

FILED

1 COTKIN & COLLINS
A PROFESSIONAL CORPORATION
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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT CALIF.
LOS ANGELES

BY _____

6 Attorneys for Petitioner
7 Hythiam, Inc.

8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 Western Division

12 HYTHIAM, INC., a Delaware)
corporation,)
13)
Petitioner,)
14)
vs.)
15)
16 RECOVERY FROM ADDICTIONS,)
INC., a Florida corporation,)
and JAMES A. HALIKAS, an)
17 individual,)
18 Respondents.)
19 _____)

No. **CV08-07287 R** (MAN)

PETITION TO CONFIRM
ARBITRATION AWARD AND FOR
ENTRY OF JUDGMENT THEREON

[EXHIBIT A FILED UNDER SEAL]

21 Pursuant to 9 U.S.C. § 9, petitioner Hythiam, Inc.
22 ("Hythiam") hereby petitions the Court to confirm, and enter
23 judgment on, a Reasoned Award issued October 21, 2008 (the
24 "Award"), obtained before the American Arbitration Association
25 against respondents Recovery From Additions, Inc. ("RAI") and
26 James A. Halikas, M.D. ("Halikas") (collectively, Respondents"),
27 and in furtherance thereof, alleges:

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Jurisdiction and Venue

1. This Court has subject matter jurisdiction over this petition pursuant to 28 U.S.C. § 1332(a) in that there is complete diversity of citizenship and the amount in controversy exceeds \$75,000 exclusive of interest and costs. Hythiam is a Delaware corporation with its principal place of business in California. RAI is a Florida corporation with its principal place of business in Florida. Halikas is a resident of Florida. In addition to injunctive relief, the Arbitrator awarded Hythiam a total of \$248,659.25 for license fees, attorneys' fees, administrative fees, and arbitrator compensation.

2. Venue is proper in the Central District of California in that, pursuant to Section 15.10 of the Technology License and Administrative Services License Agreement (the "License Agreement"), Respondents agreed that disputes would be "subject to binding arbitration" under the rules of the American Arbitration Association and that "any judgment on the award rendered in such arbitration shall be entered in the state or federal courts located in Los Angeles County, California." In addition, venue is also appropriate in the Central District of California pursuant to 28 U.S.C. § 1391(a) in that the License Agreement was negotiated and entered into in this judicial district. Finally, the Hythiam intellectual property that was misappropriated is substantially located at Hythiam's principal place of business within the Central District of California, and Hythiam has incurred damage within this judicial district.

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1 Judgment Should Be Entered on the Award

2 3. This matter arises from Respondents' violation of
3 the License Agreement entered into with Hythiam for Respondents
4 to use Hythiam's proprietary information and protocols for
5 treating alcohol and stimulate addiction. A true and correct
6 copy of the License Agreement is Exhibit A hereto. An
7 application has been made that it be filed under seal.

8 4. Respondents breached the License Agreement in
9 various ways, including by failing to make required license
10 payments and failing to properly administer Hythiam's licensed
11 protocol. In addition, Halikas breached the License Agreement
12 by filing three patent applications arising from Hythiam's
13 licensed technology, despite the requirement of the License
14 Agreement that Respondents assign to Hythiam any intellectual
15 property developed by them arising from or related to that
16 licensed technology.

17 5. Pursuant to the terms of the License Agreement,
18 Hythiam commenced an arbitration before the American Arbitration
19 Association on October 4, 2007. A true and correct copy of the
20 Claim and Demand for Arbitration is Exhibit B hereto. On
21 December 3, 2007, the American Arbitration Association appointed
22 John Charles Lautsch as the neutral arbitrator (the
23 "Arbitrator"). A true and correct copy of the Notice of
24 Appointment is Exhibit C hereto.

25 6. Halikas contended that RAI had been dissolved
26 effective October 1, 2008, and that no relief was available
27 against him individually. The Arbitrator found that there was a
28 factual issue regarding whether Halikas could be held

1 responsible for violations of the License Agreement, and ordered
2 that the issue be presented as part of the hearing on the
3 merits.

4 7. On August 12, 2008, the American Arbitration
5 Association notified the parties that the matter would be heard
6 on September 11 and 12, 2008, at the organization's Los Angeles
7 office. A true and correct copy of the Revised Notice of
8 Hearing is Exhibit D hereto. The Arbitrator conducted an
9 evidentiary hearing on September 11, 2008, at the Los Angeles
10 office of the American Arbitration Association. Hythiam
11 appeared with its counsel and presented witnesses in evidence.
12 Respondents did not appear and presented no evidence.

13 8. On October 21, 2008, The Arbitrator issued his
14 Reasoned Award, a true and correct copy of which is Exhibit E
15 hereto. On that date, the American Arbitration Association
16 transmitted the Reasoned Award to the parties and a true and
17 correct copy of the transmittal letter is Exhibit F hereto.

18
19 WHEREFORE, Hythiam respectfully requests confirmation
20 and entry of judgment on the Reasoned Award as follows:

21 (A) Permanently enjoining Respondents, and each of
22 them, from filing any additional patent applications directed to
23 the therapeutic use of flumazenil;

24 (B) Permanently enjoining Respondents, and each of
25 them, from taking any action that would impair the value,
26 enforceability or patentability of U.S. Patent Application No.
27 11/126,742, filed May 12, 2005; U.S. Patent Application No.
28 11/049,067, filed February 23, 2005; and U.S Patent Application

1 No. 11/134,675, filed May 23, 2005; and the value or
2 enforceability of U.S. Patent No. 7,186,771 B2, dated March 6,
3 2007;

4 (C) Permanently enjoining Respondents, and each of
5 them, from making any use of or earning any compensation from
6 the license, sale or transfer of U.S. Patent Application No.
7 11/126,742, filed May 12, 2005; U.S. Patent Application No.
8 11/049,067, filed February 23, 2005; and U.S Patent Application
9 No. 11/134,675, filed May 23, 2005;

10 (D) Mandatorily enjoining and ordering Respondents,
11 and each of them, to assign to Hythiam all right, title and
12 interest to U.S. Patent Application No. 11/126,742, filed May
13 12, 2005; U.S. Patent Application No. 11/049,067, filed February
14 23, 2005; and U.S Patent Application No. 11/134,675, filed May
15 23, 2005;

16 (E) Ordering Respondents, and each of them, to pay to
17 Hythiam the total sum of \$234,209.25, plus 10 percent interest
18 from October 21, 2008; and

19 (F) Ordering Respondents, and each of them, to pay to
20 Hythiam the sum of \$14,450 for the fees and expenses incurred
21 with the American Arbitration Association.

