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MEDIX RESOURCES INC

Form S-2

November 16, 2001

As filed with the Securities and Exchange Commission on November 16, 2001 Registration  
No. 333-\_\_\_\_\_

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM S-2  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933  
-----

**MEDIX RESOURCES, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Colorado**

(State or Other Jurisdiction of  
Incorporation or Organization)

**84-1123311**

(I.R.S. Employer  
Identification Number)

**305 Madison Avenue, 20th Floor  
New York, New York 10165  
(212) 697-2509**

(Address, Including Zip Code, and Telephone Number, Including  
Area Code, of Registrant's Principal Executive Offices)

**Lyle B. Stewart, Esq.  
Lyle B. Stewart, P.C.  
3751 S. Quebec Street  
Denver, CO 80237  
(303) 267-0920**

(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)  
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Approximate date of commencement of proposed sale to the public: From time  
to time after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, other than securities offered only in connection with dividend or interest  
reinvestment plans, check the following box:

If the registrant elects to deliver its latest annual report to security  
holders, or a complete and legible facsimile thereof, pursuant to item 11(a)(1)  
of this Form, check the following box:

If this Form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act, please check the following box  
and list the Securities Act registration statement number of the earlier  
effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
under the Securities Act, check the following box and list the Securities Act  
registration statement number of the earlier effective registration statement  
for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(d)  
under the Securities Act, check the following box and list the Securities Act

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registration statement number of the earlier effective registration statement for the same offering:

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box:

### CALCULATION OF REGISTRATION FEE

| Title of Securities to be Registered      | Amount to be Registered | Proposed Maximum Offering Price Per Share (1) | Proposed Maximum Aggregate Offering Price (1) | Amount of Registration Fee |
|---|-------------------------|---|---|----------------------------|
| Common stock, par value, \$.001 per share | 447,500 shares          | \$0.75  | \$335.625                                     | \$84.00                    |

(1) Estimated solely for the purpose of calculating the registration fee. In accordance with Rule 457(c), the price shown is based upon the average of the high and low prices of Medix's Common Stock on November 12, 2001, reported on the American Stock Exchange.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

**SUBJECT TO COMPLETION**

**DATED NOVEMBER 15, 2001**

**PROSPECTUS**

**MEDIX RESOURCES, INC.**

**447,500 Shares of Common Stock**

The shareholders of Medix Resources, Inc. named herein will have the right to offer and sell up to an aggregate of 447,500 shares of our common stock under this Prospectus.

Medix will not receive directly any of the proceeds from the sale of these shares by the selling shareholders. However, Medix will receive the proceeds of the exercise of the options and warrants to purchase the shares to be sold hereunder. Medix will pay the expenses of registration of these shares.

The common stock is traded on the American Stock Exchange under the symbol "MXR". On November 12, 2001, the closing price of the common stock was reported as \$0.75.

The securities offered hereby involve a high degree of risk. See "RISK FACTORS" beginning on page 3 for certain risks that should be considered by prospective purchasers of the securities offered hereby.

Neither the Securities and Exchange Commission nor any state securities

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commission has approved or disapproved of the securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is \_\_\_\_\_, 2001

No dealer, salesman or other person has been authorized to give any information or to make any representation not contained in or incorporated by reference in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by us, the selling shareholders or any other person. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof or that there has been no change in our affairs since such date.

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**FORWARD-LOOKING STATEMENTS**

This Prospectus and the documents incorporated by reference into this Prospectus contain forward-looking statements, which mean that they relate to events or transactions that have not yet occurred, our expectations or estimates for Medix's future operations, our growth strategies or business plans or other facts that have not yet occurred. Such statements can be identified by the use of forward-looking terminology such as "might," "may," "will," "could,"

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"expect," "anticipate," "estimate," "likely," "believe," or "continue" or the negative thereof or other variations thereon or comparable terminology. The following risk factors contain discussions of important factors that should be considered by prospective investors for their potential impact on forward-looking statements included in this Prospectus and in the documents incorporated by reference into this Prospectus. These important factors, among others, may cause actual results to differ materially and adversely from the results expressed or implied by the forward-looking statements.

