UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. PATRICK CHURCHVILLE, CLEARPATH WEALTH MANAGEMENT, LLC. Defendants, CLEARPATH MULTI-STRATEGY FUND I, L.P., CLEARPATH MULTI-STRATEGY FUND II, L.P., CLEARPATH MULTI-STRATEGY FUND III, L.P., Relief Defendants.	)	Case No. 1:15-CV-00191-S-LDA

INTERESTED PARTY CAPIO ACQUISITIONS V, LLC'S
RESPONSE TO PETITION FOR INSTRUCTIONS

The Court-appointed Receiver has petitioned the Court (Docket Entry No. 75) for instructions relating to the recovery of monies held by Capio Acquisitions V, LLC ("Capio").[1] Capio, an interested party, does not oppose Petitioner's requested instructions, provided the Court's Order protects Capio from possible competing claims.

Capio is the manager of CF Medical V, LLC, and holds certain funds due Receivable Partners, LLC ("RP"), a New Jersey limited liability company, because one Receivership entity, ClearPath Multi-Strategy Fund III, L.P. ("MSF III"), asserted a claim against the funds due RP. Capio does not object to accounting for and releasing the monies it holds to the Receiver. However, the circumstances, as explained below, present the possibility of competing claims by

[1] Capio entities believe that Capio Acquisitions V, LLC, the Capio member and manager in CF Medical V, LLC, the entity who owns the healthcare accounts receivable pool which generated the monies at issue, is the proper interested party, in lieu of the entity (Capio Partners, LLC) identified in the Petition.

RP's creditors. Further, Capio offers, on Court approval and appropriate protection from competing creditors, to purchase the anticipated remaining revenue stream due RP from its investment in CF Medical V, LLC (apparently using MSF III funds) for its present value, on terms consistent with those approved by this Court relating to similar investments through Capio (Docket Nos. 35, 35-1, 41, relating to HCRVF funds).

Summary of Material Facts

In January, 2012, Capio and RP entered into a joint investment agreement (Docket No. 75-2) through which an investment entity, CF Medical V, LLC, would purchase a portfolio of healthcare account receivables from Lifepoint Hospitals, Inc. Under this arrangement, a Capio affiliate would collect on the account receivables in return for an agreed service fee; Capio would manage the investment entity, CF Medical V, LLC; and Capio and RP would split the proceeds, once their capital contributions were recovered, under an agreed formula. A Capio affiliate initiated collection efforts and Capio provided monthly reports of its collection activities and recoveries to RP. As reported by the Receiver (Docket No. 75 at ¶ 5), RP authorized Capio and CF Medical V, LLC to alternate monthly payments due RP under the joint investment agreement between RP and Receiver Entity MSF III, and Capio did so from January, 2013 through January, 2014, with the January payment to the MSF III account identified by ClearPath for December, 2013 collections the last distribution made.

In December, 2013, counsel for MSF III gave Capio notice of its loan agreement with RP, claimed RP was in default, and requested that future payments on the CF Medical V, LLC collections be made to MSF III. See ***Exhibit A*** attached. RP contested the claimed default. See ***Exhibit B*** attached. Capio has, since February, 2014, preserved the amounts payable to RP on its account. See ***Exhibit C*** attached. As reported by the Receiver (Docket No. 75 at ¶ 8), the

amount due RP (or MSF III) currently exceeds $700,000. Capio estimates that the Lifepoint Hospital accounts receivable pool, now over four years old, will generate approximately $152,000 in future distributions due RP under the joint investment agreement, with a current present value (as calculated under the HCR Fund formula, see Docket Nos. 35, 35-1, 41) of approximately $106,500.

Unbeknownst to Capio, RP's managing member and president, Jonathan E. Rosenberg, was engaged in a Ponzi scheme, on which he has since pled guilty to criminal charges in the United States District Court for the District of Maryland. See ***Exhibits D & E*** attached. Rosenberg's sentencing hearing on this plea is set for August 10, 2016. *See* D. Md. Docket No. 1:13-cr-0460-JKB (5/19/16 paperless notice of hearing). Petitioner represents (Docket No. 75 at ¶¶ 1-3) and it appears that Receiver Entity MSF III provided the funds used by RP to invest in CF Medical V, LLC. See ***Exhibit A***. The Department of Justice's press release announcing Rosenberg's plea describes RP as "owned and controlled" by Rosenberg. The press release proceeds to describe a wealth management company making a series of loans to RP between February 2011 and January 2012. It appears, and Plaintiff SEC should be able to confirm, that the "wealth management company" described in the press release and victimized by Rosenberg through RP is Receiver Entity MSF III. See ***Exhibits A & E***. Rosenberg's plea agreement requires that he make restitution (***Exhibit D*** at ¶ 12) and disclose to the U.S. Attorney in Maryland all assets (***Exhibit D*** at ¶ 13), which should include the funds held by Capio on which Petitioner seeks an accounting and recovery.

Capio's Response to Receiver's Petition

As noted in the Petition, Capio is prepared to account for and relinquish the funds held for the account of RP since February, 2014 to an escrow account managed by the Receiver.

Capio is also prepared to purchase, for its present value, the future stream of income due RP under the CF Medical V, LLC joint investment agreement through a payment to the Receiver's escrow account. As the Petition acknowledges, and Mr. Rosenberg's disclosure and restitution obligations in the Maryland criminal case proceedings demonstrate, there may be parties other than the MSF III investors (including other victims of Rosenberg's Ponzi scheme) seeking recovery from the funds transferred to the Receiver's escrow account. As such, the Maryland United States Attorney (or a receiver, if any, appointed in the Rosenberg criminal proceeding to administer restitution) appears to be an interested party not yet given notice of the Petition. Absent notice to Receivable Partners, LLC and the United States Attorney in Maryland and its agents managing Rosenberg's disclosures and restitution, Capio can take no position on the appropriateness of designating only half of the funds transferred to the Receiver's escrow, with the other half for the benefit of the Receivership Estate, as requested in the Petition. Regardless of the allocation of transferred funds, Capio should be protected from any claims contesting its transfer of funds to the Receiver through the Receiver (or Plaintiff SEC) giving prior notice of the petition and requested transfer of funds to RP and the United States Attorney for the District of Maryland. The Court's instructions should also include a release of Capio and indemnification by the Receiver of Capio for any claims relating to its transfer of funds to the escrow account established by the Receiver.

Conclusion and Relief Requested

On the Court's direction, Capio is prepared to account for and transfer the funds held for the benefit of Receivable Partners and due under RP's joint investment agreement with Capio. To facilitate the transfer and protect Capio from competing claims, Capio respectfully requests that the Court's directions include (1) that the Receiver and/or Plaintiff SEC give appropriate

notice to RP and the United States Attorney in Maryland of the Petition, and opportunity to be heard; (2) that the Receiver indemnify and hold Capio harmless from other claims to the transferred funds; (3) authorize the Receiver to accept the calculated present value of future payments due RP in return for a release of Capio from its obligation to RP under the joint investment agreement, subject to the same indemnification terms; and (4) such other direction as the Court considers appropriate to relieve Capio and its affiliates of obligations to RP and protect them from competing claims once the funds are transferred to the Receiver's accounts.

This 27th day of June, 2016.

Respectfully submitted,

DUFFY & SWEENY, LTD.

