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MEDIX RESOURCES INC
Form S-3
October 21, 2002

As filed with the Securities and Exchange Commission on October 21,
2002 Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-3

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)

**The Graybar Building
420 Lexington Ave., Suite 1830
New York, New York 10170
(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)

Approximate date of commencement of proposed sale to the public: From time
to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered
pursuant to a dividend or interest reinvestment plans, please check the
following box:

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 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 delivery of the prospectus is expected to be made pursuant to Rule 434,

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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 | 19,158,753 shares | \$0.50 | \$9,579,377 | \$882 |

(1) The offering price is being estimated solely for the purpose of calculating the registration fee. In accordance with Rule 457(c), the price shown is based upon the closing price of Medix's Common Stock on October 15, 2002, as 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 OCTOBER 21, 2002

PROSPECTUS

MEDIX RESOURCES, INC.

19,158,753 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 19,158,753 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 warrants to purchase some of the shares to be sold hereunder. See "Use of Proceeds." 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 October 15, 2002, the closing price of the common stock was reported as \$0.50.

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 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 _____, 2002

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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SUMMARY

This Prospectus covers the offering and sale of up to 19,158,753 shares of our common stock to the public by certain selling shareholders listed under the heading "Selling Shareholders" further back in this Prospectus. As of October 15, 2002, we had 68,935,315 shares of our common stock outstanding, and approximately 29,807,312 shares were issuable upon the exercise of outstanding options, warrants or other rights, and the conversion of outstanding preferred stock.

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We develop, distribute and deploy connectivity products for Internet-based communications and information management by medical service providers. We have nominal revenue from current operations and are funding the development and deployment of our products through the sales of our securities. See "The Company-Recent Developments" and "Risk Factors."

Because of our continuing losses, and the lack of a certain source of capital to fund our development of connectivity products, our independent accountants included a "going concern" exception in their audit report on our audited financial statements for the year 2001. The "going concern" exception signifies that significant questions exist about our ability to continue in business. See "Risk Factors."

At a Board of Directors meeting held on September 24, 2002, our previous President and CEO stepped down and was replaced by Mr. Darryl R. Cohen as President and CEO. See "The Company-Recent Developments."

Our principal executive office is located at 420 Lexington Avenue, Suite 1830, New York, NY 10170, and its telephone number is (212) 697-2509.

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 endanger our viability and have caused our accountants to issue a "going concern" exception in their annual audit report.

We reported net losses of (\$10,636,000), (\$5,415,000) and (\$4,847,000) for the years ended December 31, 2001, 2000 and 1999, respectively, and a net loss of (\$2,986,000) for the six months ending June 30, 2002. At June 30, 2002, we had an accumulated deficit of (\$37,045,000) and a negative working capital of (\$1,361,000). Our Cymedix(R)products are in the development and early deployment stage and have not generated any significant revenue to date. We are funding our operations through the sale of our securities. Our independent accountants have included a "going concern" exception in their audit reports on our audited 2000 and 2001 financial statements. See our Form 10-K, as amended, for the fiscal year ended December 31, 2001.

Our need for additional financing is acute and failure to obtain it could lead to the financial failure of our company.

We expect to continue to experience losses, in the near term, until such time as our Cymedix(R)products can be successfully deployed with physicians and produce revenue. The continuing development, marketing and deployment of the Cymedix connectivity products will depend upon our ability to obtain additional financing. Our Cymedix(R)products are in the development and early deployment stage and have not generated any significant revenue to date. We are funding our operations through the sale of our securities. There can be no assurance that additional investments or financings will be available to us as needed to support the development and deployment of Cymedix(R)products. Failure to obtain such capital on a timely basis could result in lost business opportunities, the

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sale of the Cymedix business at a distressed price or the financial failure of our company. See "The Company-Recent Developments."

Medix has frequent cash flow problems that often cause us to be delinquent in making payments to our vendors and other creditors, which may cause damage to our business relationships and cause us to incur additional expenses in the payment of late charges and penalties.