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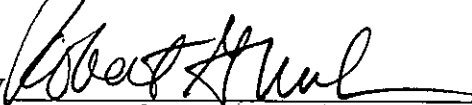
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COTKIN & COLLINS
A PROFESSIONAL CORPORATION

By 
Robert G. Wilson

Attorneys for Petitioner
Hythiam, Inc.

Dated: November 3, 2008

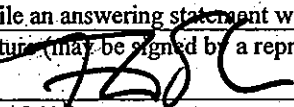
EXHIBIT A

FILED UNDER SEAL



**COMMERCIAL ARBITRATION RULES
 DEMAND FOR ARBITRATION**

EDIATION: If you would like the AAA to contact the other parties and attempt to arrange a mediation, please check this box.
 There is no additional administrative fee for this service.

Name of Respondent Recovery From Addictions, Inc. & James A. Halikas MD			Name of Representative (if known)		
Address 11181 Health Park Blvd			Name of Firm (if applicable)		
Suite 3050.			Representative's Address		
City Naples	State FL	Zip Code 34108-	City	State	Zip Code
Phone No.		Fax No.	Phone No.		Fax No.
Email Address:			Email Address:		
The named claimant, a party to an arbitration agreement dated <u>November 1, 2004</u> , which provides for arbitration under the Commercial Arbitration Rules of the American Arbitration Association, hereby demands arbitration.					
THE NATURE OF THE DISPUTE Breach of Contract Arising from Respondents' Violations of the Technology Licensing and Administrative Services Agreement ("License Agreement") entered into by the parties on November 1, 2004.					
Dollar Amount of Claim \$1,000,000.00			Other Relief Sought: <input checked="" type="checkbox"/> Attorneys Fees <input checked="" type="checkbox"/> Interest <input checked="" type="checkbox"/> Arbitration Costs <input type="checkbox"/> Punitive/ Exemplary <input checked="" type="checkbox"/> Other <u>See Prayer</u>		
AMOUNT OF FILING FEE ENCLOSED WITH THIS DEMAND (please refer to the fee schedule in the rules for the appropriate fee) \$8,000.00					
PLEASE DESCRIBE APPROPRIATE QUALIFICATIONS FOR ARBITRATOR(S) TO BE APPOINTED TO HEAR THIS DISPUTE: Parties to select Arbitrator					
aring locale <u>Los Angeles, CA</u> (check one) <input type="checkbox"/> Requested by Claimant <input checked="" type="checkbox"/> Locale provision included in the contract					
Estimated time needed for hearings overall: _____ hours or <u>2-3</u> days			Type of Business: Claimant <u>Healthcare Technology</u> Respondent <u>Medical</u>		
Is this a dispute between a business and a consumer? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Does this dispute arise out of an employment relationship? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
If this dispute arises out of an employment relationship, what was/is the employee's annual wage range? Note: This question is required by California law. <input type="checkbox"/> Less than \$100,000 <input type="checkbox"/> \$100,000 - \$250,000 <input type="checkbox"/> Over \$250,000					
You are hereby notified that copies of our arbitration agreement and this demand are being filed with the American Arbitration Association's Case Management Center, located in (check one) <input type="checkbox"/> Atlanta, GA <input type="checkbox"/> Dallas, TX <input type="checkbox"/> East Providence, RI <input checked="" type="checkbox"/> Fresno, CA <input type="checkbox"/> International Centre, NY, with a request that it commence administration of the arbitration. Under the rules, you may file an answering statement within fifteen days after notice from the AAA.					
Signature (may be signed by a representative)  Date: <u>OCT 4, 2007</u>			Name of Representative David S. Shukan		
Name of Claimant Hythiam, Inc.			Name of Firm (if applicable) Kirkland & Ellis LLP		
Address (to be used in connection with this case) c/o Kirkland & Ellis LLP, 777 S. Figueroa Street			Representative's Address 777 S. Figueroa Street		
City Los Angeles	State CA	Zip Code 90017-	City Los Angeles	State CA	Zip Code 90017-
Phone No. 213-680-8400		Fax No. 213-680-8500	Phone No. 213-680-8400		Fax No. 213-680-8500
Email Address: dshukan@kirkland.com			Email Address: dshukan@kirkland.com		
To begin proceedings, please send two copies of this Demand and the Arbitration Agreement, along with the filing fee as provided for in the Rules, to the AAA. Send the original Demand to the Respondent.					
use visit our website at www.adr.org if you would like to file this case online. AAA Customer Service can be reached at 800-778-7879					

David S. Shukan (CA Bar No. 143683)
KIRKLAND & ELLIS LLP
777 South Figueroa Street
Los Angeles, California 90017
Telephone: 213 680-8400
Facsimile: 213 680-8500

Attorneys for Claimant HYTHIAM, INC.

AMERICAN ARBITRATION ASSOCIATION

HYTHIAM, INC., a Delaware Corporation,

Claimant,

vs.

RECOVERY FROM ADDICTIONS, INC., a
Florida Corporation, and JAMES A. HALIKAS,
an Individual,

Respondents.

**CLAIM AND DEMAND FOR
ARBITRATION IN LOS ANGELES,
CALIFORNIA FOR BREACH OF
CONTRACT**

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

Pursuant to Rule R-4(a) of the American Arbitration Association's Commercial Arbitration Rules, COMES NOW Hythiam, Inc. ("Hythiam") against respondents Recovery from Addictions, Inc. ("RAI") and James A. Halikas ("Halikas") (individually and collectively, "Respondents") demanding arbitration of the claim set forth below.

INTRODUCTION

1. This is a breach of contract matter arising from Respondents' violations of the Technology Licensing and Administrative Services Agreement ("License Agreement") entered

into by the parties in 2004. A true and correct copy of the License Agreement is attached hereto as Exhibit A.

2. The License Agreement licenses, to Respondents, Hythiam's proprietary protocols for screening, diagnosis and/or treatment of patients with addictions to alcohol and/or stimulants ("the Licensed Technology") subject to certain terms and conditions and in exchange for defined payments. The License Agreement requires Respondents to comply with the protocols in their clinical practice, and to assign to Hythiam any intellectual property developed by Respondents arising from or related to the Hythiam Licensed Technology.

3. The current dispute stems from Respondents' violation of their obligations under the License Agreement. Respondents have violated the Hythiam protocols in connection with treating patients. Respondents have refused to assign to Hythiam at least three patent applications arising from or relating to Hythiam's Licensed Technology. Respondents have also failed to make certain license payments to Hythiam.

