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

STATEMENT OF THE ACREWOOD ENTITIES ABOUT RECEIVER'S PETITION FOR INSTRUCTIONS REGARDING THE PROPOSED "HCR VALUE FUND, L.P. AMENDMENT NO. 1 TO THE LIMITED PARTNERSHIP AGREEMENT"

On September 30, 2015, Stephen F. Del Sesto, Esq., Court-appointed Receiver for the Defendants in the above-captioned matter, submitted a Petition for Instructions to the Court Regarding the Proposed "HCR Value Fund, L.P. Amendment No. 1 to the Limited Partnership Agreement" (hereinafter, the "Receiver's Petition"). [Docket No. 20.] That same day, the Court entered an Order mandating counsel for the Acrewood Entities (as defined below) to respond to the Receiver's Petition by October 7, 2015. [Docket No. 22.]

ACCORDINGLY, the Acrewood Entities, by and through their undersigned Counsel, hereby file the following Statement of the Acrewood Entities About Receiver's Petition for Instructions Regarding the Proposed "HCR Value Fund, L.P. Amendment No. 1 to the Limited Partnership Agreement," requesting the Court to instruct the Receiver to adhere to the contractual agreements on the basis of which Acrewood made its agreements with ClearPath Management LP ("ClearPath"), HCR Value Fund, LP (the "Fund"), and HCR Value Fund GP, LLC (the "General Partner") and to allow Acrewood to offset the costs it has incurred as a result of the action by the Securities and Exchange Commission (the "Commission") against the Defendants against distributions and payments due to the General Partner or ClearPath.

I. Introduction

Presented here is a question of whether the allowance of the cost offset provided for in the "Agreement Regarding Continuing HCRVF Operations" ("Continuing Operations Agreement") is permitted without the need for future petition to the Receiver and the Court.

The costs at issue fall into four categories: (i) costs incurred by the Fund when the Commission instituted this action against Defendants including negotiations with the Fund's prior lender, (ii) costs incurred by one or more of the Acrewood Entities in establishing their ability to manage and become the general partner of Series B of the Fund ("Series B"), (iii) costs incurred in providing information to the Commission in connection with the Commission's petition for receivership of various entities associated with Patrick Churchville ("Churchville") and ClearPath, and (iv) costs incurred by one or more of the Acrewood Entities in negotiating a settlement with the Capio Entities (defined below) for the benefit of the Fund. The total costs through the end of August are approximately $110,000. [See Schedule, attached hereto as Exhibit A.]

The Acrewood Entities believe the Court's HCR Value Fund July 30, 2015 Order [Docket No. 17] recognized the Continuing Operations Agreement and allowed the implementation of the Continuing Operations Agreement in the form agreed to by the parties thereto. The Acrewood Entities further believe that to require the Acrewood Investors to bear both the costs of management of Series B and to continue to pay the management fee of Series B to ClearPath defeats the negotiated bargain of the Continuing Operations Agreement and would be inequitable.

II. Acrewood's Statement Regarding the Receiver's Petition for Instructions

Acrewood 2013, L.P. and Acrewood 2014, L.P. are investment funds (the "Acrewood Investors") managed by Acrewood Holdings, LLC ("Acrewood Holdings" and collectively with the Acrewood Investors, the "Acrewood Entities"). The Acrewood Investors have committed $19,750,000 to Series B of the Fund and together own 98.75% of the limited partnership interests of Series B of the Fund. The remaining 1.25% of Series B, evidencing a $250,000 capital commitment, is owned by the General Partner, an entity which, to Acrewood Holdings' knowledge, is owned by Churchville. To date, the General Partner has called or reinvested approximately $11.6 million of the Acrewood Investors' commitments which the Acrewood Investors have funded in full.

The Fund is the sole "Economic Interest Owner" in CP Medical, LLC ("CP Medical"), a company managed by Capio Acquisitions VII, LP ("Capio VII" and together with CP Medical, the "Capio Entities"). Capio VII is the sole owner of the only membership interest in CP Medical. Capio VII is in the business of sourcing and evaluating pools of health care receivables which it then acquires in CP Medical with funds provided by the Fund (typically 90%) and Capio VII (typically 10%).

When Series B of the Fund receives distributions from CP Medical, those distributions are, in turn, supposed to be distributed to the General Partner and the Acrewood Investors. Based on the Fund's limited partnership agreement, all Fund distributions are to be made in the following order and priority: first to return capital, then 80% in accordance with capital contributions and 20% to the General Partner as its carried interest.