/s/ Stacey P. Nakasian

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Pro Hac Vice Pending

CERTIICATE OF SERVICE

I, Stacey P. Nakasian hereby certify that on the 27th day of June, 2016, the within ***Interested Party Capio Acquisitions V, LLC's Response to Petition for Instructions*** was filed through the ECF system and will be sent electronically to counsel who are registered participates identified on the Notice of Electronic Filing and mailed to any participants who are not registered participants of the ECF system

/s/ Stacey P. Nakasian
Stacey P. Nakasian

EXHIBIT A

BURNS & LEVINSON LLP

SCOTT H. MOSKOL
617.345.3522
SMOSKOL@BURNSLEV.COM

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T 617.345.3000 F 617.345.3299
BURNSLEV.COM

December 17, 2013

VIA EMAIL AND REGULAR MAIL

Capio Partners, LLC
2250 Satellite Blvd., Ste 210
Duluth Georgia 30097
Attn: Mark Detrick

Re: ClearPath Multi-Strategy Fund III, L.P./Receivables Partners, LLC.

Dear Mark:

As you may remember from our previous discussions, this office represents ClearPath Multi-Strategy Fund III, L.P. ("ClearPath"). Between February of 2011 and December of 2011, ClearPath entered into seven separate lending transactions (collectively the "Loans") with Receivables Partners, LLC ("RP") in which it lent RP an aggregate of $20,092,454.00 on a secured basis.

Since we last spoke in the beginning of November, ClearPath provided notice to RP that all the Loans were currently in default. After RP failed to address any of the existing events of default within the 30 day cure period provided under the Loan Documents, ClearPath, on December 12, 2013, formally accelerated all the Loans and made demand for the immediate payment of $34,624,000.00 (the "Accelerated Amount"). A copy of the letter accelerating all of the Loans is attached hereto as Exhibit A.

All of the loan agreements evidencing the Loans are exactly the same (except for principal amount and date of transaction). I have attached a copy of only one of the loan documents to this letter as Exhibit B as a result. If you would like a copy of all seven loan agreements, please let me know and I will forward them to your attention via email.

The loan documents provide a variety of remedies to ClearPath once the Loans are in default and accelerated, which fall into two buckets: remedies against the collateral securing the Loans (the "Collateral") and remedies not related to the Collateral. I would like to draw your

attention to the following specific provision of Section 5.3 of the loan documents, which grants ClearPath irrevocable power of attorney during the occurrence of an Event of Default.

> Section 5.3 of each of the loan documents provide in relevant part:
>
> Borrower [RP] hereby irrevocably constitutes and appoints Lender [ClearPath] as Borrower's true and lawful attorney, with full power of substitution, at the sole cost and expense of the Borrower but for the sole benefit of the Lender, to take any and all appropriate action and to execute any and all documents and instruments, in each case, after the occurrence and during the continuance of an Event of Default, which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, the Borrower hereby gives the Lender the power and right, on behalf of the Borrower, without notice to or assent by the Borrower, to do any or all of the following ... **(iv) to notify Post Office authorities to change the address for delivery of mail addressed to Borrower to such address as Lender shall designate, (v) to endorse the name of Borrower in favor of the Lender upon any and all checks, drafts, money orders, notes, acceptances or other instruments of the same or different nature** .... All powers conferred upon Lender by this Agreement, being coupled with an interest, shall be irrevocable so long as any obligation or liability of the Borrower to the Lender shall remain unpaid. (emphasis added)

In the past we have discussed RP's joint investment with Capio Acquisitions V, LLC ("Capio") via that certain Joint Investment Agreement dated January 10, 2010 (the "RP/Capio Agreement") pursuant to which and at the direction of RP, you have been paying to ClearPath RP's contractually allotted distribution on a bi-monthly basis. Given the acceleration of the Loans, ClearPath wishes to inform you that it will seek to exercise its rights under the Loan to seek payment to it of all amounts to be paid to RP pursuant to the RP/Capio Agreement.

Accordingly, until ClearPath has the ability to effectuate a change of address for RP, we would ask that you send any check made out to RP directly to my client. ClearPath, utilizing the irrevocable power of attorney provided for in the loan agreements, then will endorse RP's name in favor of ClearPath. To the extent that you have issues with this request, I would ask that you

please contact me at your convenience. I would ask that you give to contact me prior to any distribution is made to RP. Please be advised that nothing herein should be construed as a waiver of any of ClearPath's rights and remedies under the Loans, the related loan documents or applicable law, all of which are expressly reserved.

Thank you in advance for your cooperation.

Best regards,

Scott H. Moskol

cc: Patrick Churchville (via email)
Harvey Mason (via email)
Robert Corrente, Esq. (via email)
Mitch Bluhm, Esq. (via email)

4844-9778-3831.1

Exhibit A

BURNS & LEVINSON LLP

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SCOTT H. MOSKOL
617.345.3522
SMOSKOL@BURNSLEV.COM

December 12, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED AND U.S. MAIL

Jonathan Rosenberg
Receivable Partners, LLC
425 Eagle Rock Avenue
Suite 201
Roseland, NJ 07068

RE: NOTICE OF ACCELERATION

Dear Mr. Rosenberg:

Please be advised that this office represents ClearPath Multi-Strategy Fund III, L.P. ("ClearPath").[1] As you are aware, ClearPath and Receivables Partners, LLC ("RP") entered into the following secured loan transactions:

- Loan Agreement dated February 9, 2011 by and between ClearPath and RP in the original principal amount of $5,078,164.00 ("Note 1"), as amended.

- Loan Agreement dated March 29, 2011 by and between ClearPath and RP in the original principal amount of $4,180,190.00 ("Note 2"), as amended.

- Loan Agreement dated April 20, 2011, by and between ClearPath and RP in the original principal amount of $4,770,640.00 ("Note 3"), as amended.

- Loan Agreement dated May 10, 2011, by and between ClearPath and RP in the original principal amount of $3,452,050.00 ("Note 4"), as amended.

- Loan Agreement dated July 14, 2011, by and between ClearPath and RP in the original principal amount of $2,071,430.90 ("Note 5"), as amended.

[1] ClearPath was formerly known as ClearPath Healthcare Receivables Investments Fund, LP and also known as ClearPath Healthcare Receivables Fund, LP.

- Loan Agreement dated October 14, 2011, by and between ClearPath and RP in the original principal amount of $343,980.00 ("Note 6"), as amended.

- Loan Agreement dated December 20, 2011 by and between ClearPath and RP in the original principal amount of $196,000.00 ("Note 7"), as amended.

Note 1, Note 2, Note 3, Note 4, Note 5, Note 6 and Note 7 are collectively referred to as the "Notes".

By virtue of letter dated November 7, 2013, this office requested that you comply with certain material provisions of the Notes. As of the date of this letter, 30 days has elapsed and RP has failed to provide any of the requested financial information or complied with its obligations under the Notes. Accordingly, such lack of compliance constitutes an Event of Default under all the Notes.

