

Sealed

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

FILED BY WMO D.C.  
JUL 29 2021  
ANGELA E. NOBLE  
CLERK U.S. DIST. CT.  
S. D. OF FLA. - MIAMI

THE UNITED STATES OF AMERICA  
*ex rel.* JOHN DOE,

Plaintiff-Relator,

v.

RENNOVA HEALTH, INC.,  
PB LABORATORIES, LLC dba  
COLLECTAWAY, LLC, MEDYTOX  
MEDICAL MARKETING & SALES, INC.,  
SEAMUS LAGAN, ALCIMEDE, INC.,  
TREVOR LANGLEY and MEDIA CAPITAL  
HOLDINGS LLC,

Defendants.

CIVIL ACTION NO.:

**FILED UNDER SEAL  
PURSUANT TO 31 U.S.C.  
§ 3730(b)(2)**

**JURY TRIAL DEMANDED**

**COMPLAINT**

Pursuant to the Federal False Claims Act, 31 U.S.C. § 3729, *et seq.*, Relator John Doe ("Relator"), hereby brings this action against Rennova Health, Inc. ("Rennova"), PB Laboratories, LLC dba Collectaway, LLC, Medytox Medical Marketing & Sales, Inc., Seamus Lagan, Alcimedede, Inc., Trevor Langley and Media Capital Holdings LLC, ("Defendants"). As grounds for this Complaint, Relator states as follows: Rennova fraudulently obtained more than \$9,000,000 in HHS Covid provider relief funds and used those funds to pay ineligible expenses and transfer funds to ineligible recipients.

1. Since 2017, Rennova has sought to transform itself from a provider of healthcare diagnostics and software into a company that invests in hospitals. In the past

four years, Rennova acquired three hospitals which received HHS provider relief funds. Rennova itself was not eligible for these provider relief funds because it is not, and never has been, a healthcare provider.

2. Between April 10, 2020 and July 15, 2020, HHS granted the three hospitals provider relief funds totaling \$12,289,486.27. Rennova CEO, Seamus Lagan, initially transferred all of the HHS funds into Rennova's general corporate account. Lagan made these transfers even though HHS relief payments are to be spent only *"to prevent, prepare for, and respond to coronavirus, and that the payment"* and payments must *"reimburse the applicant only for health care related expenses or lost revenues that are attributable to the virus."*

3. Instead, Rennova unlawfully used the HHS money for its own purposes. In total, between April, 2020 and July, 2020, \$9,457,191.37 was used to pay CEO Lagan's executive compensation, as well as Rennova's general, non-Covid-related corporate expenses and debts.

## I. PARTIES

4. John Doe ("Relator") is an individual possessing certain information concerning HHS Provider Relief Funds and Payment Protection Loans.

5. Rennova Health, Inc. ("Rennova") is a Delaware publicly traded corporation (RNVA) with headquarters in West Palm Beach, Florida.

6. PB Laboratories, LLC dba Collectaway, LLC is a Florida Limited Liability company with a principal address of 400 South Australian Avenue, 8th floor, West Palm Beach Florida.

7. Medytox Medical Marketing & Sales, Inc. is a Florida for profit corporation with a principal address of 931 Village Blvd. 905-196, West Palm Beach, Florida 33409.

8. Alcimed, Inc. is a Delaware corporation with file number 4479543 and no registered address. The corporation is owned by Defendant Seamus Lagan.

9. Seamus Lagan is a private individual who, on information and belief resides in the Republic of Ireland and is the owner of Alcimed, Inc.

10. Media Capital Holdings LLC is a Wyoming Limited Liability Company with a principal address of 1000 N Green Valley Pkwy. #440-420, Henderson, NV 89074.

11. Trevor Langley is a private individual and Rennova board member who, on information and belief, resides in the state of Nevada and is the owner of Defendant Medial Capital Holdings LLC.

## II. JURISDICTION AND VENUE

12. Pursuant to 28 U.S.C. § 1331, this Court has original jurisdiction over the subject matter of this civil action because it arises under the laws of the United States, in particular the False Claims Act, 31 U.S.C. § 3729, *et seq.* ("FCA"). In addition, the FCA specifically confers jurisdiction upon this Court pursuant to 31 U.S.C. § 3732(b).