The Fund pays a management fee to ClearPath Management, LP which, based on an agreement with the Acrewood Entities entered into when the Acrewood Investors became the 98.75% limited partners of Series B of the Fund, is $25,000 per month for management services. To date, in aggregate, $1,065,996 has been paid or accrued as management fees and placement fees to ClearPath in respect of Series B of the Fund. As shown on Exhibit A, $125,000 of that is the management fee accrued since the Court's June 2 receivership Order. [Docket No. 13.] The accrual (rather than payment) has been necessary recently because there are currently no authorized signors on the Series B bank account since Churchville's authority has been revoked.

Acrewood Holdings first became aware of the Commission's investigation of Churchville when it received a phone call from the Commission in March 2015. Shortly thereafter, the Commission interviewed Acrewood Holdings' personnel in the course of its investigation. There were several conversations held during which the Acrewood Entities believe that they and their counsel assisted the Commission in understanding the complicated set of relationships between Churchville, ClearPath, the Fund, the Acrewood Entities and the Capio Entities.

In May 2015, the Commission filed a complaint against Churchville and Acrewood Holdings became concerned that Churchville would become unable to manage the significant investment that the Acrewood Investors had in the Fund and began to negotiate the

Continuing Operations Agreement to protect against that contingency. The need was acute because, following the filing of the complaint, the lender to Series B of the Fund (Fox Chase Bank) called the outstanding balance on the loan and shut down Churchville's access to the Fund's bank accounts. Fox Chase Bank declared the Fund in default of its line of credit, required full repayment, swept all available cash in the Fund's bank accounts against the line of credit and later billed the Fund $20,000 for attorneys' fees and costs. Acrewood Holdings engaged with Fox Chase Bank to respond to their default notice and demand letter, negotiating with Fox Chase Bank so that it did not exercise its rights with respect to the Fund assets serving as collateral. The Acrewood Entities incurred costs in doing so..

Additionally, the Acrewood Investors knew that Series B had continuing obligations to fund CP Medical (or face penalties from CP Medical) and it wanted to ensure that these obligations were met regardless of Churchville's status. The negotiations culminated in the Continuing Operations Agreement being signed on May 21, 2015. The Continuing Operations Agreement was negotiated in good faith between those parties and was designed to enable the Acrewood Entities, which are entities whose investment dollars stand to drive value to the General Partner through its investment return and carried interest in the Fund, to avoid expenses attributable to another person's actions and ensure that the Fund was able to meet its obligations to CP Medical.

The Continuing Operations Agreement allows Acrewood Holdings (itself or through an affiliate) to step into the role of manager of Series B if anything should happen which prevents Churchville and ClearPath from being able to manage the Fund's investments. The paragraph from the Continuing Operations Agreement relevant to this Statement is Section 2.1:

> 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 HCR Value Fund GP, LLC in respect of HCRVF-Series B or the CP Medical business.

The Continuing Operations Agreement contained negotiated tradeoffs. One such trade off negotiated was the continued payment of the $25,000 per month management fee in exchange for an offset of any costs incurred by the Acrewood Entities in connection with the management of Series B against amounts distributed to the General Partner or paid to ClearPath. If they took over management responsibility, the Acrewood Entities did not intend to bear both a management fee to ClearPath (for services ClearPath would no longer be providing) and incur the costs that would have been incurred by ClearPath had it stayed as manager. Acrewood Holdings also knew that if the assets of the General Partner were frozen, then it would be difficult to act for the Fund unless it was also in the role of general partner of the Fund. Acrewood was finally able to take over as the manager of Series B on July 6, 2015. [See Letter from Acrewood Holdings, attached hereto as Exhibit B.]

In late May, upon the filing of the complaint, it also became clear to Acrewood Holdings that Churchville's and ClearPath's assets were very likely to be the subject of a receivership order. Acrewood requested that the Commission not subject HCR Value Fund, LP to receivership because it believed such a step would materially and adversely affect the timing and amount that would flow out of the Fund to both the Acrewood Investors and the General Partner. The Commission allowed Acrewood to provide documents to the Commission to support its request. Acrewood then drafted a submission and organized a data room of documents for the Commission to assist its understanding of the Fund's business and the

relationship of the Fund, the Capio Entities and the Acrewood Entities and why putting the Fund in receivership would be detrimental to the Acrewood Investors and the Receiver estate. The Court's June 2, 2015 Order [Docket No.13] then exempted HCR Value Fund, LP from receivership, making it a Relief Defendant, but the language of the Order was construed differently by Capio VII, necessitating the subsequent July 30 Order. [Docket No. 17.]