4. Respondents have rejected significant efforts on the part of Hythiam to resolve this dispute through a negotiated settlement, thus making this arbitration necessary.

PARTIES

5. Claimant Hythiam is a Delaware corporation located and headquartered at 11150 Santa Monica Boulevard, 15th Floor, Los Angeles, California 90025. Among other things, Hythiam develops proprietary protocols for the screening, diagnosis, and treatment of patients suffering from alcohol and stimulant addiction. Hythiam does not itself treat patients, but instead licenses its healthcare technology to physicians, physician groups, and treatment centers.

6. On information and belief, Respondent RAI is a Florida corporation located and headquartered at 11181 Health Park Blvd., Suite 3050, Naples, Florida 34108. On information and belief, RAI manages facilities for the treatment of substance abuse.

7. On information and belief, James A. Halikas is a medical doctor residing and licensed to practice in the State of Florida. On information and belief, Halikas' medical practice is located at 11181 Health Park Blvd., Suite 3050, Naples, Florida 34108.

8. Halikas is the only physician allowed under the License Agreement to use the Licensed Technology.

JURISDICTION AND VENUE

9. Hythiam brings this demand for arbitration pursuant to Section 15.10 of the License Agreement, which provides: “[a]ny claim or controversy arising out of or in connection with this Agreement shall be subject to binding arbitration by a single arbitrator in accordance with the existing Commercial Arbitration Rules of Practice and Procedures of the American Arbitration Association.” Section 15.10 further provides that the arbitration shall take place in Los Angeles, California. Section 15.5 provides that the Agreement is governed by California law.

10. Hythiam’s claims herein arise out of and in connection with the Agreement, as the claims involve Respondents’ material breaches of the Agreement.

CAUSE OF ACTION FOR BREACH OF CONTRACT

11. Hythiam hereby incorporates by reference the allegations in paragraphs 1–10.

12. The parties entered into the License Agreement in November 2004. Halikas signed the License Agreement as RAI’s President on behalf of RAI. Section 3.3 of the License Agreement expressly provides that the licensed technology is limited to:

Physician Practice Personnel (as defined in Section 4.1) or Group Physicians who have been authorized by Hythiam in writing as set forth on Schedule A and who have been informed of by RAI, and are bound by, the terms and conditions of this [License] Agreement.

Dr. Halikas is a “Group Physician” and a “Physician Practice” under the License Agreement who received access to and used the licensed technology, and thus is bound to the terms and conditions of the License Agreement.

13. In April 2004, several months before Respondents entered into the License Agreement, Halikas entered into a Confidentiality and Non-Disclosure Agreement (the “NDA”) with Hythiam, allowing Halikas to review Hythiam’s confidential information for the sole purpose of determining whether to enter into the License Agreement. The NDA does not contain

an arbitration provision, and accordingly a separate action is being litigated against Halikas in federal court in Los Angeles for violation of the NDA and related misconduct. For completeness, a true and correct copy of the NDA is attached hereto as Exhibit B.

Respondents' Prosecution in Their Own Name of Patents Relating to Hythiam's Licensed Technology and Failure to Execute an Assignment of Those Patents to Hythiam

14. When Hythiam discloses and licenses its intellectual property to others, it naturally protects that intellectual property so that licensees cannot simply use it to make small modifications and attempt to claim those modifications as their own. In this regard, Section 7.3 of the License Agreement expressly provides:

If during the Term (or thereafter, using knowledge obtained during the Term) RAI/Physician Practice creates [various types of intellectual property] arising out of or related to the Licensed Technology (collectively, the 'Licensee Modifications'), RAI/Physician Practice will assign, and RAI hereby irrevocably assigns, all of its right, title and interest in and to the Licensee Modifications to Hythiam, including any Intellectual Property rights.

15. Similarly, Section 9.2 of the License Agreement covers Confidential Information that Hythiam provided to Respondents, and expressly states:

At no time shall RAI (and, by extension, Physician Practice) use, or allow others to use or have access to, the Confidential Information for any purpose other than performance of RAI's obligations or exercise of Physician Practice's rights under and in accordance with this Agreement or disclose the Confidential Information to any third party without the prior consent of Hythiam

16. Respondents filed at least three U.S. patent applications in material breach of the License Agreement: (1) U.S. Patent Application No. 11/049067, filed February 3, 2005 and entitled "Method of preventing relapse in the abstinent substance dependent individual;" (2) U.S. Patent Application No. 11/126742, filed May 12, 2005 and entitled "Method of preventing relapse in the abstinent substance dependent individual;" and (3) U.S. Patent Application No. 11/134675, filed May 23, 2005 and entitled "Method of controlling alcohol intake and reversing alcohol effects" (the "Patent Applications"). True and correct copies of the Patent Applications, as available from the United States Patent & Trademark Office website, are attached hereto as Exhibits C-E.

17. Each of the Patent Applications arose out of or related to Hythiam's Licensed Technology and was thus a Licensee Modification under Section 7.3 the License Agreement. Each of the Patent Applications also disclosed Hythiam's Confidential Information, in violation of the License Agreement.

18. Hythiam has requested that Respondents cease prosecuting the Patent Applications in their own name and that they execute a written assignment formalizing the assignment to Hythiam under the License Agreement. Respondents have refused to do so.

Respondents' Violation of Contractual Protocols in Their Use of the Licensed Technology

19. Under Section 6.1 of the License Agreement, Respondents must not use the licensed technology in violation of the protocols provided by Hythiam and must ensure safe and proper use of the licensed technology. Respondents materially breached their obligations under Section 6.1 on at least two occasions.

20. On information and belief, on or about July 1, 2005, Respondents failed to follow the treatment administration requirement of the Hythiam treatment protocols in the course of Respondents rendering treatment to a patient pursuant to the License Agreement. Respondents' actions were a willful or grossly negligent disregard of care of the patient in question and threatened the integrity of Hythiam's licensed technology, in material breach of Section 6.1 of the License Agreement.

21. On information and belief, on or about November 6, 2006, Respondents administered the Licensed Technology to a patient who was intoxicated at the time of treatment. Respondents' actions violated the screening criteria for selection for treatment under the Hythiam protocols and were an unsafe and improper use of the licensed technology, in material breach of Section 6.1 of the License Agreement.

22. In violating the Hythiam protocols and failing to use the Licensed Technology in a safe and proper manner, Respondents have endangered patients, threatened the integrity of the Licensed Technology, and harmed Hythiam's reputation. Respondents' actions are material breaches of the Agreement that should be enjoined so as to prevent continuing and irreparable

harm to Hythiam.

