

- b. Defendant is a citizen of Tennessee.
 - c. The amount in controversy exceeds, exclusive of interest and costs, Seventy-Five Thousand Dollars (\$75,000.00).
4. Venue is proper in this judicial district, pursuant to 28 U.S.C. § 1391, as Defendant is a citizen of Tennessee, the state in which this judicial district is located, and Defendant resides within this judicial district; and Defendant is subject to personal jurisdiction in this judicial district.

STATEMENT OF FACTS

1. Plaintiff is an experienced and accomplished businessman who has worked in financing and executive management for approximately thirty (30) years. Plaintiff focuses his career on negotiating complex financing deals for companies facing economic hardship for the purpose of revitalizing them and expanding them into economically successful enterprises. Plaintiff has personally invested millions of dollars in businesses in the United States. In the last few years alone, Plaintiff has raised in excess of Fifty Million Dollars (\$50,000,000.00) in capital for various business ventures and projects.
2. Plaintiff became involved with Rennova Health, Inc. (hereinafter “Rennova”) in 2011. Rennova is a publicly traded company in the business of providing diagnostic laboratory services and healthcare technology software to healthcare providers. Plaintiff is currently a minority shareholder holding less than one percent (1%) ownership in Rennova.
3. Beginning in late 2016, Rennova also began acquiring financially struggling hospitals throughout rural Tennessee. Rennova currently owns Big South Fork Medical Center, Inc. (hereinafter “BSFMC”) in Oneida, Tennessee, Jamestown Regional Medical Center, Inc. (hereinafter “JRMC”) in Jamestown, Tennessee, and Jellico Medical Center, Inc.

(hereinafter “JMC”) in Jellico, Tennessee. Rennova also owns a physician practice called Mountain View Physician Practice, Inc. (hereinafter “Mountain View”) in Jamestown, Tennessee, which it acquired as part of the acquisition of JRMC in June 2018.

4. All of Rennova’s hospitals have separate executive management teams and Plaintiff is not directly responsible for the management of the hospitals Rennova owns. At all times relevant to this Verified Complaint, JRMC had a Chief Executive Officer other than Plaintiff, and Plaintiff has never served as the Chief Executive Officer of JRMC at any time. JRMC was already experiencing significant business hardship at the time of Rennova’s acquisition in June 2018.
5. JRMC is in Tennessee House of Representatives District 41 (hereinafter “District 41”), which is represented in the Tennessee General Assembly by Defendant. Upon information and belief, Defendant has represented District 41 in the Tennessee General Assembly since January 1991.
6. In December 2018, JRMC carried out a previously planned transition of billing services pursuant to contractual obligations. During this transition, several technical, administrative, and managerial errors occurring at the facility resulted in a significant and unexpected cash flow deficiency for JRMC. This deficiency at JRMC, in turn, created financial pressure for Rennova and its other hospitals.
7. On June 12, 2019, the Centers for Medicare and Medicaid Services (hereinafter “CMS”) terminated JRMC from participation in the Medicare program. Due to this termination causing a cessation of critical payments from CMS, Rennova had to temporarily close JRMC. Rennova has applied for reinstatement in the Medicare program so JRMC can once again provide medical services and conduct operations within the community. Rennova

fully intends to re-open the facility following successful negotiations with CMS and BSFMC and JMC returning to financial health.

8. On or about June 14, 2019, Defendant began a malicious, intentional, and egregious campaign to harm Plaintiff by defaming him in the news media.
9. Defendant has maliciously defamed and attacked Plaintiff through a series of derogatory and false statements made by Defendant to several news outlets. Defendant's malicious campaign has continued throughout June 2019 and shows no signs of abating.
10. On or about June 19, 2019, following the announcement of JRMC's temporary closure, Defendant made a statement to WATE Channel 6 (hereinafter "WATE"), in which he said:

It's not fair for people who have children in high school and college and have bills to pay for some thief to come into Tennessee and take these people's money and mistreat them . . . Unfortunately, an Irish gangster was allowed to buy the Jamestown Regional Medical Center. Since that time, he has constantly cheated the employees and mismanaged the hospital to such degree that it's no longer viable. He didn't pay federal income tax withholding, he didn't pay unemployment compensation, as he's required to by both federal and state law . . . He's simply a thief and should be prosecuted.

