Anthony C. Dike, MD, FACP
4127 West 62nd Street
Los Angeles, California 90043
Telephone 323-252-2784, Fax 310-693-8082

10/24/11

United States Small Business Administration
Office of the National Ombudsman
Washington D.C, 20416
Attention: Ms Esther H. Vassar
Assistant Administrator for Regulatory Enforcement Fairness

RE: Anthony C. Dike, MD etal vs SEC

Dear Ms Vassar,

I thank you so much for your prompt reaction to my comment regarding the unfair and excessive regulatory compliance enforcement action taken out against me and my small business namely Meridian Holdings, Inc. by SEC. I'm equally relieved that having received SEC'S Response, you are now in a better position to match their admissions in the said response to the facts in my comment which were largely undisputed by SEC.

In this course I will focus on the relevant portions of my comment and those of SEC response in logical order so that you can see how I and Meridian have been unfairly treated and excessively punished.

[1] Please recall that in my comment I had stated that I did inquire of a senior staff accountant of SEC who advised that we can include the judgment awarded to us in the Company's quarterly financial statement if the collectability is probable, in reaction to this exonerating fact, SEC stated starting from the last 3 lines of the 2nd page of their response that **"Dr Dike indicates in his submission to your office that he had previously been advised by a senior staff accountant in the Commission's Division of Corporation Finance that Meridian could record the default judgment in its financial statements "provided that collectability was probable."** "**This statement is consistent with the accounting principles that Meridian was alleged to have violated"**

Details of facts that formed the basis of our reasonable believe in the probable collectability of the judgment were fully disclosed to SEC and they never disputed the facts as false, except by a blanket statement that **"the defendants had no reasonable basis in 2004 to conclude that the judgment was collectable".** SEC should have investigated our claim and supply us with the facts to proof that our claim regarding **"probable collectability"** were unfounded or unreasonable or improbable.

In fairness, can we be punished for complying with the advice given by "a Senior Staff Accountant " of SEC? Can Meridian and I be punished in the absence of a rebuttal by SEC of the falsity or otherwise of the facts forming the basis of our conclusion that collectability of the judgment is "probable"?

It is apparent that there is a fixation on the part of SEC to punish me and my company excessively and unfairly at all cost.

If SEC is not bound by the outcome of the directive issued by its "Senior Staff Accountant" to us regarding a matter for which at the time there was not a coded regulation or standard, I wonder then what injustice and unfairness means.

[2] The next issue relates to the feast of **"Double Standards"** that are apparent on the face of SEC Response. SEC agreed as I highlighted above that the standard for inclusion of the judgment as I was advised by SEC Senior Staff Accountant is **"provided that collectability was probable"**.

I most humbly plead with you to compare this standard with the next standard applied against Meridian and I in the last paragraph of the 2nd page of their response where SEC stated that **"Contingencies that might result in gains usually are not reflected in the accounts since to do so might be to recognize revenue prior to its realization."**

If the judgment in question is a **contingency**, why then did the SEC Senior Accountant advise that we include it if the "**Collectability is Probable" ?**

"In other words were we deliberately misled by SEC in order to secure a breach on our hands?."

Furthermore SEC stated in the same paragraph and page that **"In addition income is not realizable if its collection is not reasonably assured."** there is a world of difference between **"Probable collectability"** and **"if its collection is not reasonably assured"** and add this to what SEC stated in the second to last second paragraph of 1st page of SEC Response that **"The issue raised in the Commission's complaint was whether there was a reasonable basis at the time to conclude that the entire default judgment was collectable."** Whatever be the standard we stated our basis for believing that a probability of collection existed at the time in 2004 when this judgment was recorded in the Meridian Holdings, Inc., financials, and continues to exist to this day.

The following outlines some of the reasons Meridian had in good faith believed that the default Judgment collectability was probable as at 2004 financial statements, when the judgment was entered into Meridian Holdings, financials:

a) Dr Glenn Crowe one of the judgment debtors served briefly as the Senior Vice President of InterCare DX, a wholly owned subsidiary of Meridian Holdings, prior to his dismissal in late 2000, and we did know all his assets and other information about him. We also have continued to track all his assets and other business ventures to this day, as evidenced by recent garnishment of his bank account, and placing of lien on all of his real estate assets.

b) Also, SEC was provided information regarding TENET Health Systems contracts with Sirius Technology of America one of the other defendants and judgment debtor, which was inherited by Meridian Holdings Inc., as part of the assets acquired from the Israeli receiver of the parent Company through the Israeli Bankruptcy Courts (Sirius Computerized Technology Limited of Israel), which we estimated to be up to $40 Million, out of which $700,000 have already been paid to Meridian and its affiliates by TENET/HealthCare.com. In addition, the payment received by Meridian from TENET was the basis of the civil lawsuit filed by Meridian Holdings, against Sirius etal who were requesting that TENET should pay them the money instead of Meridian etal. Upon this happening, this money paid by TENET was removed as an asset in Meridian/interCare Dx financials and reclassified as a liability pending the outcome of the lawsuit filed by Meridian etal, and this was fully disclosed to the investing public in 2001 financials for both Meridian Holdings, Inc., and InterCare Dx, Inc, an affiliate entity.

c) Meridian waited for the statutory period for appeals of the default judgment to expire before recognizing this default judgment as undisputable and valid, since the defendants could no longer

file to set aside the judgment. This was one of the concerns raised during my conversation with the SEC Senior Staff Accountant.

d) Meridian and its affiliated entity InterCare DX, Inc., by virtue of the default judgment being final and in their favor, was able to recognize the $700,000 paid by TENET/Healthcare.com immediately as income since Meridian will no longer have to return the Money to Sirius Technology of America or the Israeli Receiver as was demanded by them.

