

STATE OF SOUTH CAROLINA
COUNTY OF FLORENCE
IN THE COURT OF COMMON PLEAS

Pee Dee Health Care, P.A.
[PDHC], Tony R. Megna, Josiah S.
Matthews, M.D., Alexander H. Cohen,
M.D., HTR Management, LLC, MCHG,
LLC [MCHG], Katie Noyes, Mark S.
Callahan, Warren Mark Matthews, Sr.,
Benjamin R. Matthews, Eileen Segers,
Mary C. Megna, Kim Weatherford, and
Barbara Stokes, Kim Munn,

Plaintiffs,

v.

1. Attorneys:

Nettles Turbeville and Reddick, E.
LeRoy Nettles, Sr., Elbert K. Turbeville,
Larry G. Reddick, the McNair Law
Firm, Celeste T. Jones, and

2. Current Board members of the Lower
Florence Hospital District [all being sued
in their individual capacities]:

Scott W. Askins, James H. Clarke, W.
"Scotty" P. Campbell, Floyd L. Keels,
and William "Billy" Morris, all in their
individual capacities, and

3. Past Board members of the Lower
Florence Hospital District [both being
sued in their individual capacities]:

Joe Landrum, Dan Buschard, and

4. Lake City physicians:

David W. Moon, Albert D. Mims, Ernest
M. Atkinson, Richard Ellis, Daniel
DeCamps, Steven Askins, Benjamin
Wade Lamb, James J. Thomy, Sabrina

Case no: 2011-CP-21-841

SECOND AMENDED COMPLAINT

AND

REQUEST TO COMPEL ARBITRATION
OF ANY AND ALL DISPUTES UNDER THE
TERMS OF THE FEDERAL ARBITRATION
ACT
[PARAGRAPHS 275-280]

FILED
2012 MAY 30 PM 4:23
CONNIE REEL SHEARIN
CCCP & GS
FLORENCE COUNTY, SC

CERTIFIED: A TRUE COPY
Connie Reel Shearin
CLERK OF COURT C.P. & G.S.
FLORENCE COUNTY, S.C.

G. O'Brien, Kristopher Crawford, Brad Russell, Marshall W. White, and

5. Employees (or former employees) of Lake City Community Hospital:

Mike Faucette, Carmen Polly Holt, Mary Dukes, Pete Bowman, Iris Hanna, John R. "Buddy" Watkins, and

6. Unidentified persons including but not limited to

(a) unidentified employees of Lake Community Hospital who were:

(I) stationed at the Lake City, SC hospital campus [including its medical offices] and

(ii) stationed at the Johnsonville, SC medical office, and

(b) others, whose names and identities are unknown to the Plaintiffs, who participated with the Defendants in regard to the acts and omissions complained of by Plaintiffs as stated herein, all such Defendants whose names are unknown to Plaintiffs, and who are identified herein as multiple Jane Does and multiple John Does,

and

**Lower Florence District Board d/b/a/
Lake City Community Hospital**

Defendants.

THE PARTIES

1. The Plaintiffs are residents of Darlington, Florence and Richland Counties.
2. The Plaintiffs are informed and believe the Defendants are residents of Florence, Williamsburg and Richland County. Please refer to paragraph 11 for additional information regarding the Defendants.

JURISDICTION

3. This Court has jurisdiction of the subject matter and the parties.
4. As noted herein below, the Plaintiffs demand arbitration of those claims that are subject to arbitration, do not waive any rights in any of the actions among and between the parties, and respectfully request this Complaint be construed as demands that the arbitration clauses required between and among certain of the parties be enforced by this Court.
5. Actions between certain parties [Plaintiffs PDHC, HTR, MCHG, Alexander H. Cohen, M.D. Tony R. Megna, Benjamin R. Matthews, Mary C. Megna, Josiah S. Matthews, M.D. and Defendants Mims, Moon, Lamb, Atkinson, LCCH, and the Lower Florence District Hospital Board] are currently pending before the Honorable George C. James, Jr. in Florence County pursuant to the order of the Chief Justice of the South Carolina Supreme Court. In the litigation, Judge James stayed certain arbitrations among and between certain parties specifically arbitrations between the parties to that lawsuit, to wit: Albert D. Mims, Ernest M. Atkinson, David W. Moon, Benjamin Wade Lamb, Tony R. Megna, Benjamin R. Matthews, and MCHG, LLC.
6. Unless this Court determines otherwise, the Plaintiffs request this Complaint be construed to give full effect to the orders of Judge James. The Plaintiffs further request that

any Court or tribunal considering this Complaint not construed it in any manner that is inconsistent with, or that may violate, the orders of Judge James.

VENUE

7. Venue is proper in Florence County.

NATURE OF ACTION

8. The actions brought by Plaintiffs are primarily legal in nature, and the Plaintiffs request a trial by jury.

9. Persons and entities involved and identified in these proceedings include but are not limited to the following:

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| 1 | Lower Florence District Board [noted herein as the 'District Board'] | <p>A special public service district set up by the SC General Assembly in the 1960s to establish a hospital in Lower Florence, SC. The District Board did so, and operated under the name Lake City Community Hospital.</p> <p>As of March 27, 2007, the members of the Board were Board Chairman Joe Landrum, Dan Buschard, Albert Mims, and James Clarke. In their individual capacities, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein.</p> <p>Later in 2007, four of the five Board members were replaced as the former Board members terms expired. Dr. Morris Brown, an employed physician of Lake City Community Hospital, was the fifth Board member. He resigned from the District Board in February, 2007, and resigned as an employee of the hospital effective June 30, 2007. Mims, an employed physician of Lake City Community Hospital resigned from the Board in March, 2007 prior to the vote of the Board on the agreement with MCHG. He had been a Board member since 1995. Mims was the initial proponent of MCHG, LLC and the Chairman of the Executive Committee of MCHG, LLC.</p> |
| 2 | Members of the 'newly' | Chairman, W. "Scotty" P. Campbell [Campbell State |

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| | formed Lower Florence District Board [as of Fall, 2007] | <p>Farm Insurance, Lake City, SC]</p> <p><u>Other Members:</u></p> <p>Scott W. Askins, James H. Clarke, Floyd L. Keels, and William "Billy" Morris</p> <p>As noted herein, in their individual capacities, conspired with remaining Defendants, by their acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs.</p> |
| 3 | Lake City Community Hospital [LCCH] | <p>LCCH is a 48-bed hospital located in Lake City, SC that is operated by the Lower Florence County District Board. The address for LCCH is 258 North Ron McNair Boulevard, Post Office Box 1479, Lake City, South Carolina 29560 [(843) 374-2036]</p> |
| 4 | Mr. Pete Bowman | <p>President and CEO of Lake City Community Hospital from 1993 to 2008. Left his position effective October 1, 2008 to take a similar position with another hospital in Florence, SC. Left that position in 2009.</p> <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs.</p> |
| 5 | Mary Duke | <p>Director of Hospital Patient Financial Services since 2005.</p> <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs.</p> |
| 6 | Polly Holt | <p>Office Manager, Pee Dee Family Care. Plaintiffs are informed and believe she is now a manager for Live Oaks Medical Practice with offices in Lake City and Kingstree. Live Oaks Medical Practice is owned and operated by Defendants Mims, Atkinson, Lamb and Ellis.</p> <p>As noted herein, participated in and directed, deceptive and fraudulent acts, by both her acts and omissions, causing damage to the Plaintiffs. She also</p> |

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| | | notarized the affidavits for Mims et. al. several days prior to the filing of the <i>ex parte</i> lawsuits in the Florence County Court of Common Pleas. |
| 7 | Albert Mims, M.D. | <p>Mims was a member of the District Board prior to his resignation in March, 2007 to become Chairman of the Executive Committee of MCHG, LLC. He was instrumental in obtaining the agreements between the District Board, PDHC, and MCHG. Mims and Ernie Atkinson, M.D. were instrumental in obtaining the real property in Kingstree, SC on behalf of HTR Management to develop and operate a LCCH provider-based RHC medical clinic in Kingstree. Mims practiced as an employed physician in both the Lake City and Johnsonville locations of the LCCH. Mims was named Plaintiff in the lawsuit filed against MCHG, HTR, Mr. Megna, and Matthews.</p> <p>As noted herein, the foregoing conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs.</p> |
| 8 | Ernie Atkinson, M.D. | <p>Atkinson was a member of MCHG Executive Management Committee, and, with Mims, M.D., was instrumental in obtaining the real property in Kingstree, SC on behalf of HTR Management to develop and operate a LCCH provider-based RHC medical clinic in Kingstree. Atkinson owns a home in Kingstree. Dr. Atkinson practiced as an employed physician in both the Lake City and Johnsonville locations of the LCCH. Atkinson is now a member of Live Oaks Medical, with offices in Lake City and Kingstree.</p> <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs. Atkinson was a named Plaintiff in the lawsuit filed against MCHG, HTR, Mr. Megna, and Matthews.</p> |
| 9 | David W. Moon, M.D. | <p>Moon was a member of MCHG Executive Management Committee, and, along with Drs. Mims, Atkinson and Lamb, was instrumental in obtaining the real property in Kingstree, SC on behalf of HTR Management to develop and operate a LCCH</p> |

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| | | <p>provider-based RHC medical clinic in Kingstree. Moon practices as an employed physician in both the Lake City and Johnsonville locations of the LCCH. Moon is now a member of Live Oaks Medical, with offices in Lake City and Kingstree.</p> <p>Dr. Moon was a named Plaintiff in the lawsuit filed against MCHG, HTR, Mr. Megna, and Matthews.</p> <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs.</p> <p>Moon was a named Plaintiff in the lawsuit filed against MCHG, HTR, Mr. Megna, and Matthews.</p> |
| 10 | Benjamin Wade Lamb, M.D. | <p>Lamb was a member of MCHG Executive Management Committee, and was, with Mims, David Moon and Ernie Atkinson, instrumental in obtaining the real property in Kingstree, SC on behalf of HTR Management to develop and operate a LCCH provider-based RHC medical clinic RHC in Kingstree. Lamb practiced as an employed physician in both the Lake City and Johnsonville locations of the LCCH. Lamb is now a member of Live Oaks Medical, with offices in Lake City and Kingstree. Lamb was a named Plaintiff in the lawsuit filed against MCHG, HTR, Mr. Megna, and Matthews.</p> <p>As noted herein, Lamb conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs.</p> <p>Lamb was a named Plaintiff in the lawsuit filed against MCHG, HTR, Mr. Megna, and Matthews.</p> |
| 11 | MCHG, LLC | <p>Mid-Carolina Hospital Group, LLC. A limited liability company begun by Dr. Mims, in concert with the principals of Pee Dee Health Care, P.A. in order to operate Lake City Community Hospital.</p> |
| 12 | Board of Directors [Executive Management Committee] of MCHG, LLC | <p>Chairman, Mims, M.D. [Lake City physician]</p> <p>Vice-Chairman, Alexander H. Cohen, M.D. [Darlington physician]</p> <p>Chairman, Executive Compensation and Contract</p> |

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| | | <p>Committee-Kristopher Crawford, M.D. [Member of the SC House of Representatives and the Director of Lake City Community Hospital Emergency Department]</p> <p>MCHG Board of Director members: Wade Lamb, M.D. [Lake City physician] Bonnie Crickman, M.D. David Moon, M.D. [Lake City physician] Ernie Atkinson, M.D. [Lake City physician] Sabrina Brown, M.D. [Lake City physician] Josiah S. Matthews, M.D. [Olanta/Darlington physician] Tony R. Megna Katie Noyes, President Business Operations Priscilla Welch [Olanta/Darlington physician]</p> |
| 13 | Pee Dee Health Care, P.A. [PDHC] | <p>A medical practice with medical offices located in Darlington, SC and Olanta, SC. Administrative offices are located in Columbia, SC. The principals of PDHC are Alexander H. Cohen, President, Josiah S. Matthews, MD and Tony R. Megna [CEO and General Counsel]. Pee Dee Health Care is also the business name under which the medical office located in Darlington, SC operated.</p> |
| 14 | Olanta Family Care | <p>The business name of the medical practice located in Olanta, SC. Olanta Family Care is operated by PDHC. Both Drs. Priscilla Welch and Josiah Matthews were located in this office. In addition, the office employs a Physician Assistant.</p> |
| 15 | 'Darlington' – a medical clinic located in Darlington, SC. Pee Dee Health Care is also the business name under which the medical office located in Darlington, SC operates | <p>The generic name that employees often use for the Darlington office of PDHC. <u>Primary Care physicians as of March, 2007</u></p> <p>Alexander H. Cohen, M.D. Bonnie Crickman Brian Heaster, M.D. Tony Freeman, M.D. 3 Nurse practitioners 1 Gastroenterologist and Endoscopic Ambulatory Surgical Center</p> |
| 16 | HTR Management, LLC | <p>HTR is a holding company for the property [real and personal] used by PDHC in its medical and business operations. The principals of HTR are Tony R.</p> |

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| | | Megna, Dr. Alexander H. Cohen and Dr. Josiah S. Matthews. Dr. Cohen, Dr. Matthews and Mr. Megna also own 50% of MCH, LLC. |
| 17 | John R. "Buddy" Watkins | <p>Was assistant to CEO of MCHG. Set-up initial meetings with Mims that formed the basis of MCHG. Was appointed Vice-President of Development for MCHG. Owned 2.5% of MCHG.</p> <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs. After the original lawsuit was filed, Watkins prepared and filed false minutes of a meeting of the Board of Directors of MCHG, and with Celeste Jones, filed the false minutes with the Court.</p> |
| 18 | Lake City physicians employed by LCCH | <p><u>Pee Dee Family Practice</u> [<u>medical office locations in Lake City and Johnsonville</u>]</p> <p>Albert Mims, M.D. David Moon, M.D. Danny Decamps, M.D. Ernie Atkinson, M.D.</p> <p><u>Lake City Family Medicine</u></p> <p>Wade Lamb, M.D.</p> <p><u>Palmetto Primary Care</u></p> <p>Stephen Askins, M.D. Richard Ellis, M.D.</p> <p><u>Lake City Family Medicine</u></p> <p>Morris D. Brown, M.D. [left employ of hospital on June 30, 2007] <u>Emergency Department Physicians</u></p> <p>Kris Crawford, M.D. Sabrina Brown, M.D. Brad Russell, M.D.</p> <p><u>Hospitalist</u></p> |

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| | | Dr. James J. Thomy |
| 19 | Morris D. Brown, M.D. | From 1994 until June 30, 2007, Dr. Brown was an employed physician with Lake City Community Hospital, at Lake City Family Medicine. He left LCCH employment effective July 1, 2007 and began his new practice located at 901 N Matthews Rd, Lake City, SC. His new practice is also called Lake City Family Medicine. |
| 20 | Tony R. Megna | CEO and General Counsel -- Pee Dee Health Care, P.A., Managing partner -- HTR Management, LLC. CEO -- MCHG, LLC. |
| 21 | Ben R. Matthews | General Counsel, MCHG, LLC. Mr. Matthews was employed by PDHC prior to his appointment as General Counsel to MCHG, LLC. Mr. Matthews is now in private practice. Was escorted off the hospital property by Nettles and Jones under threat of arrest by Lake City Police on April 4, 2008. |
| 22 | Alexander H, Cohen, M.D. | President, Pee Dee Health Care, P.A. Vice-Chairman, MCHG, LLC Partner/Owner, HTR Management, LLC |
| 23 | Josiah S. Matthews, M.D. | Vice-President, Pee Dee Health Care, P.A. Member, MCHG, LLC Partner/Owner, HTR Management, LLC |
| 24 | Kristopher Crawford, M.D. | Chairman, Executive Compensation and Contract Committee, MCHG, LLC Director of the Emergency Medicine Department of Lake City Community Hospital SC House of Representatives, Representative of District No. 63 in Florence, SC As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs. |
| 25 | Leroy Nettles Law Firm of Nettles Turbeville and Reddick Other members and associates of Nettles Turbeville and | Negotiated the revised operating agreement between the District and MCHG that was approved by both the District Board and the MCHG Board of Directors in January, 2008. In late 2007 and 2008, represented Mr. Megna, |