11. A copy of this statement as it appeared on June 19, 2019, is attached as **Exhibit A**.
12. However, a letter drafted by Defendant to the Department of Labor and Workforce Development (hereinafter the "DLWD") on June 18, 2019, which Defendant signed along with Representative Kelly Keisling, inquired "whether or not Rennova Health Systems filed a Worker Adjustment and Retraining Notification (WARN) or a closure notification in accordance with Federal law provisions and Tennessee Code Annotated 50-1-601." A copy of this letter is attached as **Exhibit B**. It is unclear whether Defendant sent this letter to the DLWD or if the signed image of it was released to the public without sending it.

13. Based on Defendant's own signed letter dated June 18, 2019, Defendant knew Rennova – *not* Plaintiff – owned JRMC prior to Defendant making the statements about Plaintiff to WATE on June 19, 2019, wherein he asserted, *inter alia*, that *Plaintiff* purchased JRMC.
14. Therefore, Defendant knew his statements to WATE regarding Plaintiff were false at the time he made them on June 19, 2019, and Defendant maliciously defamed Plaintiff's character by referring to him as an "Irish gangster," as well as by stating Plaintiff personally "cheated the employees" and did not pay unemployment compensation or federal income tax withholding. Additionally, although Defendant knew Rennova was the owner of JRMC, he nevertheless subsequently accused Plaintiff of being a "thief" and suggested that he "should be prosecuted."
15. Moreover, Defendant continued to refer to Plaintiff as an "Irish gangster" on multiple occasions, including in interviews with Cookeville, Tennessee's Herald-Citizen newspaper.
16. Defendant's knowingly false statements about Plaintiff, particularly those that accuse Plaintiff of criminal conduct, have severely damaged Plaintiff's reputation and ability to conduct business in his profession. Plaintiff has never been charged with or convicted of any crime, including any crimes pertaining to the misappropriation of funds or property, and Plaintiff has relied on his ethical reputation and history to successfully conduct business and secure large, complex financing arrangements for companies with which he is involved.
17. Moreover, Plaintiff was never employed in an executive capacity by JRMC, as CEO or otherwise, and therefore it cannot be said that he "mismanaged" JRMC.

18. In addition, Rennova is a publicly traded company and Plaintiff would show that it is public information that Plaintiff is currently a minority shareholder with less than one percent (1%) ownership. Moreover, Plaintiff has at all times been very transparent about Rennova's financial condition and business strategy, and Plaintiff's ability to improve Rennova and drive its success is dependent on his ability to conduct business without tortious interference. Additionally, Plaintiff's personal financial success is directly related to the success of Rennova. Therefore, Defendant's statements that Plaintiff somehow utilized nonpayment of unemployment compensation or federal income tax withholding to enrich himself was made with reckless disregard as to the truth or falsity of those statements.
19. In addition, Plaintiff has not personally failed to pay any state or federal taxes.
20. Plaintiff would further show that Defendant's repeated, sustained, and defamatory attacks on Plaintiff's character in the news media has had a detrimental impact on shareholder value in Rennova.
21. Defendant's defamatory statements regarding Plaintiff were not made to another government official or during a government function. Rather, Defendant's statements were made primarily to members of the press. Therefore, Defendant's statements were not made when performing his legislative duties.
22. Since Defendant uttered these harmful public statements, Plaintiff has received numerous resentful personal messages through social media which have upset Plaintiff greatly and caused him emotional distress.
23. Since Defendant uttered these harmful public statements, numerous news outlets have reprinted Defendant's misleading or false statements.

24. Plaintiff avers that such communications are the direct and probable consequence of Defendant's malicious campaign to defame Plaintiff, and that the intentional spreading of such harmful misinformation by Defendant is but one (1) of Defendant's aims in attacking Plaintiff and attempting to destroy his professional and personal life.
25. Plaintiff's reputation has already been significantly damaged by Defendant's defamation of his character, his need to routinely undergo extensive negotiations for large amounts of capital in order to obtain financing for business purposes (including that needed to fully reinstate operations at JRMC) notwithstanding, and the damage to Plaintiff's reputation has diminished his future earning capacity.
26. Plaintiff's business operations have already been negatively impacted by Defendant's untruthful statements due to decreased trust of and confidence in Plaintiff in the business financing and executive management community. will undoubtedly suffer decreased patient admissions or employee recruitment as a result of Defendant's untruthful statements.
27. Plaintiff has suffered immense and immeasurable reputational harm due to Defendant's baseless and false accusations, particularly regarding Plaintiff's corporate leadership role and efforts to re-obtain a nonimmigrant visa.
28. In addition to reputational and professional harm, Plaintiff has suffered extreme mental anguish and emotional distress due to Defendant's defamatory attacks.

