

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

ALBERTO GONZALEZ, Individually and
on Behalf of All Others Similarly Situated,

Plaintiff,

v.

CANO HEALTH, INC. f/k/a JAWS
ACQUISITION CORP., MARLOW
HERNANDEZ, BRIAN D. KOPPY, JOSEPH
L. DOWLING, and MICHAEL RACICH,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Alberto Gonzalez (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Cano Health, Inc. (“Cano” or the “Company”) f/k/a Jaws Acquisition Corp. (“Jaws”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants that purchased or otherwise acquired Cano securities between

May 18, 2020 and February 25, 2022, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Cano provides primary care medical services to its members in the U.S. and Puerto Rico. The Company owns and operates medical centers, as well as operates pharmacies.

3. Cano used to be a special purpose acquisition company (“SPAC”)¹ and operated under the name “Jaws Acquisition Corp.” On June 3, 2021, Jaws consummated a merger with Primary Care (ITC) Intermediate Holdings, LLC (“PCIH”), whereby, among other things, Jaws changed its name to “Cano Health, Inc.” and began to provide primary care medical services (the “Business Combination”).

4. As a publicly traded company, Cano must adhere to strict financial reporting requirements by, among other things, timely filing periodic financial reports with the SEC and complying with Financial Accounting Standards Board (“FASB”) guidelines, including Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASC 606”). Particularly, under ASC 606, Cano must analyze its revenue recognition with respect to, *inter alia*, certain Medicare risk adjustments.

5. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operations, and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Cano overstated its due diligence efforts and expertise with respect to acquiring target businesses; (ii)

¹ A SPAC, also called a blank-check company, is a development stage company that has no specific business plan or purpose or has indicated its business plan is to engage in a merger or acquisition with an unidentified company or companies, other entity, or person.

accordingly, Cano performed inadequate due diligence into whether the Company, post-Business Combination, could properly account for the timing of revenue recognition as prescribed by ASC 606, particularly with respect to Medicare risk adjustments; (iii) as a result, the Company misstated its capitated revenue, direct patient expense, accounts receivable, net of unpaid service provider costs, and accounts payable and accrued expenses; (iv) accordingly, the Company was at an increased risk of failing to timely file one or more of its periodic financial reports; and (v) as a result, the Company's public statements were materially false and misleading at all relevant times.

6. On February 28, 2022, Cano issued a press release “announc[ing] it will delay its fourth quarter and full year 2021 earnings release, conference call and 2022 guidance updates, previously scheduled for Monday, February 28, 2022.” In explaining the delay, Cano advised that “in the course of finalizing its audit of the financial statements for the year ended December 31, 2021, the Company and its independent auditor . . . identified certain potential non-cash adjustments to account for revenue recognition under accounting standard ASC 606.” Specifically, Cano advised that “[t]he adjustments relate to how and when the Company accrues revenue related to Medicare Risk Adjustments” and that “[t]he adjustments are expected to impact the timing of revenue recognition, by delaying recognition of certain amounts related to the Medicare Risk Adjustment to subsequent periods[.]”

7. On this news, Cano's Class A common stock price fell \$0.32 per share, or 6.17%, to close at \$4.87 per share on February 28, 2022.

8. On March 14, 2022, Cano filed its annual report for the quarter and year ended December 31, 2021 (the “2021 10-K”). That filing stated, *inter alia*, that “[t]he correction in the timing of revenue recognition under ASC 606 resulted in adjustments to capitated revenue, direct patient expense, accounts receivable, net of unpaid service provider costs, and accounts payable

and accrued expenses[,]” and that the Company therefore “restated its financial statements for each of the quarterly periods ended March 31, 2021, June 30, 2021 and September 30, 2021 in the [2021 10-K.]” For example, the 2021 10-K reported that, as restated, capitated revenue decreased 2.13% for the three months ended March 31, 2021; 13.11% for the three months ended June 30, 2021; and 5.58% for the three months ended September 30, 2021.

9. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

10. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

12. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Cano is headquartered in this Judicial District, Defendants conduct business in this Judicial District, and a significant portion of Defendants’ actions took place within this Judicial District.

13. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

14. Plaintiff, as set forth in the attached Certification, acquired Cano securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

15. Defendant Cano is a Delaware corporation with principal executive offices located at 9725 NW 117th Avenue, Miami, Florida 33178. Cano's Class A common stock and warrants trade in an efficient market on the New York Stock Exchange ("NYSE") under the trading symbols "CANO" and "CANO/WS", respectively. Prior to the Business Combination, Cano was a Cayman Islands corporation with principal executive offices located at 1601 Washington Avenue, Suite 800, Miami Beach, Florida 33139, and its units, Class A ordinary shares, and redeemable warrants traded in an efficient market on the NYSE under the trading symbols "JWS.U", "JWS", and "JWS WS", respectively.

16. Defendant Marlow Hernandez ("Hernandez") has served as Cano's Chief Executive Officer ("CEO") at all relevant times following the Business Combination.

17. Defendant Brian D. Kopyy ("Kopyy") has served as Cano's Chief Financial Officer ("CFO") at all relevant times following the Business Combination.

18. Defendant Joseph L. Dowling ("Dowling") served as Cano's CEO at all relevant times prior to the Business Combination.

19. Defendant Michael Racich ("Racich") served as Cano's CFO at all relevant times prior to the Business Combination.

20. Defendants Hernandez, Kopyy, Dowling, and Racich are sometimes referred to herein as the "Individual Defendants."

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.