

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

v.

CASE NUMBER:

ANDREW CARR

UNDER SEAL

I, the undersigned complainant, being duly sworn on oath, state that the following is true and correct to the best of my knowledge and belief:

Beginning not later than in or about August 2006, and continuing to in or about December 2010, at Lake in the Hills, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant ANDREW CARR did knowingly and willfully devise and participate in a scheme to defraud health care benefit programs within the meaning of Title 18, United States Code, Section 24(b), namely Blue Cross Blue Shield of Illinois, Aetna, Inc., and Professional Benefits Administrators, to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, such health care benefit programs, which scheme is further described in the attached affidavit, in connection with the delivery of and payment for health care benefits, items, and services; and for the purpose of executing the scheme and attempting to do so, caused a materially false and fraudulent claim to be submitted Blue Cross on or about August 9, 2010, for services purportedly rendered to Individual TS,

in violation of Title 18, United States Code, Section 1347. I further state that I am a Special Agent with the Department of Labor, Office of Inspector General, and that this complaint is based on the facts contained in the Affidavit which is attached hereto and incorporated herein.

Signature of Complainant
KATHRYN SCHWASS
Special Agent, Department of Labor

Sworn to before me and subscribed in my presence,

February 15, 2011 at Chicago, Illinois
Date City and State

JEFFREY COLE, U.S. Magistrate Judge
Name & Title of Judicial Officer

Signature of Judicial Officer

AFFIDAVIT

I, KATHRYN SCHWASS, being duly sworn, hereby state as follows:

1. I am a Special Agent of the United States Department of Labor, Office of Inspector General (“DOL-OIG”). I have been so employed for twenty years. My responsibilities include investigating allegations of labor fraud and related crimes involving employee health and benefit plans. As a Special Agent, I have participated in numerous fraud investigations, including investigations of fraud committed by health care providers.

2. This affidavit is submitted in support of a criminal complaint alleging that beginning not later than in or about August 2006, and continuing to in or about December 2010, at Lake in the Hills, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant ANDREW CARR did knowingly and willfully devise and participate in a scheme to defraud health care benefit programs within the meaning of Title 18, United States Code, Section 24(b), namely Blue Cross Blue Shield of Illinois (“BCBS”),¹ Aetna, Inc. (“AETNA”), and Professional Benefit Administrators (“PBA”) to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, such health care benefit programs, which scheme is further described in the attached affidavit, in connection with the delivery of and payment for health care benefits, items, and services; and for the purpose of executing the scheme and

¹Based upon my training and experience, I know that BCBS administers various union health and welfare funds in the Chicago area.

attempting to do so, caused a materially false and fraudulent claim to be submitted to Blue Cross on or about August 9, 2010, for services purportedly rendered to Individual TS, in violation of Title 18, United States Code, Section 1347.

3. This affidavit does not contain all of the information known to law enforcement regarding this investigation, but rather contains only the facts believed to be necessary to establish probable cause. The facts set forth in this affidavit are based on my personal knowledge, knowledge obtained during my participation in this investigation from other individuals, including other law enforcement officers, my review of documents and computer records related to this investigation, communications with others who have personal knowledge of the events and circumstances described herein, and information gained through my training and experience.

4. As set forth in more detail below, there is probable cause to believe that ANDREW CARR committed healthcare fraud. In particular, beginning no later than in or around August 2006, and continuing to in or around December 2010, CARR knowingly and willfully executed and attempted to execute a scheme to defraud health care benefit programs by falsely claiming that he had rendered services to patients, that CARR had not rendered.

BACKGROUND

I. DR. ANDREW CARR'S BUSINESSES

5. According to the Illinois Department of Financial and Professional Regulation, Dr. ANDREW CARR is a licensed doctor of chiropractic medicine. Based

upon my training and experience, I know that chiropractic care is a health care discipline and profession that emphasizes diagnosis, treatment and prevention of mechanical disorders of the musculoskeletal system.

6. As explained below, from 2003 to the present, CARR has operated a number of chiropractic services businesses in the suburbs of Chicago, Illinois. As further explained below, CARR has frequently changed the business name and business location of his chiropractic practice, but has continued to submit claims to insurance companies for services that CARR did not perform.

7. According to the director of Buehler YMCA, from approximately 2003 to December 2006, CARR operated a chiropractic business called Premier Health, which was located in the Buehler YMCA at 1400 W. Northwest Highway, in Palatine, Illinois, 60067.

8. According to business records that I have reviewed, and witness interviews that agents have conducted, from approximately January 2007 through December 2008, CARR operated a chiropractic business called Community Physical and Rehabilitation located at 126 W. Maple Street, in Mundelein, Illinois, 60060 (“Community Physical”). According to Individual A, a co-owner of Community Physical, CARR owned 28% of Community Physical.

9. According to physical surveillance, witnesses interviews, and records provided by the landlords of 545 N. Lake Street in Mundelein, Illinois, from approximately January 2009 through April 2010, CARR operated a chiropractic

business called Allied Health, which was located at 545 N. Lake Street in Mundelein, Illinois, 60060 (“Allied Health”).

10. As explained below, beginning no later than 2009 and continuing until at least November 2010, CARR used the company name Edgewater Rehabilitation and Wellness Center (“Edgewater”) to submit medical bills to insurance companies. As explained below, according to bank records and other documents obtained in this investigation, the business address of Edgewater is located in Lake in the Hills, Illinois, (hereinafter “the Edgewater Premises”).