CAUSES OF ACTION

COUNT I: DEFAMATION-SLANDER

29. Plaintiff incorporates each of the preceding paragraphs (1-28) as if each is fully set forth herein.

30. Defendant repeatedly published false statements about Plaintiff and Plaintiff's supposed tax evasion and other criminal activities.
31. These statements were published to, and subsequently circulated by, members of the press and news media, including several newspapers, talk radio stations, television news outlets, and the general public.
32. Defendant's statements about Plaintiff were made with knowledge the statements were false or with reckless disregard for the truth, particularly considering Defendant's letter dated June 18, 2019 acknowledging that Rennova owned JRMC rather than Plaintiff and Rennova's status as a publicly traded company.
33. As a direct and proximate result of Defendant's false and defamatory statements, Plaintiff has suffered tremendous loss in professional cultivation and reputational standing, decreased future earning power, decreased value of his approximate one percent (1%) ownership of Rennova, and serious mental and emotional injury in the form of extreme public embarrassment, stress, anxiety, and fear.
34. Defendant's slanderous statements have caused mental anguish to Plaintiff.
35. Defendant's slanderous statements have damaged Plaintiff's personal and professional reputation.

COUNT II: FALSE LIGHT INVASION OF PRIVACY

36. Plaintiff incorporates each of the preceding paragraphs (1-28) as if each is fully set forth herein.
37. Defendant, through his repeated false statements regarding Plaintiff, has given publicity to matters concerning Plaintiff that place Plaintiff in a false light and invades his privacy.

38. Defendant's defamatory statements would be highly offensive to a reasonable person, particularly given the scurrilous nature of the defamatory statements and the targeted campaign to attack Plaintiff professionally and personally by repeatedly characterizing Plaintiff as a "thief" who "should be prosecuted" and an "Irish gangster" when Defendant knew Rennova rather than Plaintiff owned JRMC. Moreover, Plaintiff was always forthcoming and transparent regarding Rennova's financial health, and JRMC experienced significant financial hardship as a result of unexpected difficulties associated with the previously planned and contractually obligated transition of billing services at JRMC in December 2018.
39. Beginning with Defendant's initial statements made to WATE on June 19, 2019, Defendant had knowledge of or acted in reckless disregard as to the falsity of the publicized materials and the false light in which Plaintiff would be placed. Moreover, Defendant's letter dated June 18, 2019 acknowledging that Rennova owned JRMC rather than Plaintiff and Rennova's status as a publicly traded company.
40. For the aforementioned reasons, Defendant's statements constitute discrete and selective presentations of information that are susceptible to inferences casting Plaintiff in a false light.
41. Plaintiff has suffered damages as a result of Defendant's false light invasion of privacy against Plaintiff.

PUNITIVE DAMAGES

42. Plaintiff incorporates each of the preceding paragraphs (1-28) as if each is fully set forth herein.

43. Defendant has acted maliciously, intentionally, fraudulently, or recklessly by attempting to ruin Plaintiff's person and professional reputation through a calculated public smear campaign.
44. Defendant's actions in repeatedly uttering false and offensive defamatory comments about Plaintiff on several different occasions show a consistent pattern of intentional and malicious acts continuing to the present.
45. At the very least, Defendant's actions constitute reckless conduct in that Defendant should have known that there was no factual basis for most, if not all, of the statements made by Defendant.
46. As a result of Defendant's malicious, intentional, fraudulent, or reckless action, Plaintiff is entitled to punitive damages equal to the greater of two (2) times the total amount of compensatory damages awarded.

PRAYERS FOR RELIEF

WHEREFORE, PREMISES CONSIDERED, Plaintiff respectfully requests the following relief:

1. That proper process issue and be served on Defendant, and that Defendant be required to answer this Verified Complaint within the time required by law;
2. That Plaintiff be allowed to amend this Verified Complaint as justice requires or as this lawsuit progresses and more evidence is procured from the discovery process;
3. That Plaintiff be awarded judgment in his favor on all counts of this Verified Complaint in such sums that shall be determined to fully and fairly compensate Plaintiff for all general, special, incidental, and consequential damage incurred, or to be incurred, by

- Plaintiff, but in no event an amount less than One Hundred Thousand Dollars (\$100,000.00);
4. That Plaintiff be awarded punitive damages against Defendant upon an evidentiary showing of Plaintiff's entitlement to the same;
 5. That Plaintiff be awarded pre- and post-judgment interest;
 6. That Plaintiff be awarded reasonable attorney's fees and costs, including court costs; and
 7. That Plaintiff be awarded any further and general relief deemed appropriate by this Court.