### RISK FACTORS

An investment in our common stock:

- o has a high degree of risk;
- o is highly speculative;
- o should only be considered by those persons or entities who can afford to lose their entire investment.

In addition to the other information contained in this Prospectus, the following risk factors should be carefully considered in evaluating our business and an investment in our shares. The order in which the following risk factors are presented does not indicate the relative magnitude of the risks described.

#### **Our Continuing Losses; Going Concern Exception; Our Need for Additional Financing**

We reported net losses of (\$5,415,000), (\$4,847,000) and (\$5,422,000) for the years ended December 31, 2000, December 31, 1999 and December 27, 1998, respectively, and a net loss of (\$6,486,000) for our 2001 first three quarters ended September 30, 2001. At September 30, 2001 we had an accumulated deficit of (\$30,499,000) and a negative working capital of (\$1,949,000). Our independent accountants have included a "going concern" exception in their audit report on our audited 2000 financial statements. See our Form 10-KSB for the fiscal year ended December 31, 2000.

We expect to continue to experience losses, in the near term, until such time as our Cymedix(R) software products can be successfully deployed with customers and produce revenue. During 2001, we have been delinquent, from time to time, in the payment of our current obligations, including payments of withholding and other tax obligations. As at this filing date, the Company is current on all payroll and tax related obligations. The current operation of our business and our ability to continue to develop our Cymedix software products will depend upon our ability to obtain additional financing. Currently, we are not receiving any significant revenues from the sale of our Cymedix software products. We are attempting to meet our current cash flow needs by raising capital in the private debt and equity markets. The development, marketing and deployment of the Cymedix software products require continuing working capital. There can be no assurance that additional investments or financings will be available to us as needed to support the development of Cymedix products. Failure to obtain such capital on a timely basis could result in lost business opportunities, the sale of the Cymedix business at a distressed price or the financial failure of our company.

#### **Risk of Development Stage Company**

Since the sale of our remaining temporary staffing business in early 2000, we principally develop software for Internet-based communications and information management for medical service providers, through our wholly-owned subsidiary, Cymedix Lynx Corporation. Our software products have been tested and are currently being tested by several different healthcare providers. However, our Cymedix software business has not yet generated any significant revenues and will not do so until deployed in a "live" transaction setting. The Company

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expects to begin deployment in the near term.

We are still in the process of gaining experience in marketing software products, providing software support services, evaluating demand for products, financing a software business and dealing with government regulation of software products. While we are putting together a team of experienced executives, they have come from different backgrounds and may require some time to develop an efficient operating structure and corporate culture for our company. We believe our structure of multiple offices serves our customers well, but it does present an additional challenge in building our corporate culture and operating structure.

Our products are still in the development stage and have not yet proven their effectiveness or their marketability. As a developer of software products, we will be required to anticipate and adapt to evolving industry standards and new technological developments. The market for our software products is characterized by continued and rapid technological advances in both hardware and software development, requiring ongoing expenditures for research and development, and timely introduction of new products and enhancements to existing products. The establishment of standards is largely a function of user acceptance. Therefore, such standards are subject to change. Our future success, if any, will depend in part upon our ability to enhance existing products, to respond effectively to technology changes, and to introduce new products and technologies to meet the evolving needs of our clients in the healthcare information systems market. The introduction of software products in that market has been slow due to the large number of small practitioners who are resistant to change and the costs associated with change, particularly in a period of rising pressure to reduce costs in the market. We are currently devoting significant resources toward the development of products. There can be no assurance that we will successfully complete the development of these products in a timely fashion or that our current or future products will satisfy the needs of the healthcare information systems market. Further, there can be no assurance that products or technologies developed by others will not adversely affect our competitive position or render our products or technologies noncompetitive or obsolete.

