

COMMONWEALTH OF KENTUCKY
FAYETTE CIRCUIT COURT
4th DIVISION
CASE NO. 17-CI-4443



SOLAR HOLDINGS GROUP, LLC; Individually and
Derivatively on behalf of all members of
BLUEWATER TOXICOLOGY, LLC; and
JENNIFER BOLUS

PLAINTIFFS

V.

ORDER APPOINTING CUSTODIAN/MONITOR

CURARE LABORATORY, LLC;
JUNIOR JOHNSON;
KEVIN LISKE;
LARRY HANCOCK;
DUSTIN DIXON;
CURARE TELEHEALTH, LLC; and
BLUEWATER TOXICOLOGY, LLC

DEFENDANTS

This cause came before the Court on Plaintiffs' Motion to Appoint Receiver on the January 5, 2018 motion docket, and then on January 9 and 16, 2018 for hearings on Plaintiffs' motion and other matters regarding the restraining order and temporary injunction, and further on March 27, 2018, to also address Plaintiff's Motion to Take Possession of Accounts and Other Collateral.

The Court having reviewed the record, and having heard and considered the motions, responses, objections and the significant testimony regarding the entry of the Temporary Injunction and the continuation of the Temporary Injunction, and having heard the arguments of counsel and the tacit agreement of Defendants as expressed by their counsel at the end of hearings to the appointment of "a receiver", or at least someone to oversee and monitor financial

and business matters of the Defendants in light of the Temporary Injunction and its terms; and the court having heard additional arguments on March 27, 2018, and being otherwise sufficiently advised,

IT IS HEREBY ORDERED AND ADJUDGED that the Court finds that the Motion to Appoint Receiver is well-taken and GRANTED, and that it is in the best interests of the defendant businesses and the parties that a limited receiver be appointed by the Court at this time which will be a combination of a custodian and monitor for purposes of investigating the status of the business operations and the financial matters and accounts and overseeing, and to the extent necessary, controlling the receipt, use and disbursements of funds to help ensure Defendants to be in compliance with the Court's previously entered Temporary Injunction, and for general oversight and as further set forth below.

The Plaintiffs' Motion to Take Possession of Accounts and Other Collateral is DENIED.

Based upon a review of the operative documents in this case which are attached to the Complaint, the court finds that pursuant to paragraph 10 of the Security Agreement, upon Event of Default as that term is defined therein, Bluewater Toxicology, LLC ("Bluewater") consented to the appointment of a receiver. It is further found that Defendant Curare Laboratory, LLC ("Curare") pledged to Plaintiff Solar Holdings Group, LLC ("Solar") in the Pledge Agreement, "all of its right, title and interest in and to its membership interest in Bluewater, and any other equity interest in Bluewater...and all products, proceeds, substitutions, additions, dividends and other distributions." Based upon the sale of Bluewater to Curare, Curare purchased 80% of Bluewater and Plaintiff Solar Holdings Group, LLC, remains owner of the remainder 20% of Bluewater. Thus with Plaintiff Solar and Defendant Curare, 100% of the ownership of

Bluewater is represented in this case. Plaintiffs have been granted leave to file an amended complaint which adds Bluewater as a party.

The Court has further reviewed the CV of Calvin Cranfill, a copy of which is attached as Exhibit A.

IT IS THEREFORE ORDERED, that Calvin Cranfill, CPA/ABV/CFF, 271 West Short Street, Ste 410, Lexington, Kentucky 40507, is hereby appointed Custodian/Monitor (the "Monitor") of all or any material part of the assets including the real and personal property and business operation ("the Business") and financial matters and accounts (the "Accounts") of Bluewater Toxicology Group, LLC, and Curare Laboratory, LLC and related and associated entities, and those located at 300 West Vine Street, Suite 1450, Lexington, KY 40507, and 221 S. Bardstown Road, Mt. Washington, Kentucky 40047, and other locations the Monitor may determine relevant. The Court Monitor shall take immediate control, possession and oversight of the Accounts. The Monitor is not to take control or possession of the business operation *per se* but is ordered and authorized to oversee the operation to the extent necessary to fulfill the duties herein.

IT IS FURTHER ORDERED that Defendants and each of them shall immediately turn over to the Monitor all moneys generated by or from the Business, including deposits, accounts receivable, investment accounts, investments, in its possession, custody or control, as well as all records pertaining to the Accounts. Included within the records required to be turned over to the Monitor are copies of all customer/client lists, names and contact information, contracts, notes, debts, obligations, current or past operating and financial statements, reports, statements or any other item related in any way to the finances of the Business or the Accounts, and any other

documents maintained by the Defendants or their agent(s) pertinent to the operation and management of the Business and its customers and sources of payments and expenses.

IT IS FURTHER ORDERED that the Monitor will investigate the sources of income and of the Business and status of all funds related to the Business and where funds have been disbursed and for what, since September 1, 2017, if not earlier. In addition to what the Monitor deems necessary for completion of his duties, the Monitor is requested to assemble documents and:

- complete a review of financials
- review Monthly P & L's
- review general ledger, payroll and expense reports
- review all bank statements (of all accounts) associated with any funds that originated with the Businesses, including monies transferred to or from the businesses or accounts for any reason
- review who signed off on any and all activities regarding financial decisions.
- review any directive of financial decisions and by whom
- review any consulting and or other written agreements pertaining to the Businesses
- review any new debts, loans or any loans applied for (including all relevant information)
- review any new agreements or obligations made by the Businesses
- review any "arrangements" or agreements with any clients
- determine the amount of consulting monies paid
- review Current Cap table to determine current status and any changes
- assess current status with Telcor implementation

- determine where all monies are coming from and which accounts they are placed into
- determine current process for paper checks or electronic means of payments with payers.
- review current status with Humana
- determine status of the self-audit and obtain full Blue and Co report
- review all tax returns, schedule, filings and determine what has been filed and what is due to be filed
- determine if any changes made in the Operating Agreement or other controlling documents

IT IS THEREFORE ORDERED that Defendants shall jointly and severally pay Monitor for his services based on his current rate of \$225 per hour.