Respectfully submitted,

/s/ Todd G. Cole
Todd G. Cole, Esq. BPR # 031078
Jake VanAusdall, Esq. BPR # 35369
COLE LAW GROUP, P.C.
750 Old Hickory Boulevard
Building Two, Suite 202
Brentwood, TN 37027
Telephone: (615) 490-6020
Fax: (615) 942-5914
tcole@colelawgroup.com
jvanausdall@colelawgroup.com
Attorneys for Plaintiff

VERIFICATION

_____))
_____))

I, SEAMUS LAGAN, being first duly sworn, make oath that I have read the foregoing Verified Complaint, know the contents thereof, and that the same is true and correct to the best of my knowledge, information and belief.

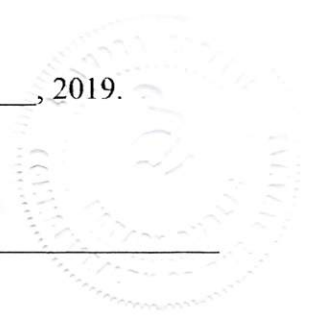


SEAMUS LAGAN

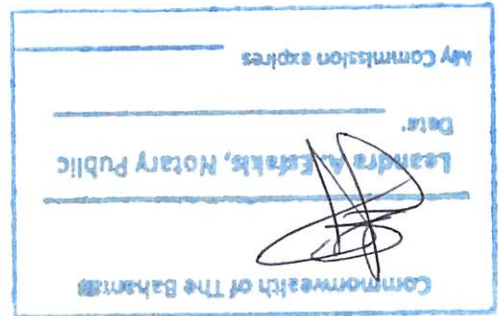
SWORN TO AND SUBSCRIBED before me this 26th day of June, 2019.



NOTARY PUBLIC



My commission expires: 31. December 2019



Tennessee lawmaker bashes Jamestown hospital CEO, alleges theft, calls for prosecution



by: Blake Stevens

Posted: Jun 19, 2019 / 06:03 PM EDT / Updated: Jun 20, 2019 / 09:21 AM EDT

JAMESTOWN, Tenn. (WATE) – Jamestown Regional Medical Center officially lost critical federal dollars a

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WEATHER OUTLOOK

Current 77°



Thunder

Tonight 67°



Thunderstorms Early
Precip: 40%

Tomorrow 92°



Mostly Sunny
Precip: 20%

JAMESTOWN, Tenn. (WATE) – Jamestown Regional Medical Center officially lost critical federal dollars a week ago from the Centers for Medicare and Medicaid Services. One day later, the hospital had a sign posted on its door saying it was “temporarily closed”.

A letter sent Tuesday to the Department of Labor and Workforce Development, signed by Rep. John Mark Windle (R-District 41), Rep. Kelly Keisling (R-District 38), and Sen. Ken Yager (R-District 12), asked “whether or not Rennova Health Systems filed a worker adjustment and retaining notification,” but that isn’t all lawmakers want to know.

Windle, specifically, also wants audits of individual accounts to review all claims for unemployment compensation and to determine employee eligibility, short-term disability, health insurance, unemployment insurance, and federal income payments.

Wendle decided to make the inquires after receiving numerous calls from constituents, saying they couldn’t draw unemployment benefits because their employer, Jamestown Regional, didn’t pay in for them. He did say some employees who worked at the hospital under its previous owner Tennova could draw because they did pay in employee contributions.

Previous story: Troubled Jamestown hospital ‘temporarily closed’ after loss of Medicare payments

He also said those friends are receiving letters of interest from the federal government threatening prosecution for not paying their federal income taxes, although he said they were deducted from their checks. Now, Wendle wants the state to step in and protect the people impacted.

He said Tennessee has an obligation to “hold these employees harmless” because he said it’s the state’s obligation to oversee and provide guidance when an employer is failing to meet their financial and legal.

“I expect the state of Tennessee to make these employees whole,” he said. “We’ve got to make this right. It’s not fair for people who have children in high school and college and have bills to pay for some thief to come into Tennessee and take these people’s money and mistreat them when they go to work every day and provide services for people.”



WATE 6 ON YOUR SIDE TWITTER

Tweets by @6News

WATE 6 On Your Side Retweeted

Marshall Hughes @marshallhughes

Despite the spotty weather in Knoxville, Friday’s U.S. cycling competitions are still on schedule in downtown. #USPro

WATE 6 On Your Side Retweeted

Kristin Farley @kristinfarley

We will work through these storms to bring you #USPro coverage. @WATEBoWilliams @marshallhughes @6News



It's not fair for people who have children in high school and college and have bills to pay for some time to come into Tennessee and take these people's money and mistreat them when they go to work every day and provide services for people."

