

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
HECTOR TANON, a/k/a “Johnny B”	:	VIOLATIONS: 18 U.S.C. § 1341 (mail fraud - 19 counts) 18 U.S.C. § 1347 (health care fraud - 14 counts) Notice of forfeiture

INDICTMENT

COUNTS ONE THROUGH NINETEEN

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

1. Injury Associates was a fake physical therapy and rehabilitation center run by the Federal Bureau of Investigation (“FBI”) located at 8001 Roosevelt Boulevard in Philadelphia, Pennsylvania. Specifically:
 - a. The FBI established Injury Associates to investigate individuals pursuing fraudulent health care claims, directed at car insurance companies, seeking recovery for fake or exaggerated injuries resulting from either real or staged car accidents.
 - b. Individuals called “runners” recruited potential “patients” to Injury Associates and were paid by Injury Associates for each patient they brought into the clinic.
 - c. Patients signed in to Injury Associates to make it look as if they

were receiving treatment for their fake injuries.

- d. As each runner knew, however, Injury Associates did not provide any physical therapy or medical treatment to patients, but acted solely as a vehicle for generating false medical records and reports to make it look as if patients had received treatment for fake or exaggerated injuries.
- e. Patients used the false medical records and reports generated by Injury Associates to pursue fraudulent personal injury actions against car insurance companies.
- f. Patients also defrauded car insurance companies by causing them to pay Injury Associates for the non-existent treatment supposedly provided by a fictitious doctor.

2. The following insurance companies were private insurance companies that provided coverage for vehicles that supposedly were involved in the vehicular accidents of the individuals whom defendant HECTOR TANON referred to Injury Associates, as described in this indictment: Nationwide Insurance Company (“Nationwide”), Allstate Insurance Co. (“Allstate”), American Independent Insurance Company (“American Independent”), State Farm Insurance Company (“State Farm”), Metropolitan Property and Casualty Insurance Company (“Metropolitan”), Progressive Casualty Insurance Company (“Progressive”), Rutgers Casualty Insurance Company (“Rutgers”), and Safe Auto Insurance Company (“Safe Auto”). Those insurance plans were health care benefit programs, as that term is defined in Title 18, United States Code, Section 24, and as that term is used in Title 18, United States Code, Section 1347.

THE SCHEME

3. From in or about November 2002 to the present, defendant

**HECTOR TANON,
a/k/a “Johnny B,”**

devised and intended to devise a scheme to defraud numerous insurance companies, including Nationwide, Allstate, American Independent, State Farm, Metropolitan, Progressive, Rutgers, and Safe Auto, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

4. Defendant HECTOR TANON acted as a runner for Injury Associates.

That is, defendant TANON referred patients to Injury Associates for fake treatment, and was paid a referral fee for each patient he brought into the clinic. The patients referred by defendant TANON to Injury Associates were individuals who claimed to have suffered injuries from vehicular accidents.

5. As a runner for Injury Associates, defendant HECTOR TANON recruited numerous individuals who wanted to use Injury Associates to pursue fraudulent personal injury claims against insurance companies. These individuals included the following, all charged elsewhere:

- a. Tonya Brock;
- b. Pamela Chastang;
- c. Ana Soto;
- d. Maritza Torres;
- e. Carlos Bones (a/k/a “Carlos Baseo”);
- f. Maritza Montalvo;

- g. Miriam Rivera;
- h. Julia Thomas;
- i. Aracelys DeJesus;
- j. Elizabeth Almonte;
- k. Elyn Concepcion;
- l. Cheryl Jones;
- m. Lonnie Jones;
- n. Tony Jones;
- o. Timika Graham;
- p. Albert Speach;
- q. Roshanda Speach;
- r. Jorge Rivera;
- s. Melvin Gonzalez;
- t. Samara Ortiz;
- u. Hector Castillo Serrano;
- v. Daniel Maldonado;
- w. George Delgado; and
- x. Hiram A. Velazquez.

6. Defendant HECTOR TANON was paid approximately \$600 to \$700 for each patient he referred to Injury Associates. Defendant TANON was also paid approximately \$900 per patient if he allowed Injury Associates to select the attorney who would pursue the patient's fraudulent personal injury claim. Defendant TANON referred at least 54 patients to Injury Associates, and collected approximately \$82,700 in referral fees.