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| | <p>Reddick include: E. LeRoy Nettles, Sr., Elbert K. Turbeville, Larry G. Reddick</p> <p>[All hereinafter referred to as Reddick]</p> | <p>Matthews, Cohen, and HTR Management, LLC in three separate real estate transactions to obtain real property in Kingstree, SC to build a new rural health medical center to be operated by the Hospital. The last real estate transaction resulted in HTR deeding Kingstree property to new LLC created by Nettles and his partners on behalf of Mims and Atkinson. In spite of their ethical obligations to do so, Reddick did not inform Mr. Megna, Matthews, and Cohen that they secretly met with Mims, Atkinson, Moon, Lamb and others during this same time period for the purpose of bringing legal action against MCHG, HTR, Mr. Megna, Matthews and Cohen to dispossess them of the interest in the businesses.</p> <p>HTR was not a named party in the lawsuit filed by Nettles and Jones. However, HTR was added at the insistence of Nettles and Jones in subsequent orders of the court. Met <i>ex parte</i> with Judge Thomas Russo on April 4, 2008 to obtain <i>ex parte</i> TRO against Mr. Megna, Matthews and MCHG. TRO against Mr. Megna and Matthews included prohibitions against them receiving any compensation from MCHG.</p> <p>Continued to represent District and the Plaintiffs against Mr. Megna, Cohen, Matthews and HTR.</p> <p>As noted herein, Reddick additionally conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs.</p> <p>The acts and omissions of the individual attorneys of Nettles Turbeville and Reddick are the acts and omissions of the Nettles Turbeville and Reddick, all being partner, associates, employees and agents of Nettles Turbeville and Reddick and each other.</p> |
| 26 | Marshall A. White, M.D. | Neurologist with offices in Sumter, SC and Lake City, SC. Had arrangements with hospital to maintain a mobile MRI at the hospital. Shared office space with Buddy Watkins. Conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs. |
| 27 | Jay Bender, Esquire | Hiring orchestrated by Nettles, the newly formed |

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| | | Board, and others in 2007 to support the Board's desire to re-negotiate some of the terms of the March, 2007 agreement between the 'old' Board and MCHG. |
| 28 | Celeste Jones The McNair Law Firm | <p>Attorney and partner in McNair Law Firm. The McNair Law Firm, through Jones and others employed by the McNair Law firm, actively participated in the acts and omissions complained of by the Plaintiff's herein.</p> <p>Worked with Nettles, District and individual Plaintiffs [Mims, Atkinson, Lamb and Moon] to bring suit against Mr. Megna, Matthews, MCHG, and HTR. Met <i>ex parte</i> with Judge Thomas Russo and Nettles and Mims on April 4, 2008 to obtain <i>ex parte</i> TRO against Mr. Megna, Matthews and MCHG.</p> <p>Jones has continued to represent District and the Defendants against Mr. Megna, Cohen, Matthews and HTR. Did not inform Judge Russo that Nettles had been and was concurrently representing Megna, Matthews, Cohen, and HTR Management, LLC while secretly meeting with Defendants Jones, Mims, Lamb, Atkinson, Moon and others (without the Plaintiffs knowledge or consent).</p> <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs including but not limited to conspiring with Buddy Watkins to prepare and file fraudulent corporate minutes of MCHG with the Court.</p> <p>When noted herein, the acts and omissions of Jones are the acts and omissions of the McNair Law Firm, Ms. Jones being a partner, employee, and agent of the McNair Law; and the acts and omissions of the McNair Law Firm being the acts and omissions of Jones.</p> |
| 29 | Iris Hanna | <p>Executive Assistant to Pete Bowman – former CEO of LCCH.</p> <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing</p> |

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| | | deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs. |
| 30 | Mike Faucette | Facilities Maintenance – Lake City Hospital. Supervising employee responsible for removing Plaintiffs Warren Mark Matthews and Eileen Segars from their work assignment under threat of arrest from Lake City police. As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein, causing damage to the Plaintiffs. |
| 31 | Eileen Segers, R.N. | Currently, the Office Manager – Olanta Medical Center. Was the compliance and clinical manger for diabetic ancillary services for patients of LCCH prior to April 4, 2008. Was escorted off the hospital property by an employee (Glenn Thompson) under the direction of Mike Faucette under threat of arrest by Lake City Police on April 4, 2008. |
| 32 | Warren Mark Matthews | Currently, the Vice-President for Community Affairs of the Darlington and Olanta Medical Centers. Was an officer and owner of MCHG as of April 4, 2008. Was escorted off the hospital property by an employee (Glenn Thompson) under the direction of Mike Faucette under threat of arrest by Lake City Police on April 4, 2008. |
| 33 | Mark S. Callahan | Facilities Maintenance – Darlington / Olanta Medical clinics; Was an owner of MCHG on April 4, 2008. |
| 34 | Katie Noyes | President, Business Operations, MCHG; Member of Board of Directors, MCHG; owns 5% of MCHG |
| 35 | Kim Weatherford | Billing Manager for clinics |
| 36 | Mary C. Megna | Loaned \$100,000.00 to support hospital operations after management contract was signed with District Board. |
| 37 | Barbara Stokes | Nurse Clinical director, Darlington medical office |
| 38 | Susie Browder | Office Manager of Palmetto Primary Care. Plaintiffs are informed and believe she is now the Office Manager for Live Oaks Medical Practice with offices in Lake City and Kingstree. |

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| | | <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein.</p> |
| 39 | Jane Doe Defendants, and John Doe Defendants | <p><u>Unidentified persons including but not limited to</u></p> <p>(a) employees of Lake Community Hospital who were</p> <p>(i) stationed at the Lake City, SC hospital campus [including its medical offices] and</p> <p>(ii) stationed at the Johnsonville, SC medical office and</p> <p>(b) others, whose names and identities are unknown to the Plaintiffs, who all unlawfully participated with the Defendants in regard to the acts and omission of which Plaintiffs complain as stated herein. The Plaintiffs are informed and believe there are multiple Jane Does and John Does Defendants whose identities and names are unknown to the Plaintiffs. The Plaintiffs are further informed and believe the names and identities of the multiple Jane Doe Defendants and multiple John Doe Defendants can be ascertained through discovery. When the names of the multiple Jane Doe Defendants and multiple John Doe Defendants are ascertained, the Plaintiffs will move to amend their complaint and substitute the names and identities of these Defendants.</p> <p>As noted herein, conspired with remaining Defendants, by acts and omissions, in committing deceptive, fraudulent and unethical acts as detailed herein.</p> |

FACTS

10. In the fall of 2006, Pee Dee Health Care P.A. (hereinafter PDHC) began discussions with the Lower Florence County Hospital District d/b/a/ Lake City Community Hospital (hereinafter "Hospital" or "District" or "LCCH") regarding the possibility of the PDHC Rural Health Centers (RHCs) located in Olanta, SC and Darlington, SC becoming provider-based RHCs to the hospital.

11. During the week of March 19, 2007, then District Board member Mims asked for a meeting with Tony Megna as well as Buddy Watkins and Ben Matthews, employees of PDHC. The meeting was held on the afternoon of March 22, 2007 in Mims' office.

According to Mims, the hospital needed immediate assistance to avoid closure. While the profit and loss statement showed the hospital had made money (a profit) on an accrual basis, there was little, if any, cash in the operating account.

12. Mims indicated there was an unidentified problem with the financial statements because they indicated a sizable operating profit, but the hospital had little if any cash in its operating accounts. He requested Plaintiffs to assist in an analysis and present a proposal for PDHC to initially operate the combined operations with the intent that a third-party company to which he, other Lake City physicians, and PDHC representatives would be parties, would be formed to operate the hospital as the District Board had allowed Quorum Health Care to do in 1995. He further informed Plaintiffs that the District had a meeting scheduled for March 26, 2007.

13. Mims further informed Plaintiffs he had discussed the matter with the other District members and they were willing to agree to the arrangement with the understanding that a new third-party company would be formed at some point agreed to by the parties, to operate

the combined entities. Mims suggested the name for the new organization be Mid-Carolina Hospital Group, LLC [MCHG].

14. After the discussions began, a question arose as to whether or not the Hospital had the authority under its authorizing statute to acquire the clinics in Olanta and Darlington. The District Board referred the matter to Defendant Leroy Nettles, Sr., who was representing the District Board at the time.

15. Defendant Nettles initially concluded that the District had the authority to own and to operate a medical clinic in Olanta but not Darlington. His reasoning was that the Darlington RHC was outside of the geographical boundaries of the District. At the same time, Defendant Nettles questioned the legitimacy of operations of the Johnsonville medical clinic that had been owned and operated by the hospital for several years. This clinic was also located outside the geographic boundaries of the District.

16. Defendant Nettles determined that a third party entity could lease, or purchase or manage the Hospital and also operate medical facilities, whether located within or without the physical boundaries of the District. Nettles stated this latter conclusion was based, in part, on the facts:

- a. That the District had entered into an a similar arrangement with Quorum Health Care in 1995 and had been operating a rural medical clinic in Johnsonville, SC since 1997, and
- b. That the Johnsonville medical clinic was located outside of the geographic boundaries of the District, and
- c. The medical sleep center operated by the hospital since 2005 was located outside of the geographic boundaries of the District.

17. Following the foregoing, PDHC entered into the first of a series of agreements with the Hospital. The initial agreement revolved around the sale of the Olanta RHC from PDHC to the hospital as of February 1, 2007. The agreement, among other things, provided that PDHC would operate the Olanta medical clinic. Exhibit A.

18. PDHC did not enter into any agreement regarding the Darlington clinic at the time as the District Board Chairman at the time, Joe Landrum, and the CEO of the Hospital, Pete Bowman, and Mims were in contact with and having further discussions with Defendant Nettles regarding the issues surrounding the formation of a third-party entity to manage and operate hospital.

19. As a result of the aforementioned meetings and consultations, Defendant Nettles subsequently informed all involved that a third party entity operating the Hospital under the authority of the District could, in fact, operate hospital-affiliated medical facilities wherever it wished as noted above. However, Defendant Nettles determined that the taxing authority of the District would be limited to the geographic boundaries of the District. This same method was used by the District in 1995 when it entered into a similar arrangement with Quorum Healthcare to lease the Hospital to Quorum, and for Quorum to operate all facilities of the hospital, including its medical facilities located in Florence and Johnsonville.

20. As noted herein, both the Johnsonville and Florence offices were LCCH owned and operated medical facilities and were, in fact, located outside the geographic boundaries of the District and had been operated for several years by the District outside the geographic boundaries of the District.

FACTS – PART II

21. Defendant Nettles' opinion that a third party could operate the Hospital raised further consideration among and between the parties to forming a partnership of local physicians to lease the Hospital and to combine the operations of both Lake City Community Hospital and PDHC.

22. Several of the Lake City physicians were interested in opening a RHC medical clinic in Kingstree because they had been raised, lived and had close connections with the City of Kingstree. Kingstree is located in Williamsburg County – again outside of the geographic boundaries of the District. The Kingstree medical center had been on the drawing board for some time. These matters occurred early on in the discussions as how to form a third-party company and were integral to the discussions of the overall plans to form MCHG and integrate the organizations. Eventually, as noted herein, property was purchased in Kingstree in order to locate a hospital-based medical clinic. Exhibit B.

23. After the signing of the Olanta purchase agreement between PDHC and the District Board in early February 2007, the Hospital CEO, Mr. Pete Bowman as well as the District Board members, and, in particular, Mims, requested that PDHC assist with the billing and collection process for all medical clinics owned by the hospital, and located in Lake City and Johnsonville.

24. PDHC was performing the billing for the Olanta operations by prior agreement and agreed to take on this additional responsibility. PDHC began assisting with this project in February, 2007 without a signed agreement. A Billing Agreement to accomplish this phase of the project was subsequently signed on or about April 1, 2007, retroactive to February, 2007. Exhibit C.

25. Following the meeting with Mims, Plaintiffs were informed and later confirmed that the Hospital was running a minimum monthly cash deficit of approximately \$100,000 to \$150,000 and the Hospital owed more than \$1.5 million in accounts payables, much of which was in arrears in excess of ninety [90] days, and had a security interest against the accounts receivables of approximately \$1.9 million that was not included in the accounts payable arrears noted above. Plaintiffs were not advised at the time, but later discovered that the Hospital had withheld approximately \$140,000 from employee pay checks that should have been, but had not been, deposited into the retirement plan account, not including any matching payments that the Hospital may have been required to deposit under its retirement benefits plan. The hospital was also in arrears on payroll taxes.

26. As a result of the foregoing discussions, and, in particular those with Mims, Bowman, Landrum, and understanding that the general matters had been discussed with Defendant Nettles, and that Nettles had approved the previous transaction with Quorum Healthcare, Plaintiffs decided to accept the Board's offer to combine the operations of PDHC with the hospital. PDHC's decision was based on the representations of Mims and the Board members, as well as Bowman, and the fact that the combined operations of PDHC and hospital would likely substantially increase operating revenue to the combined entity, thus making the endeavor one in which the hospital could begin operating in a financially sound and profitable manner.

27. The MCHG concept was presented as a proposal to the Hospital Board at its regularly scheduled meeting on March 26, 2007. The District Board of Directors meeting was attended by Mims, Joe Landrum [chairman], and Dan Bushard. Board member James Clarke

was not present, but as reflected in the minutes had given his proxy to Mr. Landrum and Mr. Buschard. Exhibit D.

28. Mims resigned from the Board immediately prior to the meeting.

29. The Minutes reflect that the meeting was adjourned so that the Board Chairman, Mr. Landrum and the CEO of the hospital, Pete Bowman, could visit with Mr. Clarke, who was recuperating from an illness, to discuss the matter with him personally. Exhibit D.

30. The meeting was reconvened and Mr. Landrum reported that Mr. Clarke was satisfied that the contract was a fair market value offer but he felt that the Hospital should be paid some monies whether MCHG made a profit or not. Negotiations thereafter ensued and the parties agreed to Mr. Clarke's request. Thereafter, a vote was taken and all three members voted to accept the contract terms. Exhibit D.

31. Upon approval of the offer by the Board, the Hospital and MCHG executed an Agreement to purchase personal property, lease real property and to assume liabilities of the Hospital. This Agreement was executed by Mr. Landrum, Mr. Bushard, Mr. Clarke and the CEO, Mr. Bowman on behalf of the Hospital. The Agreement was dated March 26, 2007. As noted on the agreement, all of the foregoing affirmatively stated they agreed with the need of the actions being taken. Exhibit E.

32. Within a few days following the execution of the Agreement, the parties executed a document entitled "Clarification to Agreement." This document memorialized the understanding of the parties that the various transactions may require state and federal regulatory approvals of agencies of the State of South Carolina and the United States and that the parties intended to comply with all rules and regulations, State and federal, that governed the operations of the Hospital. Paragraph 5 of the agreement provided:

Until all required state and federal approvals are obtained, the parties agree that the operations of the District, i.e. the Lake City Community Hospital and its operations, shall be operated by MCHG pursuant to the authority granted and delegated to it by the District under the spirit and intent of the previously entered into Agreement.

Exhibit F.

33. Based on the research and recommendations of Defendant Nettles, the Hospital, PDHC and Plaintiffs entered into agreements for the Darlington rural medical clinic (RHC) to become a provider-based medical clinic. In addition, the parties began formalizing plans to complete the provider-based RHC in Kingstree.

34. After these agreements were executed, MCHG began operating the Hospital pursuant to paragraph 5 of the clarification agreement stated above. This continued for the next twelve [12] months until on April 4, 2008, the Defendants, as a result of a unlawful and unethical conspiracy among and between themselves and others, by acts, omissions, and silence in the face of duties to speak, acquired an *ex parte* order of the Florence County Court of Common Pleas that effectively terminated the relationship of the parties, thereby causing great, substantial and unjustified damage to the Plaintiffs. Exhibit G.

35. Following the initial vote of the 'old' Board to sell the hospital to MCHG, Plaintiffs were negotiating with the Lake City physicians to incorporate them into the ownership of MCHG as Plaintiffs had originally agreed to do.

36. The parties had many joint meetings and worked on and exchanged several draft documents, each containing modifications representing the on-going negotiations and discussions between and among the parties to accomplish the combined ownership of MCHG.

37. In addition, the Lake City physicians and others had many meetings among and between themselves and their advisors to which none of the Plaintiffs were parties nor present at such meetings. The Plaintiffs and Defendants, independent of the other worked on and exchanged several draft documents, each containing modifications representing the on-going negotiations and discussions between and among the parties to accomplish the combined ownership agreement of MCHG. All draft documents [as well as the final executed documents] in regard to negotiations surrounding the MCHG ownership discussions included very specific disclaimers and notices as to the need and agreement of all who were involved and who were to be involved with any matter related to the MCHG concept to obtain independent legal counsel of their choosing.

38. The on-going documents, as well as the final executed documents among and between the parties contained very specific language that provided Mr. Megna and Mr. Matthews, as attorneys, were not representing any person and further, that Mr. Megna and Mr. Matthews specifically recommended each person obtain independent counsel of their own choosing. All members of MCHG agreed to the language and signed documents indicating their agreement. Exhibit H (Ownership Agreements and Physician Contracts).