11. According to witness interviews, physical surveillance, and garbage pulls that agents have conducted, from approximately April 2010 through the present, CARR and Individual W have operated a sports gym called Fusion Health and Fitness, which is located at 108 S. Sheridan Road, Lakemoor, Illinois.

II. HISTORY OF CARR’S FRAUDULENT BILLING

12. Agents interviewed Individual B, who was the Executive Director of the Buehler YMCA. According to Individual B, CARR ran a chiropractic business, called Premier Health, at the Buehler YMCA from approximately 2003 until January 2007. According to Individual B, she received complaints from over 30 of CARR’s patients in regard to fraudulent billing by CARR, including billing for services not rendered.

Individual HG

13. Agents interviewed a YMCA employee, Individual HG, who received insurance coverage from United Healthcare. Individual HG stated that her son, who is a minor, received chiropractic services from CARR on one occasion at the YMCA in

2005, after her son injured his ankle. According to Individual HG, CARR did not take any X-Rays of her son's ankle because CARR did not have an X-Ray machine. Individual HG's son did not see CARR again for medical services. Individual HG stated that she received an Explanation of Benefits ("EOB") form from United Healthcare related to her son's medical care from CARR,² which showed that CARR billed United Healthcare for several service dates and X-Rays, despite the fact that Individual HG's son had only seen CARR once, and not for an X-Ray. Sometime after receiving the EOB, Individual HG contacted CARR and questioned CARR about the billing. According to Individual HG, CARR told Individual HG that he had a new billing service company located in Florida, and that the billing company had made a mistake.

Individual JD

14. Agents interviewed Individual JD. According to Individual JD, she saw CARR for chiropractic treatment at Premier Health, at the Buehler YMCA, in approximately January or February 2005, after Individual JD injured herself falling off a horse. According to Individual JD, she took her two minor sons to see CARR at the Buehler YMCA in approximately January 2006. According to Individual JD, she and her sons did not receive chiropractic services from CARR at any facility other than the Buehler YMCA. According to Individual JD, she receives insurance coverage from

²Based upon my training and experience, I know that an EOB is a form issued by an insurance company that explains the services or benefits that a medical care provider claims were provided to the patient.

CoreSource. According to Individual JD, after she reviewed her EOBs from CoreSource and talked with representatives from CoreSource, Individual JD determined that CARR had billed for Individual JD and her son for chiropractic services in September, October, and November of 2007, even though Individual JD and her sons had not seen CARR since 2006.

15. As explained above, CARR ceased practicing at the Buehler YMCA in approximately January 2007, and therefore did not have a practice at the YMCA in September, October, or November 2007.

Individuals JJ and TJ

16. Agents interviewed Individual JJ and Individual TJ, a married couple. According to Individual JJ, he visited CARR at the Buehler YMCA for approximately 3 months in the summer of 2005 to receive chiropractic services. According to Individual TJ, she received chiropractic services from CARR at the Buehler YMCA in 2006. According to Individual TJ and Individual JJ, they did not receive chiropractic services from CARR at any facility other than the Buehler YMCA. According to Individual JJ and Individual TJ, at various times between 2005 and the present they were insured by AETNA.

17. I have reviewed records from AETNA related to Individual JJ and Individual TJ. According to the AETNA records, CARR submitted claims for services purportedly provided by CARR to Individual TJ and Individual JJ in 2007 and 2008, in excess of \$100,000. According to these records, AETNA paid out approximately

\$5,400 of the over \$100,000 in claims for services that CARR allegedly provided to Individual TJ and Individual JJ in 2007 and 2008.

Individual KB

18. Agents interviewed Individual KB. According to Individual KB, she received chiropractic services from CARR at the Buehler YMCA between October 12, 2005 and December 10, 2005. According to Individual KB, in approximately December 2006, she noticed charges from CARR on her EOB statements from AETNA (her insurance provider) for dates of service in 2006. According to Individual KB, she contacted CARR about the claims in 2006 and CARR told Individual KB that it was a mistake by his front desk and that he would fix it.

19. According to AETNA records, CARR submitted claims for services provided to Individual KB from August 2006 to January 2007, in excess of \$11,000. The AETNA records show that AETNA paid out approximately \$3,000 of the more than \$11,000 in claims for services that CARR allegedly provided to Individual KB from August 2006 to January 2007.

Individual JB

20. Agents interviewed Individual JB, an individual who received health insurance from PBA. According to Individual JB, he received chiropractic treatment from CARR approximately 12 to 15 times between approximately January 2007 and July 2008. According to Individual JB, CARR billed PBA for services allegedly received by Individual JB on days when Individual JB did not receive services from CARR. Individual JB stated that shortly after Individual JB stopped seeing CARR in July

2008, Individual JB received a number of checks from PBA that were made payable to Individual JB for services that CARR had not provided to Individual JB. Individual JB stated that he took the checks to CARR and inquired about the checks. According to Individual JB, CARR told Individual JB that the checks were generated as a result of computer error and that CARR would take care of it. According to Individual JB, he then provided the checks to CARR. Several weeks later, Individual JB received more checks from PBA, made payable to Individual JB, for services that CARR had not performed on Individual JB. Individual JB gave these checks to CARR, and CARR told Individual JB that CARR sent the checks back to PBA.