### **Product Liability Risks**

Certain of our products provide applications that relate to patient medical histories and treatment plans. Any failure by our products to provide accurate, secure and timely information could result in product liability claims against us by our clients or their affiliates or patients. We maintain insurance that we believe is adequate to protect against claims associated with the use of our products, but there can be no assurance that our insurance coverage would adequately cover any claim asserted against us. A successful claim brought against us in excess of our insurance coverage could have a material adverse effect on our results of operations, financial condition or business. Even unsuccessful claims could result in the expenditure of funds in litigation, as well as diversion of management time and resources.

### **There is Great Uncertainty in the Healthcare Industry**

The healthcare and medical services industry in the United States is in a period of rapid change and uncertainty. Governmental programs have been proposed, and some adopted, from time to time, to reform various aspects of the U.S. healthcare delivery system. Some of these programs contain proposals to increase government involvement in healthcare, lower reimbursement rates and otherwise change the operating environment for our customers. Particularly, the Health Insurance Portability and Accountability Act of 1996, and the regulations that are being promulgated thereunder, are causing the healthcare industry to change its procedures and incur substantial cost in doing so. Although we expect

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these regulations to have the beneficial effect of spurring adoption of our software products we cannot predict with any certainty what impact, if any, these and future healthcare reforms might have on our business.

### **Risks of Infringement of Proprietary Technology**

Our wholly-owned subsidiary, Cymedix Lynx Corporation, has been granted certain patent rights, trademarks and copyrights relating to its software business. These patents and copyrights have been assigned by our subsidiary to the parent company, Medix. The patent rights and intellectual property legal issues for software programs, such as the Cymedix(R) products, are complex and currently evolving. Since patent applications are secret until patents are issued, in the United States, or published, in other countries, we cannot be sure that we are the first to file any patent application. In addition, there can be no assurance that competitors, many of which have far greater resources than we do, will not apply for and obtain patents that will interfere with our ability to develop or market product ideas that we have originated. Further, the laws of certain foreign countries do not provide the protection to intellectual property that is provided in the United States, and may limit our ability to market its products overseas. We cannot give any assurance that the scope of the rights that we have been granted are broad enough to fully protect our Cymedix software from infringement.

Litigation or regulatory proceedings may be necessary to protect our intellectual property rights, such as the scope of our patent. In fact, the computer software industry in general is characterized by substantial litigation. Such litigation and regulatory proceedings are very expensive and could be a significant drain on our resources and divert resources from product development. There is no assurance that we will have the financial resources to defend our patent rights or other intellectual property from infringement or claims of invalidity.

We also rely upon unpatented proprietary technology and no assurance can be given that others will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to or disclose our proprietary technology or that we can meaningfully protect our rights in such unpatented proprietary technology. We will use our best efforts to protect such information and techniques, however, no assurance can be given that such efforts will be successful. The failure to protect our intellectual property could cause us to lose substantial revenues and to fail to reach its financial potential over the long term.

### **Our Business is Highly Competitive**

Medical Information Software. Competition can be expected to emerge from established healthcare information vendors and established or new Internet related vendors. The most likely competitors are companies with a focus on clinical information systems and enterprises with an Internet commerce or electronic network focus. Many of these competitors will have access to substantially greater amounts of capital resources than we have access to, for the financing of technical, manufacturing and marketing efforts. Frequently, these competitors will have affiliations with major medical product companies or software developers, who will assist in the financing of such competitor's product development. We will seek to raise capital to develop Cymedix products in a timely manner, however, so long as our operations remain underfunded, as they now are, we will be at a competitive disadvantage.

Software Development Personnel. The success of the development of our Cymedix software is dependent to a significant degree on our key management and technical personnel. We believe that our success will also depend upon our ability to attract, motivate and retain highly skilled, managerial, sales and marketing, and technical personnel, including software programmers and systems

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architects skilled in the computer languages in which our Cymedix products operate. Competition for such personnel in the software and information services industries is intense. The loss of key personnel, or the inability to hire or retain qualified personnel, could have a material adverse effect on our results of operations, financial condition or business.

