

ARC owners ordered to appear at contempt hearing

Deborah Yetter
Kentucky Lantern

Addiction Recovery Care, or ARC, Kentucky’s largest provider of alcohol and drug treatment, is facing mounting legal troubles.

A federal judge has ordered ARC and its owners, Tim and Lelia Robinson, to appear at a hearing Thursday in federal court in New York to show why they should not be held in contempt of court for spending assets the court had ordered ARC to freeze.

The Louisa-based company, which bills the federal Medicaid program for most of its services, also is the subject of an ongoing FBI investigation into possible health care fraud.

The judge’s order stems from a civil lawsuit filed earlier this month by Angelica Capital Trust against ARC, the Robinsons and affiliated companies, claiming it advanced ARC \$8 million which ARC failed to

repay as promised.

U.S. District Judge George B. Daniels also ordered the Robinsons and ARC’s in-house lawyer, Jessica Burke, to appear for a deposition, or questioning under oath, by Angelica’s lawyers.

The court ordered ARC twice to preserve funds in a separate bank account that Angelica alleges it is owed but ARC has twice violated the court’s orders, Angelica said in a court filing.

Angelica, seeking to recover its money, said ARC is “on the brink of insolvency” in a court filing. It also said ARC is alleged to have committed “massive fraud” in Medicaid and Medicare billing and is scrambling to raise nearly \$28 million for a civil settlement with the federal government.

“ARC is wrongfully withholding this money because it is in desperate straits,” said Angelica’s lawsuit filed Jan. 12 in

U.S. District Court for the Southern District of New York.

ARC, in a response to the initial lawsuit, did not reference the fraud allegations or the proposed settlement with the U.S. Justice Department but asked the court not to freeze its assets, saying that would “disrupt the crucial health care services ARC provides to hundreds of patients.”

A spokeswoman for ARC did not immediately respond to a request for comment.

ARC was founded in his native Eastern Kentucky by Tim Robinson, a lawyer and recovering alcoholic, to provide treatment for people with drug and alcohol addiction. The for-profit company grew rapidly in recent years, fueled by an expansion in Medicaid payments for such treatment and Robinson and his company emerged as prolific political donors.

But ARC has foundered in recent months amid

fraud allegations and cuts in reimbursement from insurers who pay Medicaid claims, and has been forced to close facilities and lay off staff.

In court filings this week, Angelica alleged ARC has twice violated court orders not to transfer further assets and has placed only \$3.6 million in a separate account rather than the \$4.7 million ordered by the judge.

“Given (ARC’s) willingness to mislead the court and violate its orders ... Angelica is gravely concerned that (ARC) will continue to dissipate Angelica’s property in violation of the court’s injunction,” said a Jan. 25 letter to the judge from Angelica’s lawyer.

Angelica, a trust firm based in the Bahamas, agreed to buy from ARC about \$8 million worth of tax credits ARC expected to receive from the IRS, according to its lawsuit.

The purpose was for ARC “to get cash quickly” to make it look better

to the potential buyer. In turn, ARC would repay Angelica when it received the funds from the IRS, according to the lawsuit.

ARC received \$8 million from the IRS on Dec. 2, but ongoing efforts by Angelica to collect the money failed, and by mid-December, ARC told Angelica its deal to sell the company had fallen through and it was attempting to negotiate a sale with a new buyer, the lawsuit said.

Angelica said that despite repeated attempts, it has not been able to confirm ARC’s claim that a new, “supposed” buyer has agreed to advance enough money to restore funds in the court-ordered account to preserve money owed the trust company.

In addition to asking the judge to find ARC and its owners in contempt of court, it asked the judge to order ARC’s remaining funds to be placed in an account controlled by the court or into a third-party

escrow account, with funds to be released only with the judge’s approval.

“At this point, (ARC) cannot be trusted to comply with the injunction and the only practical means of ensuring compliance appears to be to remove the funds from their control,” said the letter to the judge from Clifford Chance, a lawyer with the New York firm representing Angelica.

Meanwhile, the New York lawyers representing ARC have asked the court’s permission to withdraw from the case, citing a “fundamental disagreement” with their clients. Also, ARC “failed to cooperate in the representation and rendered the representation unreasonably difficult,” lawyers with Seyfarth Shaw said in a motion filed Jan. 26.

The case is scheduled for a hearing Thursday at 10 a.m. in federal court in New York.

<https://www.kentucky-lantern.com>

Looking back to Jan. 29, 2020

Written by Christy Hoots

The following information was entered into the Jan. 29, 2020, edition of The Ledger Independent:

Unknown soldier to be buried Friday

AUGUSTA — The remains of a second Civil War era soldier found buried next to the CSX railroad tracks in Augusta will be re-interred in the Johnsville I.O.O.F.