21. According to bank records that I have reviewed from Harris Bank for a Harris bank account ending in 7435 (“the 7435 Account”), this account was held by Individual W. As explained below, CARR has stated that Individual W is his fiancée, and the investigation has shown that Individual W submitted medical claims to insurance companies on behalf of CARR. According to Harris Bank records, the checks from PBA to Individual JB were deposited into the 7435 Account, were endorsed with the name of Individual JB, and made payable to Individual W:

a. On August 12, 2008, approximately 17 checks made payable to Individual JB from PBA, totaling approximately \$1,606, were endorsed and deposited into the 7435 Account.

b. On August 18, 2008, approximately 11 checks made payable to Individual JB from PBA, totaling \$2,363.85, were endorsed and deposited into the 7435 Account;

c. On August 20, 2008, approximately 6 checks made payable to Individual JB from PBA, totaling \$914.85, were endorsed and deposited into the 7435 Account;

d. On August 21, 2008, approximately 12 checks made payable to Individual JB from PBA, totaling \$2,244.50, were endorsed and deposited into the 7435 Account;

e. On October 21, 2008, approximately 7 checks made payable to Individual JB from PBA, totaling \$1,081.50, were endorsed and deposited into the 7435 Account.

Individual JG

22. Agents interviewed Individual JG. According to Individual JG, he is insured by PBA, and beginning in April 2008, he received treatment approximately 3 times per week from CARR. According to Individual JG, he never received X-Rays from CARR. Individual JG further stated that he stopped seeing CARR when Individual JG moved to another state on or around July 23, 2008.

23. According to PBA records that I have reviewed, PBA received claims stating that CARR provided services to Individual JG on a number of dates between July 24, 2008 and October 4, 2008, totaling \$7,065. PBA records reflect that, on several occasions, PBA was billed for X-Ray services provided to Individual JG by CARR

a. As one example, according to PBA records, PBA wrote for approximately \$625 (check No. 31597) for services CARR purportedly provided to

Individual JG after Individual JG moved out of state. According to bank records that I have reviewed, check No. 31597, which was made payable to Allied Health DCS Inc., was deposited into a Wachovia Bank Account, ending in the last four digits 2871 (“the 2871 Account”).

b. According to Wachovia Bank records that I have reviewed, the 2871 Account is owned by Company A, located in Palm Harbor, Florida. As explained below, Company A is a company used by CARR to deposit and transfer large sums of insurance proceeds.

Individual AH

24. Agents interviewed Individual AH, who stated that she was insured by BCBS. According to Individual AH, she received chiropractic services from CARR at Community Physical a number of times prior to March 2009. In October 2009, Individual AH received a 34-page EOB from BCBS reflecting services allegedly provided to Individual AH by CARR at Allied Health from March 2, 2009 through June 29, 2009. According to Individual AH, she did not receive treatment from CARR, or any chiropractor, at Allied Health between March and June 2009. Individual AH further stated that she had never been to Allied Health’s location at 545 N. Lake Street in Mundelein, Illinois.

25. According to BCBS, BCBS issued two checks for services purportedly provided to Individual AH by CARR between March 2, 2009 and June 29, 2009. The two checks, which were made payable to Allied Health PC, were deposited into the 2871 Account at Wachovia Bank.

PROBABLE CAUSE THAT CARR FRAUDULENTLY BILLED BCBS

26. According to BCBS, between January 1, 2006 and November 30, 2010, CARR billed BCBS approximately \$5.4 million in health care claims, and was paid over \$1.2 million during that same time period. During that same time period, CARR used seven different Federal Tax Employer Identification Numbers (“EINs”) in dealing with BCBS.³ Based upon my training and experience, I know that an EIN is a number used by insurance companies to identify the service providers that submit claims to the insurance company.

a. According to BCBS, on September 4, 2009, BCBS placed a “hold” on five different EINs that CARR had been using to submit claims to BCBS. According to BCBS, whenever BCBS receives certain types of claims from an EIN that has a “hold” placed on it, BCBS denies the claim and sends a letter to the healthcare provider, requesting additional information.

b. On or about May 24, 2010, BCBS learned that CARR was billing under a sixth EIN. Shortly thereafter, BCBS placed a hold on this sixth EIN. In December 2010, BCBS learned that CARR was billing under a new, seventh, EIN, which was registered to “Fusion Health and Fitness.” According to BCBS, CARR billed BCBS approximately \$75,000 from May 28, 2010 through November 18, 2010 under the Fusion Health EIN, and CARR was paid over \$19,000.

³Agents reviewed the business names and addresses associated with each EIN, and determined that each was affiliated with CARR or one of CARR’s businesses.

c. Based upon my training and experience, and the information learned in this investigation, I believe that CARR used seven different EINs in an effort to perpetrate fraud on BCBS.

I. Background on BCBS and Billing Procedures

27. According to BCBS employees, BCBS offers various health care insurance programs and also administers health care benefit programs for other entities, such as labor unions and self-insured companies.

28. Based upon my training and experience, I know that BCBS, AETNA, and PBA meet the definition of a “health care benefit program” under Title 18, United States Code, section 24(b).

29. According to BCBS employees that agents have interviewed, medical services providers who enroll with BCBS are eligible for reimbursement by BCBS for certain services provided by the medical service provider to BCBS subscribers (people insured by BCBS), if those services are actually rendered and medically necessary. By becoming a participating provider in the BCBS network, providers agree to abide by the rules, regulations, policies, and procedures governing reimbursement and to keep and allow access to records and information as required by BCBS. Providers of health care services are required to submit certain information to BCBS relating to their particular BCBS reimbursement claims. Required claim information includes the subscriber’s name, his or her subscriber insurance number, the date the subject services were rendered, the location where the services was rendered, a code identifying the medical procedure performed, the number of services rendered, a code

reflecting the patient's diagnosis, the charges for each service provided, and the provider's assigned provider number or tax identification number (EIN).