He didn't mince words when speaking about the hospital's corporate owner Rennova Health's president and CEO Seamus Lagan.

"He's simply a thief and should be prosecuted," Windle said.

He added "Unfortunately, an Irish gangster was allowed to buy the Jamestown Regional Medical Center. Since that time, he has constantly cheated the employees and mismanaged the hospital to such degree that it's no longer viable. He didn't pay federal income tax withholding, he didn't pay unemployment compensation, as he's required to by both federal and state law and he has yet to be prosecuted."

A spokesperson with Rennova sent a statement to WATE 6 On Your Side:

““

I do not have specific detail on the items you refer to but would be happy to get some facts and get back to you if you wish. To the best of my knowledge a new financial team and management have been asked to ensure that items like those you mention get priority in review and attention if needed. We have engaged our own "task force" to review and if necessary correct these matters immediately.

We have no comment on the State representatives requests you mention or numerous other comments being made in the public domain and continue to work to resolve all issues at the hospital so that it can return to normal operation. It is unfortunate that so much effort is exerted to vilify the company and individuals that continue to invest in the community, without consideration of all the facts that have caused the current turmoil. A more productive route would have been a united effort to work to resolve the need for employment and medical service this hospital provided to the community. We welcome communication



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Erin Presbyterian ... | Knoxville, TN
- FRI 28 USA Cycling Pro & Para-Cycling N...
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We have no comment on the State representatives requests you mention or numerous other comments being made in the public domain and continue to work to resolve all issues at the hospital so that it can return to normal operation. It is unfortunate that so much effort is exerted to vilify the company and individuals that continue to invest in the community, without consideration of all the facts that have caused the current turmoil. A more productive route would have been a united effort to work to resolve the need for employment and medical service this hospital provided to the community. We welcome communication with any authorized party on the areas you mention.

While Rep. Wendle hopes the hospital reopens, he hopes it's under new ownership.

"Fentress County is a viable community. We've had a hospital there for six decades. It certainly can support a hospital. We have to have a hospital for economic development and for the health of our citizens," he said.

He said the Tennessee Commissioner of Health assured the certificate of need and license at the site will be held open, to allow another buyer to operate the hospital.

He believes the biggest problem facing rural hospitals is the state not passing Medicaid expansion. He said Wednesday the legislature should follow the lead of other surrounding states, like Kentucky and Arkansas, and work with the Trump administration to develop a market-based solution in Tennessee to expand Medicaid.

The Tennessee Department of Labor and Workforce Development is sending a rapid response team to the Fentress County Courthouse Friday. From 10 a.m. until 2 p.m. They'll be there to help employees update job resumes, find benefits, other work, and retraining opportunities.



Close Ad

JOHN MARK WINDLE
STATE REPRESENTATIVE

FENTRESS, MORGAN, AND
OVERTON AND JACKSON
COUNTIES

**House of Representatives
State of Tennessee**

NASHVILLE

425 FIFTH AVENUE N., SUITE 428

NASHVILLE, TENNESSEE 37243

615.741.1260

June 18, 2019

Tennessee Department of Labor and Workforce Development
Commissioner Jeff McCord
220 French Landing Drive
Nashville, Tennessee 37243

Dear Commissioner McCord:

We are writing this letter on behalf of the former employees of the Jamestown Regional Medical Center and their families. The Jamestown Regional Medical Center, the only hospital in Fentress County, closed for business on June 13, 2019. The next closest hospital is nearly 40 miles away.

The Jamestown Regional Medical Center has been an economic driver and served the needs of Fentress County and much of the Upper Cumberland since it opened its doors in March of 1960. Over 150 doctors, nurses, and other staff were employed at the hospital and are now without incomes.

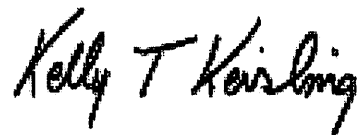
The reason for this letter is to inquire as to whether or not the Renova Health Systems filed a Worker Adjustment and Retraining Notification (WARN) or a closure notification in accordance with Federal law provisions and Tennessee Code Annotated 50-1-601. It is important that these workers, their families, and the community are protected and provided proper notification.

We welcome the opportunity to discuss this matter with you further. We look forward to working with you to provide answers to the citizens of Fentress County and the former employees of Jamestown Regional Medical Center.

Sincerely,



John Mark Windle
State Representative



Kelly Keisling
State Representative