39. The disclosures on the draft agreements as well as the final agreements were bolded and italicized, and stated as follows:

Legal Information

The information contained herein is for general guidance on matters of developing a primary care group practice and further developing a provider-owned hospital organization. The application and impact of laws vary widely based on the specific facts involved. As decisions are made on the future direction of MCHG and related matters as well as the group practice, care should involve independent legal advice prior to making the final agreements. Accordingly, the information herein is provided with the understanding that the Tony R. Mr. Megna, Esquire

and Ben R. Matthews, Esquire, are not engaged in rendering legal, accounting, tax, or other professional advice and services to any party. Rather, Plaintiffs are offering our best general, legal and practical advice as to how to proceed with the development of both MCHG and the new group practice model. As such, it should not be used as a substitute for consultation with professional accounting, tax, legal or other competent advisers that all have agreed will be obtained prior to making final decisions. The information contained herein, therefore, is a framework for our agreements, and our decisions as how to proceed is necessary for the final agreements to be formulated.

Conflict of interest. *The parties acknowledge that Tony R. Mr. Megna and Benjamin R. Matthews are attorneys licensed to practice law in the State of South Carolina, and that both Mr. Megna and Matthews have participated in the preparation of this Agreement on behalf of and in the course of their representation of the Hospital and that:*

- (a) All parties have been advised by Mr. Megna and Matthews that a conflict exists among the individual interests of the parties;*
- (b) All parties have been advised that Mr. Megna and Matthews do not represent [and have never represented] the Physician in any individual capacity regarding this or other Agreements;*
- (c) All parties have been advised and understand that Mr. Megna and Matthews have business related and profit-sharing interests in the Hospital, that Mr. Megna is the Chief Executive Officer of the Hospital and that Matthews is General Counsel to the Hospital;*
- (d) All parties have been advised by Mr. Megna and Matthews to seek the advice of independent legal counsel;*
- (e) All parties have had the opportunity to seek the advice of independent legal counsel; and*
- (f) All parties specifically, and with knowledge of all pertinent information, expressly waive any and all such conflicts of interest, now and forever.*

40. Plaintiffs were not involved, directly or indirectly in the independent meetings by and between the Defendants, as well as between the defendants and their counsel, as Plaintiffs were never invited to, nor attended any meetings held by or among and between the Defendants, Plaintiffs were not privy to the information. Moreover, the Defendants never advised the Plaintiffs with whom they discussed the matters, with the exception of the

matters in which Defendant Nettles, his law firm, associates and partners advised all parties as noted herein.

41. New members of the District Board were appointed in fall, 2007. The newly appointed members of the District Board expressed dissatisfaction with some of the terms of the agreements of the prior members of the District Board.

42. MCHG agreed to renegotiate some of the contract provisions with the newly structured District Board. These discussions went on for three to four months culminating in the signing of the ownership agreements in December, 2007 and to be effective January 1, 2008. Exhibit H.

43. MCHG agreed to the re-negotiate some of the terms of the original agreements with the reorganized Board because of Defendant Nettles' assurances that while the new Board wanted to refine some of the terms of the previous agreements, the relationships between the District and MCHG remained strong and vital.

44. During this process, Defendant Nettles also informed Plaintiffs that 'unidentified members' of the community were asking questions of the District Board and were being represented by Mr. Jay Bender as to the legality of the former agreements. He stated he did not know who had employed or discussed the matter with Mr. Bender.

45. Defendant Nettles indicated the Board had received a letter from Mr. Jay Bender, an attorney in Columbia, and that Defendant Nettles had some discussions with Board members in regard to the concerns.

46. Defendant Nettles informed Plaintiffs that the restructured Board wanted MCHG to succeed and that he felt the concerns of the unidentified citizens would be addressed by the terms of the renegotiated agreements. Defendant Nettles further stated that the Board

preferred the agreements closely resemble the prior agreements with Quorum Healthcare in 1995 that the Board had approved.

47. At the time, Plaintiffs:

- a. had no reason to disbelieve Defendant Nettles,
- b. had no reason to believe that Defendant Nettles was using Mr. Bender's representation as a ruse.
- c. had no reason to know that Defendant Nettles actually knew the identities of those represented by Mr. Bender even though he told Plaintiffs he did not know such information.

48. Plaintiffs relied upon Defendant Nettles assurances:

- a. that the Board was acting independently of Mr. Bender,
- b. That Mr. Nettles was being truthful and honest with Plaintiffs, as evidenced by his letter dated January 18, 2008, he and the newly elected District Board wished to "move forward with a fine hospital facility to the benefit of all parties and to the people who are being served..."
- c. that the relationship of the parties was strong and vital, and
- d. that he was working to obtain the Kingstree property for the benefit of all parties in order to locate a hospital-based medical clinic in Kingstree.

49. Following receipt of the January 18, 2008, letter from Defendant Nettles, discussions continued, and an agreement between the parties was reached approximately two weeks later.

50. The March, 2007 and January, 2008 agreements and structure of the transactions by and between the Hospital and MCHG is modeled after the previous purchase and lease agreement that the Hospital entered into with QHG of Lake City, Inc., a subsidiary of

Quorum Healthcare (hereinafter Quorum) that was executed on May 31, 1995. For instance, in Section 1.01 of the Quorum Agreement, the Hospital agreed to sell all of its personal property including licenses, certificates of need, accounts, notes, deposits, inventory, supplies, records, files, and computer systems. Section 1.02 of the Quorum Agreement provides that the Hospital will lease all real property, plant and equipment from the Hospital District pursuant to a separate lease agreement. Exhibit I

51. The parties entered into a revised agreement on January 25, 2008. Exhibit J

52. A publicly noticed District Board meeting was held on January 31, 2008 and the new agreement was approved by the District Board. Mims, as Chairman of the Board of MCHG, and Ben Matthews attended the meeting. The January, 2008 agreement was unanimously approved by all members of the District Board. Exhibit K.

53. Once the re-negotiated agreement between MCHG and the hospital was approved by the newly-appointed hospital Board, Mr. Bender's objections apparently ceased to be an issue as Plaintiffs never heard about it again.

54. Defendant Nettles sent Ben Matthews a letter dated February 5, 2008 wherein Defendant Nettles stated he was "certainly happy that everything worked out as it did and Plaintiffs were able to reach accord on the outstanding issues and prepare for the hospital to move forward." Exhibit L.

55. While Defendant Nettles consistently led Plaintiffs to believe he was openly and honestly communicating with Plaintiffs, subsequent events demonstrate his actual behaviors were deceitful, fraudulent, and deceptive.

56. The foregoing matters are compounded by the fact that Nettles was representing Plaintiffs Megna, Cohen, Matthews and HTR clients in related matters at the same time

concerning the negotiation and purchase of real property located in Kingstree, SC for the purpose of locating a hospital-based health center.

57. Nettles behaviors, as well as the behavior of his law partners, employees and associates violated their individual and collective responsibilities to Plaintiffs. See, for instance, SCACR, Rule 407, Rules 1.4, 2.3, 4.1, and 4.4, 1.3, 1.4, 1.10, and 1.13, all of which Nettles, his law partners, employees and associates violated.

58. During this same time period, Jones and the McNair Law Firm became involved in the surreptitious and covert dealing of the Defendants among and between themselves that were to the detriment and damage of the Plaintiffs, including but not limited to the facts that:

- a. Nettles, his partners, and law firm were and had been representing the legal interests of HTR, Megna, Matthews and Cohen since the Fall of 2007, and thus owed Megna, Matthews and Cohen the highest level of honesty, loyalty, trustworthiness, and protection of their legal interests as more fully defined herein,
- b. Jones and the McNair Law Firm knew, should have known or willfully blinded themselves to the highest level of honesty, loyalty, trustworthiness, and protection of the legal interests of HTR, Megna, Matthews and Cohen owed by Nettles, his partners, and law firm to Plaintiffs,
- c. Nettles, his partners, and law firm as well as Jones and the McNair Law Firm secret and intentionally concealed acts and omissions of the duties of honesty, loyalty, trustworthiness, and protection of the legal interests of HTR, Megna, Matthews and Cohen, and violated their individual and collective legal and ethical duties and responsibilities to Plaintiffs as more fully defined herein.

See, for instance, SCACR, Rule 407, Rules 1.4, 2.3, 4.1, and 4.4, 1.3, 1.4, 1.10, and 1.13, and others identified further herein.

- d. Nettles, his partners, and law firm as well as Jones and the McNair Law Firm secretly and intentionally concealed acts and omissions regarding the fiduciary and other legal duties owed to Plaintiffs by the Defendants, and, in particular, those Defendants who were members and employees of MCHG, as well as those Defendants that had duties arising from their contractual and common-law relationships with Plaintiffs.

59. Although no party contemplated the renegotiations would interfere with the consolidation of the operations of the hospital and PDHC, the MCHG Board of Directors decided the more prudent course was to make certain of the impact of the negotiations rather than completing the process and then having to modify plans again. Thus, the integration issues were slowed down until the negotiations were completed.

60. MCHG continued to manage the operations of the Hospital [including all of the RHC's located in Lake City, Johnsonville, Olanta and Darlington] as required under paragraph 3 of the March 26, 2007 Agreement. Exhibit E. Paragraph 3(e) states "MCHG shall be responsible for the management of all operations of Lake City Community Hospital upon execution of this Agreement" and paragraph 5 of the clarification agreement described above. The January 25, 2008 Agreement continued to provide, similar to the March, 2007 agreement, that:

"MCHG agrees to operate Lake City Community Hospital in compliance with all rules and regulations affecting its operations. Both parties agree that they will take no action that will interfere with the obligations, duties, rights or responsibilities of the other. All parties agree that, at the option of MCHG, such operations will continue under and pursuant to the certificate of need, billing numbers, contracts and authority of LFCHD, actual or implied

otherwise, as it existed prior to the signing of this agreement and prior to the signing of the original agreement between the parties on March 27, 2007.”

Exhibit J.

61. The agreement further provides “all prior agreements [i.e., the clarification agreement], discussions, representations, warranties, and covenants are merged herein.”

62. In anticipation of obtaining Board approval of the revised agreement, MCHG began once again the task of consolidating the employees and operations of PDHC and the Hospital.

63. As of January 1, 2008 all employees of PDHC became employees of the Hospital. In addition, Plaintiffs began the process of obtaining approval from State and Federal regulatory authorities for the change in management of the Hospital. For example, in late November or early December 2007, Plaintiffs submitted a Medicare Enrollment Application to the Centers for Medicare & Medicaid Services (CMS) seeking approval for change in management of the Hospital to MCHG on CMS Form 855A. This form was subsequently modified and re-filed with CMS on the morning of April 4, 2008, *prior to* the Plaintiffs being served with the *ex parte* TRO. Exhibit G.

64. The Hospital’s annual license with the State of South Carolina expired. A renewal application had been completed and it was awaiting execution at the time the Court issued its *ex parte* injunction. This completed renewal application identified MCHG’s management of the Hospital and was intended to be filed with DHEC. Plaintiffs had also completed other required DHEC documents and were awaiting the final approval of the MCHG Board of Directors to submit them.

65. Plaintiffs began the financial consolidation of all entities by combining the various operational accounts into one daily cash financial statement that was provided electronically

to all members of MCHG – including the individual plaintiffs who subsequently initiated the TRO and court proceedings in the first instance.

66. The daily cash financial statement of the entire combined organization included all bank accounts of the entities – including all bank accounts of PDHC and the District. The daily cash position statements for April 2, 3, and 4, 2008 are attached hereto. Exhibit M

67. The main accounting department was physically maintained on the hospital grounds and the same person who had administered it for years (Ms. Dot Morgan) continued to complete the daily accounting responsibilities. Nothing changed except the employees of PDHC moved to the payroll of the Hospital.

68. The actual bank accounts had not been merged as of the time of the *ex parte* TRO being surreptitiously obtained by Defendant Jones, and Nettles, and others, and signed by Judge Russo, as there were electronic payments coming into and out of them and it was a time-consuming process to complete all of the paperwork for all of the many payers and payees necessary to change the electronic credit and debits.

69. Sometime in the late summer or early Fall of 2007, Defendant Nettles agreed to assist Plaintiffs and our property management business, HTR Management, LLC in regard to the Kingstree real estate matters in order to build and operate a new rural medical clinic in Williamsburg County.

70. Defendant Nettles personally encouraged the development of the Williamsburg County medical clinic and actively assisted our efforts to purchase appropriate real property in Williamsburg County to locate and build a new hospital-affiliated medical clinic.

71. The initial plans, as understood by all parties, were for HTR to purchase the property, and then lease it to Hospital on a long-term basis. In return, Plaintiffs agreed to include

Mims, Atkinson, Moon, Lamb and the other Lake City physicians who wanted to participate as potential partners in HTR.

72. Eventually, suitable property located in Kingstree was located. The property belonged, in part, to the family of Defendant Ernie Atkinson.

73. Defendant Nettles law firm [Nettles Turbeville and Reddick] conducted all the transactions in regard to all matters involved in Plaintiffs obtaining the Williamsburg property. Nettles Turbeville and Reddick were employed by Plaintiffs to complete all matters regarding the transactions and Plaintiffs relied completely on their abilities, skills, knowledge, and duties of loyalty as well as all other corresponding duties as attorneys acting for and on behalf of Plaintiffs. Exhibit D.

74. Two pieces of real property were purchased for the Kingstree project, one closed in December, 2007 and the second closed in January, 2008. All transactions regarding these pieces of property were supervised and/or completed by attorney Defendants Nettles, his partners, and associates. Exhibit D

75. During this same time period, Mr. Megna had several contacts with Defendant Nettles, as did Mr. Matthews, as they were refining the 2007 agreement with the District. The Kingstree project was discussed numerous times. At no time did Defendant Nettles state or allude to the fact that his law firm was assisting, counseling or in contact with the other Defendants. Nor did the remaining Defendants state their covert and clandestine contacts and discussions with Nettles, his law firm, his partners, Jones or the McNair Law Firm.

76. Defendant Nettles assured Plaintiffs that his law firm was handling all matters relating to the purchase of the properties on behalf of Plaintiffs, and that the obtaining of the property for the operation of the hospital was necessary, proper and good for the community.

77. It was agreed that the Defendant Watkins, an employee of PDHC whose employment was transferred to the hospital being managed by MCHG, along with Benjamin R. Matthews, would primarily handle the property transactions with the Defendant Nettles. Watkins reported directly to Mr. Megna, the CEO of MCHG. At no time did Watkins or any other Defendant inform Megna that he knew of or was participating in secret meetings and discussions with the remaining Defendants adverse to the interests of the Plaintiffs. In fact, during this period of time, Watkins was using an automobile, mobile telephone, and living accommodations supplied by the Plaintiffs, and was in daily contact with the Plaintiffs. Moreover, during this period of time, Watkins was reporting to Plaintiffs that substantial work was being performed in regard to acquiring the property and preparing it for a medical clinic, including but not limited to soil analyses, grading, preparing building schematics, location analyses, etc.

78. During this same time period, Mr. Megna, while in Lake City, executed a personal guaranty, along with Atkinson and Mims, to obtain from The Citizens Bank the funds necessary to purchase the original two parcels of real property. The loan funds were obtained the same day the first piece of property was closed by Nettles Turbeville and Reddick. The check was taken to Nettles Turbeville and Reddick by Watkins, in order that the closing could be completed by Nettles Turbeville and Reddick, its' partners, associates and employees.

79. Plaintiffs depended completely on the legal abilities and fiduciary responsibilities of Nettles Turbeville and Reddick to Plaintiffs in completing the transactions as the Defendants had explicitly and implicitly informed Mr. Megna and Matthews that they were representing Plaintiffs individually and collectively in obtaining the Kingstree property for Plaintiffs.

80. Sometime in February, 2008, the Defendant Nettles with the Lake City physicians and others, requested the Plaintiffs to transfer the Kingstree property to the Lake City physicians because it would assist in the success of having the community understand that the Kingstree project was intended for the benefit of the community.

81. At a meeting in early March, 2008, attended by Watkins, Mims, Atkinson, and Mr. Megna, it was agreed that the Kingstree project would proceed as planned and that Plaintiffs Megna, Matthews and Cohen would maintain the same percentage ownership in the project as they maintained in MCHG. At no time during this meeting did the Defendants make known to the Plaintiffs of the covert, clandestine and secret discussions and meetings they had, and were continuing to have between and among themselves, including but not limited to secret and covert meetings with Nettles, his law partners, his law firm, Jones and the McNair Law Firm.

82. Following the foregoing meeting between Megna, Watkins, Mims, Atkinson for the third time in approximately four months, the Defendant Nettles, his law partners, associates and employees again represented the legal interests of the Plaintiffs in the transfer of the property with the specific intent of defrauding the Plaintiffs Megna, Matthews, Cohen and HTR of their interests in the Kingstree property.