30. According to BCBS employees that agents have interviewed, once a claim is submitted to BCBS, the specific dollar amount (if any) that BCBS will pay on that claim depends on the following: the particular medical procedure performed; whether that particular procedure was covered by the program; and the amount of the coverage offered by the program for that particular procedure. To streamline the claims process, a coding system has been developed governing the codes applicable to medical procedures.

31. According to BCBS employees that agents have interviewed, health care providers are paid by BCBS either by check or by Electronic Fund Transfer (EFT). EFT is a system of transferring funds directly to the provider's bank account without any paper money changing hands.

II. Electronic Billing – EZ Claim and Capario

32. As explained in detail below, beginning in approximately November 2009 and continuing until approximately October 2010, claims for CARR's services were electronically submitted to BCBS using proprietary computer software that is used to electronically submit claims to BCBS and other health care providers. In particular, and as explained below, a company called Edgewater Rehabilitation and Wellness Center, which was registered to CARR's address, the Edgewater Premises, maintained a customer account with EZ Claim Medical Billing Software Company ("EZ Claim"), a computer software company that allowed health care providers, like CARR, to submit

insurance claims via the internet. Using the EZ Claim computer software, insurance claims were electronically submitted to BCBS on behalf of CARR. As further explained below, electronic records demonstrate that fraudulent insurance claims for CARR's services were sent from a computer which utilized an IP address that was registered to Individual W, at the Edgewater Premises, at the time the claims were submitted.

33. The owner of EZ Claim provided the following general information about EZ Claim:

a. EZ Claim is a company that sells computer software that allows medical care providers to electronically file insurance claims for medical services. EZ Claim charges customers a fee to use the software packages.

b. EZ Claim's software allows health care providers to electronically store and organize information that is needed to submit a claim to an insurance provider. EZ Claim's software does not directly submit the claim forms to the insurance company. Rather, EZ Claim's software allows its users to electronically enter information about a patient, and the services that were provided to the patient.

34. According to the owner of EZ Claim, a company called Edgewater Rehabilitation and Wellness Center ("Edgewater") opened an account with EZ Claim in March 2009. As explained below, the EZ Claim account for Edgewater (hereinafter "the Edgewater EZ Claim Account") was used to submit health insurance claims on behalf of CARR.

a. According to the owner of EZ Claim, Individual W signed up for EZ Claims's services using the internet, on March 11, 2009. According to the owner

of EZ Claim, the Edgewater EZ Claim Account is registered to Individual W, with an address of the Edgewater Premises. In addition, the Edgewater EZ Claim Account lists a contact email address of getfit4life@att.net.

b. According to AT&T records that I have reviewed, the email address getfit4life@att.net is subscribed to by Individual W, at the Edgewater Premises.

c. According to EZ Claim records that I have reviewed, the Edgewater EZ Claim Account was used to electronically file medical insurance claims for health care services purportedly provided by CARR, through EZ Claim, with BCBS and other health care providers from approximately November 2009 through October 2010.

d. According to Harris Bank records that I have reviewed, the Harris Bank account ending with the last four digits 2507 (“the 2507 Account”) is owned by Edgewater Rehabilitation and Wellness Center, located at the Edgewater Premises. According to the bank records of the 2507 Account, Edgewater made payments to EZ Claim from the 2507 Account between November 2009 and October 2010.

Capario – the Clearinghouse Company

35. According to the owner of EZ claim, when an EZ Claim customer purchases software from EZ Claim, the software is sent to the customer electronically and a hard copy of the software is also mailed to the customer. Once the software is installed by the EZ Claim customer, the customer can start creating electronic claims

using EZ Claim's software. According to EZ Claim, customers can use one of several options for submitting electronic claims. One option required an EZ Claim customer to submit claims through an intermediate "clearinghouse" company. The clearinghouse company then processes the electronic claims submitted via EZ Claim's software, and forwards those claims to various healthcare providers. According to the owner of EZ Claim, in addition to using the clearinghouse option, a customer can use other means to file the claims. For example, an EZ Claim customer can use the EZ Claim software to print the claim information and send the claim to insurance companies directly.

36. According to EZ Claim records that I have reviewed, beginning in approximately December 2009, Edgewater submitted claims electronically to a clearinghouse company called Capario, which is affiliated with EZ Claim but is a separate business which is compatible with EZ Claim's software. According to the owner of EZ Claim, EZ Claim provides support for Capario's clearinghouse service in the form of computer software used by healthcare providers, and Capario provides the actual processing of claims.

37. According to employees of EZ Claim and Capario whom I have interviewed, the technical process of submitting claims through EZ Claim and Capario generally works as follows:

a. An EZ Claim customer (a medical care provider, or someone acting on behalf of a medical care provider) enters information about patients' medical services into EZ Claim's software. The information entered into EZ Claim's software consists of data that is typically contained in a Health Care Financing Administration

1500 form (“hereinafter a HCFA 1500 Form”).⁴ EZ Claim’s software allows a user to create an electronic version of a HCFA 1500 Form.

b. EZ Claim’s software next allows a user to electronically submit claims to a clearinghouse company, for example, Capario. The EZ Claim software allows a user to electronically send a group of multiple claims, as a “batch,” to Capario.

c. Each EZ Claim customer that utilizes Capario has a unique account number with Capario that is assigned a password and username. Capario uses this unique password to identify which health care provider is sending Capario billing information through EZ Claim’s software.

d. Capario’s computer system then analyzes each claim and determines which claim should be sent to which insurance company. Capario then sends claim information to BCBS and other insurance companies, typically electronically.