Capio VII took the position that it was prohibited by the Order from distributing any funds from CP Medical to HCR Value Fund, LP. Attached as Exhibit C is the letter explaining their position at the time. After the Court's July 30Order [Docket No.17], Capio VII released funds to the Fund's Fox Chase Bank account, the account was debited to repay in full the line of credit at Fox Chase Bank, and the $20,000 was withdrawn by the bank to pay the bank's legal fees and costs. The remaining funds (approximately $2.5 million) are still sitting in the Fund's Series B account at Fox Chase Bank unable to be released because there is no authorized signer on the bank account since Churchville's authority has been revoked.

After the distribution, in response to Acrewood Holdings questioning Capio VII's calculation of the amount due, Capio VII informed Acrewood Holdings that the Fund was in default and therefore the default distribution percentages under the CP Medical agreement applied. Capio VII was taking, and still takes, the position that, based on emails in May 2015 (attached to the correspondence in Exhibit D), the Fund had failed to meet one or more capital calls and therefore was in default of its commitment to CP Medical, resulting in Capio VII applying the default distribution percentages to distributions made by CP Medical to Capio VII and the Fund. Application of the default distribution percentages has resulted in distributions to Series B being, to date, approximately $393,000 less than they otherwise would be and

distributions to Capio VII being more by that amount. Acrewood strongly disagrees with Capio VII's position since it does not believe a capital call was issued by CP Medical.

Acrewood has functioned as manager of Series B in this dispute and is seeking restitution from Capio VII and CP Medical of this amount as it believes no default ever occurred. Acrewood continues to negotiate a settlement with Capio VII but to date no correction has been made on the amount of the funds to which Acrewood Entities believe Series B of the Fund is entitled.

The proposed Amendment No. 1 to limited partnership agreement of the HCR Value Fund, LP described in the Receiver's Petition for Instructions [Docket No. 20] is the instrument by which an affiliate of Acrewood Holdings would be substituted for HCR Value Fund GP, LLC as the general partner of the Fund with respect to Series B. The proposed amendment was prepared by counsel to the Acrewood Entities and was first shared with counsel to Churchville and ClearPath on August 6, 2015. At the time, the proposed amendment provided in relevant part:

> 5. Management Company. Section 4.3 of the Partnership Agreement is hereby amended to add the following sentence at the end thereof:
>
> Notwithstanding anything to the contrary in this Section 4.3, Acrewood Holdings, LLC ("**Holdings**") shall be the Management Company with respect to Series B. The Management Fee in respect of Series B, which is $25,000 per calendar month, shall continue to be paid to ClearPath Wealth Management, LLC, subject to offsets resulting from indemnification claims to the extent provided in that certain Agreement Regarding Continuing Operations dated May 21, 2015 by and among Holdings, the General Partner and the Partnership (among others), for so long as Management Fee is payable under this Agreement in respect of Series B.

The Receiver was provided a copy of the proposed amendment and rendered several comments, all of which were acceptable to Acrewood Holdings except the one which is

the subject ot Receiver's Petition. Receiver proposed that the last five lines of the above paragraph read as follows (new language in italics):

> ...extent provided in that certain Agreement Regarding Continuing Operations dated May 21, 2015 by and among Holdings, the General Partner and the Partnership (among others), *to the extent such offsets are determined and allowed by a final, non-appealable order of the Court*, for so long as Management Fee is payable under this Agreement in respect of Series B.

The Acrewood Entities believe the proposed amendment as drafted and without the Receiver's revision conforms precisely to the Court's July 30 Order [Docket No. 17] and preserves exactly the bargain struck in the Continuing Operations Agreement. To alter one provision while keeping the others seems, to the Acrewood Entities at least, extraordinary and inequitable.

The Acrewood Entities also do not believe the Receiver's focus on bankruptcy law is correct precedent for the Receiver's role in this issue. Under bankruptcy law, a bankruptcy trustee or receiver is expressly permitted by statute to assume or reject an executory contract of a debtor. See 11 U.S.C. § 365(a) ("[T]he trustee, subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor."); see also Moran v. City of Central Falls, 2012 U.S. Dist. LEXIS 62354, at * (D.R.I. May 4, 2012) ("Pursuant to Subsection 365(a) of the Bankruptcy Code, a debtor-in-possession (or, as in this case, the Receiver) is authorized . . . to assume or reject any pre-petition executory contract.").