During 2001, from time to time, its lack of cash flow caused Medix to delay payment of its obligations as they came due in the ordinary of its business. In some cases, Medix was delinquent in making payments by the legally required due dates. At its four office locations, Medix had 48 monthly payments due in the aggregate during 2001. 31 of those payments were late. 23 of those payments were paid within 30 days of their due date, and 8 of those payments were between 31 and 60 days late. All payments plus any required penalties were ultimately paid in full during 2001. Medix had 33 Federal withholding and other payment due dates. Of those, 17 due dates were missed. The resulting delinquencies ranged from 1 to 58 days, before the required payments were made. Medix pays the resulting penalties as they are billed. Medix had state withholding obligations in five states, Colorado, California, Georgia, New Jersey and New York. Medix was late in making 45 of 97 withholding payments in those five states. The length of these delinquencies ranged from 3 to 60 days, before the required payments were made. Medix pays the resulting penalties as they are billed. Medix was late in making its deposits of its employees' 401(k) contributions 21 of 26 times during 2001. The length of these delinquencies ranged from 10 to 60 days. All of the above late payments were made before the end of 2001. During 2002, the Company continues to be delinquent from time to time in meeting its obligations as they become due.

We are a development stage company, which means our products and services have not yet proved themselves commercially viable and therefore our future is uncertain.

- o We develop products for Internet-based communications and information management for medical service providers, through our wholly owned subsidiary, Cymedix Lynx Corporation. Our Cymedix(R)products are still in the development and early deployment stage and have not generated any significant revenue to date. We are funding our operations through the sale of our securities. Our ability to continue to sell our securities can not be assured.
- o We are still in the process of gaining experience in marketing physician connectivity products, providing support services, evaluating demand for products, financing a technology business and dealing with government regulation of health information technology 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. See "The Company-Recent Developments."

We rely on healthcare professionals for the quality of the information that is transmitted through our interconnectivity systems, and we may not be paid for our services by third-party payors if that quality does not meet certain standards.

The success of our products and services in generating revenue may be subject to the quality and completeness of the data that is generated and stored by the physician or other healthcare professional and entered into our interconnectivity systems, including the failure to input appropriate or accurate information. Failure or unwillingness by the healthcare professional to accommodate the required information quality may result in the payor refusing to pay Medix for its services.

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Our market, healthcare services, is rapidly changing and the introduction of Internet connectivity services and products into that market has been slow, which may cause us to be unable to develop a profitable market for our services and products.

- o As a developer of connectivity technology products, we will be required to anticipate and adapt to evolving industry standards and new technological developments. The market for our 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 that are functional and meet the evolving needs of our clients and users in the healthcare information systems market.
- o The introduction of physician connectivity products in our market has been slow due, in part, to the large number of small practitioners who are resistant to change and the implicit costs associated with change, particularly in a period of rising pressure to reduce costs in the market. In addition, the integration of processes and procedures with several payors and management intermediaries in a market area has taken more time than anticipated. The resulting delays continue to prevent the receipt of significant transaction fees and cause us to continue to raise money by the sale of our securities to finance our operations.
- o Our early-stage market approach concentrated product distribution efforts in a single market (Atlanta, GA), thereby amplifying the effect of localized market restrictions on Company prospects, and delaying large-scale distribution of our products. While the Company intends to mitigate these local factors with an aggressive strategy to develop alternate distribution channels in multiple markets, there can be no assurance of near term success.
- o We are currently devoting significant resources toward the development, distribution and deployment of our Cymedix(R) 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.

As a provider of medical connectivity products and services, we may become liable for product liability claims that could have a materially adverse impact on our financial condition.

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 do not yet have significant transactions over our network, so that the risks of a product liability claim are low. However, we are seeking product liability coverage, which may be prohibitive in cost. There can be no assurance that we will be able to obtain such coverage at an acceptable cost or that our insurance coverage would adequately cover any claim asserted against us. Such a claim could be in

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excess of the limits imposed by any policy we might be able to obtain. A successful claim brought against us in excess of any insurance coverage we might have 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.

