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CAPITAL, LLC**



*Capital Markets Solutions for Middle Market Companies*

### **Criticare Systems, Inc. – Chapter 128 Receivership**

Criticare was a medical device company that manufactured and marketed patient monitoring systems, used in anesthesia, critical care, and outpatient care settings. On October 19, 2015, Criticare made a voluntary assignment to the Receiver for the benefit of Criticare's creditors. On that same date, this Court issued an Order Appointing John Stark as the Receiver.



**Chapter 128 Receivership  
F. John Stark, III, Receiver**

**(Waukesha County Court Case # 15CV02075)**

- Criticare manufactured patient monitoring systems used in medical & dental anesthesia;
- The assets were sold on December 21, 2015;
- \$28,759,435 in pre-petition claims were reduced to \$13,272,449; and
- The payout percentage to the unsecured creditors was 25.94%.



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**December, 2017**

John, Tara, Amy, and Mike provided confidentiality agreements to more than 150 prospects and 22 prospective buyers executed and returned confidentiality agreements. Many of the prospective buyers that executed confidentiality agreements conducted due diligence in connection with a potential purchase of Criticare's assets.

On December 11, 2015, the Receiver conducted an auction at Criticare's Waukesha facility. The auction was conducted pursuant to the Procedures. Opto Cardiac Care Limited made the highest and best bid at the Auction - \$3.2 million, plus the waiver of \$2.3 million of claims that affiliates had asserted against the estate.

Creditors filed a total of 113 general unsecured claims, amounting to \$28,759,435.37 and through the efforts of the Receiver and its counsel, the claims were reduced to \$13,272,449.13.

On December 13, 2017, Waukesha County Circuit Court Judge William J. Domina signed an Order: 1. Approving the Receiver's Final Settlement of Account; and 2. Directing that distributions be made to the creditors of Criticare Systems, Inc., ("Criticare") as outlined in the Final Settlement of Account. Based on the \$13,258,479.13 of agreed-upon pre-petition claims and the \$3,441,603.99 of remaining cash, available to pay the agreed upon pre-petition claims, the payout percentage is 25.96%.

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Leading medical device company that develops, manufactures and markets non-invasive vital signs patient monitoring systems and accessories used in anesthesia, medical transport, and dental offices.

#### Facilities

##### Waukesha, WI

- Level 2 Engineering Lab
- FDA Registered Address

##### Deerfield, WI

- Contracted Manufacturer

[www.criticareystems.com](http://www.criticareystems.com)

#### CONTACT

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- Criticare Systems' trademark brand is recognized and respected across its global distribution footprint in both developed and developing markets.
- Criticare's patient vital signs and anesthesia monitoring systems and accessories incorporate technological innovation supported by comprehensive customer and technical support.
- Criticare's key product areas:
  - Low and mid-acuity vital signs and patient monitors.
  - Anesthesia and carbon dioxide monitors
  - MRI-compatible monitors
  - Consumable accessory lines
- A core part of Criticare's business consists of B2B sales of OEM components and accessories to the largest companies in the healthcare field including: Philips Medical, GE Healthcare, Bayer Healthcare and Dräger .
- Criticare is well positioned for growth with a pipeline of products in development with the first of the new family to launch in 2016.

Criticare owns Patents in the following areas:

- Digital Oximetry
- Discrete Slope Delta Modulation with Recovery Means
- ECG Synchronized Pulse Oximetry
- Water Trap Filtration for Gas Analysis
- Medical Monitoring and Alert System for Use with Therapeutic Devices
- Methods for Heart Rate Monitoring
- Methods for Remote Monitoring of Multiple Patient Parameters
- Multi-Component Gas Analysis
- Solid State Non-Dispersive IR Analysis
- System for Handling and Monitoring Respiratory Waste Streams
- Vital Signs Monitor Pumping System
- Water Trap and Associated Controls
- Inline Filter Systems

#### Current Products and New Products



eQuality



Vital Care



nGenuity



Poet® QRE  
(Everest)



Vinson



Pixie



MRI



nCompass



Infrared Gas



Gas Analyzer

**Criticare Systems, Inc.**  
**N7 W22025 Johnson Drive, Waukesha, WI, 53186**



### 8100E nGenuity

The **nGenuity** patient monitor is the perfect solution for conscious sedation or post-procedure recovery monitoring,

- **Straightforward operation:** The user-configurable display, enables clinicians to quickly access the results.
- **Wide variety of parameters and advanced capabilities:** ECG analysis; Capnography (ETCO<sub>2</sub>); and mini trend reporting.
- **Easy to Use:** Bright and large color display has large numeric readings which makes it easy to read from across the room. Straightforward menus and dedicated function keys are easy to learn.
- **Flexible:** Full-featured monitors are available with many configurations including ETCO<sub>2</sub> monitoring and arrhythmia and ST analysis. They are compatible with EMR/HIS systems and Criticare's VitalView central station.
- **Cost effective:** The optional ETCO<sub>2</sub> features a patented high capacity water trap with full occlusion clearing. The trap can be used on multiple patients so it costs less per procedure.

## Year over Year Revenue Comparison for Criticare Systems, Inc. FY2012-Present

	FY2012	FY2013	FY2014	FY2015	FY2016 (Q1 + Q2)
US and Canada	10.432	11.021	14.533	7.541	2.544
Europe and Africa	4.600	3.132	2.276	0.877	0.084
Latin America	3.135	2.119	1.517	0.853	0.152
Asia Pacific and Middle East	2.473	1.785	1.087	1.600	0.621
India	0.063	0.008	0.511	0.439	0.187
OEM	8.073	8.122	7.894	7.989	2.442
Service and Miscellaneous	1.624	0.707	0.565	0.421	0.181
<b>Total</b>	<b>30.400</b>	<b>26.894</b>	<b>28.383</b>	<b>19.720</b>	<b>6.211</b>

*Securities offered through Independent Investment Bankers Corp. a broker-dealer, Member FINRA/SIPC.*

*Water Tower Capital, LLC is not affiliated with Independent Investment Bankers Corp.*

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## Chapter 128 Schedule

VDR Opens - October 26, 2015

Bids Due - November 16, 2015

Auction Date -December 4, 2015

On October 19, 2015, John Stark, of Water Tower Capital, LLC was appointed as receiver for Criticare Systems, Inc. under a voluntary assignment for the benefit of creditors pursuant to Chapter 128 of the Wisconsin Statutes. (Waukesha County Ct. Case # 15CV02075)

Water Tower Capital will operate Criticare and implement various operating initiatives while it is marketing the company as a going concern. During the receivership Stark will oversee Criticare's day-to-day operations. He is represented by Mallery & Zimmerman, S.C.

Water Tower Capital has populated a Virtual Data Room ("VDR") with information that prospective purchasers will need in order to evaluate the opportunity to purchase Criticare. Prospective purchasers need to execute a confidentiality agreement, which is available by contacting [john@watertowercapital.com](mailto:john@watertowercapital.com)