Respondents' Failure to Pay Fees Owed Under the Agreement

23. Under Section 5.1 and Paragraph 10 of Schedule A of the Agreement, Respondents are obligated to pay Hythiam \$6,400 for each episode of alcohol dependency treatment under the Hythiam protocols and \$7,450 for each episode of drug dependency treatment under the Hythiam protocols. According to Respondent's own reports, Respondents currently owe Hythiam at least \$23,650 in unpaid fees under the License Agreement.

24. Respondents' actions and omissions as set forth above are material breaches of their obligations under the License Agreement.

25. As a result of Respondents' actions, Hythiam has suffered financial harm, harm to its reputation, and harm to the integrity of the Licensed Technology and Confidential Information, in an amount to be proven during the arbitration.

26. Hythiam has also suffered irreparable harm for which no adequate remedy is available at law. Section 15.10 of the License Agreement expressly provides for specific performance and injunctive relief in the event of a breach by Respondents. Because the Patent Applications properly belong to Hythiam under the License Agreement, Hythiam is entitled to an award specifically enforcing the License Agreement and requiring Respondents to execute an assignment of any intellectual property belonging to Hythiam over which Respondents are currently asserting ownership, including but not limited to the Patent Applications. Respondents should also be enjoined from further use and/or disclosure of Hythiam's Licensed Technology or Confidential Information in violation of the License Agreement.

PRAYER FOR RELIEF

WHEREFORE, Claimant Hythiam prays for an award in its favor and against Respondents as follows:

1. For recovery of unpaid amounts due under the License Agreement in an amount of at least \$23,650;

2. For an order requiring Respondents to specifically perform their obligations under the License Agreement, including by executing a written assignment of any patent applications in their name arising from or related to the Licensed Technology, including but not limited to the Patent Applications;
3. For damages for harm to Hythiam's reputation and harm to the integrity of the Licensed Technology in an amount to be proven, but in no event less than \$1,000,000;
4. For preliminary and permanent injunctions barring Respondents, and any person or entity affiliated with Respondents, from any further use, disclosure or misappropriation of Hythiam's Licensed Technology or Confidential Information absent the express written consent of Hythiam;
5. For a constructive trust over any and all patent applications in either Respondent's name arising from or related to the Licensed Technology or Confidential Information, including but not limited to the Patent Applications, and any and all gains to Respondents resulting from such, and an accounting thereof;
6. For an award of Hythiam's reasonable attorneys' fees and costs incurred in this action;
7. For pre- and post-judgment interest on all amounts owed to Hythiam; and
8. For any such other relief as the arbitrator may deem just and proper.

DATED: October 4, 2007

Respectfully submitted,

KIRKLAND & ELLIS LLP



David S. Shukan
777 South Figueroa Street
Los Angeles, California 90017
Telephone: (213) 680-8400
Facsimile: (213) 680-8500

Attorneys for Claimant
HYTHIAM, INC.

AMERICAN ARBITRATION ASSOCIATION

In the Matter of Arbitration Between:

Re: 72-193 Y 01021 07 TNM
Hythiam, Inc.
VS
Recovery From Addictions, Inc.
James A. Halikas, M.D.

NOTICE OF APPOINTMENT

To: John Charles Lautsch, Esq.

It is most important that the parties have complete confidence in the arbitrator's impartiality. Therefore, please disclose any past or present relationship with the parties, their counsel, or potential witnesses, direct or indirect, whether financial, professional, social or of any other kind. This is a continuing obligation throughout your service on the case and should any additional direct or indirect contact arise during the course of the arbitration or if there is any change at any time in the biographical information that you have provided to the AAA, it must also be disclosed. Any doubts should be resolved in favor of disclosure. If you are aware of direct or indirect contact with such individuals, please describe it below. Failure to make timely disclosures may forfeit your ability to collect compensation. The Association will call the disclosure to the attention of the parties.

You will not be able to serve until a duly executed Notice of Appointment is received and on file with the Association. Please review the attached *Disclosure Guidelines* and, after conducting a conflicts check, answer the following questions and complete the remainder of this Notice of Appointment.

California Code of Civil Procedure §1281.9 (which incorporates CCP §170.1 and the Ethics Standards for Neutral Arbitrators adopted by the California Judicial Council) and CCP §1281.95 require certain disclosures by a person nominated or appointed as an arbitrator. While the Association makes this worksheet available to neutrals appointed to cases administered by the Association, the ultimate obligation for compliance with any statutory requirements, Rules and/or Ethics Standards lies with the neutral. Accordingly, please review the relevant statutory provisions and the enclosed material before completing this worksheet. The Ethics Standards can be found in the Appendix to California Rules of Court, Division VI.

Received Time Dec. 3. 1:01PM

EXHIBIT C

AMERICAN ARBITRATION ASSOCIATION
Revised Notice of Hearing

August 12, 2008

Robert G. Wilson, Esq.
Cotkin, Collins & Ginsburg
300 South Grand Avenue, 24th Floor
Los Angeles, CA 90071-3134

James A. Halikas, M.D.
Recovery From Addictions, Inc.
5445 Park Central Court
Naples, FL 34109

Re: 72 193 Y 01021 07 TNM
Hythiam, Inc.
VS
Recovery From Addictions, Inc.
James A. Halikas, M.D.

PLEASE TAKE NOTICE that a hearing in the above-entitled arbitration will be held as follows:

Place: American Arbitration Association
725 S. Figueroa Street, 24th Floor
Los Angeles, CA 90017

Date: September 11, 2008
Time: 09:00 AM

Date: September 12, 2008
Time: 09:00 AM

Before: John Charles Lautsch

NOTE: Should you require special equipment for the hearing, please contact your Case Manager.

Please attend promptly with your witnesses and be prepared to present your proofs.

Terri Martinez
Senior Case Manager
559 490 1871

NOTICE: The arbitrator has arranged his schedule and reserved the above date(s). Therefore, every effort should be made to appear on the date(s) scheduled. In the event that unforeseen circumstances make it impossible to attend the hearing as scheduled, a party requesting a postponement should obtain the agreement of the other party(s). If there is no mutual agreement, the arbitrator will make a determination. All requests for postponements must be communicated to the Case Manager, not the arbitrator. There should be no direct communication between the parties and the neutral arbitrator. In some instances, postponements are subject to cancellation fees by the arbitrator. Any party wishing a stenographic record must make arrangements directly with the stenographer and notify the other party(s) of the arrangements in advance of the hearings in accordance with the rules.

cc: John Charles Lautsch, Esq.