III. Specific Examples of Fraudulent Billing Practices

A. Individual AK

38. According to BCBS, between March 25, 2010, and approximately April 7, 2010, BCBS received seven electronic claims for services from Edgewater on behalf of BCBS’s insured client, Individual AK. I have reviewed these seven claims, which

⁴Based upon my training and experience, I know that HCFA 1500 Forms are standard forms used by physicians and other health care providers to submit claims for reimbursement to Medicare, Medicaid, and private insurance companies, and that HCFA 1500 Forms contain patient demographics, as well as codes relating to specific procedures and services that were performed by the health care provider.

reflect that Edgewater provided health care services to Individual AK on a number of days between approximately December 14, 2009 and April 5, 2010.

39. According to BCBS, on March 29, 2010, and April 7, 2010, BCBS received eighteen claims for services from Edgewater on behalf of Individual AK's minor children (who are also insured by BCBS). These claims reflect that Edgewater provided health care services to two of Individual AK's minor children on a number of days between approximately December 7, 2009 and April 7, 2010. In total, BCBS paid Edgewater approximately \$15,000 for these services purportedly provided to Individual AK's children.

40. Agents interviewed Individual AK. According to Individual AK, he received approximately 4 chiropractic treatments from CARR in September and October 2009, at the Edgewater Premises. According to Individual AK, his daughter received one chiropractic treatment from CARR, at the Edgewater Premises, and Individual AK's son received approximately 10 to 14 chiropractic treatments from CARR in approximately September and October 2009. According to Individual AK, neither Individual AK nor any of his children received chiropractic services from CARR at any time after October 2009.

41. According to information provided by EZ Claim and Capario, the seven claims related to Individual AK and Individual AK's family were prepared using EZ Claim's software and were sent electronically to Capario, from a computer using the EZ Claim Edgewater Account. Capario then transmitted the claims to BCBS.

42. According to Capario's computer system, two Internet Protocol ("IP") addresses, 75.57.153.95 and 75.49.211.107, were used to send the seven claims to Capario on March 23, 2010, at 5:08 p.m. (ET), and April 5, 2010 at 4:15 p.m. (ET), respectively.⁵

43. According to AT&T Internet Services, which owns IP Addresses 75.57.153.95 and 75.49.211.107, those IP Addresses were assigned to AT&T customer Individual W at the times that the claims related to Individual AK were submitted to Capario. The AT&T records further reflect that AT&T provides internet services to Individual W's account at the Edgewater address in Lake in the Hills, Illinois (the Edgewater Premises). Based upon this information, I believe that the fraudulent claims related to Individual AK were submitted by a computer using internet services at the Edgewater Premises.

44. According to BCBS records, BCBS paid Edgewater for some of the seven electronic claims related to Individual AK, via a direct electronic deposit. Specifically, on April 12, 2010, BCBS caused \$6,443 to be deposited into the 2507 Account, as payment for some of the seven claims. As explained above, the 2507 Account is owned by Edgewater, with an address of the Edgewater Premises.

⁵Based upon my training and the training and experience of other agents with whom I have spoken, I know that an IP Address is the standard way of identifying a computer that is connected to the Internet, much the way a telephone number identifies a telephone on a telephone network. In addition, according to a Capario employee, I know that Capario maintains IP Address log information from computers that send claims to Capario.

B. Individual KT

45. According to BCBS, between December 16, 2009 and approximately July 28, 2010, BCBS received twenty-three electronic claims for services from Edgewater, related to Individual KT, an individual with BCBS insurance. The twenty-three claims reflect that Edgewater provided health services to Individual KT on a number of days between December 2, 2009 to July 26, 2010.

46. Agents interviewed Individual KT. According to Individual KT, she received chiropractic services from CARR throughout 2007 and 2008 at Community Physical. Individual KT never received chiropractic services from CARR at the Edgewater Premises. According to Individual KT, she has not seen, or received any services from, CARR since the end of 2008.

47. According to records provided by BCBS, CARR provided BCBS with Chiropractic Daily Records forms (“CDRs”)⁶ related to services that CARR purportedly rendered to Individual KT in 2010. According to BCBS, BCBS reviewed CDRs that were sent by CARR, and if appropriate, approved or adjusted claims and sent a payment to CARR based upon the information contained in the CDR.

48. On October 1, 2010 and October 8, 2010, agents retrieved trash from the Edgewater Premises. Agents recovered approximately 18 CDRs from the trash related to Individual KT, reflecting dates of service from approximately May 3, 2010 through July 9, 2010. The CDRs state that services were provided by CARR on, among others,

⁶According to BCBS, a CDR contains patient and medical information related to chiropractic services rendered to a patient.

the following dates: May 3, 2010, May 24, 2010, and July 1, 2010. After obtaining the CDRs, agents interviewed Individual KT. According to Individual KT, she did not receive any services from CARR on any of the dates listed in the CDRs.