83. Nettles Turbeville and Reddick created Lake City Land Holding, LLC on March 24, 2008 for the purpose of initially holding the Kingstree property, and for the benefit of the

physician defendants. Exhibit N. Nettles Turbeville and Reddick then prepared the deed to transfer the Kingstree property from HTR to Lake City Physicians Land Holding, LLC. Exhibit O.

84. The Plaintiffs HTR, Megna, Matthews and Cohen were not advised that Defendant Nettles, his law partners, associates and employees were forming a new corporation with the intent of excluding Plaintiffs HTR, Megna, Matthews and Cohen.

85. The Plaintiffs HTR, Megna, Matthews and Cohen were not advised that, at the same time, Defendant Nettles, his law partners, associates and employees were actively and secretly working with the Defendants and, Celeste Jones and the McNair Law on devising lawsuits and other actions adverse to legal and financial interests of Plaintiffs, and in particular HTR, Megna, Matthews and Cohen – contrary to the ethical and legal responsibilities of all Defendants.

86. Plaintiffs subsequently came to understand that all of the Defendants were secretly and actively involved in a conspiracy to keep secret their unlawful and unethical actions and behaviors from Plaintiffs.

87. On January 17, 2007, all or some of the Defendants filed with the South Carolina Secretary of State to reserve the name Lake City Rural Physicians, LLC and then filed with the South Carolina Secretary of State on March 9, 2007 to form said LLC. Exhibit P.

88. On March 26, 2008, nine (9) days prior to the Defendant's *ex parte* meeting with Judge Russo, the Defendant attorneys Nettles, his law partners, his law firm, with the agreement of and/or willful blindness toward the matter by Jones and McNair Law Firm, conducted a estate closing the Defendant attorneys transferring the Kingstree property to Lake City Physicians.

89. Following the March 17, 2008, closing, Defendants forwarded the closing documents to Ben Matthews at the Lake City Community Hospital. At no time did any of the Defendants advise any of the Plaintiffs that the Defendants were secretly and actively involved in a conspiracy to keep secret their unlawful and unethical actions and behaviors against Plaintiffs.

90. Neither at the time of that meeting nor at any other point in time did the Defendants, Watkins, Atkinson, Mims, Jones, Nettles nor anyone else inform the Plaintiffs that they were in association one with the other to bring a lawsuit against the Plaintiffs or to take any other negative action against Plaintiffs.

91. At no point in time did the Defendants, Watkins, Atkinson, Mims, Nettles, Jones nor anyone else inform the Plaintiffs of any issues in regard to the operations of MCHG or any other matter.

92. The recording of the property transfer [that was conveyed by deed dated March 17, 2008] in the Williamsburg County RMC occurred on the same day Ms. Jones and Defendant Nettles served the *ex parte* TRO they had surreptitiously obtained from Judge Russo – Friday, April 4, 2008. Exhibit G.

93. During this time period, Plaintiffs, personally as well as through their agents and employees, were in regular contact with Defendants. In fact, the Defendant Watkins reported directly to Mr. Megna, and during this time period, met with Mr. Megna providing him false updates and progress reports on the matter, thus purposely misleading Mr. Megna into believing Watkins, Mims, Atkinson, Moon, Lamb, Nettles and others were working toward the same goal, i.e., continuing to place the hospital in a position where its long-term financial stability could be assured.

94. Watkins worked with Megna and the Plaintiffs for several years, and the Plaintiffs had no reason to believe that Watkins, Mims, Atkinson, Moon, Lamb, Nettles nor any of the other Defendants would act or were acting, in a conspiracy against the interests of Plaintiffs.

95. At no time did any Defendant express discontent to any Plaintiff nor warn any Plaintiff of any matter related to the secret, fraudulent and deceptive plans the Defendants were undertaking against the interests of the Plaintiffs, both individually and collectively.

96. During this time period, Nettles Turbeville and Reddick in association with Watkins and others, and unbeknownst to the Plaintiffs,

- a. began representing the individual Lake City physicians in regard to the development of Lake City Physician Land Holdings, LLC,
- b. began preparing a lawsuit, in concert with Celeste Jones of the McNair Law Firm, on behalf of the District and the individual Lake City physicians to be filed against Plaintiffs, and
- c. used an employee of MCHG, Watkins, as their agent to surreptitiously obtain information from Plaintiffs and to dishonestly maneuver Plaintiffs so that the Kingtree property would be deeded by Plaintiff HTR to the holding company the Defendant Nettles, his law firm, associates and partners, and employees were creating for the benefit of the Defendants,
- d. acted in concert with Jones and the McNair Law Firm, each being the agent of the other, in the surreptitious acts and omissions being performed to the detriment of the Plaintiffs,

97. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, together with Jones and the McNair Law Firm, had surreptitiously

obtained the services of MCHG employees, including but not limited to Watkins and others, to assist in their successful endeavors to deceive the Plaintiffs.

98. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, its partners, associates and employees, together with the McNair Law Firm, and others, were secretly planning a lawsuit against Plaintiffs to divest the Plaintiffs of their interests in the combined operations, management, and funds of the hospital.

99. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, its partners, associates and employees, together with the McNair Law Firm, and others, were secretly making contact with Judge Russo through state representative Crawford or others to arrange an *ex parte* meeting to obtain an *ex parte* injunction against the Plaintiffs.

100. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, its partners, associates and employees, were working with the McNair Law Firm in any manner whatsoever.

101. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, its partners, associates and employees, had met with Mims, Lamb, Moon, Atkinson and others to represent them or assist them in obtaining representation that was adverse to the interests of Plaintiffs.

102. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, its partners, associates and employees, together with the McNair Law Firm, and others, were secretly making plans to breach their fiduciary duties to Plaintiffs.

103. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, its partners, associates and employees, together with the McNair Law Firm, and others, were secretly making plans to assist the Defendants in breaching their fiduciary duties to Plaintiffs.

104. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, its partners, associates and employees, together with the McNair Law Firm, and others, were secretly making plans to aid and abet the Defendants in the breach of their individual and collective fiduciary duties to Plaintiffs.

105. At no time did Plaintiffs know or have reason to know the law firm of Nettles Turbeville and Reddick, its partners, associates and employees, together with the McNair Law Firm, and others, were secretly making plans to assist, aid and abet the Defendants in breaching contracts in which the Plaintiffs had considerable legal and financial interests.

106. The Defendants failed to inform the Plaintiffs that they were secretly meeting with Mims, Atkinson, Lamb, Moon and Jones for the purpose of bringing lawsuits against Plaintiffs and dissolving MCHG.

107. The Defendants failed to inform the Plaintiffs of the obvious and apparent conflicts of interest involved in the matters, i.e., that the attorneys and staff of Nettles Turbeville and Reddick were working with the District and Ms. Jones and her associates at the McNair Law Firm to sue Plaintiffs at the exact same time Nettles Turbeville and Reddick were representing Plaintiffs to complete all of the real estate transactions. In regard to all attorney Defendants, see SCACR, Rule 407, including but not limited to Rules 1.1, 1.8, 3.1, 3.3, 4.1, 4.4, 5.1, and in particular 5.1(c), 5.2, 8.32, and 8.4.

108. In December, 2007, and the January 14, 2008, the MCHG Board of Directors held planned meetings.

109. The MCHG Board then decided to meet on February 23, 2008 [a Saturday] to discuss without interruption the issues affecting the continuing evolving character and nature of MCHG, and all of the Plaintiffs.

110. Immediately prior to the meeting of the entire MCHG Board of Directors, the Physicians Compensation and Contract Committee [which state Representative Crawford had been unanimously elected to Chair in December, 2007] held a meeting. As Chairman of the MCHG Compensation and Contract Committee, state Representative Crawford presided over the committee meeting.

111. As members of the Board of Directors, Plaintiffs reposed personal and professional trust, care and confidence in state Representative Crawford as Chairman of this Committee; and Crawford, as a member of the MCHG Board, was a fiduciary to Plaintiffs. He was the Director of the Emergency Department of LCCH.

112. Crawford volunteered to be chairman of the MCHG compensation and contract committee to assist in ensuring that all agreements and contracts entered into by all of Plaintiffs as members of MCHG would be carefully reviewed by his committee and by counsel of his choosing, Ms. Celeste Jones of the McNair Law Firm.

113. Every member of MCHG, including each physician Plaintiff in this lawsuit, agreed to Crawford's recommendations and suggestions based on the personal and professional trust and confidence placed in state Representative Crawford as Chairman of the Committee because of his professional credentials, because of his professed relationship with Ms. Jones as an expert in healthcare law, and because of his fiduciary responsibilities to Plaintiffs.

114. During the February 23, 2008 Compensation and Contract Committee meeting, the committee, upon state Representative Crawford's recommendation, voted for state Representative Crawford to formally hire Celeste Jones of the McNair Law Firm on behalf of MCHG to complete the agreement and contract review process state Representative Crawford had been discussing with Ms. Jones. In addition, the committee simultaneously voted unanimously for Mr. Megna to hire Neil Caesar of the Health Law Center to review the contracts and agreements that had been previously signed by all members of MCHG. Exhibit Q.

115. State Representative Crawford told all of Plaintiffs that he personally knew Ms. Jones though his work in the legislature and with others, and that he knew her to be particularly experienced in healthcare law. He suggested that Ms. Jones be 'officially' employed to review the agreements and other contracts. State Representative Crawford agreed to continue to personally discuss these matters with Ms. Jones as he had been doing for weeks if not months prior to this time and to coordinate the review process in concert with Mr. Megna. The entire committee agreed with state Representative Crawford's recommendation and further suggested Mr. Neal Caesar be hired by MCHG for the same purpose so that Plaintiffs would have two outside legal opinions by experienced healthcare lawyers as all went forward.

116. All members of the committee believed that review by these two specific and experienced healthcare attorneys who had no interest in MCHG would be best for everyone involved in MCHG because of the need to make certain that MCHG and all the physicians were in compliance with all applicable laws, regulations and policies governing their operations.

117. The Committee voted unanimously to authorize state Representative Crawford and Mr. Megna to proceed to hire both Ms. Jones and Mr. Caesar on behalf of MCHG and to coordinate their efforts.

118. At the February 23, 2008, Board of Directors meeting that was held directly following the Compensation and Contract Committee Representative Crawford, who was sitting at the table where the Board of Directors meeting was held, announced that the compensation and contract committee, again, of whom he was the Chairman, recommended that the Board of Directors hire two independent health care attorneys to review the contracts and agreements entered into by MCHG and all members of MCHG.

119. Representative Crawford further announced that the compensation and contract committee recommended the hiring of an independent outside legal review by Ms. Celeste Jones of the McNair Law Firm and Mr. Neal Caesar of the Health Law Center to ensure the agreements all members of MCHG had previously signed would be in compliance with federal and state regulations and law.

120. The Board of Directors unanimously agreed with Representative Crawford's recommendation and unanimously authorized him to continue to discuss all of these matters with Ms. Jones of the McNair Law Firm and to employ Ms. Jones on behalf of MCHG and all of its members.

121. The Board of Directors further authorized Mr. Megna to discuss these same matters and to hire Neil Caesar with the Health Law Center for the same purposes. The physician Plaintiffs in this lawsuit [Drs. Mims, Moon, Atkinson and Lamb] were all at the Board of Directors meeting where the foregoing matters were unanimously decided.

122. Following the February 23, 2008, Board of Directors meeting, Mr. Megna contacted Mr. Caesar and spent several hours with Mr. Caesar in his office in Greenville, SC office on March 20, 2008. The discussion revolved about the various issues surrounding the requests of the Board of Directors and the mechanics of the coordination of the agreement review process with Ms. Jones of the McNair Law Firm. Mr. Caesar agreed to assist and to prepare a suggested time line on which Plaintiffs could achieve these goals, and that Mr. Megna would take it to the April 2008 Board of Directors meeting. Exhibit R.

123. Mr. Megna scheduled a second appointment to meet with Mr. Caesar on April 10, 2008, to further refine matters so that he would be prepared to report to the Board of Directors at its next regularly scheduled meeting on Thursday, April 17, 2008. The Board of Directors had previously voted at its February, 2008 meeting to hold its regular meetings on the third Thursday of every evenly dated month of the year.

124. At no time following the February, 2008 meeting of the Board of Directors of MCHG and April 4, 2008, did any of the Defendants:

- a. provide any information to the Plaintiffs as to any issue relating to the operations of MCHG and the hospital, and/or
- b. ask any questions of the Plaintiffs as to any issue relating to the operations of MCHG and the hospital, and/or
- c. provide any mention, idea, or impression whatsoever that they questioned the legitimacy or propriety of any action(s) taken by the Plaintiffs as to any matter.

125. During this time period, the Defendant members Board of Directors had, by remote electronic access available to them on a 24/7 basis, access to and did actually access the daily

cash report of the operations of the hospitals, which included all bank account balances of the combined entities as well as all outstanding vendor payable information. In addition, the bank account information, human resources and payroll information, accounts receivable management, and inventory management was all physically located on the hospital grounds and immediately available to all members of the Board of MCHG as to any question regarding any matter.

126. At no time did any Defendant question any Plaintiff as to any matter related to the financial operations of the combined entities.

127. On Wednesday, March 26, 2008, Mims was sent a copy of a letter to Wachovia Bank that detailed the financial status of the combined entities of LCCH. The information included but was not limited to the financial statements of PDHC and LCCH which disclosed relevant and detailed information on the operations of MCHG as well as the financial integration and progress made by and between the combined entities. Exhibit S

128. Mims discussed the letter with Mr. Megna, and the letter was mailed to Wachovia on March 31, 2008.

129. The Plaintiffs are informed and believe the Defendants intentionally and/or with deliberate indifference and/or with willful blindness, failed to disclose the directly relevant matters noted in the March 31, 2008, Wachovia letter to Judge Russo when the Defendants met with him on the morning of April 4, 2008, and requested he issue an *ex parte* TRO divesting the Plaintiffs of their business interests in the joint venture of the parties.

130. On Thursday evening, April 3, 2008, the MCHG Board of Directors held an emergency meeting of the Board to discuss:

- a. The drastic and unprecedented reduction in hospital admissions in the prior weeks, and
- b. the rapid decline of the financial and cash-flow position of the hospital.

131. Prior to Thursday, April 3, 2008, meeting, Plaintiff Megna suffered significant acute back pain and discussed the matter with Defendant Mims as well as a physician in the Darlington clinic.

132. Plaintiff Megna had an established physician-patient relationship with Defendant Mims who had previously ordered physical therapy for Mr. Megna in regard to back and neck problems Mr. Megna had experienced in 2007.

133. Mr. Megna discussed his medical symptoms with Dr. Mims. Mims agreed that Mr. Megna's back pain was most likely the result of a kidney stone, and requested he receive the image of a CT scan that had been recommended by Drs. Welch and Cohen so he could discuss it further with Mr. Megna.

134. Mr. Megna agreed, and CT scans of the pelvis and abdomen was completed Thursday morning, April 3, 2008 at the hospital.

135. The radiology report from the CT scan indicated Mr. Megna was suffering from a 2 mm kidney stone.

136. The radiology report was provided to Mims.

137. Mims discussed the results of the CT scan with Mr. Megna.

138. Mims advised Mr. Megna:

- a. To immediately cancel the emergency MCHG meeting called for that night, and that Mr. Megna return home immediately and go to bed, and
- b. To not work on Friday, and

- c. To obtain bed rest, and
- d. To drink plenty of fluids, and
- e. To take the narcotic pain medication he had been prescribed every four to six hours in order to assist with the pain and in resting until Mr. Megna could see a specialist.

139. Mims assured Mr. Megna all was well because he was in the process of admitting several patients to the hospital; and the abnormally low admissions to the hospital in the past three weeks was an aberration.

140. Mr. Megna declined to take the narcotic pain medication and cancel the meeting scheduled for that night as Mims had suggested due to the seriousness of the financial situation that was occurring, in order that the matters could be discussed more thoroughly by the entire Board.

141. The April 3 meeting was subsequently held in Lake City, SC [in the Hospital conference room] to discuss pending financial issues, and other matters that were related to the clinical operations of LCCH.

142. The Chairman of the MCHG Board of Directors, Mims, attended as did Defendants Watkins, Moon and Bowman.

143. State Representative Kris Crawford attended the meeting by telephone.

144. Several members of the MCHG Board attended from the Darlington area.

145. At no time during the Board meeting did any of the Defendants advise the remaining Board members, or any of the Plaintiffs, of the pending legal actions against the Plaintiffs nor of the fact that Mims, Nettles, Jones and others had a plan to secretly meet with Judge Russo

the following morning to present him an *ex parte* request to shut down the operations of MCHG and to take further adverse actions against Mr. Megna and Benjamin R. Matthews.