AMERICAN ARBITRATION ASSOCIATION
Commercial Arbitration Tribunal

In the Matter Of The Arbitration Between:

HYTHIAM, INC., hereafter referred to as "CLAIMANT"

-and-

RECOVERY FROM ADDICTIONS, INC.

JAMES A. HALIKAS, M.D., hereafter referred to as "RESPONDENTS"

CASE NUMBER: 72 193 Y 01021 07 TNM

REASONED AWARD

I, THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement entered into by the above-named parties, and having been duly sworn and having duly heard and reviewed the proofs and allegations of the parties appearing, AWARD as follows:

This dispute is based upon the Technology License and Administrative Services Agreement dated November 1, 1994 ("License Agreement") between Claimant Hythiam, Inc. ("Hythiam") and Recovery from Addiction, Inc. ("RAI"). RAI was solely owned and managed by Respondent James A. Halikas, M.D. The License Agreement in Clause 15.10 provides for arbitration of disputes.

Under the terms of the License Agreement, Dr. Halikas and RAI were permitted use of proprietary protocols belonging to Hythiam for the treatment of drug and alcohol dependence. The protocols make use of a compound known as "flumazenil" as part of the treatment regimen. The License Agreement contained terms and conditions drafted to protect Hythiam's intellectual property regarding its protocols. Claimant Hythiam is the assignee of U.S. Patent No. 7,186,771 B2 dated March 6, 2007, regarding the use of flumazenil for the treatment of cocaine dependency.

Claimant filed its claim for arbitration with the American Arbitration Association on October 4, 2007. On January 14, 2008, a preliminary hearing was held by telephone conference call before Neutral Arbitrator John C. Lautsch. Appearing at this hearing were Mr. Barry Silverman of Hythiam, Brian Arnold, Esq., representing Hythiam, and James A. Halikas, M.D., representing himself. Dr. Halikas also presented information regarding RAI.

At the preliminary hearing, the parties agreed that on January 28, 2008, Claimant would file a motion addressing the Arbitration Tribunal's jurisdiction over Respondents. At the preliminary hearing and later in responding to Claimant's motion, Respondent Hailkas took the position that Respondent RAI had been dissolved effective October 1, 2008, and that he was not a signatory to the License Agreement. Therefore, he concluded, neither he nor RAI were within the jurisdiction of the Arbitration Tribunal.

Conditional upon resolution of the jurisdiction issue, the parties were directed by the Neutral Arbitrator to file and serve on each other on or before March 19, 2008, a disclosure of all witnesses reasonably expected to be called at an oral hearing. The parties also agreed during the preliminary hearing to file a stipulation of uncontested facts by April 4, 2008. All exhibits were to be exchanged by the parties no later than April 2, 2008. The parties also agreed to an arbitration hearing date of April 21, 2008, conditional upon resolution of the jurisdiction question. They requested a reasoned award.

After receiving and considering the parties' submissions regarding the jurisdiction of the Tribunal, the Neutral Arbitrator concluded that a live hearing was required on the factual issue of the parties' intentions regarding whether Dr. Hailkas was to be bound by the License Agreement.

Thereafter, Claimant's counsel asked that the hearing be continued to a later date to permit him to deal with an illness in his family. This continuance was granted. Thereafter, Claimant proceeded with new counsel. Notice was properly given to the parties by the Case Manager for the American Arbitration Association regarding a new arbitration date.

On September 11, 2008, an evidentiary hearing was convened at the Los Angeles Offices of the American Arbitration Association. Appearing at this hearing was Claimant via its counsel, Robert G. Wilson of Cotkin & Collins, Los Angeles, and witnesses for Hythiam. Respondents RAI and Dr. Hailkas did not appear and presented no evidence.

Claimant presented a binder containing 25 documents. All these documents were admitted into evidence.¹ Witnesses testifying for Claimant were: Mr. Pat Tracy, Site Director for

¹ These documents were: (1) Confidentiality and Non-Disclosure Agreement signed by Dr. Halikas on May 21, 2004; (2) Technology License and Administrative Services Agreement signed by Dr. Halikas effective November 1, 2004; (3) An unsigned letter dated October 6, 2006, from Anthony LaMacchia to James Halikas, M.D., re terminating the License Agreement; (4) Letter dated January 23, 2007, from David S. Shukan of the law firm of Kirkland & Ellis, representing Hythiam, to James A. Halikas demanding that Dr. Halikas stop prosecuting certain patent applications and that he assign said applications to Hythiam; (5) Letter dated March 2, 2007, from David S. Shukan to James A. Halikas threatening legal action; (6) Application for Employer Identification Number for RAI; (7) Tax Information from Wachovia Bank to RAI for Calendar Year 2005; (8) Letter dated May 12, 2000, from

Claimant in Florida; Mr. Anthony LaMacchia, former Chief Operating Officer of Hythiam; Mr. Richard Izzo, Director of Corporate Development for Hythiam; Dr. David E. Nichols, Distinguished Professor of Pharmacy, Purdue University; and Mr. Dennis Cho, Sr. Vice President and General Counsel for Hythiam.

Mr. Tracy testified that he marketed Hythiam's services to physicians, principally psychiatrists because of the patient consultation sessions Hythiam's protocol required be held after the drug therapy.

Mr. Tracy testified that before he joined Hythiam, he had referred patients to the company. "The results were incredible," he testified. Flumazenil apparently blocks receptors in the brain reducing the craving for drugs and alcohol. This is an off-label use for the drug.

After he joined Hythiam, Mr. Tracy marketed the company's services to physicians via radio and dinners with doctors to discuss Hythiam's treatments and protocols. He also visited prospective physicians' offices.

Mr. Tracy visited Dr. Halikas at his office and at his home to discuss becoming a licensee of Hythiam. He discussed Hythiam's procedures and processes. Mr. Tracy testified that Dr. Halikas reacted by stating that his plans differed from Hythiam's and then said, "Let's see how this works." He then offered Mr. Tracy \$250,000 to \$300,000 per year to refer drug or alcohol dependent patients to him outside of Hythiam's contract. Mr. Tracy refused and, he testified, thereupon Dr. Halikas stated that Mr. Tracy was a "Hythiam lackey" and that he could not believe that Mr. Tracy would not accept his offer.