13. This Court has personal jurisdiction over Defendants pursuant to 31 U.S.C. § 3732(a) because the FCA authorizes nationwide service of process and Defendants have sufficient minimum contacts with the United States of America.

14. Venue is proper in this Court pursuant to 31 U.S.C. § 3732(a) because Defendants reside in and/or transact business in this judicial district.

15. With the exception of the fact that Jamestown Medical Center was closed at the time it received HHS provider relief funds, Relator is unaware of any public disclosure of the information or allegations that are the basis of this Complaint. In the event that there has been a public disclosure, Relator is the original source of the information and allegations contained in this Complaint. Prior to the filing of this action, Relator voluntarily provided information to the United States Government regarding the false claims that are the subject of this action. Relator sent notice to the United States of the false claims alleged in this Complaint on July 15, 2012.

16. Relator alleges that Defendants' unlawful acts, as described below were, at all times, material to the United States' decision to pay HHS PRF to Defendants.

### **III. THE FALSE CLAIMS ACT**

17. Since 2006, the Medicare program has purchased prescription drugs for those persons eligible for Medicare. The False Claims Act, 31 U.S.C. § 3729(a)(1)(A), makes "knowingly" presenting or causing to be presented to the United States any false or fraudulent claim for payment or approval a violation of federal law for which the United States may recover three times the amount of the damages the government

sustains and a civil monetary penalty of between \$11,665 and \$23,331 per claim. *See* Civil Monetary Penalties Inflation Adjustment, 85 Fed. Reg. 37004 (Jun. 19, 2020).

18. The False Claims Act makes “knowingly” making, using, or causing to be used or made, a false record or statement material to a false or fraudulent claim, a violation of federal law for which the United States may recover three times the amount of the damages the Government sustains and a civil monetary penalty of between \$11,665 and \$23,331 per claim.

19. The False Claims Act makes any person who conspires to commit a violation of the FCA liable for three times the amount of the damages the Government sustains and a civil monetary penalty of between \$11,665 and \$23,331 per claim.

20. The False Claims Act defines a “claim” to include any request or demand, whether under a contract or otherwise, for money or property which is made to a contractor, grantee, or other recipient if the United States Government provides any portion of the money or property which is requested or demanded, or if the Government will reimburse such contractor, grantee, or other recipient. Any claim submitted by a Medicare or a Medicaid provider for a payment constitutes a claim under the False Claims Act. Any claim submitted by a provider for payment by a federal insurance plan, such as Tricare, is also a “claim” for purposes of the False Claims Act.

21. In 2009, the scope of the FCA was widened to included statements made to private nongovernmental entities in connection with a request for funds to which the United States has no title and which are not expended on the Government’s behalf may

nevertheless implicate FCA liability if the funds were meant to advance a federal program or interest. Under the amended statutory language, a “claim” now includes:

**any request or demand, whether under a contract or otherwise, for money or property which and whether or not the United States has title to the money or property that – (i) is presented to an officer, employee, or agent of the United States; or (ii) is made to a contractor, grantee, or other recipient, if the money or property is to be spent or used on the Government’s behalf or to advance a Government program or interest, and if the United States Government – (I) provides or has provided any portion of the money or property which is requested, or demanded,; or if the Government (II) will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or demanded; and (B) does not include requests or demands for money or property that the Government has paid to an individual as compensation for Federal employment or as an income subsidy with no restrictions on that individual’s use of the money or property.**

Fraud Enforcement and Recovery Act of 2009, Pub. L. No. 111-21, § 4 (May 20, 2009).

#### **IV. 2020 COVID PANDEMIC FINANCIAL RELIEF**

##### *The Coronavirus Aid, Relief and Economic Security (“CARES”) Act*

22. On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (the “CARES” Act), Pub. L. No. 116-136. Pursuant to this legislation, Congress appropriated \$175 billion to pay eligible healthcare providers for healthcare related expenses or lost revenues attributable to the coronavirus. The Department of Health & Human Services (“HHS”) was appointed to administer these funds.