146. During the course of the April 3, 2008, evening meeting, Mims received a telephone call from Representative Crawford who 'apologized' to all of the Board members who were present in Lake City stating he was on his way home from a legislative session but was aware of the problems being discussed in the meeting and had already taken steps in his department [the Lake City Emergency Department] to address them.

147. Crawford, Mims and Moon stated that the low admission of the past few weeks had been an unusual situation, that they had discussed the matter with the other Lake City physicians and that they expected the hospital to be at capacity in the next several days.

148. Mims and Moon specifically addressed the same issues at the Board meeting and both reaffirmed their complete support for the operations of MCHG.

149. Crawford, Mims and Moon indicated hospital admissions had been very close to zero in the prior weeks.

150. All Defendants at the April 3, 2008 meeting specifically stated they had no idea why the hospital admissions had dropped so dramatically, but they expected hospital admissions to grow tremendously over the next several days as they looked into the matter. As part of the solution, the Lake City physicians had requested Dr. Alex Cohen to coordinate a call schedule for patients who needed to be hospitalized in Florence and to provide additional support for hospital call in Lake City on weekends. Dr. Cohen reported he had secured the assistance of the physicians located in Darlington and Olanta, and that the assistance could be effected as soon as the Lake City doctors determined they wished to do so.

151. Plaintiffs discussed with everyone present the pressing financial situation of the hospital systems at the April 3 meeting. Moon and Mims explained in detail the actions they were taking to address the issues confronting Plaintiffs. Moon and Mims also indicated they had discussed, and would continue discussing, the pressing issues with the other staff physicians.

152. In addition, the Board was provided updates as to the on-going discussions being held with the attorneys [Defendant Jones and Neal Ceasar] the Board had decided unanimously voted to hire at the February meeting. No minutes of the February, 2008 were presented to or approved by the MCHG Board of Directors.

153. Mims informed the Board that Crawford's cell phone coverage was 'spotty', and that state Representative Crawford was not able to provide an update as to his dealings with Ms. Jones.

154. Mims, Moon and state Representative Crawford, between and among themselves, deliberately and intentionally misled Plaintiffs at the MCHG Board meeting.

155. At no time did Mims nor Moon nor state Representative Crawford inform any of the Board members at the meeting there was any problem other than those Plaintiffs were discussing at the April 3, 2008 meeting.

156. At the conclusion of the meeting, Defendant Mims again advised Mr. Megna not to go to work the following morning, to obtain as much best rest as possible, and to take his medication every four to six hours as prescribed as it would help him sleep that night and rest until an appointment could be made with a specialist to further evaluate Mr. Megna's diagnosed kidney stone.

157. Mr. Megna arrived home at approximately 10:00 to 10:30 p.m. on April 3, 2008, after driving home to Columbia from the meeting in Lake City, a drive of approximately 1.75 hours.

158. After arriving home, Mr. Megna heeded Mims medical advice, took narcotic pain medication as instructed by Mims, and went to sleep.

159. Unbeknownst to Plaintiffs at the time, Defendant physicians, one with the other:

- a. Purposely failed to admit patients who were in need of hospitalization for the Defendants own personal gain, and
- b. Agreed, fostered, encouraged and assisted each other, in and among themselves, not to admit patients who were in need of hospitalization for the Defendants own personal gain, and
- c. Agreed, fostered, encouraged and assisted each other, in and among themselves, not to admit patients who were in need of hospitalization, all at the expense of the Plaintiffs and in violation of the physician Defendants ethical, moral and legal responsibilities to their patients and the Plaintiffs, and
- d. All Defendants, passively and/or actively participated in the foregoing in k0lcontravention to their ethical, moral, legal, and fiduciary responsibilities to patients who were in need of hospitalization; and as part of the conspiracy against the Plaintiffs.

160. The Plaintiffs are informed and believe the Defendant Lake City physicians in concert with the advanced practitioners physician assistants, the nursing staff of the hospital, the clinical staff of the hospital, the emergency room staff of the hospital, and the admissions staff of the hospital, one with the other:

- a. conspired to deprive, and actually deprived, patients in need of such medically necessary care and services, by directing them away from the facilities of the hospital for the purpose of intentionally driving down the hospital admissions census, such actions for their individual and collective financial and personal gain and in violation of their individual and collective ethical, professional, and legal responsibilities to such patients, and/or
- b. conspired to delay, and did actually delay, medically necessary care for patients in need of such services, at the facilities of the hospital for the purpose of intentionally driving down the hospital admissions census, all for their individual and collective financial and personal gain

161. In addition to the foregoing, the Plaintiffs are informed and believe that beginning on April 3, 2008, the Defendant Lake City physicians in concert with the advanced practitioners physician assistants, the nursing staff of the hospital, the clinical staff of the hospital, the emergency room staff of the hospital, and the admissions staff of the hospital, one with the other,

- a. conspired to admit, and actually did admit, patients, regardless of the medical necessity and justification for doing so, to the facilities of the hospital for the purpose of intentionally driving *up* the hospital admissions census, all and for their individual and collective financial and personal gain and in violation of their individual and collective ethical, professional, and legal responsibilities to such patients, and
- b. in violation of the state and federal laws related to the admission of patients, committing in the process fraud, including but not limited to commercial

insurance fraud, Medicare fraud and Medicaid fraud, all and for their individual and collective financial and personal gain.

162. Mr. Megna did not go to work on Friday, April 4, 2008 based on Mims medical advice.

163. Mr. Megna was awoken on the morning of Friday April 4, 2008 by a telephone call advising him that Defendant Campbell and Mims had called a special meeting of all Lake City hospital employees for later that morning.

164. Soon thereafter, Mr. Megna received another telephone call from Mr. Ben Matthews advising him that Mims, Nettle and Jones together with a police officer from the Lake City police department were at the administrative offices of MCHG on the hospital grounds following with an *ex parte* order from Florence County Circuit Court Judge Thomas Russo:

- a. Enjoining Mr. Megna and Matthews from operating the hospital,
- b. Enjoining Mr. Megna and Matthews from receiving any compensation from the hospital,
- c. Enjoining Mr. Megna and Matthews from any association with any operations of the hospitals and its medical operations, and
- d. Enjoining Mr. Megna and Matthews from taking any other actions in regard to the business enterprises of the hospital or MCHG.

Exhibit G.

165. During this time period, Mr. Megna spoke with Defendants Watkins and Bowman.

166. Defendants Watkins and Bowman informed Mr. Megna that neither knew what was occurring and both would call Mr. Megna immediately once details were learned.

167. Mr. Megna was later informed that:

- a. Defendant Bowman was in conference with Defendants Campbell, Mims, Nettles, Jones and others, and
- b. Defendant Watkins had turned in the keys to an automobile of Plaintiff PDHC he had been using for three years and a mobile telephone paid for by Plaintiff PDHC.

168. Neither Defendants Bowman nor Watkins had further communications with Mr. Megna.

169. Mr. Megna also spoke Mr. Mark Matthews and Mrs. Eileen Segars shortly thereafter who advised Mr. Megna that another employee from Lake City hospital under the direction of Defendant Faucette, was in their office, and demanding that they leave the hospital grounds immediately under threat of arrest. They immediately complied under direct threat of arrest and harm to their person.

170. During this time, Mr. Megna was under the influence of narcotic pain medication taken under the advice and direction of Mims, his associates and co-conspirators, and was unable to respond to the situation with the clarity of mind and haste the situation required.

171. The Darlington, Columbia and Olanta offices of the hospital were in a state of complete confusion as no one in those offices knew what was occurring and the Defendants had abruptly and without notice cut-off all lines of communication and access to all information not physically maintained in those offices.

172. Mr. Megna advised all employees via telephone conference with the Darlington, Columbia and Olanta offices of the hospital not to panic, to be calm, and to continue their jobs of seeing patients in an orderly and professional manner until it could be determined what had occurred. As noted above, the Olanta and Darlington medical offices [as well as

the Columbia administrative office] were hampered in their ability to provide proper and timely care to their patients due to the actions of the Defendants.

173. Mr. Megna, as CEO of the hospital operations, was unable to obtain any information as to what was occurring. At this time, Mr. Megna had not been served nor seen any of the documents evidencing the lawsuits or the injunctions.

174. Mr. Megna attempted to make contact with Mims but to no avail.

175. Mims as well as all other Defendants refused all further requests for communications.

176. Watkins, Bowman and all other Lake City personnel continued the operations of the hospital – with the exception of the operations of the Darlington and Olanta medical centers of the hospital which had been cut-off from all communications.

177. All other personnel located at the Lake City hospital campus who had been previous employees of the Darlington and Olanta medical centers were immediately escorted off of the hospital campus by hospital employees under the supervision and control of Defendants.

178. By the time Plaintiffs could determine what was occurring, the Defendants had obtained the services of the Lake City police who had already come to our offices at the hospital with Nettles and Jones. The issuance of the *ex parte* TRO by Judge Russo offered no reason for the *ex parte* meeting with Jones and Nettles.

179. Immediately thereafter, and/or simultaneously, the Defendants took immediate actions:

- a. to change and/or alter bank accounts,
- b. to sever internet, telephone, intranet and internet communications between the Darlington and Olanta medical offices,

- c. to sever Mr. Megna, as CEO of MCHG, and Matthews, as General Counsel of MCHG, from their duties and employees,
- d. to bar Mr. Megna, Mr. Matthews and others from their offices, and from exercising their responsibilities as officers and directors of the hospital by the express terms of the *ex parte* order from taking any action in regard to business operations of the hospital – which were, in fact, the business operations of MCHG.

180. On the afternoon of April 4, 2008, a process server arrived at Mr. Megna's home in Columbia, and personally served him with copies of the *ex parte* restraining order, a lawsuit against Mr. Megna, Mr. Matthews and MCHG, as well as copies of affidavits signed by Mims, Lamb, Atkinson and Moon, all dated between April 1st and April 3rd, that supported the request for the *ex parte* orders of the Court in the first instance. Exhibit T.

181. The Plaintiffs are informed and believe that the affidavits are intentionally incomplete for the purpose of misrepresenting the facts to the court who was obliged to make an independent and just decision on the matter. The Plaintiffs were neither allowed nor provided the opportunity to participate in the *ex parte* proceedings held before Judge Russo.

182. The lawsuit filed against Mr. Megna and others was signed by Defendants Nettles, on behalf of himself and the Law Firm of Nettles Turbeville and Reddick, and Defendant Jones on behalf of herself and the McNair Law Firm. The lawsuit and the request for the *ex parte* restraining order were dated April 4, 2008. The Plaintiffs are informed and believe, due to the facts and circumstances surrounding the matters as more fully noted herein, each was acting as the legal and implied agent of the other.

183. The supporting affidavits signed by Mims, Atkinson and Moon were notarized by Defendant Polly Holt either April 1st or 2nd 2008. Ms. Holt was an employee of the hospital and the office manger in the office where Mims, Atkinson and Moon worked. Lamb's affidavit was notarized by Marie Body on April 3rd, 2008.

184. The dates on the lawsuits and the supporting affidavits of Moon, Mims, Lamb and Atkinson evidence that the Defendants, including Nettles, his law partners, and law firm as well as Jones and the McNair Law Firm, actually knew, and actually, intentionally and fraudulently concealed and/or willfully blinded themselves to the truth of all information regarding the planned events for April 4th from the Plaintiffs during the meeting of the MCHG Board of Directors on the evening of April 3, 2008. Moreover, the dates evidence that the Defendants, intentionally failed to provide information that demonstrated that Mims and the other Defendants, as his agents and co-conspirators, actually knew, as of Wednesday, March 26, 2008, [the date that Mims was sent a copy of a letter to Wachovia Bank that detailed the financial status of the combined entities of LCCH, including but not limited to the financial statements of PDHC and the hospital] that the information the Defendants were providing to Judge Russo in support of their requests for *ex parte* orders of the Court was deliberately and intentionally false and fraudulent.

185. Individually and collectively, the physician and advanced medical practitioners, violated multiple legal and ethical policies of the state Board of Medical Examiners in regard to the allegations of the Plaintiffs in this Complaint, including but not limited to the following:

- a. A physician shall be dedicated to providing competent medical service with compassion and respect for human dignity.

- b. A physician shall deal honestly with patients and colleagues, and strive to expose those physicians deficient in character or competence, or who engage in fraud or deception.
- c. A physician shall respect the law and also recognize a responsibility to seek changes in those requirements which are contrary to the best interests of the patient.
- d. A physician shall respect the rights of patients, of colleagues, and of other health professionals, and shall safeguard patient confidence within the constraints of the law.
- e. A physician shall continue to study, apply and advance scientific knowledge, make relevant information available to patients, colleagues, and the public, obtain consultation, and use the talents of other health professionals when indicated.
- f. A physician shall, in the provision of appropriate patient care, except in emergencies, be free to choose whom to serve, with whom to associate, and the environment in which to provide medical services.
- g. A physician shall recognize a responsibility to participate in activities contributing to an improved community.

186. Mims as well as the others named herein committed unprofessional and unethical conduct by their acts, omissions, intentionally reckless behaviors and silence that failed to meet the minimally acceptable standard expected of similarly situated professionals including, but not limited to, conduct harmful to the health, safety, and welfare of the public, conduct that reflects negatively on their fitness to practice medicine, and conduct that

violates provisions of the code of ethics adopted by the SC Board of Medical Examiners as required by S.C. Code Ann. § 40-47-200, including but not limited to section (F)(8) thereof, and implementing regulation 81-28(D), to wit:

- a. Not dealing honestly with colleagues and partners,
- b. Engaging in fraud and deception,
- c. Failing to respect the law,
- e. Failing to respect the legal rights of the Plaintiffs, other physician colleagues and health professionals, including but not limited to all Defendants,
- f. Orchestrating, participating in and directing activities adverse to the interests of his physician colleagues in Darlington and Olanta, and the remaining Plaintiffs who were in their employ,
- g. Maintaining an unlawful silence in the face of their legal, ethical, and moral responsibilities to speak the truth,

187. No attempt was made to preserve the status quo of the business operations of MCHG nor was even the feeblest attempt made to determine the effects of the *ex parte* TRO on the thousands of patients being seen in the Olanta and Darlington medical offices even though MCHG had been operating the Lake City Community Hospital operations under the management contracts with the District for *nearly twelve (12) months prior* to the entry of the TRO – and with no hint of a concern being displayed by the Board other than those matters renegotiated only a few weeks earlier.

188. Over the next several days, Plaintiffs made repeated attempts to have a circuit court judge hear the matter, or, at least, to hear the Plaintiffs side of the facts. Because of the familial relationship of Defendant Nettles and his law firm to the only remaining presiding

judge in Florence County, this was not possible. All other judges contacted by the Plaintiffs immediately recused themselves because of their relationships to the various parties.

189. On April 14, 2008, Judge Russo held a hearing on his TRO and immediately informed the parties he was recusing himself because of undisclosed conflicts of interest. He informed the parties they could either come to an interim agreement or wait until another judge was located to hear the matter. The parties entered into an agreement that specifically reserved all rights of all parties.

190. As a practical matter, the actions of the Defendants, and the lack of a non-interested judge to hear and determine the matters, destroyed all reasonable expectation that MCHG could operate in any reasonable fashion or manner.

191. The Defendants, in concert with the McNair Law as well as Mims, Atkinson, Watkins, Lamb, Moon, and many others went to extreme and extraordinary lengths to conceal the truth of their deceptions, disloyalty, knowing abuses of the legal and judicial systems as well as their knowing, unbridled, unrestrained, intentional, premeditated, and calculated violations of their ethical, moral and fiduciary duties to Plaintiffs.

192. The foregoing behaviors of the Defendants, the McNair Law Firm, and others were directly adverse to financial interests of Plaintiffs, and were achieved by the Defendants active concealment of the truth from the Plaintiffs and the judicial system.

193. Defendants Jones and the McNair Law Firm, as well as numerous others, were knowingly involved in these matters and completely aware of the occurrence of the foregoing sequence of events. This is evidenced by the fact that Ms. Jones filed an affidavit in subsequent court proceedings wherein she stated the first time she had met with the individual Plaintiffs, [Defendant Nettles and/or the Hospital District Board members and/or

others] was on [Wednesday], February 27, 2008 – approximately three weeks prior to the Williamsburg property being transferred from HTR to Lake City Physician Land Holdings, LLC by Nettles Turbeville and Reddick. Defendant Nettles also filed an affidavit on behalf of state Representative Crawford wherein he stated the individual Plaintiff physicians had met or discussed the matter with Ms. Jones on [Wednesday] February 27, 2008. February 27, 2008 was four days following the meeting of the MCHG Board of Directors on the previous Saturday [February 23, 2008]. Exhibit U.

