

HLB Helps Orchestrate a Multistep Transaction Involving Allied Physicians of California, Apollo Medical Holdings, and AP-AMH Medical Corporation

Case Studies

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Charles Oppenheim negotiates an innovative framework of agreements to align four health care companies' joint interests within strict corporate practice of medicine constraints.

The Client's Business Goals

Apollo Medical Holdings, Inc. (ApolloMed) is a publicly traded health management company providing management services through its wholly-owned subsidiary Network Medical Management, Inc. (NMM). Allied Physicians of California (Allied) is an affiliate Apollo has serviced.

To more fully integrate its financial results into those attributable to Apollo, Allied sought a business structure that would achieve that objective while also complying with California's corporate practice of medicine and fee-splitting restrictions—no easy feat given the significant regulatory challenges.

The HLB Difference

HLB's Charles Oppenheim represented Allied as California health care regulatory counsel. Collaborating with the other parties' attorneys, he negotiated a series of creative transactions, executed in concurrent steps:

- A \$545 million secured loan from ApolloMed to AP-AMH Medical Corporation (AP-AMH), a newly formed professional medical corporation whose sole shareholder, Thomas Lam, M.D., is ApolloMed's Chief Executive Officer.
- AP-AMH's purchase of \$545 million of Allied Series A preferred shares using the proceeds of the ApolloMed loan.
- A license from ApolloMed to AP-AMH Medical Corporation to use the tradename "Apollo Medical Associates."
- Allied's purchase of approximately \$300 million in ApolloMed common stock using proceeds from its sale of Series A preferred shares to AP-AMH.
- An agreement for NMM to provide administrative services to AP-AMH.

The Result and Its Implications

The agreements (finalized in March 2019) enabled each entity to achieve its specific goals and bring them together into closer contractual relationships.

PROFESSIONAL



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