The situation present in equity receiverships—the receivership at issue here—is different. In civil cases brought by the SEC for injunctive relief, the authority for appointment of a receiver stems from principles of equity, rather than statute. See SEC v. Nadel, 2012 U.S. Dist. LEXIS 189560, at *19 (M.D. Fla. Apr. 25, 2012) (citing SEC v. First Fin. Grp. of Tex., 645 F.2d 429, 438 (5th Cir. 1981) (further citations omitted) ("In civil cases brought by the Securities and

Exchange Commission (the SEC) for injunctive relief, the statutory authority for the court's appointment of a receiver stems from the general bestowal of equity powers[.]"). Equitable receivers are not bound by principles of bankruptcy law. See Nadel, 2012 U.S. Dist. LEXIS 189560 at *21 (citing Quilling v. Trade Partners, Inc., 2006 U.S. Dist. LEXIS 101381, at *1 (W.D. Mich. 2007); SEC v. Forex Asset Mgmt., LLC, 242 F.3d 325, 332 (5th Cir. 2001)) ("[F]ederal equity receiverships, such as this SEC case, [ ] are not restricted by the dictates of bankruptcy law."); SEC v. TLC Inv. & Trade Co., 147 F. Supp. 2d 1031, 1039 (C.D. Cal. 2001) (denying request to administer equitable receivership estate as trustee would administer bankruptcy estate); SEC v. Sunwest Mgmt., Inc., 2009 U.S. Dist. LEXIS 93181, at *8 (D. Or. 2009) (finding that "federal equity receivership[s] [ ] are not required to . . . strictly apply bankruptcy law"). Rather, the purpose of the equity receiver is to "promptly [ ] install a responsible officer of the court who [can] bring the companies into compliance with the law . . . and preserve the corporate assets." SEC v. S&P National Corp., 360 F.2d 741, 750-51 (2d Cir. 1966).

Thus, unlike a bankruptcy trustee or receiver, the ability of an equity receiver to reject the provisions of a pre-existing contract is not expressly governed by statute, but rather stems from equitable powers and is subject to the Court's discretion. For this reason, courts have previously expressly rejected arguments that equity receiverships are akin to bankruptcy court proceedings, and have recognized that, in an equity receivership, "case law concerning equity receiverships is generally more applicable than bankruptcy case law." CFTC v. Eustace, 2008 U.S. Dist. LEXIS 11810 (E.D. Pa. 2008); see also SEC v. Heartland Grp., Inc., 2003 U.S. Dist. LEXIS 3666, at *1 n.1 (N.D. Ill. 2003).

Accordingly, in light of this case law, the Receiver's citation to and reliance upon bankruptcy law in his Petition is inapplicable here. Rather than effectuating the role of a pseudo bankruptcy trustee, the Acrewood Entities believe the Receiver's role in acting for Churchville and ClearPath is to deal with the funds that are, pursuant to existing contracts entered into, to be received by them. The Acrewood Entities do not believe their role is to alter those contracts and the balanced bargain negotiated therein for the betterment of third parties and the detriment of the Acrewood Entities.

The Acrewood Entities also would submit to the Court that in a situation where a manager has stopped providing any management services because of a securities claim against it, the manager, in this case ClearPath, should not continue to earn a management fee. It would be unfair to an innocent party, the Acrewood Entities, if it had to (a) pay a manager a management fee, (b) do the manager's job and (c) pay the costs resulting from the fact that the manager is unable to do his job.

The Acrewood Entities also disagree with the Commission that they would be advantaged by allowing an offset of its costs against distributions and payments to the General Partner and ClearPath as compared to all other investors allegedly victimized by actions of Churchville and his various controlled entities. The Acrewood Entities had nothing to do with Churchville et al's interaction with other investors. The Acrewood Investors are not investors victimized by such actions, they were not defrauded and yet they are incurring substantial expenses which should benefit the Receiver estate. Additionally, the cost offset will not make the Acrewood Investors whole. The Acrewood Entities have been damaged by the cascading events following the filing of the complaint (beyond the reduction through application of default distribution percentages improperly imposed by Capio VII and the inability to access the cash at

Fox Chase Bank) because of the CP Medical investment program was terminated by Capio VII after only approximately $11.8 million of the $20.0 million commitment was deployed.