194. Crawford filed an affidavit with the Court that included alleged minutes of a MCHG Board meeting signed by Mr. Buddy Watkins (assistant to the CEO, Tony Megna) in which state Representative Crawford announced that the physicians had already secured the services of Ms. Celeste Jones of the McNair Law Firm, Columbia, SC. The ‘minutes’ submitted by Mr. Watkins, although never submitted to the MCHG Board or its members were intentionally and fraudulently submitted to the Court by Defendant Nettles and Ms. Jones. The foregoing statement, made in the past tense, is in direct conflict with Ms. Jones affidavit filed with the court in which she stated in paragraph 5 of her affidavit as follows:

My initial meeting regarding this matter with Drs. Crawford, Mims, Atkinson, Lamb and Moon [collectively, Drs. Mims, Atkinson, Lamb and Moon are referred to as the ‘Physicians’) occurred on February 27, 2008.

Exhibit V.

195. When Judge Russo signed the *ex parte* TRO against MCHG, Mr. Megna and Mr. Matthews on April 4, 2008, the operational structure of the Hospital changed as did the organizational matters relating to how matters were handled on a daily basis. Once the [Friday] April 4, 2008 *ex parte* TRO was signed by Judge Russo and served upon Plaintiffs, one of the matters that remained to be completed was the corporate minutes from the

[Saturday] February 23, 2008 meeting of the MCHG Board of Directors, of which Crawford was Chairman of the Finance Committee, and which, as noted above, were fraudulently created by Defendant Watkins and fraudulently submitted to the court by Defendant attorneys as genuine even though they knew the representations they were making were false.

196. Following the Friday, April 4, 2008, 'freeze-out' of Plaintiffs by the Defendants, Plaintiffs are informed and believe that Nettles, his law partners, associates and employees in concert with Jones and state representative Crawford and others drafted legislation that the SC General Assembly subsequently enacted enlarging the geographic boundaries of the Hospital district to include Johnsonville and Olanta.

197. After doing so, the Defendants contacted Dr. Priscilla Welch, who practiced in the Olanta office, and made several attempts to entice her to maintain the Olanta medical clinic operations with the Lake City hospital and the Defendants. Dr. Welch declined to do so.

198. Around May 8, 2008, Plaintiffs were provided a copy of purported 'minutes' of the February 23, 2008 meeting signed by Buddy Watkins. The Plaintiffs are informed and believe these false and fraudulent minutes were prepared by Defendants Watkins and Iris Hanna under the express and/or implicit direction of the remaining Defendants, and in particular Defendants Jones, Nettles, Bowman, and Mims. These minutes were fraudulently submitted to the Court by Defendants Jones and Nettles as if the minutes had been submitted to and approved by the Board of Directors of MCHG when Jones and Nettles knew this was false. Exhibit Q.

199. Jones and Nettles, actually knew when they provided this document to the court:

- a. that the document was not completed until after April 4, 2008, and

- b. that the document was never submitted to any of the Plaintiff officers and Directors of MCHG for review or approval, and
- c. that the document was never submitted to the Board of Directors of MCHG, and
- d. that they, together with all Defendants, expressly and implicitly, submitted false and fraudulent information to the Court.

200. At the time Ms. Jones and/or Defendant Nettles had the minutes filed with the Court, they actually had reason to know the documents they were submitting to the court were false and were not documents that were voted on or even seen by most members of the MCHG Board of Directors, including all of Plaintiffs.

201. In addition to the foregoing, while Nettles and Jones requested the Court to determine that the Darlington operations are outside of the geographic boundaries of the District, Jones and Nettles worked simultaneously with the accounting firm, PYA [Pershing Yoakley and Associates] to file hospital Medicare and Medicaid cost reports on behalf of the District, which included costs for the Darlington and Olanta RHCs as well as income from the Florence sleep laboratory for 2008, as well as amended cost reports for 2007 claiming facts that are completely contrary to the allegations of the complaint they filed – and allegations upon which they obtained the *ex parte* TRO.

[NOTE: THE FOLLOWING CAUSES OF ACTION EXCLUDE MATTERS OF ARBITRATION STAYED BETWEEN AND AMONG MIMS, ATKINSON, MOON, LAMB, LCCH, THE DISTRICT BOARD, MEGNA, MATTHEWS, HTR AND PDHC BY ORDER OF THE HONORABLE GEORGE C. JAMES, JR. AS NOTED HEREIN]

FOR A FIRST CAUSE OF ACTION
(DEMANDS FOR ARBITRATION)

202. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

203. Judge James has stayed certain arbitrations among and between certain parties, more specifically arbitrations between the parties to that lawsuit, to wit: Albert D. Mims, Ernest M. Atkinson, David W. Moon, Benjamin Wade Lamb, Tony R. Megna, Benjamin R. Matthews, and MCHG, LLC. The Plaintiffs request that the Court not construe the Plaintiff's demands for arbitration in any manner that is inconsistent with, or that may violate, the orders of Judge James.

204. The Plaintiffs named below respectfully demand arbitration of those claims that are subject to arbitration, do not waive any rights in any of the actions among and between the parties in regard to the demands for arbitration, and respectfully request this Complaint be construed as demands that the arbitration clauses required between and among the parties be enforced by this Court.

205. The mandatory mediation and arbitration clauses in all documents executed by the parties (i) contain essentially the same or the identical language, (ii) were negotiated by the parties independent of each other as noted in paragraph 40 *et. seq.*, hereinabove, and are sufficiently broad to encompass all disputes between the parties, however defined. The language requiring mandatory mediation and arbitration is as follows:

Mediation. Good faith mediation of all disputes or controversies between and among the parties, however defined, is a condition precedent to any arbitration between the parties. Mediation may take place concurrently with any arbitration. In the event the dispute involves an issue which is excepted from arbitration as a matter of law, the parties agree to submit said issue to non-binding mediation prior to the commencement of any action or proceeding in the Courts of the State of South Carolina or the United States of America or any agency of the state or federal government. The parties further agree that submission of said issue to non-binding mediation is a condition precedent to the ability of any party bringing any action in the Courts of the State of South Carolina or the United States of America or any agency of the state or federal government, with the exception of the issuance of a preliminary injunction pursuant to the terms of this agreement. If a party refuses to mediate any issue in good faith, such issue may be raised before the arbitrator or other tribunal and the arbitrator or other tribunal shall take such refusal into consideration in reaching his/her judgment on the issue(s) presented. The parties shall bear the costs of mediation equally. A deposit for the estimated expenses of mediation, as determined by the parties, or the mediator if the parties cannot so agree, shall be placed with the mediator prior to and as a condition precedent of the mediation taking place. Each party shall place their percentage of the deposit in trust with the mediator as a condition precedent to the mediation proceeding taking place. If any party refuses to place his share of the deposit in trust with the mediator prior to the mediation, judgment on all issues as a matter of contract and agreement shall be entered for the opposing party or parties as to all issues that were raised or could have been raised by the party refusing to place the funds in trust with the mediator in any subsequent proceeding brought by the offending party.

Arbitration. The parties agree that any and all disputes or controversies, whatever they may be and however they are defined, in any way or manner arising out of or related to this agreement or the relationship between the individual and/or corporate signatories to this agreement shall be subject to arbitration in Columbia, South Carolina. It is specifically understood and agreed that this clause is to be interpreted broadly and inclusively by any party, court, or tribunal considering the enforceability of this clause. Any decision rendered and made pursuant to any arbitration shall be binding and conclusive upon the parties. The parties specifically agree that the rules of arbitration shall be as follows:

206. Actions between certain parties [Plaintiffs PDHC, HTR, MCHG, Alexander H. Cohen, M.D. Tony R. Megna, Benjamin R. Matthews, Mary C. Megna, Josiah S. Matthews, M.D. and Defendants Mims, Moon, Lamb, Atkinson, LCCH, and the Lower Florence District Hospital Board] are currently pending before the Honorable George C. James, Jr. in Florence County pursuant to the order of the Chief Justice of the South Carolina Supreme Court.

207. The agreements executed by the parties in the present matter contain the following language on the bottom of each page of the agreements:

**THIS AGREEMENT IS SUBJECT TO MANDATORY MEDIATION AND
ARBITRATION PURSUANT TO THE SOUTH CAROLINA AND THE FEDERAL
ARBITRATION ACT**

281. The Federal Arbitration Act reflects an emphatic federal policy in favor of arbitral dispute resolution. The FAA leaves no place for the exercise of discretion by a court, but instead mandates that courts shall direct the parties to proceed to arbitration on issues as to which an arbitration agreement has been signed. The court's role under the FAA is therefore limited to determining (1) whether a valid agreement to arbitrate exists and, if it does, (2) whether the agreement encompasses the dispute at issue. As the response to both matters in the current case is yet on both counts, then the [FAA] requires the court to enforce the arbitration agreement in accordance with their terms.

282. The Plaintiffs respectfully request that the court compel arbitration of all arbitrable disputes between and among the parties, and stay all other matters [other than the 'Reddick' legal malpractice action as it stands separately] until the arbitrations are complete. The demands for arbitration in the current matter attached hereto include demands for arbitration by, among and between the following:

- a. (1) Warren Mark Matthews, (2) Katie Noyes, and (3) Mark S. Callahan demand arbitration against the following parties: (i) John R. (Buddy) Watkins, (ii) Sabrina O'Brien, MD. (iii) David Moon, (iv) Albert Mims, (v) B. Wade Lamb, and (vi) Ernie Atkinson,
- b. (1) Josiah S. Matthews, MD, (2) Alexander H. Cohen, MD, (3) Benjamin R. Matthews and (4) Tony R. Megna demand arbitration against the following

individuals: John R. (Buddy) Watkins and Sabrina O'Brien, MD. Copies of the arbitration agreements are attached hereto and incorporated herein.

- c. MCHG, LLC demands arbitration against all parties this Court determines are not subject to the orders of Judge James not otherwise staying arbitration between and among the parties.
- d. The remaining Plaintiffs demand arbitration against all parties this Court determines are not subject to the orders of Judge James not otherwise staying arbitration between and among the parties.
- e. Such other matters as the medication and arbitration clauses encompass and compel between and among the parties.

FOR A SECOND CAUSE OF ACTION
(REQUEST FOR RESCISSION)

208. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

209. MCHG was fraudulently induced into entering the January, 2008 lease agreement with the Hospital and the Florence Lower County Hospital Board by the law firm of Nettles Turbeville and Reddick, E. LeRoy Nettles, Sr., Elbert K. Turbeville, and Larry G. Reddick Hospital and the Florence Lower County Hospital Board.

210. At the time of the execution of the 2008 agreement, the law firm of Nettles Turbeville and Reddick, E. LeRoy Nettles, Sr., Elbert K. Turbeville, and Larry G. Reddick hereinafter all being referred to as Reddick] were also and simultaneously representing the legal interests of Josiah S. Matthews, MD, Alexander H. Cohen, MD, Tony R. Megna, and HTR, LLC

[hereinafter all being referred to as HTR] as evidenced by actions including but not limited to the following:

- a. without informing HTR that Reddick's representation of HTR was directly adverse to the actions and matters that Reddick was taking and advising the Hospital and others to take, directly in violation of Reddick's duties to HTR, and, in particular Reddick's duty of loyalty. as required by Rule 407, Rule 1.7, SCACR.
- b. without informing obtaining the written consent of HTR as required by Rule 407, Rule 1.7(b), SCACR.

211. The Plaintiffs are entitled to an order of this Court declaring that:

- a. the January, 2008 lease purchase agreement is void,
- b. the March 2007 agreement is the controlling document in these proceedings, and all matters relating to such matters be referred to the arbitration as provided for in the March, 2007 agreement.

FOR A THIRD CAUSE OF ACTION

**(ESTOPPEL BY SILENCE AND EQUITABLE ESTOPPEL)
[ALL PLAINTIFFS AGAINST ALL DEFENDANTS]**

212. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

213. The Defendants deliberately, recklessly, intentionally and/or with deliberate indifference and/or willful blindness to the rights of Plaintiffs devised and actually created and carried out fraudulent and deceptive conduct, to wit:

- a. concealed material facts from the Plaintiffs which evidence's conduct that

amounts to a false representation and/or were calculated to convey the impression that the facts are otherwise than, and inconsistent with, those which the Defendants have subsequently attempted to assert;

- b. concealed material facts from and made false representations to the Plaintiffs with the intention that such untrue facts would be acted upon by the Plaintiffs;

214. The Defendants had a duty to disclose the truth of their actions to Plaintiffs including but not limited to the following:

- a. The special duties and responsibilities of the attorney-client relationship between Plaintiffs and Defendant attorneys,
- b. The Defendant attorneys' legal and ethical obligations as attorneys, and the breaches thereof, as stated hereinabove, are incorporated herein by reference.
- c. The Defendants duties of fair dealing, honesty and faithfulness that required the disclosure of the truth to Plaintiffs,
- d. The Defendants fiduciary duties to Plaintiffs, and
- e. The legal and contractual duties of all Defendants to Plaintiffs.

215. The Defendants were aware that the misrepresentations by their failures to deal fairly, honesty and faithfully could not be reasonably determined by Plaintiff.

216. The Defendants were aware that the misrepresentations by their failures to deal fairly, honesty and faithfully were designed to by Defendants to keep plaintiffs from ascertaining or understanding the truth,

217. The Defendants, by their silence and in violation of their underlying duty to speak and disclose to the Plaintiffs, led the Plaintiffs to believe an erroneous state of facts, thus purposely, intentionally, and affirmatively deceiving Plaintiffs,

218. Defendants, individually and collectively, had constructive and/or actual knowledge of the real facts and the truth,

219. Plaintiff reasonably relied upon the knowingly false promises, false certifications, and false statements of Defendants,

220. Plaintiff's reliance upon the knowingly false promises and certifications of Defendants was expected and foreseeable by Defendants,

221. Plaintiffs lacked the knowledge and means of knowledge concerning the Defendants conduct, actions and omissions,

222. Plaintiffs changed their positions prejudicially to themselves based on their reliance upon the Defendants acts, omissions, behavior and actions, intended by Defendants, one and all, jointly and severally, to negligently, indifferently and/or intentionally deceive the Plaintiffs,

223. The Defendants are equitably estopped from asserting any defense to the complaints of the Plaintiff, limitations periods or other reason for their unlawful, as a result of their deceitful and fraudulent behaviors, acts and omissions.

FOR A FOURTH CAUSE OF ACTION

**(BREACH OF CONTRACT AS TO ALL CONTRACTS AND AGREEMENTS
BETWEEN THE PLAINTIFFS AND THE DEFENDANTS)**

224. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

225. The Plaintiff had contractual relationships with the Defendants in various forms, manners and methods.

226. The Defendants and others as stated more fully herein breached those contracts and leases with Plaintiffs.

227. As a direct and proximate result of the Defendants' implicit and explicit breaches of contracts between and among the parties, the Plaintiffs have suffered and continue to suffer damages in an amount of not less than the value of the contracts, agreements and leases.

228. Plaintiffs demand damages against the Defendants in an amount to be determined by a jury as well as an award of punitive damages to the fullest extent provided by law.

FOR A FIFTH CAUSE OF ACTION

**(BREACH OF FIDUCIARY DUTIES)
[ALL PLAINTIFFS AGAINST ALL DEFENDANTS]**

229. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

230. Fiduciary relationships existed between the Plaintiffs and the Defendants based on factors including but not limited to the following:

- a. The contracts between and among the parties,
- b. The legal responsibilities based on the business relationships between the parties, including mutual ownership interests in MCHG,
- c. The employer-employee relationships,
- d. The special confidences the law places on attorney-client relationships, including those relationships between the attorney Defendants that amounted to agency relationships between and among,

- e. The special confidences the law places on officers and directors of companies in which they mutually share ownership and control to act equitably and in good conscience toward their fellow officers and directors,
- f. The special confidence Plaintiffs placed in their legal and equitable relationships with Defendants, so that the latter, in equity and good conscience, are bound to act in good faith and with due regard to the interest of the one imposing the confidence.
- g. The actions of Mims, and the special confidence Mr. Megna placed in Mims, in providing medical advice to Mr. Megna that, unknown to Megna, was designed to and did force Mr. Megna to be away from the office and under the influence of prescribed narcotic pain medications during the time he planned, and did, in fact, attend a secret, *ex parte* meeting with Defendants Jones, Nettles and others for the purpose of dispossessing Plaintiffs of their property and livelihood,
- h. The actions undertaken by Defendants to act for and on behalf of Plaintiffs which give rise to a relationship of trust and confidence,
- i. The special obligations of all the parties to their collective employees, who were and have been placed in jeopardy, and suffered unduly and unnecessarily, due to the unlawful, deceitful, fraudulent, unethical and immoral behaviors of the Defendants.
- j. The Defendants' willful blinding of themselves to the fact that they, individually and collectively, had individual, contractual and professional fiduciary duties and responsibilities to the Plaintiffs

231. Defendants violated their legal, contractual and ethical obligations of undivided and collective loyalty as well as their fiduciary duties to Plaintiffs.