23. Two weeks later, on April 10, 2020, HHS unilaterally distributed the first \$30 billion to providers. Under the Covid provider relief program, recipients who retained those distributions for more than 90 days are deemed to have accepted the terms and conditions of the provider relief program and to have made the following certifications, that: (i) after January 31, 2020, they provided testing, or care, for individuals with possible or actual cases of COVID-19; (ii) they are not currently terminated from participation in Medicare or precluded from receiving payment through Medicare Advantage or Part D; (iii) they are not currently excluded from participation in Medicare, Medicaid or other Federal health care programs; and (iv) they do not currently have Medicare billing privileges revoked.

24. Additional terms and conditions included, amongst other things, that: (i) any non-compliance was material to the decision to distribute such funds; (ii) that non-compliance meant the HHS Secretary could recoup all or some of the funds; (iii) that such funds would only be used to “prevent, prepare for and respond to COVID-19”; (vi) that payment would reimburse the recipient only for healthcare related expenses or lost revenues attributable to the virus; (vii) that the recipient would maintain appropriate records and cost documentation to substantiate these reimbursements; and (viii) that all information provided by the recipient was true, accurate and complete and that any deliberate omission, misrepresentation or falsification was punishable by, inter alia, criminal penalties.<sup>1</sup>

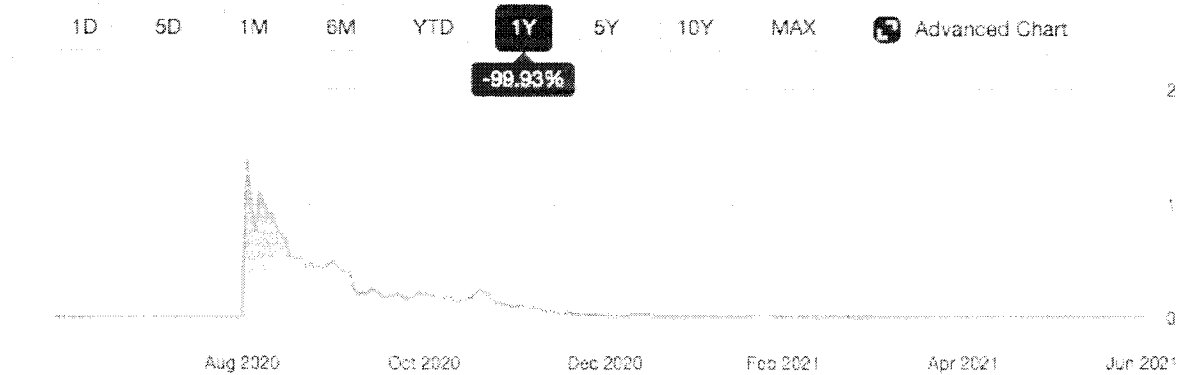
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<sup>1</sup> <https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/general-information/index.html>

## V. FACTUAL ALLEGATIONS

### *Rennova Health, Inc.*

25. Rennova is a moribund, publicly-traded Delaware corporation with headquarters in West Palm Beach Florida. A glance at its stock performance illustrates the market's view of this company:



26. Since 2017, Rennova has sought to transform itself from a provider of healthcare diagnostics and software into an investor in hospitals. In the meantime, it acquired three hospitals:

- Scott County Community Hospital aka Big South Fork Community Hospital (“Scott County Hospital”) purchased on January 17, 2017 for \$1,000,000 from the bankruptcy court;
- Jamestown TN Medical Center in Jamestown TN purchased on June 1, 2018 for approximately \$1.1 million
- Jellico Medical Center (the only hospital in Jellico, Tennessee) purchased for \$658,000 on March 7, 2019; (together the “Facilities”).



*Rennova fraudulently obtained and misused HHS Provider Relief Funds*

27. When Rennova's Facilities received HHS provider relief, Rennova CEO Seamus Lagan immediately misdirected those funds away from the hospitals and used the majority of the funds for ineligible purposes. Lagan knew that because, as a failing medical diagnostic company, Rennova itself was not eligible for HHS Covid provider relief.

28. Between April 10, 2020 and July 15, 2020, HHS granted relief to the following Rennova facilities:

- Scott County Community Hospital, Inc. \$3,471,770.93;
- Jamestown TN Medical Center, Inc. \$121,721.59;<sup>2</sup> and
- Jellico Medical Center, Inc. \$8,695,789.86.