### **Securities Law Issues**

We have raised substantial amounts of capital in private placements from time to time. The securities offered in such private placements were not registered with the Securities and Exchange Commission or any state agency in reliance upon exemptions from such registration requirements. Such exemptions are highly technical in nature and if we inadvertently failed to comply with the requirements of any of such exemptive provisions, investors would have the right to rescind their purchase of our securities or sue for damages. If one or more investors were to successfully seek such rescission or institute such suit, Medix could face severe financial demands that could material and adversely affect our financial position.

### **Impact of Shares Eligible for Future Sale**

As of November 1, 2001, we had 54,669,447 shares of common stock outstanding. As of that date, approximately 16,720,168 shares were issuable upon the exercise of outstanding options, warrants or other rights, and the conversion of preferred stock. Most of these shares will be immediately saleable upon exercise or conversion under registration statements we have filed with the U.S. Securities and Exchange Commission (the "SEC"). The exercise prices of options, warrants or other rights to acquire common stock presently outstanding range from \$0.19 per share to \$4.97 per share. During the respective terms of the outstanding options, warrants, preferred stock and other outstanding derivative securities, the holders are given the opportunity to profit from a rise in the market price of the common stock, and the exercise of any options, warrants or other rights may dilute the book value per share of the common stock and put downward pressure on the price of the common stock. The existence of the options, conversion rights, or any outstanding warrants may adversely affect the terms on which we may obtain additional equity financing. Moreover, the holders of such securities are likely to exercise their rights to acquire common stock at a time when we would otherwise be able to obtain capital on terms more favorable than could be obtained through the exercise or conversion of such securities. See also the impact of our equity line of credit financing discussed in the following paragraphs.

### **Dilution Due to Equity Line of Credit**

In connection with our equity line of credit financing, we have registered 9,500,000 additional shares with the SEC for sale by the providers of the financing, of which 8,012,780 shares remain available for issuance as of November 1, 2001. The resale of the common stock that may be issued by us under the equity line of credit described herein will substantially increase the number of our publicly traded shares ("float"). If existing shareholders perceive that this increased float is not accompanied by a commensurate increase in value to the Company, then shareholder value--real or perceived--will be diluted. Such dilution could cause holders of our shares of common stock to sell, thus depressing the price of our common stock. Therefore, the very existence of the equity line financing could depress the market price of our common stock.

### **Risk of Additional Selling Pressure on Stock Price**

The resale of the common stock that will be issued by us under our equity line of credit financing could depress the market price of our common stock. This would occur if such resale took the form of heavy volume, or volume

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concentrated in a relatively short period, at levels greater than the trading activity of our stock could normally support. Furthermore, the terms of the equity line provide that we will sell shares of our common stock to the providers of the financing at 91% of the average of the three lowest of the daily volume-weighted average prices of our common stock during the 22-trading day period immediately before our request for the advance. Therefore, since all of the shares that are issued by us in connection with advances under the equity line financing will have a "built-in" discount of at least 9% upon issuance, this could produce an impetus for the providers of the equity line to resell their shares sooner or in greater quantity than they would otherwise. Such resale could have the effect of depressing our share price.

### **Volatility of Our Stock Price**

Historically, our common stock has experienced significant price fluctuations. This has been caused by one or more of the following factors:

- o unfavorable announcements or press releases relating to the technology sector;
- o regulatory, legislative or other developments affecting our company or the health care industry generally;
- o conversion of our preferred stock and convertible debt into common stock at conversion rates based on current market prices or below on current market prices of our common stock and exercise of options and warrants at below current market prices;
- o sales by those financing our company through an equity line of credit or convertible securities which have been registered with the SEC and may be sold into the public market immediately upon receipt; and
- o market conditions specific to technology and internet companies, the health care industry and general market conditions.

In addition, in recent years the stock market has experienced significant price and volume fluctuations. These fluctuations, which are often unrelated to the operating performance of specific companies, have had a substantial effect on the market price for many health care related technology companies. Factors such as those cited above, as well as other factors that may be unrelated to our operating performance may adversely affect the price of our common stock.

