT COURT  
DISTRICT OF RHODE ISLAND

SECURITIES AND EXCHANGE COMMISSION, )  
)  
Plaintiff, )  
)  
vs. ) Case No. 15-CV-00191-S-LDA  
)  
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. )  
\_\_\_\_\_ )

**RECEIVER’S PETITION FOR INSTRUCTIONS REGARDING THE DISTRIBUTION  
OF HCR VALUE FUND, L.P. SERIES A FUNDS**

Now comes Stephen F. Del Sesto, Esq. solely in his capacity as the Court-appointed Receiver for Defendants Patrick Churchville and ClearPath Wealth Management, LLC and Relief Defendants ClearPath Multi-Strategy Fund I, L.P., ClearPath Multi-Strategy Fund II, L.P., and ClearPath Multi-Strategy Fund III, L.P. (collectively “Receivership Entities”) and hereby submits this Petition for Instructions Regarding the Distribution of HCR Value Fund, L.P. Series A Funds. To the Honorable Judge William E. Smith of the Federal District Court for the District of Rhode Island, your Receiver represents the following:

1. In August of 2012, HCR Value Fund, L.P. was formed for the purposes of investing in healthcare receivables. HCR Value Fund, L.P. is one of the Relief Defendants in the Securities & Exchange Commission’s (“SEC”) action pending before this Court (the “SEC Action”). There were two series of limited partnership interests within HCR Value Fund, L.P.: Series A and Series B. HCR Value Fund GP LLC, an entity owned and operated by ClearPath

Wealth Management, LLC and/or Patrick Churchville, is the general partner of HCR Value Fund, L.P. Series A. The Receiver has operated as the general partner of HCR Value Fund, L.P. Series A since his appointment on July 30, 2015 (Document #16). The Receiver has secured sole signatory authority over HCR Value Fund, L.P. Series A's bank account held at Fox Chase Bank in Hatboro, Pennsylvania.

2. While HCR Value Fund, L.P. is one of the Relief Defendants in the SEC Action, HCR Value Fund, L.P. was not subject to the Court's July 30, 2015 Order Appointing Receiver.

3. HCR Value Fund, L.P. Series A has eight (8) limited partners, each of whom/which executed a Limited Partner Subscription Agreement. Each Limited Partner Subscription Agreement contained a clause (Section 4) which affirmed that "[t]he purchases of the Interests by the Investors and the other Limited Partners are to be separate purchases from the Partnership and the sales of the Interests to the Investor and the other Limited Partners are to be separate sales by the Partnership."

4. HCR Value Fund, L.P. Series A began with capital contributions from the following investors:

HCR Value Fund LLC	\$	1,000,000
James V. Rosati	\$	1,000,000
Acrewood 2013, L.P.	\$	7,750,000
Bernard V. Buonanno	\$	750,000
Vincent J. Buonanno	\$	1,250,000
ClearPath Multi-Strategy Fund I, L.P.	\$	1,750,000
ClearPath Multi-Strategy Fund II, L.P.	\$	500,000
<u>Thomas M. Ryan Trust</u>	<u>\$</u>	<u>1,000,000</u>
<b>Total</b>	<b>\$</b>	<b>15,000,000</b>

5. Accordingly, the respective ownership interests of HCR Value Fund, L.P. Series A is as follows<sup>1</sup>:

HCR Value Fund LLC	6.67%
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<sup>1</sup> The percentages of ownership interests listed are rounded to the nearest one-hundredth. The distribution calculations listed in paragraph 11 are based on the unrounded ownership interest percentages. See Exhibit A attached hereto.

James V. Rosati	6.67%
Acrewood 2013, L.P.	51.67%
Bernard V. Buonanno	5.00%
Vincent J. Buonanno	8.33%
ClearPath Multi-Strategy Fund I, L.P.	11.67%
ClearPath Multi-Strategy Fund II, L.P.	3.33%
<u>Thomas M. Ryan Trust</u>	<u>6.67%</u>
<b>Total</b>	<b>100%</b>

6. On October 28, 2015, the Receiver filed his “Petition for Instructions Regarding the Proposed ‘Settlement Agreement and Termination of the Operating Agreement, the Joint Investment Agreement and the Servicing Agreement’” (Document #35 and hereinafter “Petition for Instructions Regarding Settlement”) seeking the authority to execute a proposed settlement agreement between HCR Value Fund, L.P., Acrewood 2013, L.P., Acrewood 2014, L.P., Acrewood Holdings, LLC, Acrewood HCR GP, L.P., Capio Acquisitions VII, LLC, CP Medical, LLC, Capio Master Servicing, LLC, and the Receiver (on behalf of Patrick Churchville and ClearPath Wealth Management, LLC).

7. The proposed settlement agreement sought to resolve a dispute between Capio Acquisitions VII, LLC and the Acrewood Parties<sup>2</sup> over the appropriate distribution of funds under an Operating Agreement entered into between HCR Value Fund, L.P. and Capio Acquisitions VII, LLC. Further details regarding that dispute are provided in the Petition for Instructions Regarding Settlement.

8. The proposed Settlement Agreement provided that “Residual Buyout Pool Payments” would be made to HCR Value Fund Series A and Series B. The Acrewood Parties prepared a summary of distributions which indicated that, after the settlement, HCR Value Fund Series A would hold \$311,540.