The Acrewood Entities further believe that the interests of the Receiver and of Acrewood Entities are aligned in what happens with the Fund. Acrewood Holdings' intent is to be entitled to deal with an investment that is 98.75% theirs and their actions will likely result in considerable funds flowing to the Receiver estate much earlier than they otherwise would. Twenty percent of the profits earned on the Acrewood Investors' capital stands to go to the Receiver estate. The incentives are aligned to maximize profits and Acrewood should not bear all (or any) of the costs of doing so.

The Acrewood Entities acknowledge that the July 30 Order [Docket No. 17] requires them to account to the Receiver with respect to monies distributed out of the Fund after Acrewood Holdings (or an affiliate thereof) is installed as general partner and further acknowledges that any settlement with Capio Entities which results in a sale of the receivable pools in CP Medical with respect to which the Fund is the Economic Interest Owner will need to be approved by the Court and/or Receiver as it will involve a compromise as to what is due to the Fund. As professional asset managers and investors, the Acrewood Entities feel they are in the best informational position and have the appropriate experience to negotiate the best price in such a settlement. Their interests are exactly the same as the Receiver's, which is to maximize the amount ultimately realized. The bargain they struck to do so was to not be saddled with all the costs.

III. Conclusion

WHEREFORE, the Acrewood Entities respectfully request that the Court allow the Receiver to adhere to the Continuing Operations Agreement and execute the Amendment No.

1 to the limited partnership agreement of the Fund on behalf of the General Partner with the following paragraph in it as Section 5:

> 5. Management Company. Section 4.3 of the Partnership Agreement is hereby amended to add the following sentence at the end thereof:
>
> Notwithstanding anything to the contrary in this Section 4.3, Acrewood Holdings, LLC ("**Holdings**") shall be the Management Company with respect to Series B. The Management Fee in respect of Series B, which is $25,000 per calendar month, shall continue to be paid to ClearPath Wealth Management, LLC, subject to offsets resulting from indemnification claims to the extent provided in that certain Agreement Regarding Continuing Operations dated May 21, 2015 by and among Holdings, the General Partner and the Partnership (among others), for so long as Management Fee is payable under this Agreement in respect of Series B.

If the Court is not inclined to agree with the Acrewood Entities, the Acrewood Entities ask the Court to reform the contract as proposed by Receiver and to reduce the management fee (inclusive of any management fees accrued since June) to zero as no management services have been provided by the General Partner since the Court's June 2 Order [Docket No. 13] whereupon the Court may consider the reduction in management fee when taking into account any future request for offset.

Dated: Providence, Rhode Island
October 7, 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
Jeffrey K. Techentin [No. 6651]
jtechentin@apslaw.com
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215.981.4000
215.981.4750 (fax)

CERTIFICATE OF SERVICE

I, Jeffrey K. Techentin, hereby certify that I filed the within Statement About Receiver's Petition for Instructions Regarding the Proposed "HCR Value Fund, L.P. Amendment No. 1 to the Limited Partnership Agreement," on the 7th day of October 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

Inflows

May Distribution - Received 7/31/15	970,994.92
June Distribution - Received 7/31/15	930,130.02
July Distribution - Received 8/14/15	951,564.86
August Distribution - Received 9/15/15	713,417.31
Total Receipts	3,566,107.11

Outflows

Payoff Amount to Fox Chase Bank	(1,053,777.07)
Other/Bank Charges	(40.00)
Total Receipts Less Bank Payment	2,512,290.04

Fund Expenses	
Mgmt. Fee - ClearPath - June	(25,000.00)
Mgmt. Fee - ClearPath - July	(25,000.00)
Mgmt. Fee - ClearPath - August	(25,000.00)
Mgmt. Fee - ClearPath - September	(25,000.00)
Mgmt. Fee - ClearPath - October	(25,000.00)
Reserve for Other Expenses	(15,000.00)
Reimbursement for Fox Chase Legal	20,000.00
Total Fund Expenses	(120,000.00)

Net Available for Distribution **2,392,290.04**

Acrewood 2013, LP	**68.75%**	**1,644,699.40**
Acrewood 2014, LP	**30.00%**	**717,687.01**
HCR Value Fund GP, LLC	1.25%	**29,903.63**
Total Distributions		**2,392,290.04**

Amounts Due to P. Churchville and Related Entities

Mgmt. Fee - ClearPath - June	25,000.00
Mgmt. Fee - ClearPath - July	25,000.00
Mgmt. Fee - ClearPath - August	25,000.00
Mgmt. Fee - ClearPath - September	25,000.00
Mgmt. Fee - ClearPath - October	25,000.00
Distribution to HCR Value Fund GP, LLC	29,903.63
Reimbursement for Fox Chase Legal*	(20,000.00)
Pepper Hamilton LLP Invoices*,**	(71,512.43)
Dechert LLP Invoices*,**	(19,029.30)
	44,361.90

*Due under indemnification provision (Section 2.1) of Agreement Regarding Continuing HCRVF Operations.
**Represents invoices through 8/31/15.