RP has no choice but to accelerate all the Notes and, therefore, pursuant to Section 5.2 of each of the Notes, all amounts due and owing under the Notes are hereby immediately due and payable in full. Accordingly as of December 9th, the following amounts are due and owing immediately[2]:

For Note 1:	$8,800,561.65
For Note 2:	$7,538,800.14
For Note 3:	$8,491,862.53
For Note 4:	$6,076,089.72
For Note 5:	$2,907,792.81
For Note 6:	$ 504,917.89
For Note 7:	$303,975.27
Total for all the Notes:	$34,624,000 (the "Accelerated Amount")

Please be advised that interest, default interest, late fees and costs of collection, including, but not limited to, reasonable attorneys' fees, continue to accrue in accordance with

[2] Attached as Exhibit A to this acceleration letter is a schedule breaking down all principal, interest and default interest due for each Note.

the Notes. Demand is hereby made for the immediate payment of the entire Accelerated Amount.

If ClearPath does not receive payment of the entire Accelerated Amount upon your receipt of this letter, ClearPath will have no alternative but to seek to enforce all of its rights and remedies under the Notes and applicable law, including, but not limited to, the foreclosure of its security interest in and to all of the collateral securing the Notes.

Additionally, please take notice of Section 5.3, which is contained in all of the Notes. Section 5.3 provides, in relevant part:

> Borrower [RP] hereby irrevocably constitutes and appoints Lender [ClearPath] as Borrower's true and lawful attorney, with full power of substitution, at the sole cost and expense of the Borrower but for the sole benefit of the Lender, to take any and all appropriate action and to execute any and all documents and instruments, in each case, after the occurrence and during the continuance of an Event of Default, which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, the Borrower hereby gives the Lender the power and right, on behalf of the Borrower, without notice to or assent by the Borrower, to do any or all of the following ... (iv) to notify Post Office authorities to change the address for delivery of mail addressed to Borrower to such address as Lender shall designate, (v) to endorse the name of Borrower in favor of the Lender upon any and all checks, drafts, money orders, notes, acceptances or other instruments of the same or different nature .... All powers conferred upon Lender by this Agreement, being coupled with an interest, shall be irrevocable so long as any obligation or liability of the Borrower to the Lender shall remain unpaid.

ClearPath is aware of that certain Joint Investment Agreement (the "JIA") made as of January 10, 2012 between Receivables Partners LLC, Capio Acquisitions V, LLC and CF Medical V, LLC, pursuant to which RP receives a check every other month representing distributions made pursuant to the JIA (as RP and ClearPath had previously agreed that ClearPath would receive RP's distribution every other month in partial satisfaction of the amounts owed under the Notes). If RP does not pay the Accelerated Amount immediately, ClearPath reserves its rights to seek recourse under the Power of Attorney granted pursuant to the Notes to have delivered to it all checks derived from the JIA for the express purpose of endorsing such checks to itself, in partial satisfaction of the Accelerated Amount.

Please be advised that nothing herein shall constitute a waiver of any of ClearPath's rights and remedies under the Notes, the Uniform Commercial Code or applicable law, all of which rights and remedies are expressly reserved.

If you should have any questions, please feel free to contact me.

Best Regards,

Scott H. Moskol

cc: Patrick Churchville
Robert C. Corrente, Esq.

bodker»ramsey»andrews
winograd»wildstein

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

December 19, 2013

Via Email Smoskol@burnslev.com

Scott H. Moskol, Esq.
Burns & Levinson, LLP
125 Summer Street
Boston, MA 02110

Re: ClearPath Multi-Strategy Fund III, L.P./Receivables Partners, LLC
Our File No.: 12955.67

Dear Mr. Moskol:

This firm represents Capio Partners, LLC in regards to your letter of December 17, 2013. Your letter references prior telephone communication between you and Capio on this matter. We are generally aware of that telephone conversation and Capio's request for documentation related to some items that were discussed. Your letter to Capio included another letter, dated December 12, 2013 from you to Receivable Partners, LLC., along with certain related ClearPath Loan documentation. Capio was not copied previously on your letter to Receivable Partners, and was therefore unaware of your December 12 letter until your December 17 correspondence was received.

Prior to receipt of your December 17 letter, Capio had already sent the December 2013 bi-monthly payment to Receivables Partners. The January 2014 bi-monthly payment will be sent to ClearPath as per Capio's standard arrangement. Further, and now that Capio is in possession of the documentation you provided, Capio will evaluate the ClearPath Loan material and address this matter, in cooperation with ClearPath, prior to sending the February 2014 bi-monthly payment to anyone.

Please contact me if you want to discuss this further. We are working with Capio to address all of the matters in your correspondence. Capio continues to work with ClearPath in a mutually productive relationship.

Very truly yours,

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

Harry J. Winograd
For the Firm

HJW:jc

EXHIBIT B

KANE KESSLER, P.C.
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FAX: (212) 245-3009
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WRITER'S DIRECT NUMBER

(212) 519-5129
rkahn@kanekessler.com

February 18, 2014

Via email
mitch.bluhm@law-mba.com
Capio Partners, LLC
2250 Satellite Blvd., Ste 210
Duluth, Georgia 30097
Attn: Mitch Bluhm, Esq.

Re: ClearPath Multi-Strategy Fund III, L.P./Receivable Partners, LLC

Dear Mr. Bluhm:

We are the attorneys for Receivable Partners, LLC ("RP").

RP is in receipt of Mr. Veigel's February 12, 2014 e-mail. Our client believes that the notice of acceleration dated December 12, 2013 is improper and ineffective.

RP and ClearPath entered into amendments for all seven loans on June 12, 2013, pursuant to ClearPath's request. As you are aware, RP previously authorized Capio Partners, LLC to send bimonthly collections due to RP directly to ClearPath. PLEASE BE ADVISED THAT RP IS REVOKING ITS PRIOR AUTHORIZATION, EFFECTIVE IMMEDIATELY and directs that all payments be wired to RP in accordance with the Joint Investment Agreement made as of January 10, 2012 between Receivable Partners, LLC, Capio Acquisitions V, LLC and CF Medical V, LLC.

Please be advised that nothing herein should be construed as a waiver of any of RP's rights and remedies under applicable law, all of which are expressly reserved.

Thank you in advance for your cooperation.

Very truly yours,

S. Reid Kahn

#378750.1

EXHIBIT C

bodker»ramsey»andrews
winograd»wildstein

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

February 21, 2014

Via Email smoskol@burnslev.com
and First Class Mail

Scott H. Moskol, Esq.
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125 Summer Street
Boston, MA 02110

Via Email rkahn@kanekessler.com
and First Class Mail

S. Reid Kahn, Esq.
Kane Kessler, P.C.
1350 Avenue of the Americas
New York, NY 10019

Re: ClearPath Multi-Strategy Fund III, L.P. / Receivables Partners, LLC
Our File No.: 12955.67

Counsel:

This firm represents Capio Partners, LLC. We are in receipt of the letters that each of you recently sent to our client giving contrary directions as to how the monthly payment amounts should be paid.

Capio is ready, willing and able to make the February payment, but it appears that our client is at risk while your respective clients have some dispute, wholly unrelated to Capio's performance obligations. We understand that everyone related to the matter has seen the letters we received on behalf of your clients.

We are willing to direct payment in any manner that the two of you can agree, in writing. One suggestion may be a mutually agreed escrow account while you address your dispute issues. In the absence of your joint consent, we will explore other possibilities including consideration of potentially paying the monthly sums into the Registry of the Court. We await further direction.