### **Application of Penny Stock Rules to Our Common Stock**

Trading of our common stock may be subject to the penny stock rules under the Securities Exchange Act of 1934, as amended, unless an exemption from such rules is available. Broker-dealers making a market in our common stock will be required to provide disclosure to their customers regarding the risks associated with our common stock, the suitability for the customer of an investment in our common stock, the duties of the broker-dealer to the customer and information regarding bid and ask prices for our common stock, and the amount and description of any compensation the broker-dealer would receive in connection with a transaction in our common stock. The application of these rules may result in fewer market makers making a market of our common stock and further restrict the liquidity of our common stock.

### **Absence of Common Stock Dividends**

We have not had earnings, but if earnings were available, it is our general policy to retain any earnings for use in our operation. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any payment of cash dividends on our common stock in the future will be dependent upon our financial condition, results of operations, current and anticipated cash requirements, plans for expansion, as well as other factors that the Board of Directors deems relevant. We anticipate that our future financing agreements will prohibit the payment of common stock dividends without the prior written consent of those providers.

**THE COMPANY**

Medix Resources, Inc., a Colorado corporation, sold its supplemental staffing business, which operated under the tradenames "National Care Resources" and "TherAmerica" on February 19, 2000, and now principally develops software for Internet-based communications and information management for medical service providers, through its wholly-owned subsidiary, Cymedix Lynx Corporation.

We acquired Cymedix in January of 1998. Cymedix has developed Internet-based communications and information management product, which we began marketing to medical professionals in select markets nationwide. Growth of the medical information management marketplace is being driven by the need to share significant amounts of clinical and patient information between physicians, their outpatient service providers, hospitals, insurance companies and managed care organizations. This market is one of the fastest-growing sectors in healthcare today, commanding a projected two-thirds of health care capital investments. The Cymedix(R) software contains patented elements that can be used to develop secure medical communications products that make use of the Internet. Using the Cymedix software, medical professionals can order, prescribe and access medical information from insurance companies and managed care organizations, as well as from any participating outpatient service provider, such as a laboratory, radiology center, pharmacy or hospital. We will provide the software at minimal charges to physicians and clinics, and will collect user fees whenever these products are used to provide services on the Internet. The products' relational database technology will provide physicians with a permanent, ongoing record of each patient's name, address, insurance or managed care affiliation, referral status, medical history, personalized notes and an audit trail of past encounters. Physicians will be able to electronically order medical procedures, receive and store test results, check patient eligibility, make medical referrals, request authorizations, and report financial and encounter information in a cost-effective, secure and timely manner.

Our principal executive office is located at 305 Madison Ave., Suite 2033, New York, NY 10165, and its telephone number is (212) 697-2509. Our principal administrative office is at 7100 East Belleview Ave., Greenwood Village, CO 80111, and its telephone number is (303) 741-2045. We also have offices in California, Georgia and New Jersey.

**USE OF PROCEEDS**

The net proceeds from the sale of shares will be received by the selling shareholders. Medix will not receive any of the proceeds from any sale of the shares by the selling shareholders. However, Medix will receive the proceeds from the exercise of warrants and options to purchase the shares to be sold hereunder. Such proceeds will be used as working capital.

**SELLING SHAREHOLDERS**

The table below sets forth information as of November 12, 2001, with respect to the selling shareholders, including names, holdings of shares of common stock prior to the offering of the shares, the number of shares being offered for each account, and the number and percentage of shares of common stock to be owned by the selling shareholders immediately following the sale of the shares, assuming all of the offered shares are sold.

| Shares of<br>Common Stock | Shares of<br>Common Stock to be<br>Beneficially Owned |
|---------------------------|---|
|---------------------------|---|