Cemetery on Friday.

Bracken County Coroner John Parker said there was no marker at the burial site and the soldier’s identity remain unknown. The remains were determined to belong to a Union soldier, due to artifacts found buried in the same location.

“Archaeologists have examined the site,” Parker said. “There were some buttons there and were determined to belong to a Civil War

Union soldier.”

Parker said the remains will be re-interred next to body of William Thomas, another Union soldier who was re-interred in Johnsville Cemetery last year.

“We are going to put them to rest next to each other, just as they were,” he said.

The ceremony will take place on Friday at 1 p.m. with military rites.

The first soldier who was re-interred in the cemetery, in August,

was Thomas, a Union soldier who joined the Army in Maysville. The grave stone indicates that Thomas served in Company D, 16th Kentucky Infantry regiment.

For years, Thomas and the unknown soldier both rested in the backyard of Greg Jones’ home, around 11 miles west of Augusta on Kentucky 8 near the CSX railroad. The railroad tracks, and Thomas’grave marker, could be seen from

Jones’ back porch.

Over time, vegetation and track ballast from the railroad threatened to consume the grave. A partition was made in the past in order to keep the ballast at bay, however even that had failed.

That was when Jones contacted CSX in January to inform them of the situation.

“The only thing I know about the grave is what I’ve been told,” Jones said at the time, “and what I’ve been told

is that when the railroad went through here there was a small graveyard here, might’ve been a family graveyard, I don’t know. What I had heard was that the families that were involved allowed the railroad to move the graves, except this one.”

After Jones’ call, CSX sent archaeologists to inspect the grave site, determined Thomas’ remains should be moved and contacted Thomas’ relatives.

KYFREE President Andrew McNeill’s statement on Kentucky House Republican’s budget proposal

Submitted by KY Free

“As a former Deputy State Budget Director who has seen ‘under the hood’ of how state government operates, I can assure taxpayers that trimming waste in government is not only achievable, but beneficial. Frankfort should practice the same spending discipline Kentucky’s taxpayers demonstrate every day. That means tightening the belt when necessary, protecting core services

for our most vulnerable citizens, and maintaining healthy budget reserves so we are prepared for any unforeseen challenges.

The House Republican budget introduced this afternoon meets those criteria. The process over the next few weeks laid out by A&R Chair Jason Petrie is appropriate and smart. Input is welcomed but it must face the reality that we need more transparency as

to what’s being funded in the base budget and why exactly any new spending is justified.

A fiscally-disciplined budget will require Gov. Andy Beshear to prioritize spending — which is exactly what strong executive leadership demands. The Governor should embrace this responsibility and work constructively with the General Assembly to deliver a budget that respects Kentucky’s taxpayers. Kentuckians will be watching to see if the Beshear administration is up to the task.”

Grooming bill advances through committee

Tom Latek
Kentucky Today

FRANKFORT (KT) – Legislation that would establish the offense of grooming a minor for sexual activity or other prohibited behavior, cleared its first hurdle, by winning passage in the House Judiciary Committee on Wednesday.

House Bill 4, given the low number to indicate it being considered a priority measure, is sponsored by Rep. Marianne Proctor, R-Union.

She told the panel, “There is an increasing amount of sexual abuse that has been happening to our minors. Reportedly, it’s one in ten children that will experience some sort of sexual abuse before they overcome adults, including here in

the Commonwealth.”

Proctor testified it will criminalize the behavior of grooming, “When an adult engages in, entices or solicits a minor, in order to prepare them for sexual conduct. This is a gap in the law that we are hoping to close from the predatory behavior to the actual physical or sexual abuse.”

Under the bill, if someone is 18 or older and engages in grooming behavior directed at a minor who is less than 14 years old; or being a person in a position of authority or position of special trust, as those terms are defined in existing state law, he or she engages in grooming behavior directed at a minor who is under eighteen, they would violate the proposed law.

The first provision would be a Class A Misdemeanor, punishable by up to a year in jail, unless the minor is under 12, when it would qualify as a Class D felony, with a potential sentence of 1-5 years if convicted.

The second provision, involving someone in a position of authority or special trust, grooming of anyone under 18 would be a Class D Felony, unless the victim is under 12 which would be a Class C Felony, with a 5-10n year sentence.

The bill passed 14-0 with five committee members passing, all of whom said they want to tighten up some of the language currently in the bill.

HB 4 now heads to the House floor.

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