Our industry, healthcare, continually experiences rapid change and uncertainty that could result in issues for our business planning or operations that could severely impact on our ability to become profitable.

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 physician users and 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 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.

We rely on intellectual property rights, such as patents, copyrights, trademarks and unprotected propriety technology in our business operations and to create value in our company, however, protecting intellectual property frequently requires litigation and close legal monitoring and may adversely impact our ability to become profitable.

- o 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 our products overseas. While we have no prospects for marketing or operations in foreign countries at this time, future opportunities for growth in foreign markets, for that reason, may be limited. We cannot give any assurance that the scope of the rights that we have been granted are broad enough to fully protect our Cymedix(R)software from infringement.
- o Litigation or regulatory proceedings may be necessary to protect our intellectual property rights, such as the scope of our patent. In fact, the information technology and healthcare industries in general are 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. A party has notified us that it

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believes our pharmacy product may infringe on patents that it holds. We have retained patent counsel who has made a preliminary investigation and determined that our product does not infringe on the identified patents. At this time no legal action has been instituted.

- o We also rely upon unprotected 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.

Because our business is highly competitive and there are many competitors who are financially stronger than we are, we are at risk of being outperformed in staffing, marketing, product development and customer services, which could severely limit our ability to become profitable.

- o eHealth Services. 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 or software development companies, who may 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 under-funded, as they now are, we will be at a competitive disadvantage.
- o Personnel. The success of the development, distribution and deployment of our Cymedix(R) products 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 architects skilled in the computer languages in which our Cymedix(R) 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.

We have relied on the private placement exemption to raise substantial amounts of capital, and could suffer substantial losses if that exemption was determined not to have been properly relied upon.

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 SEC 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.

The impact of shares of our common stock that may become available for sale in the future may result in the market price of our stock being depressed.

As of October 15, 2002, we had 69,935,315 shares of common stock outstanding. As of that date, approximately 29,807,312 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 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.

Because of dilution to our common stock outstanding from the below market pricing features of financings that are available to us, the market price of our stock may be depressed.

Financings that may be available to us under current market conditions, frequently involve below market current sales, as well as warrants or convertible debt that require exercise or conversion prices that are calculated in the future at a discount to the then market price of our common stock. Any agreement to sell, or convert debt or equity securities into, common stock at a future date and at a price based on the then current market price will provide an incentive to the investor or third parties to sell the common stock short to decrease the price and increase the number of shares they may receive in a future purchase, whether directly from us or in the market. The issuance of the common stock in connection with such exercise or conversion may result in substantial dilution to the common stock holdings of other holders of our common stock.

Because of market volatility in our stock price, investors may find that they have a loss position if emergency sales become necessary.

Historically, our common stock has experienced significant price fluctuations. One or more of the following factors influence these fluctuations:

- 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 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.

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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.

The application of the "penny stock" rules to our common stock may depress the market for our 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.

We do not anticipate paying any cash dividends on our common stock in the foreseeable future.

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.

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," "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.

THE COMPANY

General

In 2002, we introduced our next generation of proprietary, point-of-care products, Cymedix(R)III. Our improved suite of connectivity products is based upon a robust and device-neutral architecture that leverages proven workstation,

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handheld and wireless technologies and is being installed and tested for Pharmacy, Laboratory and PlanConnect services. The marketing and development of our Cymedix(R)suite of products is our sole business at this time, and a substantial portion of our net operating loss is due to such efforts. We are funding such expenses as well as our administrative expenses through the sale of our securities. We have no significant long-term debt financing available to us.