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| Name                                 | Beneficially<br>Owned Before<br>the Offering | Shares of<br>Common Stock<br>Being Offered | Owned After the Offering |            |
|--------------------------------------|--|--|--------------------------|------------|
|                                      |  |  | Number                   | Percentage |
| Michael J. Ruxin                     | 195,000                                      | 195,000                                    | 0                        | 0          |
| Nais Corporation                     | 250,000                                      | 90,000                                     | 160,000                  | *          |
| Lyle B. Stewart                      | 200,000                                      | 75,000                                     | 125,000                  | *          |
| Fritz & Miller, P.C.                 | 15,035                                       | 9,568                                      | 5,467                    | *          |
| Shapiro Forman Allen &<br>Miller LLP | 30,800                                       | 19,600                                     | 11,200                   | *          |
| Guli R. Rajani                       | 30,555                                       | 19,444                                     | 11,111                   | *          |
| Nicole S. Rajani                     | 30,555                                       | 19,444                                     | 11,111                   | *          |
| Ajay G. Rajani                       | 30,555                                       | 19,444                                     | 11,111                   | *          |
| Total                                | 782,500                                      | 447,500                                    |                          |            |

-----  
\*less than 1%

### Relationship Between Medix and the Selling Shareholders

The selling shareholders have or will acquire the shares of common stock indicated above upon the exercise of warrants or options issued for services rendered or in settlement of litigation. None of the persons listed above are affiliates or controlled by affiliates of the Company. We have a separate contractual obligation to file this registration with certain of the selling shareholders.

### DESCRIPTION OF SECURITIES

Our authorized capital consists of 100,000,000 shares of common stock, par value \$.001 per share, and 2,500,000 shares of preferred stock. As of November 1, 2001, we had outstanding 54,669,447 shares of common stock, 1 share of 1996 Preferred Stock, 50 shares of 1999 Series B Preferred Stock and 375 shares of 1999 Series C Preferred Stock. As of such date, our common stock was held of record by approximately 375 persons and beneficially owned by approximately 9,000 persons.

### Common Stock

Each share of common stock is entitled to one vote at all meetings of shareholders. Shareholders are not permitted to cumulate votes in the election of directors. Currently, the Board of Directors consists of six directors, who serve for staggered terms of three years, with at least two directors elected at every annual meeting. All shares of common stock are equal to each other with respect to liquidation rights and dividend rights. There are no preemptive rights to purchase any additional common stock. In the event of liquidation, dissolution or winding up of Medix, holders of the common stock will be entitled to receive on a pro rata basis all assets of Medix remaining after satisfaction of all liabilities and preferences of the outstanding preferred stock. The outstanding shares of common stock and the shares of common stock issuable upon conversion or exercise of derivative securities are or will be, as the case may be, duly and validly issued, fully paid and non-assessable.

### Transfer Agent and Registrar

We have retained Computershare Trust Company, Inc., 12039 W. Alameda Parkway, Suite Z-2, Lakewood, Colorado 80228, as Transfer Agent and Registrar for the our common stock, (303) 986-5400.

### PLAN OF DISTRIBUTION

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The selling shareholders and any of their pledgees, donees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded. These sales may be at fixed or negotiated prices. The selling shareholders may use any one or more of the following methods when selling shares:

- o ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- o block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- o purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- o an exchange distribution in accordance with the rules of the applicable exchange;
- o privately negotiated transactions;
- o short sales;
- o broker-dealers may agree with the selling shareholders to sell a specified number of such shares at a stipulated price per share;
- o a combination of any such methods of sale; and
- o any other method permitted pursuant to applicable law.

The selling shareholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

The selling shareholders may also engage in short sales against the box, puts and calls and other transactions in securities of the Company or derivatives of Company securities and may sell or deliver shares in connection with these trades. The selling shareholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling shareholder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares. The selling shareholders have advised the Company that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their shares other than ordinary course brokerage arrangements, nor is there an underwriter or coordinating broker acting in connection with the proposed sale of shares by the selling shareholders.

Broker-dealers engaged by the selling shareholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling shareholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling shareholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

Selling shareholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

The Company is required to pay all fees and expenses incident to the

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registration of the shares, including fees and disbursements of counsel to certain of the selling shareholders. Otherwise, all discounts, commissions or fees incurred in connection with the sale of the common stock offered hereby will be paid by the selling shareholders. The Company has agreed to indemnify certain selling shareholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Upon the Company being notified by a selling shareholder that any material arrangement has been entered into with a broker-dealer for the sale of shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such selling shareholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such shares were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction.