232. The Defendants by, between and among themselves, knowingly and actively participated in, assisted in and encouraged, both actively and passively, the breach of fiduciary duties each owed to Plaintiffs.

233. As a direct and proximate result of the Defendants' breaches of their fiduciary duties owed to Plaintiffs as identified herein, the Plaintiffs are entitled to an award of actual and compensatory damages, including but not limited to:

- a. the economic position Plaintiff's expected from performance of the Defendant's promises,
- b. damages designed to restore the Plaintiff's to the economic position they enjoyed at the time the contracts were entered into, and
- c. general damages, including but limited to the difference between the value of the long-term contracts with the hospital and the Plaintiffs before and after the events of April 4, 2008.

234. Plaintiff's demand damages against the Defendants in an amount to be determined by a jury as well as an award of punitive damages to the fullest extent provided by law.

FOR A SIXTH CAUSE OF ACTION

**(AIDING AND ABETTING IN BREACHES OF FIDUCIARY DUTIES)
[ALL PLAINTIFFS AGAINST ALL DEFENDANTS]**

235. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

236. The Defendant attorneys have and continue to represent the interests of the Lower Florence County Hospital District d/b/a Lake City Community Hospital, Mims, Watkins, Lamb, Moon and Atkinson, O'Brien, and others as stated more fully hereinabove,

237. The attorney Defendants, each of them and all of them, legally represented, and aided and abetted the breach of the fiduciary duties of Lower Florence County Hospital District d/b/a Lake City Community Hospital, Mims, Watkins, Lamb, Moon and Atkinson, O'Brien, and others as stated more fully herein against the interests of Plaintiffs.

238. The attorney Defendants continue to knowingly, actively and intentionally aid and abet the breach of the fiduciary duties owed to Plaintiffs by the Lower Florence County Hospital District d/b/a Lake City Community Hospital, Mims, Watkins, Lamb, Moon and Atkinson, O'Brien, and others as stated more fully herein against the interests of Plaintiffs. The Defendant attorneys' ethical responsibilities and the breaches thereof, as stated hereinabove, are incorporated herein by reference.

239. All Defendants, knowingly, actively, passively, intentionally aided and abetted the breach of the fiduciary duties owed to Plaintiffs by the Lower Florence County Hospital District d/b/a Lake City Community Hospital, Mims, Watkins, Lamb, Moon and Atkinson, O'Brien, and others as stated more fully herein against the interests of Plaintiffs.

Alternatively, the Defendants willfully blinded themselves to the fact that they, individually and collectively, had individual, contractual and professional fiduciary duties and responsibilities to the Plaintiffs.

240. As a direct and proximate result of the Defendants aiding and abetting of the breach of the contracts as identified herein.

241. Plaintiffs demand against the Defendants in an amount to be determined by a jury as well as an award of punitive damages to the fullest extent provided by law.

FOR A SEVENTH CAUSE OF ACTION

**(AIDING AND ABETTING IN BREACHES OF CONTRACTS AND LEASES)
[ALL PLAINTIFFS AGAINST ALL DEFENDANTS]**

242. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

243. The Plaintiffs had contractual relationships with others, including but not limited to the Lower Florence County Hospital District d/b/a Lake City Community Hospital, Mims, Watkins, Lamb, Moon and Atkinson, O'Brien, and others as stated more fully herein.

244. The Defendants, by and between themselves, one to the other, all jointly and severally, aided and abetted the breach of the contracts of Lower Florence County Hospital District d/b/a Lake City Community Hospital, Mims, Watkins, Lamb, Moon and Atkinson, O'Brien, and others as stated more fully herein against the interests of Plaintiffs.

Alternatively, the Defendants willfully blinded themselves to the fact that they individually, and collectively, aided and abetted the breach of the contracts between Plaintiffs and Lower Florence County Hospital District d/b/a Lake City Community Hospital, Mims, Watkins, Lamb, Moon and Atkinson, O'Brien, and others as stated more fully herein against the interests of Plaintiffs.

245. The Defendant attorneys' ethical responsibilities and the breaches thereof, as stated hereinabove, are incorporated herein by reference.

246. As a direct and proximate, the Defendants caused the Plaintiffs substantial damage.

247. Plaintiffs demand damages against the Defendants in an amount to be determined by a jury as well as an award of punitive damages to the fullest extent provided by law.

FOR AN EIGHTH CAUSE OF ACTION

(INTERFERENCE WITH CONTRACTUAL RELATIONS)
[ALL PLAINTIFFS ASSERTING AGAINST ALL DEFENDANTS]

248. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

249. The Defendants knew that Plaintiff had the contractual relationships as detailed herein.

250. The Defendants, by their knowingly false statements, deliberately deceitful and reckless behavior, deliberate indifference and/or willfully blind to their legal and ethical obligations to Plaintiff as well the other factors detailed herein intentionally and knowingly procured the breach of the aforementioned contracts,

251. The Defendant attorneys' ethical responsibilities and the breaches thereof, as stated hereinabove, are incorporated herein by reference.

252. There was no justification for the decedent's unlawful and unethical behaviors,

253. The Defendants' conduct as stated herein was the direct and proximate cause of the Plaintiff's damages in an amount to be determined by a jury.

254. As a result of the foregoing, Plaintiffs are entitled to their actual damages as well as an award of punitive damages.

FOR A NINTH CAUSE OF ACTION

**(FRAUD AND MISREPRESENTATION)
[ALL PLAINTIFFS AGAINST ALL DEFENDANTS]**

255. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

256. The Defendants made false misrepresentation to Plaintiffs as more fully stated hereinabove.

257. The Defendant attorneys' ethical responsibilities and the breaches thereof, as stated hereinabove, are incorporated herein by reference.

258. The Defendants made the foregoing false misrepresentations with actual knowledge of their falsity and/or with reckless disregard of the truth or falsity of the matters,

259. The Defendants intended that the Plaintiffs act upon the falsity of their misrepresentations,

260. The Plaintiffs had no knowledge of the falsity of the misrepresentations made by Defendants,

261. The Plaintiffs relied upon, and had a right to rely upon, the truthfulness of the representations made by Defendants, and

262. The Plaintiffs suffered actual and proximate injury as a direct result of the false representations made by Defendants.

263. The Defendants conduct as stated herein was the direct and proximate cause of the Plaintiff's damages, which are more fully set forth hereinafter.

264. Plaintiffs demand damages against the Defendants in an amount to be determined by a jury as well as an award of punitive damages to the fullest extent provided by law.

FOR A TENTH CAUSE OF ACTION

**(LEGAL MALPRACTICE ON BEHALF OF PLAINTIFFS HTR, TONY R. MEGNA,
JOSIAH S. MATTHEWS, M.D., ALEXANDER H. COHEN, M.D. AGAINST
DEFENDANTS NETTLES, LAW FIRM OF NETTLES TURBEVILLE AND
REDDICK, ITS' PARTNERS, ASSOCIATES AND EMPLOYEES)**

265. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

266. An attorney-client relationship existed between Plaintiffs and Defendants, and the Defendants were in privity with the Plaintiffs.

267. Fiduciary relationships existed between Plaintiffs and the Defendant attorneys, and the Defendant attorneys owed Plaintiffs duties as further noted herein and include but are not limited to the following:

- a. Representing the interests of the Plaintiffs ethically, zealously and within the bounds of the law.
- b. Communicating timely, effectively, and honestly, and to make disclosures to the Plaintiffs necessary to avoid misleading the Plaintiffs and others,
- c. Duties of loyalty including but not limited to putting the interests of Plaintiff's ahead of others, and the duty to provide representation within the standard of care of, including but not limited to the following:
 1. legally representing others whose interests are adverse to Plaintiffs,
 2. failing to obtain the written, informed consent of the parties as required by Rule 3.7(b),

3. deceiving the Plaintiffs by conducting themselves in a manner intended to deceive the Plaintiffs,
4. deceiving the Plaintiffs by conducting themselves in a manner had the actual effect of deceiving the Plaintiffs,
5. working with and/or representing others in a manner that was knowingly designed to harm the Plaintiffs,
6. working with and/or representing others in a manner that was willfully blind to the harms that would be suffered by Plaintiffs,
7. working with and/or representing others in a manner that was deliberately indifferent to the harms that would be suffered by Plaintiffs,
8. filing lawsuits against Plaintiffs,
9. making *ex parte* contacts with the circuit courts [Judge Russo] for the purpose of harming the Plaintiffs,
10. conspiring with legislators and others without the Plaintiff's knowledge and consent to enact legislation adverse to the interests of Plaintiffs,
11. meeting surreptitiously with business partners and associates of Plaintiffs:
 - i. to bring suit against Plaintiffs,
 - ii. to assist and encourage breaches fiduciary duties owing to Plaintiffs,
 - iii. to assist and encourage civil conspiracies against Plaintiffs,

- iv. to assist and encourage breaches of contract against
Plaintiffs,

268. The Defendants violated the Rules of Professional Conduct that establish standards of conduct by lawyers. The Defendants violations of the rules of conduct are evidence of their breach of the applicable standard of conduct, such breaches of the applicable standard of conduct including but not being limited to the following:

- a. Rule 3.3(d) -- "Ex parte communications: Lawyer shall inform the tribunal of all present material facts whether adverse to the lawyer or not." Comment 14 to Rule 3.3 states:

Ordinarily an advocate has the limited responsibility of presenting one side of the matters that a tribunal should consider in reaching a decision; the conflicting position is expected to be presented by the opposing party. However, in any *ex parte* proceeding, such as an application for a temporary restraining order, there is no balance of presentation by opposing advocates. The object of an *ex parte* proceeding is nevertheless to yield a substantially just result. The judge has an affirmative responsibility to accord the absent party just consideration. The lawyer for the represented party has the correlative duty to make disclosures of material facts known to the lawyer and that the lawyer reasonably believes are necessary to an informed decision.

- b. Based on the heightened duties of an attorney seeking an *ex parte* TRO under Rule 3.3(d), the behaviors of Defendants involved in these matters were not only a perversion of justice but debased the very integrity of the judicial system itself. In addition, the *ex parte* TRO issued in this case, by its own terms [Plaintiffs believe the *ex parte* TRO was drafted by Defendants and others], plainly and completely and, as a practical matter, for all times suspended and ended the operations of Plaintiff's business operations,
- c. Rule 3.3(a)(3) of the Rules of Professional Conduct, Rule 407, SCACR, requires lawyers to disclose to the tribunal "legal authority in the controlling jurisdiction known to the lawyer to be directly adverse to the position of the client and not disclosed by opposing counsel . . ." As the comment to this section notes, "[a] lawyer is not required to make a disinterested exposition of the law, but must recognize the existence of pertinent legal authorities." If not outright fraud on the court, the

conduct of the Defendants, at the very least, was and remains disingenuous.

- d. Rules 8.4 (a), (e) and (g) required the Defendant attorneys to provide the Court at the time it considered the *ex parte* contacts and order at least the following:
 - i. That Defendant Nettles [and Jones and the McNair Law Firm as his agents] was concurrently representing Plaintiffs. [Mr. Megna, Josiah Matthews, and Cohen are the sole owners of HTR Management, LLC and 50% owners of MCHG] in regard to the Kingstree real estate transactions which began in November, 2007 and were not concluded until April 4, 2008 – the very same day Defendant Nettles and Ms. Jones obtained the *ex parte* TRO,
 - ii. That Defendants should have adhered to their ethical responsibilities to the owners of MCHG and not represented interests adverse to Plaintiffs,
 - iii. That Defendants continued to use confidential information they knew or should have known was a breach of fiduciary duty by the Defendants against the Plaintiffs.
 - iv. That the Defendants were (a) deliberately misleading the Court, (b) deliberately or negligently failing to provide the Court with all the facts required in the context of an *ex parte* communication required by Rule 3.3, (c) betraying their duties of loyalties owed to Plaintiffs in regard to both Rule 3.3 and their individual and collective duties to Plaintiffs as clients in related issues to the matters in which they were concurrently representing Plaintiffs, or (d) all of the foregoing.

- v. That the knowledge of one attorney Defendant should be imputed to all attorney Defendants pursuant to Rule 1.10. Comment 2 to Rule 1.3 states: “The rule of imputed disqualification stated in paragraph (a) gives effect to the principle of loyalty to the client as it applies to lawyers who practice in a law firm. Such situations can be considered from the premise that a firm of lawyers is essentially one lawyer for purposes of the rules governing loyalty to the client, or from the premise that each lawyer is vicariously bound by the obligation of loyalty owed by each lawyer with whom the lawyer is associated...”
- vi. That knowledge should be imputed to all attorney Defendants due to the continuing pattern on their part to perpetuate providing false and/or misleading information to the court in violation of Rule of Professional Conduct 3.3, and in particular, Rule 3.3(a)(3) of the Rules of Professional Conduct, Rule 407, SCACR, If not outright fraud on the court, the conduct of the Defendants, at the very least, was and remains disingenuous.
- vii. That Defendants were assisting in conduct that they knew or willfully blinded themselves to the fact that the conduct:
1. Was fraudulent -- Rule 1.2(d); made false statements of material facts to third parties and failed to disclose material facts to avoid assisting a fraudulent act by the Plaintiffs –
 2. Violated Rule 4.1;

3. Used means to achieve their ends that had no purpose but to embarrass, delay, or burden third parties - Rule 4.4.
4. Used tactics and participated in decisions that not only left Plaintiffs "in the dark" but were purposely and intentionally deceitful. The comment to Rule 1 states that "obtaining informed consent will usually require an affirmative response by the client or other person," and "in general, a lawyer may not assume consent from a client's or other person's silence," although "consent may be inferred from the conduct of a client . . . who has reasonably adequate information about the matter."
5. Plaintiffs had no information or means as to ascertaining the Defendants' actions, nor defending against them. Rule 8.4(d) (it is professional misconduct for a lawyer to engage in conduct involving dishonesty, fraud, deceit or misrepresentation); and Rule 8.4(e) (it is professional misconduct for a lawyer to engage in conduct that is prejudicial to the administration of justice); Rule 7(a)(1) (it shall be grounds for discipline for lawyer to violate Rules of Professional Conduct); Rule 7(a)(5) (it shall be grounds for discipline for lawyer to engage in conduct tending to pollute the administration of justice or to bring the courts or the legal profession into disrepute or conduct demonstrating an unfitness to practice law), and
6. polluted the administration of justice.

- viii. That Defendant attorneys made allegations in the lawsuits filed against HTR, Mr. Megna, Josiah Matthews, Benjamin Matthews and Cohen [and the request for the *ex parte* TRO] that MCHG was unlawfully operating medical clinics outside of the geographic boundaries of the District while, simultaneously, Nettles:
1. was representing Plaintiffs, at his request, behest, and recommendation in obtaining property outside of the geographic boundaries of the District to do the same thing of which they were complaining, i.e., to operate a medical clinic outside of the geographic boundaries of the District.
 2. had previously advised all parties that the Hospital could operate outside the District parameters but could not exercise its taxing authority outside of the District parameters.
- ix. That the District Board, just eight (8) weeks earlier on January 31, 2008, had approved a revised agreement for MCHG to continue in its role of operating the Lake City Community Hospital.
- x. That the arbitration provisions of the January 31, 2008 agreement had been ignored by the Defendants, and
- xi. That the Defendants not only failed to make any attempt to resolve the issues of which they were complaining, they actually took wide-ranging actions, in concert and conspiracy with others, to complete their actions in secret, all in violation of their ethical and fiduciary duties to Plaintiffs.

269. As a result of the attorney-client relationships between Plaintiffs and Defendant attorneys, the Defendant attorneys, directly and by imputation, and as a result of the agency status among and between them, owed a duty of care, skill and ethical proficiency to the Plaintiffs which they negligently, willfully, and/or deliberately breached.

270. Attorneys exercising the knowledge, skill and ability ordinarily possessed and exercised by members of the legal profession in similar circumstances would not have acted against the interests of the Plaintiffs as the Defendants did in this situation.