We acquired the Cymedix business in January of 1998. Cymedix has developed Internet-based communications and information management product, which we have begun marketing to medical professionals in selected regional markets. 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 two-thirds of projected healthcare capital investments. The Cymedix(R) connectivity products contain patented elements that can be used to develop secure medical communications products that make use of the Internet. Using the Cymedix(R)tools, medical professionals can order, prescribe and access medical information from participating insurance companies and managed care organizations, as well as from any participating outpatient service provider, such as a laboratory or pharmacy. Currently we provide our products to physician users at no charge, and collect transaction fees from sponsoring payors whenever our products are used to provide services. From time to time, we will pay honorariums or provide other incentives to selected physicians to engage their expertise as members of Company-sponsored advisory panels, provide in-depth product feedback and establish "model office" operations in selected areas.

The products' relational database technologies provide user 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 are able to electronically check patient eligibility, order medical laboratory procedures, receive and store test results, issue new and renewal drug prescriptions, 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 The Graybar Building, 420 Lexington Ave., Suite 1830 New York, NY 10170, and its telephone number is (212) 697-2509. We also have offices in California, Colorado and Georgia.

Recent Developments

In May 2002, we announced the formal launch of physician marketing activities in the state of Georgia. Georgia is our inaugural regional market, and it provides an important initial testing ground for physician user distribution and deployment methodologies. The regional operation has responsibility to secure locally based health plan, pharmacy benefit manager and lab sponsor agreements to complement national account sponsor sales and optimize local market density. As of September 30, 2002, the Company has completed demonstrations of its Cymedix(R)connectivity services to 44 medical practices, representing 2,000 area physicians. These Cymedix(R)III product demonstrations are in addition to a current installed base of 5 medical practices, representing 23 practicing physicians as of the end of September, 2002. The Company currently provides a nominal, short-term honorarium to two of the five installation sites as compensation for their agreement to provide in-depth usability feedback for future product releases as well as serve as the initial "model offices."

As noted earlier, the detection of market restrictions that are local to Georgia has led to a rethinking and recalibration of physician marketing and distribution initiatives. Specifically, the Company will aggressively implement and test a variety of complementary pathways to expedite distribution and

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deployment of our technologies to physician communities in multiple markets, including: (i) nationally-oriented brand building; (ii) potential franchising and outsource arrangements; and (iii) licensing and co-branding opportunities.

On October 15, 2002, we had completed private placements of our securities for \$1,490,000, principally raised during August and September. In connection therewith, we are issuing 3,725,000 shares of common stock and warrants to purchase an equal number of shares of common stock at the exercise price of \$0.50 per share.

At a Board of Directors meeting held on September 24, 2002, our previous President and CEO stepped down and was replaced by Mr. Darryl R. Cohen, who is fifty years old.. Mr. Cohen was elected to the Board of Directors at a Board meeting held on October 8, 2002. Mr. Cohen directly or indirectly owns approximately 1 million shares of our common stock and warrants to purchase approximately 1 million additional shares. An investor in private and public companies, Mr. Cohen frequently works with the management of the companies in which he's invested, assisting them in the areas of marketing strategy and financing efforts. He is also co-owner of a financial services advisory firm, Omni Financial, providing financial restructuring services for individuals. From 1994 to 1998, Mr. Cohen was President of DCNL Incorporated, formerly the Sterling Brush Company. DCNL was a privately held beauty supply manufacturer and distributor he founded in 1988 and sold to Helen of Troy in 1998. From 1986 to 1999, during his tenure as President of DCNL, Mr. Cohen was also co-owner and president of Basics Beauty Supply Stores. He is a member of the board of directors of Access Marketing and consults to a major media company in the cable television market. Cohen holds a BA in Political Science from the University of California at Berkeley.

At the September 24, 2002 Board meeting, the previous Chairman of the Board stepped down and Mr. Patrick W. Jeffries was elected Chairman of our Board of Directors.