49. While reviewing the trash from the Edgewater Premises, agents also retrieved four letters that were written on BCBS letterhead, with a return address of 300 E. Randolph, in Chicago, dated June 30, 2010, July 14, 2010, and August 2, 2010, and addressed to Edgewater Rehabilitation, at the Edgewater Premises. The letters stated, in summary, that BCBS needed further documentation from Edgewater before BCBS would pay for services purportedly rendered to KT on May 3, 2010, May 24, 2010, June 28, 2010, and July 1, 2010. Three of the four letters found in the trash correspond to CDRs, also found in the trash, reflecting services rendered on the dates for which BCBS requested additional documentation. According to BCBS, the letters found in the trash at the Edgewater Premises were generated by BCBS and sent to the Edgewater Premises. According to BCBS, BCBS typically uses the United States mail to send the types of letters found in the trash at the Edgewater Premises.

50. According to information provided by EZ Claim and Capario, the twenty-three claims for Individual KT were prepared using EZ Claim software and were sent electronically to Capario, from a computer using the Edgewater EZ Claim Account. Capario then electronically transmitted the claims to BCBS. Capario provided agents with the twelve IP Addresses which Capario's computer system showed had been used to send the twenty-three claims related to Individual KT to Capario ("the Individual KT IP Addresses") between December 17, 2009 and July 26, 2010.

51. Agents received information from AT&T Internet Services, which owns 11 of the Individual KT IP Addresses. According to the information provided by AT&T, 11 of the Individual KT IP addresses were assigned to AT&T customer Individual W at the times a computer using those IP Addresses submitted the claims related to Individual KT to Capario. The AT&T records further reflect that AT&T was providing internet services to Individual W's account at the Edgewater Premises, at the time the fraudulent claims were submitted. Based upon this information, I believe that the fraudulent claims for Individual KT were submitted by a computer using internet services at the Edgewater Premises.

52. According to BCBS records, BCBS paid Edgewater for some of the twenty-three electronic claims related to Individual KT, via direct electronic deposits. Specifically on June 14, 2010, June 28, 2010, and July 12, 2010, BCBS caused payments to be electronically deposited into the 2507 Account, as payment for some of the twenty-three claims. As explained above, the 2507 Account is owned by Edgewater, with an address of the Edgewater Premises.

53. In addition, also according to BCBS records, BCBS paid "Allied Health PC" for one of the twenty-three claims via a check (#49959330), that was deposited into the 2871 Account on approximately January 21, 2010, at Wachovia Bank. As explained above, according to Wachovia Bank records that I have reviewed, the 2871 Account is owned by Company A, at an address in Palm Harbor, Florida. In addition, as explained above, CARR operated a chiropractic business called Allied Health in Mundelein, Illinois from approximately January 2009 to April 2010.

a. On April 28, 2010, an individual who was cooperating with law enforcement recorded a conversation with Individual S. During the recorded conversation, Individual S stated that he was an employee of Company A. In the recorded conversation, Individual S stated that CARR is a client of Company A. Individual S further stated that Company A is a “finance company,” and that Company A lent money to CARR “based on claims presented to [Individual S] that were supposedly true and rendered.”

b. I have reviewed bank statements from Wachovia Bank related to two accounts. The first account is the 2871 Account which, as explained above, is registered to Company A, and the signatory on the account is Individual S. The second Wachovia account ends in the last four digits 7628 (“the 7628 Account”), is registered in the name Company B and lists Individual S as one of the signatories on the account. According to Wachovia bank records, between May 2005 and December 2009, approximately \$1.9 million dollars was deposited into the 2871 and 7628 Accounts from sources that agents have determined are affiliated with CARR. The majority of the funds deposited into these accounts were from checks issued by insurance companies and made payable to CARR, or one of various businesses operated by CARR, including Allied Health and Allied Health DCS. During that same time period, approximately \$1,000,000 was removed from the 2871 and 7628 Accounts and transferred to CARR, or entities and people associated with CARR, including Allied Health, Premier Health Services, and Individual W. Funds were transferred out of the 2871 and 7628 Accounts in large, whole number, denominations, including as high as \$20,000 at one time.

C. Individual TF

54. According to BCBS, between June 30, 2010 and approximately August 9, 2010, BCBS received approximately ten electronic claims for services from Edgewater related to Individual TF, an individual who is insured by BCBS. The ten claims reflect that Edgewater provided health services to Individual TF on a number of days between approximately February 15, 2010 and April 28, 2010.

55. Agents interviewed Individual TF, a minor, and Individual TF's parent, SF. According to Individual TF and Individual SF, Individual TF received various chiropractic treatments from CARR from approximately September 2009 through November 2009, at the Edgewater Premises. According to Individual TF, he/she has not seen, or received treatment from, CARR since November 2009.

56. On October 1, 2010 and October 8, 2010, agents retrieved the trash from the Edgewater Premises. Agents retrieved approximately 17 CDRs for Individual TF for various dates of service between approximately February 15, 2010 and March 18, 2010. According to Individual SF, Individual TF did not receive any services from CARR on any of the dates reflected in the CDRs found in the trash at the Edgewater Premises.

57. According to information provided by EZ Claim and Capario, the ten claims related to Individual TF were prepared using EZ Claim's software and were sent electronically to Capario, from a computer using the Edgewater EZ Claim Account. Capario then electronically transmitted the claims to BCBS.

58. Capario provided agents with eight IP addresses which Capario's computer system showed had been used to send the ten claims to Capario (the "Individual TF IP Addresses") between June 28, 2010 and August 9, 2010.