Mr. Tracy testified that awhile later he reported the conversation to his supervisor. Hythiam management decided to move forward with Dr. Halikas and to monitor his conduct closely. Mr. Tracy testified he was not in favor of entering into a license with Dr. Halikas and did not think Dr. Halikas would last long as a Hythiam licensee.

Florida Department of State to CSC regarding RAI; (9) 2007 Not-for-profit Corporation Annual Report for RAI; (10) Letter dated October 19, 2006, from Florida Department of State to Vivian Giallanza; (11) Letter dated October 14, 2007, from Dr. Halikas to John Bishop of the American Arbitration Association pointing out that RAI has been dissolved and urging that Dr. Halikas was not a signatory to the License Agreement and therefore should not be a party to any arbitration; (12) E-mail dated November 10, 2006, from Pat Tracy to Dr. Lawrence Weinstein; (13) E-mail dated August 10, 2006, from Pat Tracy to Dr. Lawrence Weinstein re Dr. Halikas; (14) Clinical Audit Summary; (15) Audit Findings Site #4002, RAI-Dr. Halikas (Naples, FL) 6/23/06; (16) Patient Chart RAI-Dr. Halikas Site #4002; (17) U.S. Patent Application No. 10/621,229 Pub. No. US 2004/0092509 A1 dated May 13, 2004 by Inventor Juan Jose Legarda Ibanez Assigned to Hythiam; (18) U.S. Patent No. US 7,187,711 B2 Date of Patent: Mar. 6, 2007 Assigned to Hythiam; (19) US Patent Application No. 11/126,742 Pub. No. 2006/0172996 A1 dated August 3, 2006 by Inventor Dr. Halikas; (20) U.S. Patent Application No. 11/049,067 Pub. No. US 2006/0172998 A1 dated August 3, 2006 by Inventor Dr. Halikas; (21) U.S. Patent Application No. 11/134,675 Pub. No. US 2006/0263304 A1 dated Nov. 23, 2006 by Inventor Dr. Halikas; (22) Expert Report of Dr. David E. Nichols; (23) Invoice dated August 31, 2008, from Hythiam to RAI for the amount of \$23,650.00; (24) Kirkland & Ellis Aged Accounts Receivables for legal services as of September 4, 2008, for the amount of \$46,546.24; (25) Invoices for legal services from Cotkin & Collins to Hythiam, September 10, 2008, invoice in the amount of \$19,401.36.

To assure that physicians followed the Hythiam protocol, Mr. Tracy and others would periodically visit physicians, interview patients, and watch the procedures during early treatment. Mr. Tracy testified that it was important to follow Hythiam's protocols because Hythiam's research indicated the treatments would not work unless the protocols were strictly followed. Mr. Tracy testified: "Clinical benefits are maximized by following Hythiam's protocol to the letter."

Mr. Tracy thereafter discovered that Dr. Halikas went off Hythiam's protocol. According to Mr. Tracy's testimony, Dr. Halikas told Mr. Tracy that he had increased the flumazenil treatments from five to six because "more is better." According too Mr. Tracy's testimony, regarding patient counseling after the flumazenil treatments, patients complained that Dr. Halikas would keep them for up to three hours in his waiting room before seeing them, then restrict the session to five minutes, with an admonition to "come back in two weeks". On or about summer 2006, Mr. Tracy testified that Hythiam sent out managers and physicians to Dr. Halikas' clinic to straighten things out. (See Exhibits 13, 14, 15, and 16.)

Mr. Tracy testified that when a physician began treatment, he (Mr. Tracy) would enter it into Hythiam's computer system. He required Dr. Halikas to verify a monthly statement. Mr. Tracy testified that late payments by Dr. Halikas were a steady pattern. Based on Dr. Halikas' own reports of treatments, Dr. Halikas owes Hythiam the amount of \$23,650.00.

Mr. Tracy was told by Hythiam management that Dr. Halikas had made three U.S. patent applications for patient treatment using flumazenil via a nasal spray. Mr. Tracy also testified that Dr. Halikas mentioned his patent applications to him. Documentary evidence introduced shows that these patent applications were: U.S. Patent Applications Nos. US 11/126,742 Pub. No. 2006/0172996 A1 dated August 3, 2006; US No. 11/049,067 Pub. No. 2006/0172998 A1 dated August 3, 2006; and US 11/134,675 Pub. No. 2006/0263304 A1 dated November 23, 2006 (See Exhibits 19, 20 and 21; "Halikas Patent Applications").

Mr. Anthony LaMacchia was for five years Hythiam's Sr. Executive Vice President and Chief Operating Officer. He testified that he oversaw business development, marketing and human resources. He left Hythiam in May 2008.

Mr. LaMacchia testified that Dr. Halikas signed Hythiam's confidentiality agreement. (See Exhibit 1.) He identified his and Dr. Halikas' signatures on the License Agreement as authentic. (See Exhibit 2.) He testified that the terms of this Agreement were to protect Hythiam's sensitive intellectual property.

Mr. LaMacchia testified that the "Physician Practice" referred to in the License Agreement referred to, and was intended by the parties to mean, Dr. Halikas. Schedule A of the License Agreement expressly identifies Dr. Halikas and no others as "Medical Practices Authorized to Use Licensed Technology." (Clause 2A.) Schedule B identifies "Authorized

Users” as Dr. Halikas and no others. No other physicians were authorized under the License Agreement to use Hythiam’s protocols save Dr. Halikas.

Mr. LaMacchia testified that he specifically went over Section 7.3 of the License Agreement with Dr. Halikas. He pointed out that under the terms of the License Agreement, Dr. Halikas agreed that any improvements and/or extensions of Hythiam’s processes and protocols were owned by Hythiam. He testified, “We did not want physicians playing with the technology.” and “We wanted one standard of care.” Dr. Halikas did not state to Mr. LaMacchia that he disagreed with these terms; he in fact signed the License Agreement. Mr. LaMacchia testified that in his experience Dr. Halikas at no time disagreed with the idea that he personally was bound by the terms of the License Agreement. Mr. LaMacchia testified, “If he had said this, we would not have proceeded with him.”

In summer 2005, about six to eight months after Dr. Halikas signed the License Agreement, Hythiam began to receive patient complaints about Dr. Halikas. The complaints were that he was not providing support after the flumazenil treatments, but was still charging patients for the visits. There were also payment issues with Dr. Halikas. After about one and one-half years, Hythiam became aware that Dr. Halikas had filed a notice to dissolve Hythiam’s intellectual property. When discussions with Dr. Halikas went nowhere, these legal proceedings were initiated by Hythiam.