In order to comply with the securities laws of certain states, if applicable, the shares will be sold in such jurisdictions, if required, only through registered or licensed brokers or dealers. In addition, in certain states the shares may not be sold unless the shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and complied with.

The Company has advised the selling shareholders that the anti-manipulative provisions of Regulation M promulgated under the Exchange Act may apply to their sales of the shares offered hereby.

### INDEMNIFICATION OF OFFICERS AND DIRECTORS

Article 109 of the Colorado Business Corporation Act generally provides that Medix may indemnify its directors, officers, employees and agents against liabilities in any action, suit or proceeding whether civil, criminal, administrative or investigative and whether formal or informal (a "Proceeding"), by reason of being or having been a director, officer, employee, fiduciary or agent of Medix, if such person acted in good faith and reasonably believed that his conduct, in his official capacity, was in the best interests of Medix (or, with respect to employee benefit plans, was in the best interests of the participants of the plan), and in all other cases that his conduct was at least not opposed to Medix's best interests. In the case of a criminal proceeding, the director, officer, employee or agent must have had no reasonable cause to believe that his conduct was unlawful. Under Colorado Law, Medix may not indemnify a director, officer, employee or agent in connection with a proceeding by or in the right of Medix if the director is adjudged liable to Medix, or in a proceeding in which the directors, officer employee or agent is adjudged liable for an improper personal benefit.

Our Articles of Incorporation provide that we shall indemnify its directors, and officers, employees and agents to the extent and in the manner permitted by the provisions of the laws of the State of Colorado, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any shareholders' or directors' resolution or by contract.

Insofar as indemnification for liabilities under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to directors, officers or persons controlling Medix pursuant to the foregoing provisions, Medix has been informed that in the opinion of the Commission, such indemnification is

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against public policy as expressed in the Securities Act and is therefore unenforceable.

### AVAILABLE INFORMATION

We are a reporting company and file our annual, quarterly and current reports, proxy material and other information with the SEC. Reports, proxy statements and other information concerning Medix filed with the Commission may be inspected at the Public Reference Room maintained by the Commission at its office, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The public may obtain information about the Public reference room in Washington, D.C. by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available at the SEC's Website at "<http://www.sec.gov>".

We have filed a registration statement under the Securities Act, with respect to the securities offered pursuant to this Prospectus. This Prospectus does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is made to the registration statement and the exhibits filed as a part thereof, which may be found at the locations and Website referred to above.

### INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you to the documents filed with the SEC that contains that information. The information incorporated by reference is an important part of this Prospectus, and it is important that you review it before making your investment decision. We hereby incorporate by reference the documents listed below:

- (a) a copy of our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2000, filed with the SEC on March 21, 2001;
- (b) copies of our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, June 30, and September 30, 2001, filed with the SEC on May 14, August 14, and November 14, 2001;
- (c) copies of the our Forms 8-K, filed with the SEC on January 9, January 16, January 17, January 29, February 1, February 20, March 15, March 27, April 5, April 11, April 23, May 24, June 12, June 22, 2001, July 30, October 9, October 24, October 31, and November 2, 2001.

We are delivering with this Prospectus a copy of the Form 10-KSB and the most recent Form 10-Q referred to above. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus, or made herein, shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document, which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

All other documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Prospectus and prior to the termination of the Offering pursuant to this Prospectus shall be deemed to be incorporated by reference and

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to be a part of this Prospectus from the date of filing of such documents.

We will provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon oral or written request of any such person, a copy of any or all of the documents incorporated herein by reference, other than the exhibits to such documents (unless such exhibits are specifically incorporated by reference into the information that this Prospectus incorporates). Requests should be directed to Investor Relations Department, Medix Resources, Inc., 7100 E. Belleview Avenue, Suite 301, Greenwood Village, Colorado 80111, telephone (303) 741-2045.