59. According to the information provided by AT&T Internet Services, which owns all but one of the Individual TF IP Addresses, seven of the Individual TF IP Addresses were assigned to AT&T customer Individual W at the times that those IP Addresses submitted the Individual TF claims to Capario. The AT&T records further reflect that AT&T provided internet services to Individual W's account at the Edgewater Premises at the time the Individual TF claims were submitted. Based upon this information, I believe that fraudulent claims for Individual TF were submitted by a computer using internet services provided to the Edgewater Premises.

60. According to BCBS records, BCBS paid Edgewater for some of the ten electronic claims for Individual TF via direct electronic deposit. For example, on August 23, 2010, BCBS caused \$376 to be deposited into the 2507 Account at Harris Bank, as payment for a portion of the ten claims. As explained above, the 2507 Account is owned by Edgewater, with an address of the Edgewater Premises.

D. Individual TS

61. According to BCBS, between January 11, 2010, and approximately August 9, 2010, BCBS received thirty-five electronic claims for services from Edgewater related to Individual TS, an individual who is insured by BCBS. The thirty-five claims reflect that Edgewater provided health services to Individual TS on a number of days between approximately January 2, 2010 to August 4, 2010.

62. Agents interviewed Individual TS. According to Individual TS, Individual TS and Individual TS's family members received chiropractic treatments from CARR when CARR worked at Community Physical and when CARR operated Allied Health. According to Individual TS, neither Individual TS nor Individual TS's family members saw CARR, or received treatment from CARR, after February 20, 2010.

63. On October 1, 2010 and October 8, 2010, when agents retrieved the trash from the Edgewater Premises, they retrieved approximately fifteen CDRs related to Individual TS and Individual TS's children for dates of service in June and July 2010. According to Individual TS, neither Individual TS nor any of Individual TS's children received any services from CARR on the dates listed in the CDRs.

64. According to BCBS, between January 29, 2010 and August 9, 2010, BCBS received approximately twenty-nine claims for services from Edgewater which reflect that Edgewater provided health services to Individual TS's child, Individual AS, on a number of days between approximately January 4, 2010 and August 4, 2010. Also according to BCBS, BCBS received approximately thirty-five claims for services from Edgewater which reflect that Edgewater provided health services to Individual TS's spouse, Individual RS, on a number of days between approximately January 4, 2010 and August 4, 2010. According to BCBS, Edgewater was paid approximately \$11,000 for these services related to Individual TS.

65. According to information provided by EZ Claim and Capario, the thirty-five claims related to Individual TS's family were prepared using EZ Claim's software

and were sent electronically to Capario, from a computer using the EZ Claim Edgewater Account. Capario then electronically transmitted the claims to BCBS.

66. Capario provided agents with twenty-six IP Addresses which Capario's computer system showed had been used to send the thirty-five claims related to Individual TS's family to Capario (the "Individual TS IP Addresses") between January 6, 2010 and August 5, 2010.

67. Agents received information from AT&T Internet Services, which owns many of the Individual TS IP Addresses. According to the information provided by AT&T, twenty-one of the Individual TS IP Addresses were assigned to AT&T customer Individual W at the times that those IP Addresses submitted claims related to Individual TS to Capario. The AT&T records further reflect that AT&T provided internet services to Individual W's account at the Edgewater Premises at the time these claims were submitted. Based upon this information, I believe that fraudulent claims for Individual TS's family were submitted by a computer using internet services provided to the Edgewater Premises.

68. According to BCBS records, BCBS paid Edgewater for some of the thirty-five electronic claims related to Individual TS via direct electronic deposit. Specifically, between February 1, 2010 and May 10, 2010, BCBS caused payments, totaling in excess of \$9,000, to be deposited into the 2507 Account at Harris Bank, as payment for some of the thirty-five claims. As explained above, the 2507 Account is owned by Edgewater, with an address of the Edgewater Premises.

E. Individual JS

69. Agents interviewed Individual JS. According to Individual JS, in September and October 2010, CARR provided chiropractic treatments to Individual JS at an office located in Algonquin, Illinois. According to Individual JS, after she stopped receiving services from CARR in October 2010, CARR continued to bill BCBS for services rendered to Individual JS. In particular, according to Individual JS, CARR billed BCBS for services provided to Individual JS between late November and approximately December 15, 2010. According to Individual JS, she is certain that she did not receive services from CARR in November 2010 and December 2010, and she was out of town for a portion of November 2010. Individual JS also stated that CARR billed for services allegedly provided to her on Saturdays, and she never saw CARR on Saturdays.

ADDITIONAL INFORMATION CONCERNING BILLING PRACTICES

70. Agents interviewed Individual CV. According to Individual CV, her husband was a patient of CARR's from approximately 2007 through 2008. According to Individual CV, in approximately late 2009 or early 2010, Individual CV noticed that CARR had billed her insurance company, BCBS, for dates that her husband did not see CARR.