Very truly yours,

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

Harry J. Winograd
For the Firm

HJW:jc

EXHIBIT D

U.S. Department of Justice

United States Attorney
District of Maryland

Leo J. Wise
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January 6, 2016

Elizabeth G. Oyer
Federal Defender - Northern Division
100 South Charles Street
BankAmerica Tower II,
Suite 900
Baltimore, Maryland 21201

Re: *United States v. Jonathan E. Rosenberg*
Case No. 13-0460

Dear Counsel:

This letter, together with the Sealed Supplement, confirms the plea agreement which has been offered to Jonathan E. Rosenberg, the Defendant, by the United States Attorney's Office for the District of Maryland ("this Office"). If the Defendant accepts this offer, please have him execute it in the spaces provided below. If this offer has not been accepted by January 15, 2016, it will be deemed withdrawn. The terms of the agreement are as follows:

Offense of Conviction

1. The Defendant agrees to plead guilty to Count One of the Indictment now pending against him, which charges him with conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349. The Defendant admits that he is, in fact, guilty of this offense and will so advise the Court.

Elements of the Offense

2. The elements of the offense to which the Defendant has agreed to plead guilty, and which this Office would prove if the case went to trial, are as follows:

Conspiracy to Commit Wire Fraud

a. The Defendant and at least one other person entered into an unlawful agreement;

b. The purpose of the agreement was to knowingly execute or attempt to execute a scheme or artifice to defraud and to obtain money or property by means of false or fraudulent pretenses, representations, or promises;

c. An interstate or foreign wire was knowingly transmitted or caused to be transmitted for the purpose of executing the scheme to defraud; and

d. The Defendant knowingly and willfully became a member of the conspiracy.

Penalties

3. The maximum sentence provided by statute for the offense to which the Defendant is pleading guilty is as follows: twenty years imprisonment, $250,000 fine or not more than the greater of twice the pecuniary gain or loss from the fraud, pursuant to 18 U.S.C. § 3571(d), and three years supervised release. In addition, the Defendant must pay $100 as a special assessment pursuant to 18 U.S.C. § 3013, which will be due and should be paid at or before the time of sentencing. This Court may also order him to make restitution pursuant to 18 U.S.C. §§ 3663, 3663A, and 3664.[1] If a fine or restitution is imposed, it shall be payable immediately, unless, pursuant to 18 U.S.C. § 3572(d), the Court orders otherwise. The Defendant understands that if he serves a term of imprisonment, is released on supervised release, and then violates the conditions of his supervised release, his supervised release could be revoked - even on the last day of the term - and the Defendant could be returned to custody to serve another period of incarceration and a new term of supervised release. The Defendant understands that the Bureau of Prisons has sole discretion in designating the institution at which the Defendant will serve any term of imprisonment imposed.

Waiver of Rights

4. The Defendant understands that by entering into this agreement, he surrenders certain rights as outlined below:

a. If the Defendant pled not guilty, he would have had the right to a speedy jury trial with the close assistance of competent counsel. That trial could be conducted by a judge, without a jury, if the Defendant, this Office, and the Court all agreed.

b. If the Defendant elected a jury trial, the jury would be composed of twelve individuals selected from the community. Counsel and the Defendant would have the opportunity to challenge prospective jurors who demonstrated bias or who were otherwise unqualified, and would have the opportunity to strike a certain number of jurors peremptorily.

[1] Pursuant to 18 U.S.C. § 3612, if the Court imposes a fine in excess of $2,500 that remains unpaid 15 days after it is imposed, the Defendant shall be charged interest on that fine, unless the Court modifies the interest payment in accordance with 18 U.S.C. § 3612(f)(3).

All twelve jurors would have to agree unanimously before the Defendant could be found guilty of any count. The jury would be instructed that the Defendant was presumed to be innocent, and that presumption could be overcome only by proof beyond a reasonable doubt.

c. If the Defendant went to trial, the government would have the burden of proving the Defendant guilty beyond a reasonable doubt. The Defendant would have the right to confront and cross-examine the government's witnesses. The Defendant would not have to present any defense witnesses or evidence whatsoever. If the Defendant wanted to call witnesses in his defense, however, he would have the subpoena power of the Court to compel the witnesses to attend.

d. The Defendant would have the right to testify in his own defense if he so chose, and he would have the right to refuse to testify. If he chose not to testify, the Court could instruct the jury that they could not draw any adverse inference from his decision not to testify.

e. If the Defendant were found guilty after a trial, he would have the right to appeal the verdict and the Court's pretrial and trial decisions on the admissibility of evidence to see if any errors were committed which would require a new trial or dismissal of the charges against him. By pleading guilty, the Defendant knowingly gives up the right to appeal the verdict and the Court's decisions.

f. By pleading guilty, the Defendant will be giving up all of these rights, except the right, under the limited circumstances set forth in the "Waiver of Appeal" paragraph below, to appeal the sentence. By pleading guilty, the Defendant understands that he may have to answer the Court's questions both about the rights he is giving up and about the facts of his case. Any statements the Defendant makes during such a hearing would not be admissible against him during a trial except in a criminal proceeding for perjury or false statement.

g. If the Court accepts the Defendant's plea of guilty, there will be no further trial or proceeding of any kind, and the Court will find him guilty.

h. By pleading guilty, the Defendant will also be giving up certain valuable civil rights.

Advisory Sentencing Guidelines Apply

5. The Defendant understands that the Court will determine a sentencing guidelines range for this case (henceforth the "advisory guidelines range") pursuant to the Sentencing Reform Act of 1984 at 18 U.S.C. §§ 3551-3742 (excepting 18 U.S.C. §§ 3553(b)(1) and 3742(e)) and 28 U.S.C. §§ 991 through 998. The Defendant further understands that the Court will impose a sentence pursuant to the Sentencing Reform Act, as excised, and must take into account the advisory guidelines range in establishing a reasonable sentence.

Factual and Advisory Guidelines Stipulation

6. This Office and the Defendant understand, agree and stipulate to the Statement of Facts set forth in Attachment A hereto, which this Office would prove beyond a reasonable doubt, and to the following applicable sentencing guidelines factors:

a. Pursuant to U.S.S.G. § 2B1.1(a)(1), the base offense level is seven (7).

b. Pursuant to U.S.S.G. § 2B1.1(b)(1)(M), the base offense level is increased by twenty-four (24) levels because the loss was more than $65,000,000 but less than $150,000,000, resulting in an adjusted base offense level of thirty-one (31).

c. Pursuant to U.S.S.G. § 2B1.1(b)(10)(C), the base offense level is further increased by two (2) levels because the offense involved sophisticated means, resulting in an adjusted offense level of thirty-three (33).

d. This Office does not oppose a two-level reduction in the Defendant's adjusted offense level, based upon the Defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for his criminal conduct. This Office agrees to make a motion pursuant to U.S.S.G. § 3E1.1(b) for an additional one-level decrease in recognition of the Defendant's timely notification of his intention to plead guilty. This Office may oppose *any* adjustment for acceptance of responsibility if the Defendant (a) fails to admit each and every item in the factual stipulation; (b) denies involvement in the offense; (c) gives conflicting statements about his involvement in the offense; (d) is untruthful with the Court, this Office, or the United States Probation Office; (e) obstructs or attempts to obstruct justice prior to sentencing; (f) engages in any criminal conduct between the date of this agreement and the date of sentencing; or (g) attempts to withdraw his plea of guilty.

7. The Defendant understands that there is no agreement as to his criminal history or criminal history category, and that his criminal history could alter his offense level if he is a career offender or if the instant offense was a part of a pattern of criminal conduct from which he derived a substantial portion of his income.

