

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

IN RE: EQUIMED, INC. : MASTER FILE NO.
SECURITIES LITIGATION : 98-cv-5374(NS)

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:
This Document Relates to: :
ALL ACTIONS : CLASS ACTION

MEMORANDUM AND ORDER ON APPEAL

NORMA L. SHAPIRO, S.J.

September 20, 2002

Doctor David Nehme was former lead plaintiff and class representative in this class action on behalf of shareholders of EquiMed, Inc. ("EquiMed"), a holding company for a group of companies providing physician practice management, information technology and outsourcing services to the health industry.

On October 31, 2000, the court certified this action as a class action on behalf of the following class:

All persons who purchased common stock of EquiMed on the NASDAQ market during the period of June 10, 1997 through June 22, 1998 and who held shares on June 22, 1998 and were damaged thereby. Excluded from the class are: the defendants herein; members of the Individual Defendants' immediate families; any parent, subsidiary, affiliate, officer, or director of EquiMed, Inc.; any entity in which any excluded person has a controlling interest; and the legal representative, heirs, successors and assigns of any excluded person. (Docket #69)

A Stipulation of Settlement dated April 12, 2002, was filed with the court. The court, having given preliminary approval to the proposed settlement, directed that notice of the settlement should be provided by first class mail and publication.

The Stipulation of Settlement also appointed a Claims Adjustor to determine the acceptance and rejection of claims filed, provided that any class member might appeal the determination of the claims adjustor with respect to that member's claim by written application to the court, filed no later than twenty (20) days after the date of the letter from the claims adjustor advising the class member of the claims adjustor's determination.

According to the notice to class members, a class action settlement hearing was held on September 10, 2002. Prior to the hearing, on September 4, 2002, a letter was received from Doctor David Nehme who stated that he was a victim of EquiMed, the lead plaintiff, when the original law suit was filed, and that he lost 2.5 million dollars (\$2,500,000), but would be excluded from recovery under the Stipulation of Settlement because he did not purchase his shares on the open market. He appealed to the court to permit him to participate in the settlement recovery.

Doctor Nehme was originally a proposed lead plaintiff when this action was filed. He sought to withdraw as proposed lead plaintiff and requested voluntary dismissal from the action by motion filed December 23, 1998 (Docket #9).

There was litigation then pending that Dr. Nehme originally filed in Florida state court but removed by EquiMed defendants to federal court; the factual allegations underpinning the Florida

litigation were essentially similar to that in Pennsylvania, and the Florida action alleged the same damages as those claimed in Pennsylvania.

Because his motion for voluntary dismissal was opposed by defendants, a hearing was held. Doctor Nehme's motion to withdraw as proposed lead plaintiff was granted on January 19, 1999 (Docket #12), but his motion to voluntarily dismiss his claim was taken under advisement.

On June 23, 2000, Doctor Nehme was granted leave to withdraw to pursue his claims in the Florida litigation (see Docket #56).

Therefore, it is clear that Doctor Nehme voluntarily dismissed his action and removed himself as a member of the class to pursue his claims in another forum. Since he is not a member of the class, he cannot participate in the class action recovery. Doctor Nehme's letter request of September 4, 2002, deemed an appeal from the negative determination of the Claims Adjustor, is denied.

An appropriate Order follows.

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ORDER

AND NOW, this 20th day of September, upon review and consideration of Doctor David Nehme's letter dated September 4, 2002 (deemed an appeal from the negative determination of the Claims Adjustor), it is hereby **ORDERED** that Doctor Nehme's appeal is **DENIED**.

BY THE COURT:

Norma L. Shapiro, S.J.