This sum total of \$12,289,486.27 was diverted into a bank account owned and controlled by Rennova (the "PB Labs account"). Between April and July of 2020, \$9,457,191.37 was then unlawfully used to pay Rennova's corporate payroll and expenses, salary payments to Defendant Lagan (via his corporation Alcimede, Inc.), and transfers to Defendant Trevor Langley's corporation, Media Capital Holdings LLC.

29. Rennova retained these funds for more than 90 days and therefore became subject to the terms and conditions of the program. Rennova breached those terms and conditions when it deprived the Facilities of money which should have been used to "prevent, prepare for, and respond to coronavirus" or to reimburse the hospitals for

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<sup>2</sup> Jamestown Medical Center also included a medical practice known as Mountain View Physician Practice, which received \$203.89 in Covid provider relief funds.

health care related expenses or lost revenues attributable to the virus. Indeed, the effect of this deprivation led to the closure of Jellico Medical Center in March 2021.

## VI. COUNTS

### FIRST CAUSE OF ACTION DEFENDANTS' VIOLATION OF 31 U.S.C. § 3729 (a)(1)(A)

30. Relator repeats and realleges the allegations set forth in Paragraph 1 through Paragraph ### as though set forth herein.

31. As described above, Defendants have knowingly caused the presentation of numerous false or fraudulent claims to the United States through the HHS PRF.

32. At all times, Defendants knew that, if HHS had known of the true purpose of the PRF, to pay for unallowable expenses and unlawful transfers to ineligible recipients, the Department would not have provided such funds.

33. By reason of the above-described actions and the presentment of false or fraudulent claims submitted to HHS, the United States has suffered significant losses in an amount to be determined.

### SECOND CAUSE OF ACTION DEFENDANTS' VIOLATION OF 31 U.S.C. § 3729 (a)(1)(B)

34. Relator repeats and realleges the allegations set forth in Paragraph 1 through Paragraph ### as though set forth herein.

35. As described above, Defendants knowingly have made, used, or caused to be made or used, false records or statements material to false or fraudulent claims submitted to HHS.

36. At all times, Defendants knew that, if HHS had known of the true purpose of the PRF, to pay for unallowable expenses and unlawful transfers to ineligible recipients, the Department would not have provided such funds.

37. By reason of the above-described actions and the use of false records or statements material to false or fraudulent claims submitted to HHS, the United States has suffered significant losses in an amount to be determined.

**THIRD CAUSE OF ACTION**  
**DEFENDANTS' VIOLATION OF 31 U.S.C. § 3729 (a)(1)(C)**

38. Relator repeats and realleges the allegations set forth in Paragraph 1 through Paragraph ### as though set forth herein.

39. As described above, Defendants knowingly conspired to: (a) present, or cause to be presented, false or fraudulent claims to HHS for payment or approval; and (b) make, use, or cause to be made or used, false records or statements material to a false or fraudulent claim to HHS.

40. At all times, Defendants knew that, if HHS had known of the true purpose of the PRF, to pay for unallowable expenses and unlawful transfers to ineligible recipients, the Department would not have provided such funds.

41. By reason of the above-described conspiracy, the United States has suffered significant losses in an amount to be determined.

**CONCLUSION**

**WHEREFORE**, the Relator, on behalf of the United States, hereby prays that this Court:

1. Enter judgment against Defendants holding them liable for three times the amount of damages sustained by the United States because of the acts of Defendants;
2. Enter judgment against Defendants holding them liable for civil penalties of \$23,331 for each violation of the False Claims Act committed by Defendants;
3. Enter judgment against Defendants awarding the Relator a percentage of the proceeds recovered by the United States as a result of this action in accordance with 31 U.S.C. § 3730(d);
4. Enter judgment against Defendants awarding the Relator his costs and reasonable attorneys' fees for prosecuting this action in accordance with 31 U.S.C. § 3730(d); and
5. Enter judgment against Defendants awarding any and all other relief that the Court finds to be just and equitable.

PLAINTIFF-RELATOR DEMANDS A TRIAL BY JURY ON ALL COUNTS

Respectfully submitted,

Dated: July \_\_\_, 2021

  
/s/ Jonathan Kroner, Esq.

FBN 328677

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