271. The Defendant attorneys, as detailed hereinabove:

- a. negligently failed to inform the Plaintiffs of the facts of their involvement.
- b. intentionally and deliberately failed to inform the Plaintiffs of the facts of their involvement.
- c. were deliberately indifferent to their legal and ethical obligations to the Plaintiffs.
- d. acted in bad faith in all actions taken against Plaintiffs,
- e. conspired with third-parties who were in a fiduciary relationship with Plaintiffs to harm Plaintiffs, and did, in fact, harm Plaintiffs,
- f. acted in a willful, wanton, and malicious manner,
- g. violated numerous Rules of Professional Conduct governing their professional behaviors which evidence their breach of the applicable standards of conduct,
- h. willfully blinded themselves to the fact that they, individually and collectively, had professional duties and responsibilities to the Plaintiffs based on attorney-client relationships between Plaintiffs and Defendant attorneys.

272. As a direct and proximate result of the negligence, intentional acts and omissions, deliberate indifference, conspiracy to deceive Plaintiffs, deliberate concealment of the truth from Plaintiffs and other breaches of the standards of care owed Plaintiff by, among and between the Defendants, the Plaintiffs have suffered and continue to suffer considerable damage.

273. Plaintiffs demand damages against the Defendants in an amount to be determined by a jury as well as an award of punitive damages to the fullest extent provided by law.

FOR AN ELEVENTH CAUSE OF ACTION

**(CIVIL CONSPIRACY)
[ALL PLAINTIFFS AGAINST ALL DEFENDANTS]**

274. To the extent allegations contained in the preceding paragraphs are not inconsistent with the cause of action stated below, such allegations are incorporated by reference as if fully set forth herein.

275. The Defendants, all of them by, among and between themselves, conspired between and among themselves, both passively and actively, for the purpose of injuring the Plaintiffs and causing the Plaintiffs special damages.

276. The gravamen of the Plaintiff's cause of action against all Defendants as to their action for civil conspiracy is the damage resulting to the Plaintiff from the overt acts done pursuant to the combination of the Defendants as opposed to the any particular agreement or combination per se.

277. The additional facts in furtherance of the conspiracy between and among the Defendants, who each and all had personal stakes in the outcome of the conspiracy, all failing to speak when they had a duty to do so and/or their willful blindness and deliberate

indifference to the truth, thus misleading the Plaintiffs, such behaviors of the Defendants being outside of any public forum, include but are not limited to:

- a. That Defendant Nettles and Ms. Jones, as officers of the Court, not only condoned the matters Plaintiffs are complaining of in regard to the surreptitious *ex parte* meeting but actively conspired against the Plaintiffs and other hospital employees located in the Darlington, Olanta and Columbia offices to affirmatively or passively mislead the Court in relying on information that they knew to be untruthful, misleading, deceitful, and fraudulent.
- b. That Defendant Nettles, his partners and associates was actively representing Plaintiffs in regard to the Kingstree real estate transactions while drafting legislation with Ms. Jones to amend the operating statute of the District that was subsequently enacted into law in May, 2008. Plaintiffs are informed and believe Nettles and Jones were attempting to insure the existing Johnsonville rural medical clinic was in the geographic boundaries of the District while insuring the Darlington medical office location was not.
- c. The primary causes of action asserted in the lawsuit Jones and Nettles filed against Plaintiffs along with the request for the *ex parte* TRO alleged the medical offices located in Darlington and Olanta were being operated unlawfully because they were located outside the geographic boundaries of the District. Obviously, Judge Russo used the information in the lawsuit in evaluating the efficacy of the request for the *ex parte* TRO. However, as soon as the *ex parte* TRO was signed by Judge Russo, and after these amendments

to the District operating charter were approved by the state legislature in May, 2008, Ms. Jones and Defendant Nettles represented to the Court [Judge Russo at a subsequent hearing] that the Hospital could continue to operate and bill [and, in fact, the hospital did continue to operate and bill] for the medical services provided in the Darlington medical clinic. The issues do not revolve about what offices were or were not within the physical boundaries of the District, but the reasons Nettles, Jones and others went to such lengths to get the legislation drafted and passed at the very same time period Defendant Nettles and his law firm was representing Plaintiffs via HTR Management, LLC in regard to the Kingstree real estate transactions.

- d. That Nettles, Jones and the individual Defendants knew or had reason to know they purposely omitted Plaintiffs from this process or were deliberately indifferent to or willfully blind to the matters, failed to take into account how their actions affected the operations as a whole, used this premise as the primary reason for the need for an *ex parte* TRO, failed to inform Judge Russo of all of the facts involved – and then took the opposite position in subsequent proceedings before Judge Russo.
- e. That when Judge Russo returned to hear the matter [ten days after the *ex parte* order had been entered], his first action was to disqualify himself and tell the parties if they failed to come to some type of agreement, they would have to wait until a new judge was assigned to hear the matters. The District had, by this time, changed the bank account authorizations, removed key MCHG employees [including the Mr. Megna, the CEO and the General Counsel] from

the business operations of MCHG, physically cut-off communications with the Darlington, Olanta and Columbia operations, informed payers that MCHG was no longer operating the hospital, prohibited other employees from interacting with MCHG officials, and, in effect, shut-down the business operations of MCHG. As a practical matter, it was too late to restart the business operations of MCHG that the *ex parte* TRO had halted.

- f. That the foregoing evidences Nettles and Jones conspired to take, actually took and continued to take, actions that were purposely designed to provide the court with less than the information required under Rule 407, Rules 1.17 and Rule 407, Rule 3.3, to deliberately deceive the court, and to violate their fiduciary duties to Plaintiffs because of (a) the heightened legal responsibilities of Rule 3.3 and (b) the attorney-client relationship Plaintiffs had with the Nettles Law Firm. In any and all events, Defendants Nettles and Jones knowingly failed to provide information to the court and the Plaintiffs as detailed hereinabove in violation of their ethical responsibilities and the breaches thereof, as stated hereinabove that are incorporated herein by reference.
- g. That the foregoing were compounded by the secret and extraordinarily extreme lengths Jones, Nettles, their law firms, and the Defendants undertook to keep Plaintiffs 'in the dark' to deny them their rights to due process and equal protection of the law, and to have the court exercise its *ex parte* judicial authority in a manner opposite the intent of the law, and in violation of all ethical and constitutional safeguards against such matters as noted herein.

- h. That the special meeting conducted by the Defendants and others on April 4, 2008 in which they announced to all other employees of hospital and members of the community that they had disposed the Plaintiffs of their legal and equitable rights under the contracts and other obligations of the parties, was in furtherance of the conspiracy,
- i. That the escorting of Plaintiffs off of the hospital property under threat of arrest in Lake City to which Plaintiffs had contractual, legal and equitable rights, was in furtherance of the conspiracy,
- j. That the breaking off of all communications with the hospital's medical clinics located in Darlington, SC and Olanta, SC, irreparably damaged the business, endangered patients and was in furtherance of the conspiracy,
- k. That the breaking off of all computer communications with the hospital's medical clinics located in Darlington, SC and Olanta, SC endangered the well-being of the patients of the hospital, and
- l. That all other actions, both passive and active, which caused great and significant damage to Plaintiffs.

278. As a result of the foregoing, Plaintiffs are entitled to special damages, including but not limited to damages not otherwise recoverable by any other cause of action asserted by Plaintiffs against the Defendants, and an award of punitive damages as determined by a jury.

279. The special damages requested by the Plaintiffs are those damages which go beyond the damages alleged and requested in the Plaintiffs other causes of action, and are those elements of damage to the Plaintiffs that are the natural but not the necessary or usual consequence of behaviors such as evidenced herein by Defendants.

280. The special damages of Plaintiffs include but are not limited to:
- a. Amounts the Plaintiffs have spent attempting to mitigate the problems created by the Defendants,
 - b. Lost profits that have resulted from the difference in funds due for the medical care provided by Plaintiffs medical clinics from the loss of the cost-based reimbursement resulting from association from the hospital,
 - c. Accounting and legal fees in defending against the actions and behaviors of the Defendants,
 - d. Loss in value of the health, life and other insurance that was being provided by association with the hospital that was not available to Plaintiffs after April 4, 2008,
 - e. The value of the equipment the Plaintiffs had purchased and used for the benefit of the joint association between and among the parties but that was excess equipment after the events of April 4, 2008 that were initiated by Defendants,
 - f. Loss in value of the retirement funding mechanisms available to Plaintiffs that were not available after April 4, 2008,
 - g. The continuing costs for the private communication lines as well as other forms of communication that were cut-off by Defendants on April 4, 2008,
 - h. the loss in value of the of the bone densitometry machine that was located at the hospital in Lake City,
 - i. the loss in value of the automobile [plus gasoline and other related expenses associated with its use] that was used by Defendant Watkins during the times

he was acting in concert with the Defendants in their unlawful acts and omissions as more fully stated herein,

- j. the loss in value of the mobile telephone that was used by Defendant Watkins during the times he was acting in concert with the Defendants in their unlawful acts and omissions as more fully stated herein,
- k. the loss in value of the physical facilities that was used by Defendant Watkins during the times he was acting in concert with the Defendants in their unlawful acts and omissions as more fully stated herein,
- l. The diminution in the value of the leases for the remainder of the life of the medical clinics located in both Darlington and Olanta,
- m. The diminution in the value of the Olanta and Darlington medical practices,
- n. The value of the additional loans Plaintiffs had to obtain in order to maintain their medical practices in Olanta and Darlington,
- o. The loss of employees from, and the loss of ability to serve patients in, the medical practices in Darlington and Olanta that led to a decrease in patient practice revenue,
- p. The deferred maintenance on the real and personal property of all Plaintiffs that occurred as result of the loss of income,
- q. The decreased income of the Plaintiffs that occurred from the downsizing that had to occur to maintain the medical practices in Darlington and Olanta,
- r. The loans made by Plaintiffs Cohen, Mr. Megna and Josiah Matthews to the medical practices in Darlington and Olanta to maintain the practices as on-going business concerns,

- s. The costs of collection to obtain the recovery of the loans made by Mary C. Megna to MCHG d/b/a Lake City Community Hospital in the amount of \$100,000.00, plus the lost interest thereon that has not been recovered by her,
- t. The costs and loss of income associated with lost business relationships,
- u. The costs and loss of income associated with defending against the lawsuits brought by Defendants Lower Florence District, Mims, Moon, Lamb, and Atkinson,
- v. The additional costs of sending employees to the hospital property after April 4, 2008 in order to maintain the billing of the services rendered at the Darlington and Olanta medical centers,
- w. The additional costs incurred in paying vendors for balances accrued for the operations of Lake City Community Hospital, which fell upon PDHC to pay including *but not limited* to the following:
 - 1. McKesson (Diabetic Supplies),
 - 2. PRN Health Care Solutions (contract nursing services in Olanta office),
 - 3. EME (Echo supplies),
 - 4. Pentax (surgical supplies and repairs),
 - 5. Dr. Zen (diabetic shoes),
 - 6. Macke Water Systems (water coolers in patient areas-particularly the Nuclear dept),
 - 7. GMI (annual nuclear service contract renewal-essential to keeping the machine operating and in good condition),

8. Seimans (annual fee for water system required for the lab),
9. Interfaceware (contracted services to interface Meditech system with Data Base),
10. repairs for endoscopy scopes that caused a loss of revenue to Plaintiffs,
11. Medication from the LCCH pharmacy (ex. tetanus and Flour I Strip) for the clinic to be able to have for patient care,
12. Severe limiting of medical and clerical supplies for Columbia, Darlington and Otlanta offices resulting in reduced availability for patient use and increased expense for staff not being able to properly comply with job responsibilities,
13. Unable to obtain repairs to water dispenser in patient area and we could not get help because account is past due,
14. Purchasing not able to access Ameritech to get POs [purchase orders] for printers and other necessary repair, and.
15. Healthport unpaid invoices, and
16. Beckman Coulter unpaid invoices, and other vendors, that LCCH refused to pay.
17. The pharmacist bonuses which were part of their compensation package which the CEO of the hospital after April 4, 2008 [Bowman] refused to authorize payment.
18. The loss of time, productivity as well as the additional times and efforts surrounding such matters Employees of Darlington,

Columbia and Olanta offices not able to clock in or check their time in the Koronos time system since the MPLS was disconnected,

- x. Not getting EOB's [insurance explanation of benefits] on a daily basis leading to loss of ability to post the EOB payments in the billing systems which prevented filing of secondary insurance claims which diminished income.
- y. The loss of the value of the private medical practices located in Darlington and Olanta,
- z. Any and all additional special costs not specifically noted herein but that are the natural result of the unlawful, unethical, improper, disloyal, and conspiratorial behaviors of the Defendants,
- aa. The loss to Mary C. Megna of \$100,000.00 (plus accrued interest and costs of collection) she loaned to the hospital in 2007 on the reliance of the validity and enforceability of the contracts between Plaintiffs and Defendants.
- bb. The losses incurred by the purposeful decisions of the Lake City physicians, and their co-conspirators as noted hereinabove, by their purposeful failure to admit patients needing such hospitalization to LCCH in the weeks prior to April 3, 2008,
- cc. The illicit financial gains obtained by the Defendants due to the purposeful decisions of the Lake City physicians, and their co-conspirators as noted hereinabove. [This element of special damages is requested by the Plaintiffs for the purpose of requesting this Court to require an accounting and reimbursement to Medicare, Medicaid, commercial insurance companies, and

patients who were admitted to the hospital unnecessarily and with no legitimate medical reason beginning April 3, 2008, and thereafter].

281. It is the intention of the Plaintiffs that this cause of action for civil conspiracy include only special damages that are otherwise excluded from the damages obtained by Plaintiffs in the remaining causes of actions as noted herein.

282. The Defendants conduct as stated herein was the direct and proximate cause of the Plaintiff's request for the special damages as noted above, plus an award of punitive damages as determined by a jury.

FOR AN TWELTH CAUSE OF ACTION

(ATTORNEY'S FEES AND COSTS AGAINST HOSPITAL AND THE LOWER FLORENCE COUNTY DISTRICT BOARD)

283. To the extent allegations contained in the foregoing paragraphs are not inconsistent with the cause of action stated below, all such allegations are incorporated by reference as if fully set forth herein.

284. S.C. Code Ann. § 15-77-300 provides in relevant part:

In any civil action brought by the State, any political subdivision of the State or any party who is contesting state action, unless the prevailing party is the State or any political subdivision of the State, the court may allow the prevailing party to recover reasonable attorney's fees to be taxed as court costs against the appropriate agency if:

- (1) The court finds that the agency acted without substantial justification in pressing its claim against the party; and
- (2) The court finds that there are no special circumstances that would make the award of attorney's fees unjust.

303. Plaintiff's are entitled to an award of attorney's fees and costs as the Defendant hospital acted without justification in that it had no reasonable basis in law and fact to initiate, join in, and conspire with the Defendants to violate the contractual, legal, fiduciary,

and professional responsibilities and duties owed by Defendants to Plaintiffs.

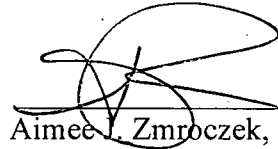
304. There no special circumstances that would make the award of attorney's fees to Plaintiff unjust. The remaining Defendants are equally as culpable based on their implied, actual, ostensible and apparent agency with the hospital.

WHEREFORE, the Plaintiffs respectfully request this Court inquire into these matters:

1. To estop the Defendants, as a matter of law, from making or asserting any defense, justification, or argument to the actions stated herein based on the outrageous, shocking, and unlawful nature of the ethical, legal, and equitable breaches of fiduciary duties owed by Defendants to Plaintiffs:
 - a. Based on their silence, trickery, deceit and disregard of their fiduciary duties,
 - b. Based on their concealment, deliberate indifference and/or willful blindness of material facts and information from making or asserting any defense, justification, or argument to this actions stated herein based on the outrageous, shocking, unlawful nature of the ethical, legal, and equitable breaches of fiduciary duties owed by Defendants to Plaintiffs,
 - c. Based on the application of the doctrine of unclean hands,
 - d. Based on equitable estoppel,
 - e. Based on equitable estoppel by silence, and
 - f. Based on their violation of the professional and ethical rules of conduct of their respective professions.
 - g. Based on agency relationships between and among the Defendants,

2. To provide for an accounting of the conduct of the Defendants prior to and following April 3, 2008 in regard to the fraud and abuse of the Medicare program, the Medicaid program, commercial insurance companies, and patients of the Defendants who were fraudulently and deceitfully deprived of their individual and collective rights to receive medical care due to the inappropriate of the Defendants.
3. To provide the Plaintiffs awards of actual and punitive damages and special damages as noted above, as a determined by a jury, based on the cause of actions as more fully stated hereinabove,
4. To provide the Plaintiffs their attorney's fees and costs, and
5. To provide such further and other relief as this Court deems just and proper.

Respectfully Submitted,
A.J.Z. Law Firm, LLC



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