ACREWOOD

40 MORRIS AVENUE, SUITE 230
BRYN MAWR, PA 19010
TELEPHONE: 610-518-4903

July 6, 2015

Patrick Churchville
c/o ClearPath Wealth Management, LLC
150 Westminster Street, 9th Floor
Providence, RI, 02903

Dear Patrick:

Reference is made to the Agreement Regarding Continuing Operations executed May 21, 2015 (the "***Operations Agreement***") among various parties (the "***Parties***"), including you, ClearPath Management, LLC, Acrewood Holdings, LLC, certain funds managed by Acrewood Holdings, the HCR Value Fund, L.P. (with respect to Series B only), and HCR Value Fund GP. Capitalized terms used and not defined herein have the meaning ascribed to them in the Operations Agreement.

Pursuant to clause (a) of Section 1.1 of the Operations Agreement, the Parties agreed that, in the event that the ability of ClearPath (or another entity controlled by you) 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, Acrewood Holdings would be authorized to exercise all management discretion afforded by Section 4.3 of the HCRVF LPA. By reason of the Order dated June 2, 2015 entered by the United Stated District Court for the District of Rhode Island in the matter of *SEC v. Churchville et al (Case No. 15-cv-00191-S-LDA)* (the "***Order***"), the condition set forth in clause (a) of Section 1.1 has occurred as ClearPath is prevented by the Order from taking certain actions which are required in order for it to act as the Management Company as contemplated by Section 4.3 of the HCRVF LPA. Accordingly, Acrewood Holdings is currently authorized to exercise all management discretion afforded by Section 4.3 of the HCRVF LPA with respect to HCRVF.

Further, on June 30, 2015, Acrewood Holdings sent a draft letter to you and ClearPath whereby Acrewood Holdings would provide notice pursuant to clause (b)(i) of Section 1.1 of the Operations Agreement, (i) requiring ClearPath to terminate the Management Agreement pursuant to Section 6 of the Management Agreement, (ii) requesting that ClearPath make such termination effective immediately via a waiver of the 90 day advance notice period otherwise required under the Management Agreement, and (iii) making Acrewood Holdings the management company for HCRVF Series B.

Based on your counsel's communication on Thursday July 2, 2015, we understand that you believe that the Order would prevent you from providing such notice, terminating the Management Agreement and appointing Acrewood Holdings as the management company. Thus, the conditions of clause (a) of Section 1.1 of the Operations Agreement are clearly satisfied. Accordingly, Acrewood Holdings shall have the exclusive authority to make all management decisions with respect to its investment in HCRVF. As illustration, and without limitation, this would include (i) to cause HCRVF Series B to sell its interest as Economic Interest Owner (as defined in the CP Medical Agreement) in CP Medical to any person (such person, the "***Purchaser***"), and any other assets of HCRVF Series B, on terms and conditions

acceptable to Acrewood Holdings (and with such consent of the Securities and Exchange Commission ("***SEC***") as Acrewood Holdings and the SEC shall determine is required), and (ii) if the SEC Action has been resolved and there are no assets remaining in any series of HCRVF, to file a Certificate of Cancellation with the Secretary of State of the State of Delaware for HCRVF. Acrewood Holdings shall provide notice to you of any such sale and distribute to the Lepizzera & Laprocina IOLTA Account, to hold on behalf of HCRVF-GP, promptly after closing of any such sale and receipt of cash payments from the sale(s), (a) the amount that would be payable to HCRVF-GP in respect of its carried interest in HCRVF Series B calculated at the price realized in the sale (less any expense reimbursement due to Acrewood Holdings pursuant to Section 2.1 of the Operations Agreement and not previously reimbursed, if any) and (b) amounts that would be payable to HCRVF-GP in respect of its membership interest in HCRVF Series B.

This letter implements the self-executing provisions of Section 1.1 of the Operations Agreement, shall be governed by Delaware law and shall not be amended without the consent of Acrewood Holdings. As with the Operations Agreement, if any provision of this letter 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 (i) such provision shall be modified to the extent legally possible so that the intent of this letter and the Operations Agreement may be legally carried out and (ii) 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 rights and privileges of Acrewood Holdings hereto shall be enforceable to the fullest extent permitted by law.