Mr. Richard Izzo is Hythiam’s Director of Corporate Development. He is responsible for internal audits and compliance with Sarbanes-Oxley. He has an accounting degree from NYU. He began his career in the New York office of Ernst & Young and later transferred to their San Francisco office. In 2004-2005, he consulted on Sarbanes-Oxley, then joined Hythiam. His job duties in 2006 included auditing Hythiam licensees. He visited Dr. Halikas’ offices with a Registered Nurse, who performed a clinical audit to assure that Hythiam’s protocols were being followed. Exhibits 14 and 15, in evidence, are the RN’s and Mr. Izzo’s reports on their visit to Dr. Halikas’ office. He basically found little variance between what he saw and what was reported. By cross-checking Dr. Halikas’ purchases of flumazenil, he ascertained that Dr. Halikas was reporting his treatments accurately to Hythiam.

Claimant provided expert testimony from Dr. David E. Nichols regarding whether Dr. Halikas’ patent applications infringed Hythiam’s patent. This testimony was not rebutted by expert testimony on behalf of Respondent. Dr. Nichols is a Full Professor of Pharmacy at Purdue University. He is a Distinguished Professor of Pharmacy. He has been involved with patenting drugs and their protocols, and possesses seven patents himself. He owns a technology company and has prepared technology licenses. He has testified as an expert on behalf of Ely Lilly and other large drug companies on issues of patent validity. He has testified as an expert witness before the U.S. District Court for the Southern District of Indiana, Indianapolis Division, and before the High Court of Justice, United Kingdom, Chancery Division, Patents Court.

Dr. Nichols was asked to give his opinion regarding whether the Halikas Patent Applications “aris[e] out of or they are related to the Licensed Technology” as set forth in

Section 7.3 of the License Agreement dated November 1, 2004 signed by Dr. Halikas, and whether the Halikas Patent Applications “or any one or more of them, disclose any inventions that are not already taught by, or readily derived from, the Licensed Technology.” To answer these questions, Dr. Nichols compared the Halikas Patent Applications to Hythiam Patent No. US 7,186,711 B2 dated March 6, 2007. In Dr. Nichols’ opinion, it was clear that Dr. Halikas’ Patent Applications were derivative of Hythiam’s protocols. He testified that alternative routes of application were covered by at least Claim 1 of Hythiam’s Patent. He concluded this point by stating: “It *definitely* was.” Regarding the terms of the License Agreement, in Dr. Nichols’ opinion, Dr. Halikas Patent Applications were “simply an attempt to expand technology in violation of Section 7.3 of the License Agreement.”

This Tribunal may not arbitrarily or unreasonably disregard expert testimony, but must give it the weight it deserves. In this case, the expert’s training and experience, the facts he relied upon, and the reasons for his opinions justify giving this expert’s opinions great weight.

Mr. Dennis Cho is the Sr. Vice President and General Counsel for Hythiam. He testified that the License Agreement has an attorney fee clause. (See Exhibit 2, License Agreement, page 14, Clause 15.10.) He testified that Hythiam had used two law firms to prosecute its claims against Dr. Halikas, Kirkland & Ellis and Cotkin & Collins. The first law firm sent a demand to Dr. Halikas that he assign the Halikas Patent Applications to Hythiam. When Dr. Halikas refused, this litigation ensued. He testified that prior to the arbitration hearing, Hythiam’s attorney fees totaled \$160,778.45.

Claimant requests an award against both Respondents RAI and Dr. Halikas. Claimant requests an award that requires Respondent Halikas to assign all right, title and interest in the Halikas Patent Applications to Hythiam. In addition, Claimant seeks a permanent injunction enjoining Respondents from (1) filing any additional patent applications directed to the therapeutic use of flumazenil, or (2) taking any action that would impair the value, enforceability or patentability of the Halikas Patent Applications. Further, Claimant seeks an award of \$23,650.00 for license fees due and owing by Respondents. Finally, Claimant seeks an award of attorney fees in the amount of \$210,559.25.

FINDINGS

1. Regarding the parties’ intentions with respect to the terms of the Licensing Agreement, including the arbitration clause, it is the Neutral Arbitrator’s finding that the clear evidence demonstrates that the parties intended that both Dr. Halikas personally and that his company, Recovery From Additions, Inc., be bound by the terms of the License Agreement. Accordingly, this Tribunal has jurisdiction over both Respondents RAI and Dr. Halikas to arbitrate Claimant’s claims.
2. Regarding the Halikas Patent Applications, it is the Neutral Arbitrator’s finding that these Patent Applications are derivative of US Patent No. 7,186,771 B2 dated March 6, 2007, assigned to Hythiam, and other intellectual property and know-how owned by Hythiam.


3. It is this Tribunal's finding that Respondents' filing of the Halikas Patent Applications constitute a breach of Section 7.3 of the License Agreement.
4. It is this Tribunal's finding that, when it was operating, RAI was a shell of and the alter ego of Dr. Halikas and that Dr. Halikas is personally responsible for actions taken in the name of RAI.
5. Per Section 15.10 of the License Agreement, Claimant is entitled to recover attorney fees and costs from Respondents.

AWARD

1. Award for Claimant. Regarding the Hythiam Patent and the Halikas Patent Applications involved in this arbitration:
 - a. Respondents are hereby permanently enjoined from filing any additional patent applications directed to the therapeutic use of flumazeril.
 - b. Respondents are hereby permanently enjoined from taking any action that would impair the value, enforceability or patentability of US Patent Application No. 11/126,742 filed May 12, 2005; US Patent Application No. 11/049,067, filed February 3, 2005; and US Patent Application No. 11/134,675 filed May 23, 2005 or the value or enforceability of US Patent No. 7,186,771 B2 dated March 6, 2007.
 - c. Respondents are hereby permanently enjoined from making any use of or earning any compensation from the license, sale or transfer of US Patent Application No. 11/126,742 filed May 12, 2005; US Patent Application No. 11/049,067, filed February 3, 2005; and US Patent Application No. 11/134,675 filed May 23, 2005 or of any patents that might be granted pursuant to these applications.
 - d. Respondents are hereby mandated and ordered to assign all right, title and interest to Hythiam of US Patent Application No. 11/126,742 filed May 12, 2005; US Patent Application No. 11/049,067, filed February 3, 2005; and US Patent Application No. 11/134,675 filed May 23, 2005.
2. Respondent shall pay to Claimant the amount of \$23,650.00 for license fees due and owing Claimant. Respondents shall pay ten percent (10%) interest per annum on this amount from the date of this award until paid.
3. Respondents shall pay to Claimant the amount of \$210,559.25 as reasonable attorney fees incurred by Claimant in connection with the arbitration. Respondents shall pay ten percent (10%) interest per annum on this amount from the date of this award until paid.