In July 2002, Loyola University Health System, a wholly owned subsidiary of Loyola University Chicago, announced the initial findings of a live, field test of Medix' Cymedix(R)laboratory technology. Early results indicate that the median laboratory processing time has been reduced from an average of ten minutes per transaction to less than one minute, validating expectations for substantive, long-range productivity savings. Medix and Loyola University Medical Center (LUMC) have worked together to create lab-focused connectivity tools for Loyola Medical Laboratory's outreach Clients. Participating physician practices utilize the Cymedix(R)laboratory technology to select and requisition laboratory tests; provide bar-coded identification for specimens; orchestrate patient specimen packing lists; electronically link with LUMC's internal laboratory system; and report full and partial test results on a real-time, 24/7 basis.

During 2001, net cash used in operating activities was approximately \$5,397,000. During the year, we raised approximately \$5,205,000 from the exercise of options and warrants, and the issuance of common stock, net of offering expenses, and debt. Since December 31, 2001 to August 31, 2002, we have used approximately \$3,061,000 in our operating activities, and raised approximately \$115,000 from the exercise of options and warrants, \$2,810,000 from the issuance of common stock and warrants, net of offering expenses, and \$1,140,000 in short-term debt. We had approximately \$79,000 in cash as of August 31, 2002, with a net working capital deficit of approximately \$1,846,000. We have been delinquent, from time to time, in the payment of our current obligations, including payments of withholding and other tax obligations. We continue in discussions and negotiations with institutional sources regarding debt and equity financings to fund our operations. There can be no assurance that additional investments or financings will be available to us as needed. Failure to obtain such capital on a timely basis could result in lost business

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opportunities, the sale of the Cymedix business at a distressed price or our financial failure. See "Risk Factors."

We entered into a secured convertible loan agreement with WellPoint, dated February 19, 2002, pursuant to which we borrowed \$1,000,000 from WellPoint Health Networks Inc. The loan was secured by the grant of a security interest in all Medix's intellectual property, including its patent, copyrights and trademarks. On October 7, 2002, the loan including all accrued interest, was converted into 2,405,216 shares of our common stock. Upon the conversion of the loan, the security interest was terminated.

We executed an Amended and Restated Common Stock Purchase Warrant with WellPoint Pharmacy Management, dated February 18, 2002, to restructure our obligations to issue warrants to WellPoint. Under that Warrant, we are obligated to issue up to 7,000,000 shares of our common stock at exercise prices of \$0.30 per share for 3,000,000, \$0.50 per share for 3,000,000 shares and \$1.75 per share for 1,000,000 shares, if various performance related vesting requirements are satisfied by WellPoint. Currently, WellPoint has satisfied certain of these requirements giving WellPoint the right to purchase 1,850,000 shares of our common stock at \$0.30 per share have been earned by WellPoint. WellPoint's rights to purchase our shares under the Warrant expire on September 8, 2004. The Warrant grants to WellPoint certain registration rights to require us to register with the SEC the shares issued to WellPoint for resale to the public. In the Warrant, WellPoint has agreed to restrict sales to the public of these shares during the first year after they have been issued to 200,000 shares per month and 100,000 shares in any five trading days. The Warrant contains anti-dilution provisions providing that the number of shares that may be purchased by WellPoint under the Warrant may be adjusted in certain circumstances. See "Risk Factors."

USE OF PROCEEDS

The selling shareholders will receive the net proceeds from the sale of shares. 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 to purchase the shares to be sold hereunder. If all warrants covered hereby are exercised, Medix would receive proceeds of \$6,182,121. Any such proceeds will be used as working capital.

SELLING SHAREHOLDERS

The table below sets forth information as of October 15, 2002, 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.

| Name | Shares of Common Stock Beneficially Owned Before the Offering | Shares of Common Stock Being Offered | Shares of Common Stock to be Beneficially Owned After the Offering | |
|---------------------------------------|---|--|---|------------|
| | | | Number | Percentage |
| Acquisitions Corp. | 25,000 | 25,000 | 0 | 0% |
| American Capital Consultants, Ltd. | 71,402 | 71,402 | 0 | 0% |
| Barron, William E. | 125,000 | 125,000 | 0 | 0% |