71. On July 6, 2010, CARR spoke with Individual CV on a consensually recorded telephone.⁷ During the conversation, Individual CV raised concerns about

⁷The identification of CARR as the speaker is based upon the following. First, CARR identified himself by name during the recorded conversation. Second, agents have listened to

CARR billing for services that were not rendered. In response, CARR stated, among other things, that BCBS caused CARR to be “out of network” and that the switch from “in network” to “out of network” had caused BCBS to “reprocess” many claims. During the recorded conversation, CARR also stated, “we outsourced our billing and now we do all of our own billing, as of 2010 we do all our own billing.” Individual CV then asked, “who was doing your billing at that time [when Individual CV’s claims were processed]?” CARR responded, “It was a company in Florida, called [Company B]. They’re no longer in business.”⁸

a. According to BCBS, claims involving Individual CV or her husband were never “reprocessed.” BCBS did not cause CARR to change from an in-network provider to an out-of-network provider at any time prior to July 2010, and therefore none of Individual CV or her husband’s claims were reprocessed for that reason.

b. Later in the recorded conversation on July 6, 2010, Individual CV discussed that CARR had billed Individual CV’s husband for dates that CARR had

other recordings in which CARR identified himself by name, and the voice on those recordings is the same as the voice on the recording with Individual CV.

⁸ At various points in the Affidavit, I offer my interpretations of certain recorded conversations in brackets and otherwise. My interpretations of these conversations are based on my knowledge of the investigation to date, the content and context of the conversations, prior and subsequent conversation, conversations with other officers and agents, and my experience and familiarity with these types of investigations. Finally, the summaries of conversations do not include all potentially criminal conversations recorded during this investigation, or all statements or topics covered during the course of the recorded conversations. They do not represent finalized transcripts and may not represent the entire conversation that occurred between the identified individuals.

not seen him. CARR stated that he could correct these errors, or that Individual CV's husband could see CARR for the rest of the year for free. Specifically, CARR stated, "I will see him until the end of the year and won't charge him because I have already gotten the money from Blue Cross." Individual CV stated, "I would prefer to be on the up and up," and CARR responded, "Its more fun not to, [but] I understand."

c. Later in the recorded conversation on July 6, 2010, Individual CV asked, "Is there a way I can be ... guaranteed that you will only be billing us for the services that [Individual CV's husband] has in the future? Because I don't know, I don't understand where that confusion is coming in." CARR responded, "It was a lack of communication between [Individual W] and [CARR], because [Individual W] does all the billing and it was a matter of communication. What I do now is that I put down everybody that I see and bring it home and I just hand it to [Individual W], and she you know, does the charges in [submits the claim to the insurance company]."

d. Later on July 6, 2010, Individual CV spoke with Individual W in a consensually monitored and recorded conversation.⁹ During the conversation, Individual W stated her first and last name, and spelled her last name. Individual W stated that she does "rehabilitation work under [CARR]." Individual CV asked, "So you are not using a billing company anymore?" Individual W responded, "No we use a clearing house which we input the billing information in and then the clearing house kind of organizes it and submits it to the insurance company.... [It] is a clearinghouse

⁹The identification of Individual W as the speaker is based upon the fact that Individual W identified herself by name during the recorded conversation.

that goes in between the provider and the insurance carrier.” Individual CV asked, “So that’s different then a billing company, or is it the same thing?” Individual W responded, “No its different because when you hire a billing company you are hiring somebody to do the billing for you.” Individual CV then asked for clarification, “When Dr. CARR does work on [Individual CV’s husband] then [CARR] gives the paperwork to show what he did, and then you send it to this clearinghouse?” Individual W responded, “Correct.”

72. Agents interviewed Individual TF, who was insured by BCBS. Following the interview with agents, on June 23, 2010, Individual TF left a telephonic message for Individual W, which was recorded. CARR returned Individual TF’s call, and left a message with Individual TF (the message was not recorded). On June 25, 2010, Individual TF spoke with CARR on a consensually monitored and recorded telephone.¹⁰ During the recorded conversation, CARR stated that he was having difficulty with his billing company. Individual TF asked, “What is the name of your billing company?” CARR responded, “The Billing Company.” CARR further stated that “The Billing Company” was making “all kinds of mistakes” with CARR’s claims. CARR further stated that “The Billing Company” was located in Tampa, Florida. Individual TF asked CARR for the phone number for “The Billing Company,” but CARR did not

¹⁰ The identification of CARR as the speaker is based upon the following. First, CARR identified himself by name during the recorded conversation. Second, Individual TF has spoken with CARR in person, and recognized CARR’s voice on the telephone. Third, agents have listened to other recordings in which CARR identified himself by name, and the voice on those recordings is the same as the voice on the recording with Individual TF.

provide a telephone number. CARR further stated that Individual W was his fiancée, and that Individual W handles the billing for CARR now. CARR further stated that “they [CARR and Individual W]” have their own billing software.

73. Agents have searched publicly available sources and have been unable to locate any medical billing company called “The Billing Company,” in Tampa, Florida or elsewhere in Florida.

CONCLUSION

74. I respectfully submit that there is probable cause to believe that beginning not later than in or about August 2006, and continuing to in or about December 2010, at Lake in the Hills, in the Northern District of Illinois, Eastern Division, and elsewhere, defendant ANDREW CARR did knowingly and willfully devise and participate in a scheme to defraud health care benefit programs within the meaning of Title 18, United States Code, Section 24(b), namely BCBS, AETNA, and PBA to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, such health care benefit programs, in connection with the delivery of and payment for health care benefits, items, and services; and for the purpose of executing the scheme and attempting to do so, caused a materially false and fraudulent claim to be submitted Blue Cross on or about August 9, 2010, for services purportedly rendered to Individual TS.

FURTHER AFFIANT SAYETH NOT.

Kathryn Schwass
Special Agent
U.S. Department of Labor

Subscribed and sworn
before me this 15th day of February, 2011

Honorable JEFFREY COLE
United States Magistrate Judge