IT IS FURTHER ORDERED that Monitor is empowered to take all actions allowed under the operative documents attached to the Complaint, including but not limited to the Term Promissory Note, Pledge Agreement and Security Agreement, and is further authorized to review, prohibit, stop, seize, prevent or allow any ordinary and necessary payments, distributions and disbursements as he deems advisable or proper to maintain the Business and Accounts and to ensure compliance with the Temporary Injunctions and obligations under the controlling documents. The Monitor is further specifically permitted to direct and complete any payments necessary to immediately cure defaults of Bluewater and Curare.

IT IS FURTHER ORDERED that the Monitor is authorized without further leave of the Court to employ and compensate any assistants, servants, agents, counsel or other persons deemed necessary or desirable to assist him in diligently executing the duties imposed upon him in this Order. (collectively "Agent Compensation").

IT IS FURTHER ORDERED that the Monitor is directed to prepare and file with the Court, within forty-five (45) days after entry of this Order and no less frequently than quarterly thereafter, so long as any part of the Business or Accounts or property remains subject to this monitorship, and on or within thirty (30) days after termination of the monitorship, a full and complete report, setting forth all receipts and disbursements and reporting all acts and transactions taken by the Business regarding the operation of the business, including a current inventory of the funds, assets and property remaining, and current and anticipated income therefrom, and all debts and obligations contracted and expenditures made by the Business or not made by the Business incurred and the reasons therefor, and stating and explaining all changes in operation and the expenditures that have occurred during the period covered by the accounting. The Monitor is further directed to serve copies thereof on the attorneys of record for all named parties in this action.

IT IS FURTHER ORDERED that Monitor shall have continuing access to historical and current computer data and information, mail or other correspondence, to and from the Businesses, including any related or affiliated entity such as Curare, concerning the Businesses (including copies of pleadings or other documents relating to any litigation affecting the Business or Defendants, including such actions involving claims for recoupments or claims by current or former customers).

IT IS FURTHER ORDERED that the Monitor shall monitor the Business and its operations, prevent waste, attempt to ensure contractual obligations of Bluewater and Curare are met, and make all reporting to the Court to maintain the Accounts of the Business, without further Order from this Court.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this action for all purposes. Monitor may seek modification of this Order from the Court with notice to the parties to this action, when, in Monitor's estimation, he believes that additional, different, or more limited obligations or powers or additional orders are necessary for him to carry out his function as monitor for the Court.

IT IS FURTHER ORDERED that Monitor shall report back to this Court on _____, 2018, at ____:00 ____m. the findings of his investigation and oversight to date.

The Monitor and its employees, agents and attorneys shall have no personal liability, and they shall have no claim asserted against them relating to the Monitor's duties under this Order, except for claims due to their gross negligence, gross or willful misconduct, malicious acts and/or the failure to comply with this Court's orders. In carrying out his duties as set forth herein, the Monitor is entitled to act in the exercise of his own business judgment as he deems appropriate within his sole discretion.

The Monitor shall recommend to the Court to perform any other such duties when the Monitor reasonably believes that performance thereof is necessary to the objectives of the monitorship.

The Monitor shall stay in place pending further order of this Court.

Dated: 5/16/2018

/S/ PAMELA R. GOODWINE
A TRUE COPY
ATTEST: VINCENT RIGGS, CLERK
FAYETTE CIRCUIT COURT
BY: Pa DEPUTY

JUDGE, FAYETTE CIRCUIT COURT

PREPARED BY:

MILLER, GRIFFIN & MARKS, P.S.C
271 West Short Street, Suite 600
Lexington, Kentucky 40507
Telephone: (859) 255-6676
Fax No.: (859) 259-1562

BY: _____
CARROLL M. REDFORD, III
email: cmr@kentuckylaw.com
ATTORNEYS FOR PLAINTIFF

HAVE SEEN:

Alex L. Scutchfield
Scutchfield Law, PLLC
501 Darby Creek Road
Suite 2
Lexington, KY 40509
Attorney for Curare Laboratory, LLC

Jason Apollo Hart
Attorney at Law
101 Saint Clair Street, 1st Floor
Frankfort, Kentucky 40601
Attorney for Individual Defendants

CLERK'S CERTIFICATE OF SERVICE MAY 23 2018

This is to certify that the foregoing was served on the following, on this the ____ of March, 2018, via U.S. mail, postage prepaid:

Alex L. Scutchfield
Scutchfield Law, PLLC
501 Darby Creek Road
Suite 2
Lexington, KY 40509
Attorney for Curare Laboratory, LLC

Jason Apollo Hart
Attorney at Law
101 Saint Clair Street, 1st Floor
Frankfort, Kentucky 40601
Attorney for Individual Defendants

Carroll M. Redford, III
MILLER, GRIFFIN & MARKS, P.S.C.
700 Security Trust Building
271 West Short Street
Lexington, Kentucky 40507
Attorney for Plaintiffs

Calvin D. Cranfill, CPA/ABV/CFF
271 West Short Street, Suite 410
Lexington, KY 40507

Courtesy copy to:
Natalie Lile Law, PLLC
Natalie R. Lile
101 Saint Clair St., Suite 1
Frankfort, KY 40601
natalie@lilelaw.com
Attorney for Bluewater Toxicology Group, LLC


CLERK