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FOR IMMEDIATE RELEASE

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**FORMER WATERTOWER PHYSICIAN INDICTED IN ALLEGED \$3.5 MILLION  
HEALTH INSURANCE FALSE BILLING SCHEME; NURSE CHARGED WITH  
MAKING FALSE MEDICAL REPORTS**

CHICAGO — A physician who owned a North Michigan Avenue surgical center was indicted on federal charges for allegedly causing \$3.5 million in false medical bills to be submitted to 10 private health insurance companies and the federal workers' compensation program. A nurse was also indicted on charges alleging that she made false statements in patients' medical records claiming that chiropractors who brought patients to the clinic had performed certain procedures that, in fact, were not performed.

One defendant, Dr. PAUL MADISON, an anesthesiologist and pain management specialist, was the owner of Watertower SurgiCenter LLC, an outpatient facility located at 845 N. Michigan Ave. He was charged with six counts of health care fraud, three counts of making false statements in operative reports, and two counts of aggravated identity theft in a 14-count indictment that was returned yesterday by a federal grand jury. His co-defendant, JEANETTE SHIN, who was a nurse at Watertower, was charged in the same indictment with three counts of making false statements in medical reports.

Madison, 59, of Chicago, and Shin, 67, of Wheeling, will be ordered to appear for a arraignment at a later date in U.S. District Court.

The charges were announced today by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois; Thomas R. Trautmann, Acting Special Agent-in-Charge of the Chicago office of the Federal Bureau of Investigation; and James Vanderberg, Special Agent-in-Charge of the U.S. Department of Labor's Office of Inspector General in Chicago.

According to the indictment, between August 2005 and December 2009, Madison directed Watertower's billing staff to submit false bills to insurers for manipulation-under-anesthesia (MUA) that chiropractors had not performed. An MUA involves a chiropractor performing adjustments on a patient who had been anesthetized. Madison disguised Watertower's fraudulent billing by creating false medical and billing records, and by directing Watertower's billing staff, nurses, chiropractors, and others to create false records, including false nurses' reports, chiropractors' reports, operative reports, and billing reports, the charges allege, and these false records disguised the true nature of the MUA procedures that chiropractors had performed on patients at Watertower. Shin allegedly falsified her nurse's reports by fraudulently claiming that chiropractors had performed certain MUAs that she knew they had not actually performed.

Madison allegedly caused Watertower to submit bills totaling more than \$3,585,000 for medical services that it had not performed to Aetna, Inc., Anthem Blue Cross Blue Shield, Blue Cross Blue Shield of Illinois, Esis Insurance Co., the Hartford Insurance Co., Humana, Ingenix, Liberty Mutual, Oriska Insurance, and Sentinel, as well as the U.S. Department of Labor's Office of Workers' Compensation Programs. These insurers collectively lost more than \$783,000 as a result of the fraud scheme, the charges allege.

As part of the fraud scheme, Madison allegedly instructed that all MUA patients' be billed from the same template even when he knew that not all of the procedures listed in the template had actually been performed.

In the spring of 2007, the Illinois Department of Financial and Professional Regulation investigated Watertower's billing practices. In response, Madison allegedly ordered the director of billing and others to destroy accurate MUA operative reports in patients' files and replace them with fraudulent MUA reports. He further ordered the billing director and another billing employee to lie to state investigators about Watertower's MUA billing practices.

The aggravated identity theft counts allege that Madison illegally used patients' personal identifying information in relation to acts of health care fraud.

The indictment seeks forfeiture of more than \$783,000. If funds are not available, the government seeks forfeiture of substitute assets, including Madison's 1978 Rolls Royce Corniche, a 2004 Porsche Cayenne, and a 2003 Toyota Sequoia, and Shin's home in Wheeling and a 2008 Jeep Grand Cherokee.

The government is represented by Assistant U.S. Attorney Rachel Cannon.

Each count of health care fraud carries a maximum penalty of 10 years in prison and a \$250,000 fine, or an alternate fine totaling twice the loss or twice the gain, whichever is greater. Making false statements in medical reports carries a maximum penalty of five years in prison and a \$250,000 fine on each count, and aggravated identity theft carries a mandatory consecutive sentence of two years on and a \$250,000 fine on each count. If convicted, the Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

An indictment contains merely charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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