8. This Office and the Defendant agree that with respect to the calculation of criminal history and the calculation of the advisory guidelines range, no other offense characteristics, sentencing guidelines factors, potential departures or adjustments set forth in the United States Sentencing Guidelines will be raised or are in dispute.

Obligations of the United States Attorney's Office

9. At the time of sentencing, this Office will recommend a sentence within the applicable guideline range. At the time of sentencing, this Office will move to dismiss any open counts against the Defendant.

10. The parties reserve the right to bring to the Court's attention at the time of sentencing, and the Court will be entitled to consider, all relevant information concerning the Defendant's background, character and conduct.

Forfeiture

11. The Defendant agrees to consent to the entry of an order of forfeiture. By so doing, the Defendant understands that the Court will, upon acceptance of his guilty plea, enter an order of forfeiture as part of his sentence, and that the order of forfeiture may include assets directly traceable to his offense, substitute assets and/or a money judgment equal to the value of the property derived from, or otherwise involved in, the offense. Specifically, the Court will order the forfeiture of any property, real or personal, which represents or is traceable to the gross receipts obtained, directly or indirectly, from the violation of 18 U.S.C. § 1349, not to exceed $148,251,859. The parties agree and stipulate that any assets forfeited pursuant to the Consent Order of Forfeiture will be used to reduce the amount of restitution the Defendant is required to pay.

Restitution

12. The Defendant agrees to the entry of a Restitution Order for the full amount of the victims' losses of $148,251,859. The Defendant agrees that, pursuant to 18 U.S.C. §§ 3663 and 3663A and §§ 3563(b)(2) and 3583(d), the Court may order restitution of the full amount of the actual, total loss caused by the offense conduct set forth in the factual stipulation. The Defendant further agrees that he will fully disclose to the probation officer and to the Court, subject to the penalty of perjury, all information, including but not limited to copies of all relevant bank and financial records, regarding the current location and prior disposition of all funds obtained as a result of the criminal conduct set forth in the factual stipulation. The Defendant further agrees to take all reasonable steps to retrieve or repatriate any such funds and to make them available for restitution. If the Defendant does not fulfill this provision, it will be considered a material breach of this plea agreement, and this Office may seek to be relieved of its obligations under this agreement.

Collection of Financial Obligations

13. The Defendant expressly authorizes the U.S. Attorney's Office to obtain a credit report in order to evaluate the Defendant's ability to satisfy any financial obligation imposed by the Court. In order to facilitate the collection of financial obligations to be imposed in connection with this prosecution, the Defendant agrees to disclose fully all assets in which the Defendant has any interest or over which the Defendant exercises control, directly or indirectly, including those held by a spouse, nominee or other third party. The Defendant will promptly submit a completed financial statement to the United States Attorney's Office, in a form this Office prescribes and as it directs. The Defendant promises that the financial statement and

disclosures will be complete, accurate and truthful, and understands that any willful falsehood on the financial statement will be a separate crime and may be punished under 18 U.S.C. § 1001 by an additional five years' incarceration and fine.

Waiver of Appeal

14. In exchange for the concessions made by this Office and the Defendant in this plea agreement, this Office and the Defendant waive their rights to appeal as follows:

a) The Defendant knowingly waives all right, pursuant to 28 U.S.C. § 1291 or otherwise, to appeal the Defendant's conviction;

b) The Defendant and this Office knowingly waive all right, pursuant to 18 U.S.C. § 3742 or otherwise, to appeal whatever sentence is imposed (including the right to appeal any issues that relate to the establishment of the advisory guidelines range, the determination of the defendant's criminal history, the weighing of the sentencing factors, and the decision whether to impose and the calculation of any term of imprisonment, fine, order of forfeiture, order of restitution, and term or condition of supervised release).

c) Nothing in this agreement shall be construed to prevent the Defendant or this Office from invoking the provisions of Federal Rule of Criminal Procedure 35(a), or from appealing from any decision thereunder, should a sentence be imposed that resulted from arithmetical, technical, or other clear error.

d) The Defendant waives any and all rights under the Freedom of Information Act relating to the investigation and prosecution of the above-captioned matter and agrees not to file any request for documents from this Office or any investigating agency.

Obstruction or Other Violations of Law

15. The Defendant agrees that he will not commit any offense in violation of federal, state or local law between the date of this agreement and his sentencing in this case. In the event that the Defendant (i) engages in conduct after the date of this agreement which would justify a finding of obstruction of justice under U.S.S.G. § 3C1.1, or (ii) fails to accept personal responsibility for his conduct by failing to acknowledge his guilt to the probation officer who prepares the Presentence Report, or (iii) commits any offense in violation of federal, state or local law, then this Office will be relieved of its obligations to the Defendant as reflected in this agreement. Specifically, this Office will be free to argue sentencing guidelines factors other than those stipulated in this agreement, and it will also be free to make sentencing recommendations

other than those set out in this agreement. As with any alleged breach of this agreement, this Office will bear the burden of convincing the Court of the Defendant's obstructive or unlawful behavior and/or failure to acknowledge personal responsibility by a preponderance of the evidence. The Defendant acknowledges that he may not withdraw his guilty plea because this Office is relieved of its obligations under the agreement pursuant to this paragraph.

Court Not a Party

16. The Defendant expressly understands that the Court is not a party to this agreement. In the federal system, the sentence to be imposed is within the sole discretion of the Court. In particular, the Defendant understands that neither the United States Probation Office nor the Court is bound by the stipulation set forth above, and that the Court will, with the aid of the Presentence Report, determine the facts relevant to sentencing. The Defendant understands that the Court cannot rely exclusively upon the stipulation in ascertaining the factors relevant to the determination of sentence. Rather, in determining the factual basis for the sentence, the Court will consider the stipulation, together with the results of the presentence investigation, and any other relevant information. The Defendant understands that the Court is under no obligation to accept this Office's recommendations, and the Court has the power to impose a sentence up to and including the statutory maximum stated above. The Defendant understands that if the Court ascertains factors different from those contained in the stipulation set forth above, or if the Court should impose any sentence up to the maximum established by statute, the Defendant cannot, for that reason alone, withdraw his guilty plea, and will remain bound to fulfill all of his obligations under this agreement. The Defendant understands that neither the prosecutor, his counsel, nor the Court can make a binding prediction, promise, or representation as to what guidelines range or sentence the Defendant will receive. The Defendant agrees that no one has made such a binding prediction or promise.

Entire Agreement

17. This letter supersedes any prior understandings, promises, or conditions between this Office and the Defendant and, together with the Sealed Supplement, constitutes the complete plea agreement in this case. The Defendant acknowledges that there are no other agreements, promises, undertakings or understandings between the Defendant and this Office other than those set forth in this letter and the Sealed Supplement and none will be entered into unless in writing and signed by all parties.

If the Defendant fully accepts each and every term and condition of this agreement, please sign and have the Defendant sign the original and return it to me promptly.

Very truly yours,

Rod J. Rosenstein
United States Attorney

By: _____
Martin Clarke
Leo J. Wise
Assistant United States Attorneys

I have read this agreement, including the Sealed Supplement, and carefully reviewed every part of it with my attorney. I understand it, and I voluntarily agree to it. Specifically, I have reviewed the Factual and Advisory Guidelines Stipulation with my attorney, and I do not wish to change any part of it. I am completely satisfied with the representation of my attorney.

