

The United States Attorney's Office

## Southern District of Florida

### Press Release

#### MIAMI COUPLE SENTENCED FOR HEALTH CARE FRAUD AND STRUCTURING VIOLATIONS AND MORTGAGE FRAUD

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February 13, 2007

##### FOR IMMEDIATE RELEASE

R. Alexander Acosta, United States Attorney for the Southern District of Florida, Jonathan I. Solomon, Special Agent in Charge, Federal Bureau of Investigation, Miami Field Office, and Charles E. Hunter, Acting Special Agent in Charge, Internal Revenue Service, Criminal Investigation, announced that defendants **Luis Delgado** and **Rita Cardoso**, of Miami, husband and wife owners and operators of several health care businesses located in Miami-Dade County, were sentenced on February 12, 2007, by United States District Court Judge Jose E. Martinez in Miami, Florida. Cardoso was sentenced to 65 months' imprisonment, followed by 3 years of supervised release, and was ordered to pay \$4,457,032.20 in restitution. Defendant Delgado was sentenced to 51 months' imprisonment and was ordered to pay \$3,694,324.02 in restitution.

Cardoso and Delgado had pled guilty in October 2006 in separate cases. According to the charges and the evidence, between May 2000 and May 2003, defendant Delgado owned and operated Advance Equipment Supplies & Pharmacy Inc. ("Advance"), a durable medical equipment company. Similarly, between January 2001 and October 2003, defendant Cardoso owned and operated Millenium Medical Equipment Supplies, Inc. ("Millenium"), and Health Medical Services of South Florida, Inc, both durable medical equipment companies. Durable medical equipment ("DME") is designed for a medical purpose and repeated use, and includes items such as prosthetic limbs, back braces, knee braces, and wheelchairs.

According to the evidence, Cardoso and Delgado fraudulently billed Medicare for more than \$17 million for durable medical equipment, structured their bank withdrawals to avoid triggering the banks' requirement of filing currency transaction reports with the Department of Treasury, and conspired to commit wire and mail fraud.

More specifically, Cardoso and Delgado submitted numerous fraudulent claims to Medicare from their respective companies, seeking reimbursement for the cost of durable medical equipment that was either not provided or which was not medically necessary. To effectuate this scheme, Cardoso, Delgado and other members of the conspiracy created prescriptions falsely stating that Medicare beneficiaries needed specific durable medical equipment. They also purchased patient signatures and fraudulent prescriptions from patient brokers, who were paid approximately \$100 per patient for this information.

Cardoso and Delgado structured withdrawals from their respective companies' bank accounts in amounts below \$10,000 to avoid the banks' filing of currency transaction reports ("CTRs"). A bank or other financial institution is required by federal law to file a CTR with the Department of the Treasury for each financial transaction that involves more than \$10,000. Covered financial transactions include deposits, withdrawals, exchanges of currency, or other payments or transfers by, through, or to the bank or other financial institution. To evade this reporting requirement, both Cardoso and Delgado recruited and paid others to cash checks for them, all under \$10,000.

In March 2005, Cardoso and Delgado devised a mortgage fraud scheme to get money out of properties that Cardoso owned either individually or jointly with Delgado. In this scheme, the defendants agreed to use the identity of Delgado's aunt to apply for mortgage loans to make it appear as if the aunt was purchasing properties from them. Cardoso and Delgado falsified information regarding the aunt's assets, employment, and income in loan applications and related documents. Cardoso and Delgado also used the aunt's identity to purchase a home for themselves. Through this fraud, the defendants obtained approximately \$1.8 million from lenders.

Mr. Acosta commended the investigative efforts of the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation Division. The case was prosecuted by Assistant United States