These were the basis of the probability of collectability of the default Judgment that was presented to the SEC Staff Accountant in 2004 before entering the judgment in the financials as was stated in my comments earlier.

Therefore SEC allegation that our inclusion of the judgment "was both contrary to U.S generally accepted accounting principles and materially false and misleading because the defendants had no reasonable basis in 2004 to conclude that the judgment was collectable" is therefore inaccurate.

Beside we have collected on this judgment, and continue to pursue other collections actions against the judgment debtors.

[3] SEC equally stated in the last sentence of the 2nd paragraph of the first page that "**Meridian restated its 2004 financial statements in 2005 to remove the default judgment**" It is our firm conviction that we did nothing wrong. SEC has admitted that the judgment can be included if there was reasonable basis **"at the time"** of preparing the financials. At the time of filing the financial statements in 2004 as I informed SEC and as I stated in my comment reasonable basis or probable collectability existed and when at the time in 2005 those grounds were impaired by unforeseeable events as was discussed in my earlier comment letter.

Meridian followed the advice of an Independent Auditor by the name of **Ted Madsen CPA who is** certified by The PCAOB (*A nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws, to promote investor protection. SEC has oversight authority over the PCAOB, including the approval of the Board's rules, standards, and budget.*) Mr. Ted Madsen reduced the probable collectable amount of the judgment to $350,000, based on recent announcement by TENET to sell almost all the healthcare facilities that were supposed to benefit from the contract Meridian has with TENET. All these were aimed at properly informing the members of the public rather than misleading them. The operational standard is that there must exist at the time of including the judgment a **"probable collectability",** it does recognize that due to exigencies this "**probability of collectability"** may no longer exist and if such happens as in this case we are not in breach of any regulation to have removed it in 2005 as was discussed in my comment letter to you earlier.

After filing this audited financial statement from Mr. Ted Madsen CPA for the year ended December 31, 2004 with SEC sometime in 2005, the SEC staff accountant reviewer who reviewed the filing, suggested that the entire default judgment be removed from the balance sheet, and instead be disclosed in the footnote, citing the issue with "**Gain Contingency"**. Meridian complied with his suggestion, hence the re-statement of the financial statements for the second, third and fourth quarters of 2004, including the annual report.

[4] In the 1st paragraph of the first page of SEC Response is the statement that **Meridian included a $30 million default judgment as income and as an asset in certain of its financial statements, as well as**

other public statements." I have already stated that it was on the basis of SEC senior staff accountant's advice.

Regarding the other public statements, in the ordinary course of business the award of such judgment and the winning of the case in court was a newsworthy event and could have accounted for the rise in Meridian Holding stock price. Therefore that the **"price of Meridian stock rose significantly"** is an over generalization that does not take into account the extent of the rise that could be attributed to normal occurrences in the stock market that are external and independent of the contents of the filing.

[5] SEC was unfair to me and my company and the punishment was for no just cause and most of all excessive. There was no finding that we acted in bad faith, **the judgment in question is that of a Superior Court of record and as such verifiable and enforceable**. There was no finding by SEC that I, Dr Anthony Dike personally benefited by including the judgment. I sought the advice of a senior staff accountant of SEC in the relevant department, besides there was nothing secret about including and removing the said judgment from Meridian Holdings financials.

[6] Concerning the other allegations I admit that I effectively cooperated with SEC in the investigation but I equally claim that exonerating facts in our favor were ignored and not represented on their records, thereby creating the impression all over the world and in the Internet that I and my company Meridian were fraudulent. I therefore plead with you as well to help me get SEC to delete all damaging information about me regarding this matter from the Internet as I and Meridian are facing undue hardship as a result.

No body having read SEC comments on us agrees to deal with us any longer. Meridian have collected on this default Judgment and continues to pursue other avenues of collections against the judgment debtors, however the information on the Internet from SEC continues to state that the judgment was not collectible. We have been able to demonstrate that the default judgment is collectible, we are requesting that SEC to agree that we can seek relieve from the Federal Courts by allowing us file a motion to vacate the final judgment previously entered by consent against myself and Meridian Holdings, Inc.

[7] About the service of Court proceeding, it was the duty either of SEC as the prevailing party or the Court to serve me or my lawyer, especially when the judge had taken the matter into submission, without allowing for a hearing in the open court. This duty exists in law on my behalf to ensure that I could file an appeal and to protect my fundamental right of fair hearing and I allege that that was breached and I suffered unfairly and the punishment was excessive.

Thank you for all your help!

Looking forward to hearing from you again.

Yours truly

Anthony C. Dike, MD, FACP

With Copy to Congresswoman Karen Bass (33rd Congressional District)