1-12-2016
Date

Jonathan E. Rosenberg

I am Mr. Rosenberg's attorney. I have carefully reviewed every part of this agreement with him, including the Sealed Supplement. He advises me that he understands and accepts its terms. To my knowledge, his decision to enter into this agreement is an informed and voluntary one.

1/14/16
Date

Elizabeth G. Oyer, Esq.

Attachment A

Statement of Facts

The Defendant stipulates and agrees that if this case had proceeded to trial, the government would have proven the following facts beyond a reasonable doubt. The Defendant also stipulates and agrees that the following facts do not encompass all of the evidence that would have been presented had this matter proceeded to trial.

In late 2006, Richard Shusterman and his business partner, Robert M. Feldman, began promoting investments in credit card and medical accounts receivables via a company called International Portfolio, Inc. ("IPI"). In early 2007, the Shusterman and Feldman began to focus almost exclusively on the sale and promotion of medical accounts receivable that Shusterman had purchased from Jackson Memorial Hospital in Miami, Florida. Feldman's primary responsibilities in the venture were to solicit and develop new business relationships with investment fund managers and wealthy individuals who might be interested in investing in IPI's medical debt portfolios and to use his contacts at hospitals to acquire more medical accounts receivable. Shusterman's primary responsibility was to manage the debt portfolios.

Beginning in or about February 2007, Shusterman and Feldman entered into a business relationship with the Defendant, Jonathan Rosenberg, and Douglas Kuber and their company, Accounts Receivable Services, LLC ("ARS"), in New York, New York, to promote the sale of IPI debt portfolios. Under the proposed venture, IPI would acquire accounts receivables from hospitals, bundle them into investment portfolios, and then sell the portfolios to ARS at an agreed upon discount rate. The money used to finance ARS's purchase of the medical debt portfolios from IPI would come from investors who agreed to lend money to ARS on a fixed-term basis in return for a high, fixed interest rate. As part of the purchase price paid to IPI by ARS, IPI agreed to oversee and administer the collection activity on the outstanding accounts in the portfolio. Any funds collected by IPI were to be forwarded to escrow accounts opened and maintained by ARS, which, in turn, would use the funds to cover the periodic interest payments and outstanding balances owed to the investors. The terms of ARS's repayment obligations were set forth in fixed-rate promissory notes and, at times, other agreements signed by the parties.

The defendant, Shusterman, Feldman and Kuber told investors that the IPI debt portfolios could achieve certain projected rates of return based upon the cash flow generated by the collection of outstanding patient accounts receivable using various data analyses and debt collection strategies. The portfolios would be placed with collection agencies, which would forward the collections to special purpose bank accounts created for the investors. Some collections on the accounts, known as direct payments, would be sent directly from the hospitals where the debt originated. The second source of cash flow could come from the resale of the IPI debt portfolios to purchasers in the debt-buying secondary market, such as large collection agencies or law firms specializing in debt collections.

A. The Fraudulent Inflation of Purchase Prices for IPI Debt Portfolios to Obtain Larger Investor Loans

The Defendant, Shusterman, and Kuber made or caused to be made material misrepresentations to investors about their investment model. In reliance on those misrepresentations, investors such as Platinum Partners and IITA provided loans to ARS of approximately $145,000,000 to purchase IPI debt portfolios, which IPI managed. Other investors, such as Roundstone and Greenfish, purchased approximately $122,500,000 worth of IPI debt portfolios, which IPI also managed.

The first misrepresentation made to certain investors by the Defendant, Shusterman, and Kuber was that a loan secured by IPI debt portfolios would not be used to pay up-front fees and commissions associated with the investment offering. Kuber and Rosenberg represented to those investors that ARS would use 100% of the investor's loan proceeds to purchase the accounts receivable from IPI, and that ARS would only pay itself from collections or from the sale of the portfolio, after the interest promised to the investor was paid in full and after the investor's principal was returned. Indeed, ARS and IPI devised an elaborate process involving the use of multiple escrow accounts and independent accountants to feign a transparent tracking of the deposit of the loan proceeds, the revenue from collection activity, the repayment of interest, and the sale of portfolios.

In truth and fact, however, Shusterman agreed to provide the Defendant and Kuber via ARS an upfront fee for each new investment loan used to purchase an IPI debt portfolio. It was further agreed that the funds to pay a 5% to 10% fee would come from the investor's loan proceeds. Pursuant to this undisclosed fee arrangement, ARS and IPI would calculate and agree to a concealed purchase price for a debt portfolio. Then they would tell the investor that the portfolio price was 5% to 10% higher than concealed price. In other words, ARS and IPI agreed to over-represent the value of the collateral pledged to the investor/lenders, thereby increasing the requested loan amount in order to use a portion of the loan proceeds to fulfill their pre-loan transactional fee arrangement. ARS agreed to pay IPI's asking price for a particular portfolio, which was calculated by using a buy rate negotiated between ARS and IPI, and then the parties jointly agreed to increase that price by 5% to 10%, which would be kicked back by IPI to ARS. The net effect of this transactional fee arrangement, besides being an undisclosed and material conflict of interest, was that it falsely represented that the loans were 100% collateralized by the purported value of the accounts receivable.

IPI and ARS used a contractual provision in their Purchase Agreements called "Purchase Price Adjustment" to conceal this transactional fee arrangement. IPI would routinely pay ARS the predetermined transactional fee under the guise of a "refund" or "rebate" for unqualified accounts. To conceal the payment and receipt of the kickbacks, such "refunds" or "rebates" were not sent directly to ARS, but rather, were wired to one of ARS's subsidiaries, usually a company called Portfolio Scope. The wire transactions were referenced as a "rebate," "advisory fee," or "consulting fee." In so doing, ARS and IPI avoided the intricate escrow arrangement they had created to convince investors to finance the joint venture. In sum, not only did the fraudulent use of the "Purchase Price Adjustment" provision provide cover for the undisclosed transactional fee arrangement between ARS and IPI, it also contravened the material promise made by ARS to the investors that ARS would not receive compensation from the investment offering until after the principal and interest on the loan was paid in full.

Between in or about June 2007 and continuing to until in or about March 2009, the Defendant, Shusterman, and Kuber made or caused to made kickbacks of investor loan proceeds to the Defendant and Kuber totaling in excess of $8 million.

B. The Fraudulent Inflation of Collection Results

To entice new investors to participate in the investment scheme, ARS and IPI falsely represented the amount of income being generated from the collection activity for the various medical debt portfolios. Soon after the Defendant, Shusterman, and Kuber entered into their relationship to promote the sale of IPI debt portfolios, it became apparent that collections were significantly inadequate, not only in their failure to cover periodic interest payments that ARS owed its investors, like Platinum and IITA, but also to repay the investors' principal.

Between approximately February and July 2008, the Defendant, Shusterman, Feldman and Kuber discussed ways they could cover outstanding investment obligations without disclosing to current and potential investors the insufficient performance of collections coming from the collection agencies and directly from the hospitals. In July 2008, Shusterman and Kuber decided and Feldman and the Defendant agreed that IPI would advance ARS the money needed to make ARS's periodic interest payments to Platinum and to IITA. Between in or about July 2008 and in or about December 2009, and without the knowledge of Platinum, IITA, the escrow agent for the ARS special purpose accounts, or any other investors, the Defendant, Shusterman, Feldman and Kuber wired or caused to be wired approximately 209 advances from IPI into the SPE bank accounts of the various ARS debt portfolios, which advances were subsequently used to pay periodic interest payments due to Platinum and/or inflate the collection history of the respective Platinum and IITA debt portfolios.

