



FOR IMMEDIATE RELEASE
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*Office of the United States Attorney
District of Arizona*

Public Affairs
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TWO SENTENCED IN 40 MILLION DOLLAR MEDICAL FRAUD

PHOENIX - Paul Woodcock, 62, of Glendale, and Milton Guenther, 52, of Surprise, Ariz., were each sentenced on April 27, 2009 to 51 and 18 months respectively by Judge David C. Campbell. David Goldfarb and Richard Ross are scheduled to be sentenced by Judge Campbell on May 4, 2009.

The sentences are related to David Goldfarb, Richard Ross, Paul Woodcock and Milton Guenther's (the principals) ownership and operation of CORF Licensing Services (CLS) from May 2001 through June 2003. The CLS business involved establishing outpatient medical facilities that provided pulmonary respiratory therapy and physical therapy services. The principals marketed their business through magazine ads and an internet website wherein the financial benefits of owning and operating a CORF facility were grossly misrepresented. The ads were designed to lure investors to sales seminars conducted at the Troon Country Club in Scottsdale, Arizona. The principals would then make additional false representations to include the representation that their financial numbers were conservative figures based on existing clients. During the scheme, the principals obtained nearly 300 contracts with victims nationwide who paid anywhere from \$125,000 to \$165,000 for CLS' services.

As part of the scheme to defraud, the principals also referred prospective investors to certain CORF owners who were alleged to be independent of CLS. In reality, the principals paid the referrals significant sums of money to falsely tout the financial benefits of owning and operating a CORF. None of the prospective investors were told that the referrals were being paid by CLS or that the majority of CLS' clients were not profitable.

From the inception of CLS in 2000 through June 2003, CLS received approximately \$40 million. From this amount, Goldfarb received approximately \$3.5 million, Ross received approximately \$2 million, Woodcock received approximately \$4 million and Guenther received approximately \$1 million.

The investigation preceding the indictment was conducted by the Special Agents of Criminal Investigation Internal Revenue Service, U.S. Postal Inspector and the FBI. The prosecution is being handled by Stephen W. Laramore and Raymond K. Woo, Assistant U.S. Attorneys, District of Arizona, Phoenix.

CASE NUMBER: CR07-0260-PHX-DGC
RELEASE NUMBER: 2009-140(Goldfarb et al)

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