This letter shall be confidential information, except that nothing herein shall preclude any party from discussing the arrangements provided for herein with, or providing a copy of this letter to, the SEC (and any other regulatory authority involved in the SEC Action), Capio VII or CP Medical, Fox Chase Bank, the Purchaser, or any affiliate of any thereof, or their attorneys or advisors, provided such persons are subject to an obligation of confidentiality with respect thereto to the same extent as you, ClearPath and Acrewood Holdings.

Sincerely
ACREWOOD HOLDINGS, LLC

By: _____
Stephen Chang, Managing Member

bodker ramsey andrews
winograd wildstein

Email hwinograd@brawwlaw.com
Direct Dial: (404) 564-7425

June 17, 2015

VIA E-mail & First Class Mail

Julia D. Corelli, Esq.
Pepper Hamilton LLP
3000 Two Logan Square
Eighteenth & Arch Streets
Philadelphia, PA 19103-2799

Re: CP Medical, LLC & HCR Value Fund, L.P.
Our File No.: 12955.74

Dear Julia:

This acknowledges receipt of your letter dated June 16, 2015. As we discussed Monday, we disagree on the possible impact of the June 2, 2015 Order imposing a preliminary injunction in the *SEC v. Churchville, et al.* litigation, D.R.I. No. 15-ev-00191-S-LDA (the "Order"). We appreciate your efforts to clarify the impact of the Order on distributions by CP Medical, LLC ("CP Medical") to HCR Value Fund, L.P. ("HCR"), the "Economic Interest Owner" under the CP Medical Operating Agreement.

To clarify, I did not state during our call that "clear indication from the SEC" would suffice for CP Medical to make distributions to HCR. Section VI.A. of the Order (regardless of the named entities who consented to it) directs "those persons in active concert or participation with "them" (the Defendants and the Relief Defendant ClearPath funds) to "hold and retain funds . . . held for . . . their direct or indirect benefit," and "restrain(s) [such persons] "from taking any actions to . . . transfer . . . any funds . . ." The plain language of the Order, and particularly when read in conjunction with the allegations made in the Complaint, indicates that the Order reaches payments and distributions to be made after June 2, 2015 by CP Medical to Relief Defendant HCR. As indicated in our call, and explained in my June 10, 2015 letter, CP Medical "will hold and retain the May HCR disbursement funds and refrain from transferring any such funds until or unless CP Medical receives any further instruction from Judge Smith." As I suggested, given Mr. Dubow's description of his conversation with SEC counsel Marc Jones, it appears that a subsequent consent order distinguishing the HCR Series "B" and identifying the specific account to which CP Medical should wire the monthly distribution funds should resolve any ambiguity in the Order and protect all parties' interests.

Be advised that CP Medical has deposited the amounts due HCR for May, 2015 under § 4.1 and 4.3 of the CP Medical Operating Agreement. The deposit was placed into a segregated account and, in compliance with Section VI.A. of the Order, CP Medical will take no action to "dissipate, assign, pledge, alienate, encumber, dispose of, or diminish the value of in any way" those funds. Further, CP Medical will deposit into the same account future § 4.1/4.3 payments or distributions for HCR, absent further instruction from Judge Smith (or another judicial officer of the Rhode Island District Court with authority).

Additionally, in response to the reporting issue raised in your letter, and prior to your request, CP Medical provided the Operating Agreement Section 14.16(a) report(s) for May, 2015 Gross Receipts to the Economic Interest Owner in accordance with Section 14.1(c) and Section 2.1 of the Operating Agreement, by providing the report(s) by e-mail to Mr. Churchville on Monday, June 15, 2015. Pursuant to Operating Agreement Section 14.16, and noted by Mr. Detrick to Mr. Barrett in his e-mail on June 11, 2015, the report is subject to the Operating Agreement's confidentiality terms. While admittedly we are not privy to HCR's limited partnership agreement, it appears that an appropriate means for a limited partner in HCR to obtain the report is to request it from the general partner, represented by Mr. Churchville.

We appreciate your client's concerns and your efforts to resolve this issue, and look forward to receipt of an Order directing disposition of the funds held under the Order for the benefit of HCR.

Very truly yours,

BODKER, RAMSEY, ANDREWS,
WINOGRAD & WILDSTEIN, P.C.