Furthermore, the Defendant, Shusterman, Feldman, and Kuber and agreed to conceal from Platinum and other investors the fact that the Defendant and Shusterman were using the advances from IPI to subsidize ARS, although the Defendant did not have any direct communications with Platinum. To that end, the advances were represented as a particular type of collection received during the liquidation of IPI debt portfolios called "direct payments." When Shusterman and Feldman wired or caused to be wired funds from IPI into the SPE bank accounts, odd numbers and skewed totals were used to conceal the true purpose of the advances and to make them appear to be direct payments wired during the ordinary course of the collection process. Consequently, false and misleading collection reports were created to deceive Platinum and IITA because the weekly collection totals were inflated by the amount of money IPI had

advanced to ARS under the pretense of direct payments. The inflated collection reports created the false impression that collections from IPI debt portfolios were much higher than they actually were. In truth and fact, the actual collections for each of the ARS portfolios financed by Platinum and IITA was far below the projected liquidations for those portfolios. Between in or about July 2008 and in or about March 2010, the Defendant, Shusterman, Feldman and Kuber represented or caused to be represented in weekly collection reports provided to Platinum, IITA and other investors that more than $56 million in "direct payments" were collected during the liquidation of IPI debt portfolios financed by Platinum and IITA investors.

C. False Representations About Purported Resales of IPI Debt Portfolios to Purchasers in the Debt-Buying Secondary Market

During the continued promotion, sale, and management of IPI debt portfolios, the Defendant, Shusterman, Feldman, and Kuber failed to disclose to existing and potential investors the existence and necessity of the IPI advances that were used to cover interest payments and inflate collection histories. Subsequent to implementing their plan to subsidize ARS with monthly advances, Platinum was induced to fund the purchase of twelve more portfolios over four months, between July and November 2008 (Portfolios Slice 7-12 and 14-15), totaling approximately $43 million in new investments. And an IITA representative living in West River, Maryland, was induced to fund the purchase of Portfolio 13 on November 8, 2008 for $10 million and another portfolio via IPA on May 26, 2009 for $5 million. And there were further sales of multiple portfolios through JER Receivables and other entities owned or managed by the Defendant.

After investors purchased or lent money to purchase IPI debt portfolios, IPI oversaw the collection process and made recommendations about when to sell the portfolios. IPI purportedly solicited bids from potential purchasers in the debt-buying industry, and IPI served as an intermediary between the investor and the new purchaser, ostensibly to protect IPI proprietorial information. In this way, IPI controlled both the sales and purchase price of the particular IPI debt portfolio being sold. The investors were told that the resale value of the IPI debt portfolios

would be based upon (1) the demonstrated total collection activity for the portfolio and (2) bids from new purchasers in the debt-buying secondary market.

To induce investors to buy and/or maintain their investment positions in IPI debt portfolios, and to further conceal substantially lower than projected collection results, IPI fraudulently repurchased and resold to investors IPI debt portfolios at artificially inflated prices that neither corresponded to a particular debt portfolio's actual collection results, nor to an asking price from a purchaser in the debt-buying industry. In truth and fact, none of IPI's debt portfolios financed or purchased by Platinum, IITA, or other investors was ever sold to a third party in the debt-buying industry, although this fact was not known to the Defendant. For the portfolios that were falsely represented to have been sold to such third parties, the purchaser was actually another IPI investor or IPI itself, and the portfolios were almost always sold at prices higher than what the investor originally paid so as to create a contrived rate of return high enough to induce an existing investor to reinvest or a new investor to join the investment scheme.

The Defendant, Shusterman, Feldman and Kuber represented to their respective investors that the IPI debt portfolios sold to them or used as collateral were comprised of medical accounts receivable that IPI had purchased directly from hospitals and medical providers after those institutions had exhausted their efforts to collect from their debtor patients. In truth and fact, IPI intentionally and fraudulently sold to some investors IPI debt portfolios that IPI had repurchased from an earlier IPI investor and sometimes multiple investors.

To conceal poor collection results and the artificiality of the resale prices for IPI debt portfolios, and to assure a continuing flow of new funding into the investment scheme, the Defendant, Shusterman, Feldman, and Kuber continued to solicit, and caused others to solicit, existing and prospective investors to purchase or finance IPI debt portfolios. In so doing, they fraudulently used new investor funds to make interest and resale payments in order to meet the investment benchmarks of prior investors.

In furtherance of all of the IPI debt portfolio transactions discussed above, interstate and foreign emails and wire transfers were transmitted, including transmissions from and to the District of Maryland.

D. Transactions with Clear Path Wealth Management and Clear Path Health Care Receivables Fund

In April 2008, Patrick Churchville, the owner of Clear Path Wealth Management LLC (hereafter "Clear Path') met the Defendant for the purposes of discussing an investment in hospital accounts receivable. Subsequently, Churchville invested with a company owned and controlled by the Defendant, JER Receivables, LLC (JER), under a participation agreement which was structured as a loan but provided a guaranteed 30 percent rate of return over 16 months. Clear Path provided funds to JER to purchase portfolios of health care accounts receivable from IPI.

From July 1, 2008 through February 2, 2010, Clearpath invested $18.7 million in nine different transactions. The portfolios were named after greek letters: Alpha, Epsilon, Eta, Mu, Omicron, PI, Rho, Xi and Zeta. In each of these transactions, Clear Path signed a participation agreement with JER. In turn, JER used 100 percent of the proceeds of the participation agreement loan to purchase medical debt portfolios from IPI. The first two investments, Alpha and Epsilon portfolios, were eventually repurchased by IPI from JER for a profit of $930 thousand to Clearpath.

In October 2010, Clear Path issued demand notices to JER on a number of the outstanding participation agreement transactions due to JER failing to make required payments.

Churchville formed a new investment fund he named Clear Path Health Care Receivables Fund LP. On October 10, 2009, Clear Path Health Care Receivables Fund, LP entered into a $750,000 loan agreement with International Portfolio Access, LLC (IPA). IPA was owned and controlled by the Defendant. The $750,000 loan was to be used to secure a larger credit line to purchase additional healthcare accounts receivable portfolios. The credit line never materialized.

From February 9, 2011 through January 5, 2012, Clear Path Health Care Receivables Fund made a series of loans totaling $18.6 million to Receivable Partners, LLC, which was also owned by the Defendant. These loans were used to pay back some of the Clear Path investors that purchased portfolios through JER

I have read this statement of facts and carefully reviewed it with my attorney. I agree that the United States could prove these facts at trial and that I am guilty of the conduct described herein.