### LEGAL MATTERS

The validity of the shares offered hereby is being passed upon for us by Lyle B. Stewart, P.C. Lyle B. Stewart, P.C. has been granted options to purchase 25,000 shares of Medix common stock at an exercise price of \$0.26 per share, and Mr. Stewart, individually, has been granted options to purchase 100,000 and 75,000 shares of Medix common stock at exercise prices of \$3.38 and \$0.92 per share, respectively.

### EXPERTS

The consolidated financial statements of Medix as of December 31, 2000, and for each of the two years in the period ended December 31, 2000 appearing in our 2000 Form 10-KSB have been audited by Ehrhardt Keefe Steiner & Hottman P.C., independent auditors, as stated in their report appearing therein, and have been incorporated herein by reference in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### Item 14. Other Expenses of Issuance and Distribution.

The following is a list of the estimated expenses to be incurred by the Registrant in connection with the issuance and distribution of the Shares being registered hereby.

|  |          |
|--|----------|
| SEC Registration Fee.....              | \$ 84    |
| Blue Sky Filing Fees and Expenses..... | 0*       |
| Accountants' Fees and Expenses.....    | 1,000*   |
| Legal Fees and Expenses.....           | 5,000*   |
| Miscellaneous.....                     | 0*       |
|  | -----    |
| TOTAL.....                             | \$6,084* |
|  | =====    |

\* Estimated, subject to change.

The Company will bear all of the above expenses of the registration of the Shares.

#### Item 15. Indemnification of Directors and Officers.

See "INDEMNIFICATION OF OFFICERS AND DIRECTORS" in the Prospectus.

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**Item 16. Exhibits.**

| <b>Exhibit<br/>Number</b><br>----- | <b>Description</b><br>-----                                |
|------------------------------------|--|
| 5.1                                | Opinion of Lyle B. Stewart, Esq                            |
| 23.1                               | Consent of Ehrhardt Keefe Steiner & Hottman P.C.           |
| 23.2                               | Consent of Lyle B. Stewart, Esq. (included in Exhibit 5.1) |
| 24.1                               | Power of Attorney (included on signature page)             |

\* Previously Filed

**Item 17. Undertakings.**

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (A)(1)(i) and (A)(1)(ii) do not apply if the Registration Statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission (the "Commission") by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the

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Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-2 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York on November 14, 2001.

MEDIX RESOURCES, INC.

By /s/ John R. Prufeta  
John R. Prufeta,  
President and CEO

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Each person whose signature appears below in so signing also makes, constitutes and appoints John R. Prufeta and Gary L. Smith, and each of them, his or her true and lawful attorney-in-fact, with full power of substitution, for him in any and all capacities, to execute and cause to be filed with the Securities and Exchange Commission any and all amendments and post-effective amendments to this Registration Statement, with exhibits thereto and other documents in connection therewith, and hereby ratifies and confirms all that said attorney-in-fact or his substitute or substitutes may do or cause to be done by virtue hereof.

| Signature<br>-----                              | Title<br>-----  | Date<br>----      |
|---|---|-------------------|
| <u>/s/ John R. Prufeta</u><br>John R. Prufeta   | President, Chief Executive<br>Officer and Director<br>(Principal Executive<br>Officer)                        | November 16, 2001 |
| <u>/s/ Gary L. Smith</u><br>Gary L. Smith       | Executive Vice President<br>and Chief Financial<br>Officer (Principal<br>Financial and Accounting<br>Officer) | November 16, 2001 |
| <u>/s/ John T. Lane</u><br>John T. Lane         | Director  | November 16, 2001 |
| <u>/s/ David B. Skinner</u><br>David B. Skinner | Director  | November 16, 2001 |

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|   |          |                   |
|---|----------|-------------------|
| <u>/s/ Samuel H. Havens</u><br>Samuel H. Havens | Director | November 16, 2001 |
| <u>/s/ Joan E. Herman</u><br>Joan E. Herman     | Director | November 16, 2001 |
| _____<br>Patrick W. Jeffries                    | Director | November __, 2001 |
| _____<br>Guy L. Scalzi                          | Director | November __, 2001 |

**EXHIBIT INDEX**

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