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| | | | | |
|--|-----------|-----------|-----------|------|
| Benscoter, Richard and Elva | 125,000 | 125,000 | 0 | 0% |
| Berrey, Dan and Fran | 695,000 | 695,000 | 0 | 0% |
| Black Hills Investment Corp. | 250,000 | 250,000 | 0 | 0% |
| Blomstrom, John & Virginia | 35,000 | 35,000 | 0 | 0% |
| Blue Water Trading | 200,000 | 200,000 | 0 | 0% |
| Bowman, Paul | 250,000 | 250,000 | 0 | 0% |
| Brown, Andrew | 548,000 | 168,000 | 380,000 | * |
| Brown, Lisa and Michael F. | 250,000 | 250,000 | 0 | 0% |
| Brown, Michael S. | 775,000 | 775,000 | 0 | 0% |
| Buelow, Fred | 25,000 | 25,000 | 0 | 0% |
| California Lawyers Group Profit Sharing Plan | 375,000 | 375,000 | 0 | 0% |
| Caylor, Carl | 25,000 | 25,000 | 0 | 0% |
| Christensen, Don | 50,000 | 50,000 | 0 | 0% |
| Clark, Nelson and Beverly | 125,000 | 125,000 | 0 | 0% |
| Cohen, Darryl | 2,030,370 | 950,000 | 1,080,370 | 1.5% |
| Columbus, Charles | 250,000 | 250,000 | 0 | 0% |
| Colwell, John | 12,950 | 12,950 | 0 | 0% |
| Deines, Maurice | 500,000 | 500,000 | 0 | 0% |
| Duda, James R. and Diane M. | 375,000 | 375,000 | 0 | 0% |
| Dunne, James & Jack Noyes | 125,000 | 125,000 | 0 | 0% |
| E. A. Finance Limited | 250,000 | 250,000 | 0 | 0% |
| Ellacott, Brian | 400,000 | 50,000 | 350,000 | * |
| External Affairs, L.L.C. | 280,000 | 280,000 | 0 | 0% |
| Fritz & Miller, P.C. | 15,035 | 5,467 | 9,568 | * |
| Galinski, Joseph | 250,000 | 250,000 | 0 | 0% |
| Geffre, Irvin and Marjorie | 125,000 | 125,000 | 0 | 0% |
| Grebin, Michael J. | 125,000 | 125,000 | 0 | 0% |
| Havens, Samuel H. | 292,500 | 50,000 | 242,500 | * |
| Hyman, Rachael and Louis | 355,000 | 100,000 | 255,000 | * |
| Iasso, Elvira | 125,000 | 125,000 | 0 | 0% |
| Jeffries, Patrick | 730,000 | 375,000 | 355,000 | * |
| Katz, Marc | 125,000 | 125,000 | 0 | 0% |
| Keller, Norman | 100,000 | 100,000 | 0 | 0% |
| Krug, William R. and Vicki L. | 125,000 | 125,000 | 0 | 0% |
| Lane, John T. and Elizabeth W. | 705,000 | 125,000 | 580,000 | * |
| Legend Merchant Group, Inc. | 22,500 | 22,500 | 0 | 0% |
| Louie, Van A. | 125,000 | 125,000 | 0 | 0% |
| Lousberg, Dean K. | 125,000 | 125,000 | 0 | 0% |
| Madion, Rex | 50,000 | 50,000 | 0 | 0% |
| Manley, William & Erin | 50,000 | 50,000 | 0 | 0% |
| Meade, Thomas | 125,000 | 125,000 | 0 | 0% |
| Mercer, Robert T. | 250,000 | 250,000 | 0 | 0% |
| Minicucci, Patricia | 737,500 | 100,000 | 637,500 | 1.0% |
| Mueller & Company Inc. | 35,000 | 35,000 | 0 | 0% |
| Naccarelli, Giovanni | 125,000 | 125,000 | 0 | 0% |
| Nordgen, Bradley | 30,000 | 30,000 | 0 | 0% |
| Palermo, Dina | 100,000 | 100,000 | 0 | 0% |
| Palmersheim, James R. | 50,000 | 50,000 | 0 | 0% |
| Paul, James S. Jr. | 125,000 | 125,000 | 0 | 0% |
| Pederson, Jeff | 125,000 | 125,000 | 0 | 0% |
| Piazza, Scott | 900,000 | 900,000 | 0 | 0% |
| Platinum Partners, LP | 1,000,000 | 1,000,000 | 0 | 0% |
| PMC Funding Group, Inc. | 125,000 | 125,000 | 0 | 0% |
| Prufeta, John R. | 2,453,000 | 250,000 | 2,203,000 | 3.4% |
| Trust F/B/O Puttick | 500,000 | 500,000 | 0 | 0% |
| Raines, Jeffrey | 500,000 | 500,000 | 0 | 0% |
| Rajani, Guli R. | 30,555 | 11,111 | 19,444 | * |
| Rajani, Nicole S. | 30,555 | 11,111 | 19,444 | * |
| Rajani, Ajay G. | 30,555 | 11,111 | 19,444 | * |
| RateXchange Corp. | 62,000 | 62,000 | 0 | 0% |
| Ray, John | 40,000 | 40,000 | 0 | 0% |