1-12-2016
Date

Jonathan E. Rosenberg

1/14/16
Date

Elizabeth G. Oyer, Esquire

EXHIBIT E

United States Department of Justice

THE UNITED STATES ATTORNEY'S OFFICE
DISTRICT of MARYLAND

U.S. Attorneys » District of Maryland » News

Department of Justice

U.S. Attorney's Office

District of Maryland

FOR IMMEDIATE RELEASE Thursday, February 25, 2016

New Jersey Man Guilty of $148 Million Investment Fraud Scheme

Ponzi Scheme Involved Sale of Medical Debts

Baltimore, Maryland – Jonathan E. Rosenberg, age 47, of West Orange, New Jersey, pleaded guilty today to conspiring to commit wire fraud in connection with a complex scheme to defraud investors and lenders by selling fraudulent investment portfolios of debts purportedly owed by hospital patients. Rosenberg has agreed to the entry of an order to pay restitution of $148,251,859, the amount of the investors' losses.

The guilty plea was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Kevin Perkins of the Federal Bureau of Investigation, Baltimore Field Office; and Special Agent in Charge Andre R. Watson of U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI).

"Jonathan Rosenberg and his co-conspirators perpetrated a brazen and complex Ponzi scheme that defrauded investors of more than $148 million," said U.S. Attorney Rod J. Rosenstein. "The conspirators pretended that they were repaying investors with revenue earned by collecting patient debts, but they were really using the money of new victims to repay previous investors."

Rosenberg and co-conspirator Douglas Kuber operated Account Receivable Services, LLC (ARS) in New York, New York. Beginning in February 2007, they entered into an agreement with International Portfolio, Inc. (IPI), which was operated by co-defendant Robert Feldman and Feldman's business partner, to promote the sale of IPI debt portfolio. Pursuant to their agreement, IPI acquired accounts receivables from hospitals (past due patient accounts), bundled them into investment portfolios, and then sold the portfolios to ARS at a discounted rate. ARS's purchases of the medical debt portfolios from IPI came from investors who agreed to lend money to ARS on a fixed-term basis in return for a high, fixed interest rate. IPI agreed to manage the collection activity for each debt portfolio that IPI sold. Any funds collected by IPI were to be forwarded to escrow accounts opened and maintained by ARS, which, in turn, would use the funds to cover the periodic interest payments and outstanding balances owed to the investors.

Fraudulent Inflation of Purchase Prices for IPI Debt Portfolios to Obtain Larger Investor Loans

According to his plea agreement, Rosenberg and Kuber misrepresented to investors that a loan secured by IPI debt portfolios would not be used to pay up-front fees and commissions associated with the investment offering. In fact, however, ARS and IPI devised an elaborate process involving the use of multiple escrow accounts and independent accountants to feign a transparent tracking of the deposit of the loan proceeds, the revenue from collection activity, the repayment of interest, and the sale of portfolios. Funds to pay a 5% to 10% fee would come from the investor's loan proceeds. Pursuant to this undisclosed fee arrangement, ARS and IPI would agree to a concealed purchase price for a debt portfolio. Then they would tell the investor that the portfolio price was 5% to 10% higher than concealed price.

IPI agreed to kickback the loan proceeds in excess of the true purchase prices to Rosenberg and Kuber. The kickbacks were characterized as a refund or a rebate. In so doing, ARS and IPI avoided the intricate escrow arrangement they had created to convince investors to finance the joint venture. From June 2007 to March 2009, Rosenberg and Kuber made kickbacks of investor loan proceeds to themselves totaling in excess of $8 million.

In reliance on those misrepresentations, investors provided loans to ARS of approximately $145 million to purchase IPI debt portfolios, which IPI managed. Other investors purchased approximately $122,500,000 worth of IPI debt portfolios, which IPI also managed.

Fraudulent Inflation of Collection Results

In order to induce existing investors to maintain and increase their participation in the investment scheme and to persuade new investors to join, ARS and IPI falsely represented the amount of income being generated from the collection activity for the medical debt portfolios. It became apparent almost from the start that collections were significantly inadequate, not only in their failure to cover periodic interest payments that ARS owed its investors, but also to repay the investors' principal.

Rosenberg agreed that IPI would advance ARS the money needed to make ARS's periodic interest payments to the investors. From July 2008 to December 2009, and without the investors' knowledge, Rosenberg, Feldman and Kuber wired or caused to be wired approximately 209 advances from IPI into the bank accounts of the ARS debt portfolios, which were subsequently used to pay periodic interest payments due to an investor and/or inflate the collection history of the respective investor debt portfolios. Misleading collection reports were created to deceive the investors.

After their plan to subsidize ARS with monthly advances was implemented, an investor was induced to fund the purchase of 12 more portfolios between July and November 2008, totaling approximately $65 million in new investments. Another investor representative living in West River,

Maryland was induced to fund the purchase of a portfolio on November 8, 2008 for $10 million, and another portfolio on May 26, 2009 for $5 million.

To conceal poor collection results and artificial resale prices for IPI debt portfolios, and to assure a continuing flow of new funding into the investment scheme, Rosenberg, Feldman, and Kuber continued to solicit existing and prospective investors to purchase or finance IPI debt portfolios. In so doing, they fraudulently used new investor funds to make interest and resale payments in order to meet the investment benchmarks of prior investors.

Rosenberg Owned Three Other Companies that Purchased IPI Debt Portfolios

Finally, Rosenberg owned and controlled three other companies that recruited investors for medical accounts receivable portfolios purchased from IPI: JER Receivables, LLC (JER); International Portfolio Access, LLC (IPA); and Receivable Partners, LLC.

A wealth management company owner (Owner) invested with JER under an agreement which was structured as a loan but provided a guaranteed 30% rate of return over 16 months. From July 2008 to February 2010, the wealth management company invested $18.7 million in nine transactions with JER to purchase portfolios of health care accounts receivable from IPI. JER used all of the proceeds to purchase medical debt portfolios from IPI, and the wealth management company made a $930,000 profit from two of the transactions. In October 2010, however, the wealth management company issued demand notices to JER on a number of the outstanding transactions due to JER failing to make required payments.

The Owner formed a new wealth management company which entered into a $750,000 loan agreement with IPA in October 2009. The loan was to be used to secure a larger credit line to purchase additional healthcare accounts receivable portfolios. The credit line never materialized. From February 2011 to January 2012, this new company made a series of loans totaling $18.6 to Receivable Partners. These loans were used to pay back some of the investors of the original wealth management company who purchased portfolios through JER.

Rosenberg faces a maximum sentence of 20 years in prison. U.S. District Judge James K. Bredar scheduled sentencing for June 14, 2016, at 9:30 a.m.

Robert Feldman, age 68, of Beach Haven, New Jersey, and Douglas A. Kuber, age 55, of Livingston, New Jersey, previously pleaded guilty to their participation in the conspiracy and face a maximum sentence of 20 years in prison. Feldman and Kuber are scheduled to be sentenced on June 2 and 30, 2016, respectively.

Co-defendant Richard Shusterman, age 53, of Highland Beach, Florida, has pleaded not guilty to charges filed against him relating to the scheme. An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

Today's announcement is part of the efforts undertaken in connection with the President's Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices, and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets; and conducting outreach to the public, victims, financial institutions and other organizations. Since fiscal year 2009, the Justice Department has filed over 18,000 financial fraud cases against more than 25,000 defendants. For more information on the task force, please visit www.StopFraud.gov.

United States Attorney Rod J. Rosenstein thanked the FBI and HSI Baltimore for their work in the investigation. Mr. Rosenstein praised Assistant U.S. Attorneys Martin J. Clarke and Leo J. Wise, who are prosecuting the case.

USAO - Maryland

Topic:
Financial Fraud

Updated February 25, 2016