

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 94861 / May 6, 2022

ADMINISTRATIVE PROCEEDING  
File No. 3-20847

In the Matter of

Advanzeon Solutions, Inc.,

Respondent.

ORDER INSTITUTING  
ADMINISTRATIVE  
PROCEEDINGS AND NOTICE OF  
HEARING PURSUANT TO  
SECTION 12(j) OF THE  
SECURITIES EXCHANGE ACT  
OF 1934

**RESPONDENT'S RESPONSE IN OPPOSITION TO DIVISION'S MOTION FOR  
SUMMARY DISPOSITION AGAINST ADVANZEON SOLUTIONS, INC.**

Respondent Advanzeon Solutions, Inc. (“**Advanzeon**” or “**Respondent**”), by and through their undersigned counsel, hereby opposes the Division of Enforcement’s Motion for Summary Disposition Against Advanzeon Solutions, Inc. (the “Motion”) as follows.

The Motion fails to demonstrate that the Division is entitled to an order revoking the securities of Advanzeon registered pursuant to Exchange Act Section 12. Given the circumstances, which includes the Division’s role as an adversary to Respondent in bankruptcy proceedings, the appropriate sanction is to suspend Respondent’s registration for a period of up to one year. Filed along with this opposition is the Declaration of Mark Heidt in Support of Respondent’s Response in Opposition to Division’s Motion for Summary Disposition Against Advanzeon Solutions, Inc. (the “Heidt Decl.”).

## **FACTUAL BACKGROUND<sup>1</sup>**

Advanzeon Solutions, Inc. (formerly Comprehensive Care Corp.), through its wholly owned subsidiary Pharmacy Value Management Solutions, Inc., (“PVMS”) and its wholly-owned subsidiaries during 2015, and partly in 2016, provided managed care services by acting as the administrator for certain administrative service agreements in the behavioral health and substance abuse fields. These services were primarily offered to commercial, Medicare, Medicaid, Children’s Health Insurance Program (“CHIP”) health plans, as well as self-insured companies. The managed care operations consisted solely of servicing administrative service agreements. Starting in July of 2015, PVMS implemented a comprehensive sleep apnea program, called “SleepMaster Solutions”™. SleepMaster Solutions (“SMS”) utilizes an administrative system for the convenient identification/testing and therapy of Obstructive Sleep Apnea (“OSA”). SMS partnered with a national health care provider by initiating a sleep apnea wellness program whereby it screened, tested and when needed, offered treatment programs for treating this disorder. The company also contracted with a union to treat its driver members. Beginning in 2017, the only business of Advanzeon and PVMS was the SMS sleep apnea program.

In 2014, the Department of Transportation (“DOT”) overhauled its system such that regulations now require commercial drivers, that is drivers with a commercial driver’s license (“CDL”), must be specifically examined with respect to whether or not they have a

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<sup>1</sup> The Factual Background section is a summary of the history of Respondent and the pre- and post-bankruptcy issues relevant to Respondent’s delinquent reports. See Heidt Decl., Exhibit 1 at pp. 4-11.

respiratory dysfunction which is defined to include OSA. The Company through its wholly owned subsidiary Pharmacy Value Management Solutions, Inc. administers and operates a medically-driven sleep apnea program branded SleepMaster Solutions™ (“SMS”). Management believes that SMS is the largest provider of these combined services in the nation. SMS is in all 50 states and provides a turnkey solution designed to effectively keep drivers on the road with no down time and compliant with DOT regulations, to improve their health, and to decrease legal liability risk for the employer. SMS is vertically integrated and provides a “Program” of services that addresses all the needs of a corporate transportation system, union or other driver-related organizations. PVMS believes it is the only company capable of providing the full range of needed services in a timely manner.

On September 7, 2020, Advanzeon filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code, which was designated as M.D. Fla. Case No. 8:20-bk-06764-MGW. The Debtor remains in possession of its properties and continues to manage its assets as debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. During the months leading up to the filing, and continuing post-petition, the Debtor and PVMS have been significantly affected by COVID-19 (the “Pandemic”). The Pandemic affected the very heart of the Company’s focused revenue stream – interstate truck drivers holding commercial driver’s licenses (“CDL’s”). The Federal government granted a medical exam moratorium for CDL holders, meaning that, in certain circumstances, commercial drivers no longer needed to appear for their otherwise required bi-annual Department of Transportation (“DOT”) medical exam as a condition of renewing their driver’s license (the “Moratorium”). The Company had contracted with clinics that

reportedly performed approximately 50% of all the required DOT medical exams and had simultaneously contracted with several Teamster locals, of which a significant number of commercial drivers were members to whom services were provided as a 100% covered benefit.