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| | | | | |
|---|------------|------------|-----------|------|
| Rinefort, W. Dart | 125,000 | 125,000 | 0 | 0% |
| Rinefort, W.Dart and Dotty J. 1982 Trust | 125,000 | 125,000 | 0 | 0% |
| RoyCap, Inc. | 1,555,283 | 1,555,283 | 0 | 0% |
| Saker, Wayne | 250,000 | 250,000 | 0 | 0% |
| Scapa, Robert B. | 100,000 | 100,000 | 0 | 0% |
| Schrader, Wayne | 175,000 | 175,000 | 0 | 0% |
| Sears, William E. | 375,000 | 375,000 | 0 | 0% |
| Shapiro Forman Allen & Miller LLP | 30,800 | 11,200 | 19,600 | * |
| Smith, Jeffrey | 71,402 | 71,402 | 0 | 0% |
| Smith, Joseph P. | 50,000 | 50,000 | 0 | 0% |
| Thirlweall, David | 100,000 | 100,000 | 0 | 0% |
| Visnstern, Shimson | 500,000 | 500,000 | 0 | 0% |
| WEC Asset Management, LLC | 125,000 | 125,000 | 0 | 0% |
| Weitzel, Rickie and Nancy | 125,000 | 125,000 | 0 | 0% |
| Wellpoint Health Networks Inc | 4,255,216 | 2,405,216 | 1,850,000 | 2.9% |
| Yanowitz, Gerald | 200,000 | 200,000 | 0 | 0% |
| Zitzman, John | 25,000 | 25,000 | 0 | 0% |
| | ----- | ----- | | |
| Total | 26,979,623 | 19,158,753 | | |

*less than 1%

Relationship Between Medix and the Selling Shareholders

The selling shareholders have purchased their shares from us, or will acquire the shares of common stock indicated above upon the exercise of warrants, in private placements. None of the persons listed above are affiliates or controlled by affiliates of the Company, except the following officer and Directors who purchased on the same terms as other investors in a private placement: Darryl Cohen, John Lane, John Prufeta, Patrick Jeffries, Samuel Havens, Patricia Minicucci, Louis Hyman and Brian Ellacott. We have separate contractual obligations to file this registration with each of the selling shareholders.

Up to 50,000 of the shares offered hereby will be issued as a result a settlement of litigation in Guli R. Rajani v. Medix Resources, Inc. The settlement involved issuing warrants to the plaintiff giving him the right to purchase 137,500 shares of our common stock at the exercise price of \$0.50 per share. Mr. Rajani has directed a portion of the warrants he received in the settlement to his wife and son and to the counsel who represented him in his litigation against us. 87,500 shares covered by Mr. Rajani's settlement warrants were registered in an earlier registration statement declared effective by the SEC.