7. As a runner for Injury Associates, defendant HECTOR TANON understood that Injury Associates would not provide any actual medical treatment or rehabilitation services, but instead would generate fraudulent medical records to make it appear as if patients suffered from serious injuries from vehicular accidents and had received medical treatment and rehabilitation for those injuries. Specifically, as defendant TANON understood, Injury Associates would make up the patients' injuries that would be listed on the fraudulent medical records, and the records would state that medical services had been performed at Injury

Associates on particular dates, when in fact they had not been performed at all.

8. Defendant HECTOR TANON understood that with the help of Injury Associates, the patients he referred to the clinic would defraud the insurance companies in two ways: (1) Injury Associates, like any legitimate rehabilitation clinic, would bill the insurance companies directly for medical treatment and rehabilitation services, although Injury Associates' bills were based on fraudulent medical records; and (2) through their attorneys, the patients would pursue personal injury actions against the insurance companies to recover money for fake or exaggerated injuries as described in Injury Associates' fraudulent records.

9. As defendant HECTOR TANON understood, in both instances of fraud identified above, the false records generated by Injury Associates were critical to the success of the fraud scheme. Injury Associates needed the false records to recover funds from the insurance companies, which were used to pay referral fees to defendant TANON, and the patients needed the false records to maximize the value of their fraudulent claims.

10. For the patients whom defendant HECTOR TANON referred to Injury Associates, Injury Associates sent insurance companies false and fraudulent medical records and reports, including health insurance claim forms, and billed insurance companies for the non-existent medical treatment and rehabilitation services. As a result, for the patients referred by defendant TANON, Injury Associates billed eight insurance companies at least \$300,000 for medical treatment and rehabilitation services that had not been provided, and the insurance companies then paid Injury Associates health care benefits totaling at least \$150,000.

11. Many of the patients referred by defendant HECTOR TANON to Injury Associates pursued fraudulent personal injury actions seeking to recover a total of approximately

\$1.2 million in health care benefits from insurance companies. As a result of those actions, insurance companies paid a total of over \$100,000 in settlements.

12. On or about the dates set forth below, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

HECTOR TANON,

for the purpose of executing the scheme described above, and attempting to do so, knowingly caused to be delivered by United States mail and commercial interstate carrier according to the directions thereon, the following documents relating to the false and fraudulent personal injury claims for health care benefits, each mailing constituting a separate count, as set forth below:

Count	Mailing Date	Sender	Recipient	Document(s)
1	December 9, 2002	Injury Associates	Allstate	Health insurance claim forms for Melvin Gonzalez billing approximately \$309 for physical therapy and medical treatment
2	October 14, 2003	Jordan B. Luber, charged elsewhere (attorney for Gonzalez)	Allstate	Letter seeking settlement of \$18,500 for Gonzalez
3	June 24, 2004	Allstate	Jordan B. Luber	Check for \$7,500 to settle claim of Gonzalez
4	January 3, 2003	Injury Associates	Nationwide	Health insurance claim forms for Maritza Montalvo billing approximately \$1,448 for physical therapy and medical treatment
5	July 22, 2003	S.F. (attorney for Montalvo)	Nationwide	Letter from S.F. seeking settlement of \$35,000 for Montalvo

6	August 9, 2005	Nationwide	S.F. (attorney for Montalvo)	Check for \$5,000 to settle claim of Montalvo
7	March 13, 2003	Injury Associates	American Independent	Health insurance claim forms for Hector Serrano billing approximately \$814 for physical therapy and medical treatment
8	June 11, 2003	L.H. (attorney for Serrano)	American Independent	Letter requesting settlement of \$25,000 for Serrano
9	April 2, 2004	American Independent	L.H. (attorney for Serrano)	Check for \$3,000 to settle claim of Serrano
10	April 15, 2003	Injury Associates	American Independent	Health insurance claim forms for Elizabeth Almonte billing approximately \$342 for physical therapy and medical treatment
11	December 5, 2003	B.B. (attorney for Almonte)	American Independent	Letter from B.B. seeking settlement of \$15,000 for Almonte
12	October 21, 2005	American Independent	B.B. (attorney for Almonte)	Check for \$5,500 to settle claim of Almonte
13	May 19, 2003	Injury Associates	American Independent	Health insurance claim forms for Albert Speach billing approximately \$489 for physical therapy and medical treatment
14	June 9, 2006	American Independent	E.L. (attorney for Albert Speach)	Check for \$3,500 to settle claim of Albert Speach
15	June 13, 2003	Injury Associates	Allstate	Health insurance claim forms for Tonya Brock billing approximately \$1,991 for physical therapy and medical treatment