By reason of the Pandemic and the Moratorium, a number of the clinics with whom the Company contracted closed completely and a significant number of clinics began operating with reduced staffs. Additionally, restrictions were placed upon marketing efforts with respect to the clinics in that field representatives were no longer permitted to visit the clinics as part of our marketing program. In all, PVMS was forced to restructure its marketing efforts and look for other sources of revenue while simultaneously expanding its footprint on a national scope with respect to existing contractual relationships awaiting a return to commercial normalcy. The Federal Motor Carrier Safety Administration (“FMCSA”) Moratorium on the CDL driver’s medical exam requirements, that includes a screening as to whether or not they have a respiratory dysfunction (which, by definition, includes obstructive sleep apnea or “OSA”), remained in effect throughout 2020 and 2021 and was only recently lifted.

Advanzeon has submitted a plan in bankruptcy pursuant to Chapter 11, which is the principal business reorganization chapter of the Bankruptcy Code. The SEC and other creditors have opposed the plan, which matter is still pending before the Court. Moreover, the SEC has filed a motion to appoint a Chapter 11 Trustee or convert to a case under Chapter 7 (“SEC’s Motion”), which also remains pending. A copy of Respondent’s

Disclosure Statement for Plan of Reorganization under Chapter 11 is submitted along with this opposition. (See Heidt Decl., Exhibit 1).

### **ARGUMENT**

The Motion should be denied to the extent it seeks revocation of Respondent's registration. The *Gateway* factors relied upon by the Division actually weigh in favor of suspension rather than revocation. *Gateway Int'l Holdings, Inc.*, Exchange Act Release No. 53907, 2006 WL 1506286 (May 31, 2006). In *Gateway*, the Commission ruled that it will consider, among other factors, the issuer's efforts to remedy past violations and assurances against future violations. As Respondent makes clear in this opposition and the Declaration of Mark Heidt, the Respondent is aware of the delinquent reports and has taken tangible steps towards assuring compliance. The confluence of the Pandemic's impact on operations and the SEC's adversary role in bankruptcy has created this situation where the filings have remained delinquent.

Moreover, while Respondent admits that it has not filed any required periodic filing since its Form 10-Q for the period ending September 30, 2020, Respondent disputes that it has demonstrated no effort to remedy its past violations and ensure future compliance. (Motion at 11). That is, Respondent has retained a new accounting firm to assist with preparing and filing the delinquent reports and prepared a draft Form 10-K for 2020. (Answer at 4; Heidt Decl. at ¶7). In light of the difficulties imposed on Advanzeon by the Pandemic and other related reasons, including: a need to seek a new accounting firm to prepare and finalize their periodic reports for filing with the SEC, issues with prior accounting firms, decrease in revenue, and reduced staff, Respondent has not yet filed its

Form 10-K for 2020, although a draft form has been prepared and will be filed promptly once the new accounting firm is able to complete the process. The same process will occur for the other periodic reports that remain outstanding as soon as possible. Advanzeon has never intended to avoid filing any required periodic reports with the SEC and continues to make substantial progress towards the goal of bringing Respondent's filings current.

The primary reason that Respondent remains delinquent is the SEC's role as adversary in its current pending bankruptcy proceeding. (Heidt Decl. at ¶¶5-7; Heidt Decl., Exhibit 1). But in any case, Respondent's reorganization plan will be soon either accepted or rejected by the bankruptcy court. At that point, if accepted, Respondent has the accounting firm and process in place to complete and file the delinquent reports in "short order." (Heidt Decl. at ¶8). If the bankruptcy court were to reject the plan and/or convert the case to a Chapter 7 proceeding, this administrative proceeding would become moot.

### **CONCLUSION**

Respondent respectfully requests that the Commission deny the Division's Motion to revoke registration and instead order a suspension of up to one year permitting Respondent to reorganize in bankruptcy and complete the process it has already begun to bring its delinquent report filings current.

Dated: July 28, 2022

Respectfully submitted,

**s/ Matthew J. Mueller**

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**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that on July 28, 2022, I electronically filed a true and correct copy of the foregoing with the SEC’s “eFAP” E-Filing Portal and served counsel for the Commission by email as follows:

Teresa Verges, Esq.  
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Respectfully submitted,

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