Harry J. Winograd
For the Firm

HJW/jc

H:12955.74\HCR letter 061715.docx

capio
PARTNERS

September 14, 2015

VIA E-mail & First Class Mail

Stephen Chang
Managing Member
ACREWOOD HOLDINGS, LLC
40 Morris Avenue, Suite 230
Bryn Mawr, PA 19010

Re: CP Medical, LLC & HCR Value Fund, L.P.

Dear Mr. Chang:

I am in receipt of your letter of August 25, 2015. Capio, through Capio Acquisitions VII, LLC as manager of CP Medical, has complied with all of its obligations to HCR Value Fund, LLC ("HCRVF") under the CP Medical, LLC Operating Agreement of CP Medical.

You acknowledge in the first numbered paragraph (¶ 1) of your letter, that Acrewood Holdings, LLC ("Acrewood") is not yet the general partner in HCRVF. Therefore, Acrewood lacks authority to carry out the threat made in the fourth numbered paragraph of your letter. As you state, in ¶ 1, Acrewood is "in the process of amending the [HCRVF] limited partnership agreement," and the Court Order you reference (at III) notes that "[HCRVF] investor entities *may* replace HCR Value Fund GP, LLC (the Churchville/ClearPath entity)" (*emphasis supplied*). Apparently, this replacement is yet to occur.

As you know, the individual and entity controlling the general partner in HCRVF are in receivership and the court appointed receiver, Mr. Del Sesto, stands in the shoes of HCRVF's general partner's principal(s). Mr. Jamie Barrett of Acrewood has informed me that Acrewood's attorneys have approached Mr. Del Sesto about replacing HCRVF's general partner with an Acrewood entity but have not yet completed any such substitution.

Addressing the third numbered paragraph of your letter, and as stated previously on July 29, 2015:

> "Capio provided Mr. Churchville, the representative of the Economic Interest Owner [HCRVF], notice of Capital Contribution requirements and the Economic Interest Owner did not fund the acquisition cost of Receivables Pools in accordance with the terms of the Operating

Agreement. Accordingly, the Company Right of First Refusal has terminated."

Attached please find two electronic mail transmissions giving notice of receivables pools acquisitions requiring HCRVF's additional capital contributions from Capio's [redacted] to Mr. Churchville at 8:30:19 and 8:46.34 a.m. EDT on May 5, 2015, sent to pchurchville@clearpathwealth.com (as provided in § 2.2 of the Operating Agreement). The attachments to these e-mails, which contain Capio Confidential Information (as defined in the Operating Agreement), have been redacted. I suggest you confirm with Mr. Churchville and Mr. Del Sesto that HCRVF did not make the additional capital contributions required to fund these acquisitions by May 19, 2015 (or ever), which will establish, without any question, that HCRVF's Right of First Refusal expired no later than May 19, 2015 under § 6.9(c)(ii) of the Operating Agreement. You might also request from Mr. Churchville or Mr. Del Sesto the CP Medical waterfall reports (in .xlsx format) sent to Mr. Churchville on June 12, 2015 (in accordance with § 14.16 of the Operating Agreement) detailing the conversion, under §§ 4.1 and 4.3 of the Operating Agreement, to calculation of the waterfall under Exhibits D-1 and D-2 of the Operating Agreement effective with the termination of the Right of First Refusal.

Sincerely

Capio Acquisitions VII, LLC

Mark Detrick

cc:

Jamie Barrett, Acrewood Holdings, LLC
Patrick Churchville, ClearPath Wealth Management, LLC

From: [redacted]@capiopartners.com>
Subject: [redacted]
Date: May 5, 2015 at 8:30:19 AM EDT
To: Patrick Churchville <pchurchville@clearpathwealth.com>
Cc: [redacted]@capiopartners.com>
Pat,
Attached is the due diligence for the latest [redacted] file. Funding date is set for May 15.

From: [redacted]@capiopartners.com>
Subject: [redacted]
Date: May 5, 2015 at 8:46:34 AM EDT
To: Patrick Churchville <pchurchville@clearpathwealth.com>
Cc: [redacted]@capiopartners.com>

Pat,
Attached is the latest [redacted] file. This is the first file under our new [redacted] contract. This first one we'll plan to fund later this week or early next (as soon as PSA is executed).

Going forward, the plan is to close on weekly files submitted to us (separate addenda), but we'll only fund the weekly files once per month (we'll fund 4 or 5 files per month).

Let me know if you have questions.

Thanks.