16	September 17, 2003	Jordan B. Luber (attorney for Brock)	Allstate	Letter from Jordan B. Luber seeking settlement of \$17,500 for Brock
17	June 30, 2004	Allstate	Jordan B. Luber (attorney for Brock)	Check for \$3,500 to settle claim of Brock
18	January 19, 2004	Injury Associates	State Farm	Health insurance claim forms for Timika Graham billing approximately \$1,867 for physical therapy and medical treatment
19	October 24, 2005	The law firm of L.H. (attorney for Graham)	State Farm	Letter from L.H. seeking settlement of \$11,500 for Graham

All in violation of Title 18, United States Code, Section 1341.

COUNTS TWENTY THROUGH THIRTY-THREE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 and 2 and 4 through 11 of Counts One through Nineteen are incorporated here.

2. From in or about November 2002 to the present, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

**HECTOR TANON,
a/k/a “Johnny B”**

knowingly and willfully executed a scheme and artifice to defraud health care benefit programs, and to obtain money and property owned by and under the custody and control of health care benefit programs, by means of false and fraudulent pretenses, representations, and promises, in connection with the delivery of and payment for health care benefits, items, and services, by submitting and causing to be submitted false and fraudulent health care insurance claims, involving medical treatment and physical therapy services purportedly provided by Injury Associates to patients referred by the defendant to the clinic, when as the defendant knew, the treatment and services claimed had not in fact been provided as represented, and thus the health care insurance claims were false and fraudulent, with each false and fraudulent claim

constituting a separate count as set forth below:

Count	Date	Fraudulent Claim
20	December 9, 2002	Health insurance claim by Injury Associates for Melvin Gonzalez to Allstate for approximately \$309 for physical therapy and medical treatment
21	October 14, 2003	Letter from Jordan B. Luber to Allstate seeking settlement of \$18,500 for Gonzalez
22	January 3, 2003	Health insurance claim by Injury Associates to Nationwide for Maritza Montalvo for approximately \$1,448 for physical therapy and medical treatment
23	July 22, 2003	Letter from S.F. to Nationwide seeking settlement of \$35,000 for Montalvo
24	March 13, 2003	Health insurance claim by Injury Associates for Hector Serrano to American Independent for approximately \$814 for physical therapy and medical treatment
25	June 11, 2003	Letter from L.H. to American Independent seeking settlement of \$25,000 for Serrano
26	April 15, 2003	Health insurance claim by Injury Associates to American Independent for Elizabeth Almonte for approximately \$342 for physical therapy and medical treatment
27	December 5, 2003	Letter from B.B. to America Independent seeking settlement of \$15,000 for Almonte
28	May 19, 2003	Health insurance claim by Injury Associates for Albert Speach to American Independent for approximately \$489 for physical therapy and medical treatment
29	October 18, 2005	Letter from E.L. to American Independent seeking to settle Albert Speach's claim for "policy limits"
30	June 13, 2003	Health insurance claim by Injury Associates to Allstate for Tonya Brock for approximately \$1,991 for physical therapy and medical treatment
31	September 17, 2003	Letter from Jordan B. Luber to Allstate seeking settlement of \$17,500 for Brock

32	January 19, 2004	Health insurance claim by Injury Associates for Timika Graham for approximately \$1,867 for physical therapy and medical treatment
33	October 24, 2005	Letter from L.H. to State Farm seeking settlement of \$11,500 for Graham

All in violation of Title 18, United States Code, Section 1347.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1341 and 1347, set forth in this indictment, defendant

**HECTOR TANON,
a/k/a “Johnny B,”**

shall forfeit to the United States of America any property that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to, the sum of \$192,700.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b) and Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Sections 981(a)(1)(C) and 982 (a)(7).

A TRUE BILL:

FOREPERSON

**PATRICK L. MEEHAN
UNITED STATES ATTORNEY**