4. Should Claimant be required to convert this Award to a Court judgment, Claimant shall be entitled to recover its reasonable attorney fees expended in connection with such a Court proceeding. Should Claimant be required to domesticate and enforce a Court judgment in Respondents' State of domicile, Claimant shall be entitled to recover from Respondents Claimant's reasonable attorney fees expended in connection with such Court process.
6. The administrative fees of the American Arbitration Association totaling \$11,450.00 and the Arbitrator's compensation totaling \$3,000.00 shall be borne entirely by Respondents. Therefore, Respondents shall pay to Claimant the sum of \$14,450.00 representing that portion of said fees and expenses in excess of the apportioned costs previously incurred by Claimant.
7. This Award is based upon a review of all the evidence submitted and is in full settlement of all claims submitted by any party against any other in this arbitration.

Dated: 10-26-08


John C. Lautsch
Neutral Arbitrator
American Arbitration Association



American Arbitration Association
Dispute Resolution Services Worldwide

Western Case Management Center
Jeffrey Garcia
Vice President
Cathe Stewart
Assistant Vice President

October 21, 2008

6795 North Palm Ave, 2nd Floor, Fresno, CA 93704
telephone: 877-528-0880 facsimile: 559-490-1919
internet: <http://www.adr.org/>

**Via Electronic Mail and US
Mail**

Robert G. Wilson, Esq.
Cotkin, Collins & Ginsburg
300 South Grand Avenue, 24th Floor
Los Angeles, CA 90071-3134

**Via Electronic Mail and
Certified Mail**

James A. Halikas, M.D.
Recovery From Addictions, Inc.
5445 Park Central Court
Naples, FL 34109

Re: 72 193 Y 01021 07 TNM
Hythiam, Inc.
VS
Recovery From Addictions, Inc.
James A. Halikas, M.D.

Dear Counsel:

By direction of the Arbitrator we herewith transmit to you the duly executed Award in the above matter. This serves as a reminder that there is to be no direct communication with the Arbitrator. All communication shall be directed to the Association.

At this time we have verified with the arbitrators that they have submitted all requests for compensation and expenses in this matter. Accordingly, we have conducted a final reconciliation of the finances and are providing each party with a Financial History and Compensation Summary. If a party had any unused compensation deposits, we have issued a refund check that should arrive in the mail shortly. If a party has an outstanding balance, that party will continue to receive cyclical invoices until the balance is paid.

Note that the financial reconciliation reflects costs as they were incurred during the course of the proceeding. Any apportionment of these costs by the arbitrator, pursuant to the Rules, will be addressed in the award and will be stated as one party's obligation to reimburse the other party for costs incurred. Any outstanding balances the parties may have with the AAA for the costs incurred during the arbitration proceedings remain due and payable to the AAA even after the final award is issued, and regardless of the arbitrator's apportionment of these costs between the parties in the award.

Please note that the case file will be destroyed fifteen (15) months after the date of this letter.

EXHIBIT

F

We appreciate your selection of the AAA as your alternative dispute resolution provider in this matter. As always, please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ Terri Martinez

Terri Martinez
Senior Case Manager
559 490 1871
MartinezT@adr.org

Supervisor Information: Lupe Gonzalez-Baca, 559 650 8019, Gonzalezl@adr.org

Enclosures

cc: John Charles Lautsch, Esq.

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Manuel Real and the assigned discovery Magistrate Judge is Margaret A. Nagle.

The case number on all documents filed with the Court should read as follows:

CV08 - 7287 R (MANx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

Unless otherwise ordered, the United States District Judge assigned to this case will hear and determine all discovery related motions.

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

I (a) PLAINTIFFS (Check box if you are representing yourself)
HYTHIAM, INC., a Delaware corporation

DEFENDANTS
RECOVERY FROM ADDICTION, INC., a Florida corporation, and JAMES A. HALIKAS, an individual

(b) County of Residence of First Listed Plaintiff (Except in U.S. Plaintiff Cases):
Los Angeles

County of Residence of First Listed Defendant (In U.S. Plaintiff Cases Only):
Dade County, Florida

(c) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)
Robert G. Wilson
COTKIN & COLLINS
A PROFESSIONAL CORPORATION
300 South Grand Avenue, Suite 2400
Los Angeles, CA 90071-3134
(213) 688-9350

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.)

- 1 U.S. Government Plaintiff 3 Federal Question (U.S. Government Not a Party)
 2 U.S. Government Defendant 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only
(Place an X in one box for plaintiff and one for defendant.)

- | | | | | | |
|---|---------------------------------------|---------------------------------------|---|---------------------------------------|---------------------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input checked="" type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in this State | <input checked="" type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input checked="" type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input checked="" type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. ORIGIN (Place an X in one box only.)

- 1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or Reopened 5 Transferred from another district (specify): 6 Multi-District Litigation 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: Yes No

MONEY DEMANDED IN COMPLAINT: \$ _____

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

Petition To Confirm Arbitration Award and Enter Judgment Thereon

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER/STATUTES	CONTRACT	TORTS - PERSONAL INJURY	TORTS - PERSONAL PROPERTY	PRISONER PETITIONS	LABOR
<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability BANKRUPTCY <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition FORFEITURE/PENALTY <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litig. <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609

VIII(a). IDENTICAL CASES: Has this action been previously filed and dismissed, remanded or closed? No Yes

If yes, list case number(s):

CV08-07287

FOR OFFICE USE ONLY: Case Number: _____

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

VIII(b). **RELATED CASES:** Have any cases been previously filed that are related to the present case? No Yes

If yes, list case number(s): CV 07-06461 GW

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: List the California County, or State if other than California, in which **EACH** named plaintiff resides (Use an additional sheet if necessary)

Check here if the U.S. government, its agencies or employees is a named plaintiff.

Los Angeles County

List the California County, or State if other than California, in which **EACH** named defendant resides. (Use an additional sheet if necessary).

Check here if the U.S. government, its agencies or employees is a named defendant.

Florida

List the California County, or State if other than California, in which **EACH** claim arose. (Use an additional sheet if necessary)

Note: In land condemnation cases, use the location of the tract of land involved.

Los Angeles County

X. SIGNATURE OF ATTORNEY (OR PRO PER):  Date Nov. 3, 2008

Robert G. Wilson

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))