DESCRIPTION OF SECURITIES

Our authorized capital consists of 125,000,000 shares of common stock, par value \$.001 per share, and 2,500,000 shares of preferred stock. As of October 15, 2002, we had outstanding 68,935,315 shares of common stock, 1 share of 1996 Preferred Stock, 50 shares of 1999 Series B Preferred Stock and 100 shares of 1999 Series C Preferred Stock. As of such date, our common stock was held of record by approximately 460 persons and beneficially owned by approximately 10,000 persons.

Common Stock

Each share of common stock is entitled to one vote at all meetings of

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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., 350 Indiana Street, Suite 800, Golden, Colorado 80401, as Transfer Agent and Registrar, for the our common stock, at telephone number (303) 262-0600.

PLAN OF DISTRIBUTION

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

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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 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

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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 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-K for the fiscal year ended December 31, 2001, filed with the SEC on April 1, 2002;
- (b) a copy of our Form 10-K/A, filed with the SEC on April 5, 2002;

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- (c) a copy of our Form 10-K/A, filed with the SEC on April 15, 2002;
- (d) a copy of our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2001, as amended, and as filed with the SEC on May 24, 2002;
- (e) a copy of our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2002, and June 30, 2002, as filed with the SEC on May 15 and August 19, 2002;
- (f) a copy of our definitive Proxy Statement for our 2002 Annual Meeting of Shareholders, filed with the SEC on September 5, 2002; and
- (g) copies of the our Forms 8-K, filed with the SEC on January 18, March 4, and March 25, April 12, May 24, June 4, June 14 (2 Forms 8-K), June 26, August 5, August 13, September 16, September 27, September 30, October 11, and October 21, 2002.

All documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, subsequent to the date of this Prospectus and prior to the termination of the offering, shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the respective dates of such filings. Such documents include, but are not limited to, our Forms 10-K, 10-Q and 8-K and definitive Proxy Statements filed in the future. 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.

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. Such documents may also be obtained or reviewed at the SEC's Website referred to above.

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, 2001 and 2000, and for each of the three years in the period ended December 31, 2001 appearing in our 2001 Form 10-K have been audited by Ehrhardt Keefe Steiner & Hottman PC, 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..... | \$882 |
| Blue Sky Filing Fees and Expenses... | 0* |
| Accountants' Fees and Expenses..... | 2,000* |
| Legal Fees and Expenses..... | 10,000* |
| Miscellaneous..... | 20,000* |
| TOTAL..... | \$32,882* |

* 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.

Item 16. Exhibits.

| Exhibit Number | Description |
|---------------------------|--|
| 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) |

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");

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(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 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-3 and has duly caused this Amendment to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York on October 18, 2002.

MEDIX RESOURCES, INC.

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By: /s/Darryl R. Cohen

 Darryl R. Cohen
 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 Darryl R. Cohen and Mark W. Lerner, 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 ----- | Title ----- | Date ---- |
|--|--|------------------|
| /s/Darryl R. Cohen ----- Darryl R. Cohen | President, Chief Executive Officer and Director (Principal Executive Officer) | October 18, 2002 |
| /s/Mark W. Lerner ----- Mark W. Lerner | Executive Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer) | October 18, 2002 |
| /s/Patrick W. Jeffries ----- Patrick W. Jeffries | Director | October 18, 2002 |
| /s/David B. Skinner ----- David B. Skinner | Director | October 18, 2002 |
| /s/Samuel H. Havens ----- Samuel H. Havens | Director | October 18, 2002 |
| /s/John T. Lane ----- John T. Lane | Director | October 18, 2002 |
| /s/John R. Prufeta ----- John R. Prufeta | Director | October 18, 2002 |
| /s/Joan E. Herman ----- Joan E. Herman | Director | October 18, 2002 |
| /s/Guy Scalzi | | |

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Guy L. Scalzi

Director

October 18, 2002

EXHIBIT INDEX

**Exhibit
Number**

Description

| | |
|------|---|
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