9. On November 4, 2015, the Court granted the Petition for Instructions Regarding Settlement (Document #41) and the Receiver executed the Settlement Agreement. Subsequently,

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<sup>2</sup> Pursuant to the usage in the Petition for Instructions Regarding Settlement, the “Acrewood Parties” are defined as Acrewood 2013, L.P., Acrewood 2014, L.P., Acrewood Holdings, LLC, and Acrewood HCR GP, L.P.

on November 10, 2015, HCR Value Fund Series A received a wire totaling \$155,784.62 into its business checking account held at Fox Chase Bank. Previously, the account held \$155,754.90 and, therefore, following the November 10 wire, the account held (and currently holds) \$311,529.52.<sup>3</sup>

10. By virtue of its general partnership interest, HCR Value Fund GP, LLC is entitled to a carried interest equal to 20% of the profits earned on all invested capital for HCR Value Fund, L.P. Series A. Accordingly, of the \$311,529.52, HCR Value Fund GP, LLC is entitled to \$62,305.90 leaving \$249,223.62 for limited partner distributions.

11. Pursuant to the respective ownership interests stated in Paragraphs 4 & 5 above, the Receiver proposes the following distributions to the HCR Value Fund, L.P. Series A limited partners:

HCR Value Fund LLC	\$	16,614.91
James V. Rosati	\$	16,614.91
Acrewood 2013, L.P.	\$	128,765.53
Bernard V. Buonanno	\$	12,461.18
Vincent J. Buonanno	\$	20,768.63
ClearPath Multi-Strategy Fund I, L.P.	\$	29,076.09
ClearPath Multi-Strategy Fund II, L.P.	\$	8,307.45
Thomas M. Ryan Trust	\$	16,614.91
<b>Total</b>	<b>\$</b>	<b>249,223.62</b>

12. Accordingly, the Receiver would distribute \$195,225.16 to the listed third party limited partners and will collect \$116,304.36 in carried interest and limited partner distributions for the benefit of the Receivership Estate. The distribution of \$195,225.16 to the listed third parties is not intended as a waiver of nor limitation upon the Receiver's express authority under Section 7(I) of the Court's July 30 Order Appointing Receiver to proceed against those third parties for claims including, but not limited to, fraudulent transfer claims. Accordingly, should further review of documents merit action against any of the third party limited partners, neither this Petition nor the Court's Order thereupon shall serve as an impediment to such action.

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<sup>3</sup> The wire transfer was subject to a ten dollar (\$10) fee. Between November 10 and the time of this Petition, no other fees have been charged against the account. Should any fees be charged between the time of this Petition and any transfer of the funds, the Receiver will advise the Court of those fees.

**WHEREFORE**, your Receiver respectfully requests instruction from this Court as to whether the Receiver is authorized to proceed with the above described distribution of HCR Value Fund, L.P. Series A funds.

Respectfully submitted,

/s/ Stephen F. Del Sesto

Stephen F. Del Sesto, Esq. (Bar #6336)  
*Receiver for Patrick Churchville, ClearPath  
Wealth Management, LLC, ClearPath Multi-  
Strategy Fund I, L.P., ClearPath Multi-  
Strategy Fund II, L.P., and ClearPath Multi-  
Strategy Fund III, L.P. and not individually*  
Donoghue Barrett & Singal, P.C.  
One Cedar Street, Suite 300  
Providence, RI 02903  
401-454-0400  
401-454-0404

Dated: March 1, 2016

# EXHIBIT A

HCR Value Fund, LP - Series A  
Distribution of Proceeds

	Total	Acrewood 2013, LP 51.67%	Other Investors 41.67%	HCR Value Fund, LLC 6.67%	HCR Value Fund GP, LLC 20% Carried Interest	HCR Value Fund GP, LLC Total
Cash Available at Fox Chase Bank (As of 10/22/15)	\$ 155,754.90	\$ 80,473.37	\$ 64,897.88	\$ 10,383.66		\$ 10,383.66
CP Medical Settlement Payment	\$ 185,316.62	\$ 95,746.92	\$ 77,215.26	\$ 12,354.44		\$ 12,354.44
Adj. to CP Medical Settlement Payment (Distributions from CP Medical Since 9/30/15)	\$ (29,532.00)	\$ (15,258.20)	\$ (12,305.00)	\$ (1,968.80)		\$ (1,968.80)
11/10/15 Wire Transfer Fee	\$ (10.00)	\$ (5.17)	\$ (4.17)	\$ (0.67)		\$ (0.67)
Total Cash Available	\$ 311,529.52	\$ 160,956.92	\$ 129,803.97	\$ 20,768.63		\$ 20,769.30
Carried Interest Calculation						
Gain Prior to Carried Interest Calculation	\$	\$ 160,956.92	\$ 129,803.97	\$ 20,768.63		\$ 20,768.63
20% Carried Interest Reallocation	\$	\$ (32,191.38)	\$ (25,960.79)	\$ (4,153.73)	\$ 62,305.90	\$ 58,152.18
<b>Distributable Cash Flow (less Carried Interest)</b>	<b>\$ 249,223.62</b>	<b>\$ 128,765.53</b>	<b>\$ 103,843.17</b>	<b>\$ 16,614.91</b>		<b>\$ 78,920.81</b>

HCR Value Fund, LP Series A Investors

HCR Value Fund, LLC	August 2012 Contribution		
HCR Value Fund, LLC	\$ 1,000,000.00	6.67%	\$ 16,614.91
James Rosati	\$ 1,000,000.00	6.67%	\$ 16,614.91
Acrewood 2013	\$ 7,750,000.00	51.67%	\$ 128,765.53
Bernard Buonanno	\$ 750,000.00	5.00%	\$ 12,461.18
Vincent Buonanno	\$ 1,250,000.00	8.33%	\$ 20,768.63
MSF I	\$ 1,750,000.00	11.67%	\$ 29,076.09
MSF II	\$ 500,000.00	3.33%	\$ 8,307.45
Tom Ryan Trust	\$ 1,000,000.00	6.67%	\$ 16,614.91
<b>Total</b>	<b>\$ 15,000,000.00</b>		<b>\$ 249,223.62</b>