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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

March 2022 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

IMRAN SHAMS and
LOURDES NAVARRO,
aka "Lulu,"

Defendants.

CR 2:22-cr-00154-SB

I N D I C T M E N T

[18 U.S.C. § 1349: Conspiracy to Commit Health Care Fraud; 18 U.S.C. § 371: Conspiracy to Defraud the United States and to Solicit, Receive, Offer, and Pay Illegal Remuneration for Health Care Referrals; 42 U.S.C. § 1320a-7b(b) (2) (B): Illegal Remuneration for Health Care Referrals; 42 U.S.C. § 1320a-7b(a) (3) (i): False Statements to Secure Health Care Payments; 18 U.S.C. § 1956(h): Conspiracy to Commit Money Laundering; 18 U.S.C. §§ 981(a) (1) (C), 982(a) (1), and 982(a) (7), and 28 U.S.C. § 2461(c): Criminal Forfeiture]

1 The Grand Jury charges:

2 COUNT ONE

3 [18 U.S.C. § 1349]

4 [ALL DEFENDANTS]

5 A. INTRODUCTORY ALLEGATIONS

6 At times relevant to this Indictment:

7 1. 'Matias' Clinical Laboratory, Inc., doing business as
8 ("dba") Health Care Providers Laboratory ("Matias"), was a clinical
9 testing laboratory located at 14411 Palmrose Avenue, Baldwin Park,
10 California 91706, within the Central District of California.

11 2. Defendant IMRAN SHAMS was a resident of Glendale,
12 California, within the Central District of California, and New York.
13 Defendant SHAMS was married to defendant LOURDES NAVARRO, also known
14 as "Lulu," who was also a resident of Glendale, California, and New
15 York.

16 3. Defendants SHAMS and NAVARRO owned, controlled, and
17 operated Matias.

18 4. Individual A and Individual B were, at various times,
19 listed on business records and corporate filings submitted by Matias
20 as President, Vice President, and Chief Financial Officer of Matias.

21 5. Until in or around May 2019, Matias maintained a bank
22 account at Wells Fargo Bank, N.A. with an account number ending in
23 7139 ("WF x7139"). Beginning in or around May 2019 and continuing to
24 the present, Matias maintained a bank account at East West Bank with
25 an account number ending in 5549 ("EW x5549"). Defendants SHAMS and
26 NAVARRO controlled the WF x7139 and EW x5549 bank accounts.

27 6. Wells Fargo Bank, N.A. and East West Bank were financial
28 institutions as defined in 18 U.S.C. § 20.

1 7. Marketer A was an owner of a purported marketing company.
2 The Medicare Program

3 8. The Medicare program ("Medicare") was a federally funded
4 health insurance program, affecting commerce, that provided benefits
5 to individuals who were 65 years and older, and to certain disabled
6 persons. Medicare was administered by the Centers for Medicare and
7 Medicaid Services ("CMS"), a federal agency under the United States
8 Department of Health and Human Services ("HHS"). Medicare was a
9 "health care benefit program" as defined in 18 U.S.C. § 24(b) in that
10 it was a public plan or contract affecting commerce, and a "Federal
11 health care program" as defined by 42 U.S.C. § 1320a-7b(f).

12 9. Individuals who qualified for Medicare benefits were
13 referred to as Medicare "beneficiaries." Medicare beneficiaries were
14 issued beneficiary identification cards that certified eligibility
15 for Medicare and identified each beneficiary by a unique number.

16 10. Physicians, clinical laboratories, and other health care
17 providers that provided medical services to beneficiaries that were
18 to be reimbursed by Medicare were referred to as Medicare
19 "providers."

20 11. Medicare was divided into different program "parts": Part
21 A, Part B, Part C, and Part D. Medicare covered clinical laboratory
22 services for those beneficiaries who were eligible for Medicare under
23 Part B.

24 Laboratory Testing

25 12. Clinical laboratories performed various types of tests,
26 such as toxicology screens, urinalysis, routine blood work, and tests
27 for respiratory pathogens. These tests were performed on urine,
28 blood, and saliva samples, and nasal swabs ("specimens").

1 Physicians, nurse practitioners, and other authorized providers could
2 issue orders ("doctors' orders") for laboratory testing for Medicare
3 beneficiaries and other patients.

4 13. Laboratories could perform tests to detect whether an
5 individual had the novel coronavirus disease 2019, commonly referred
6 to as COVID-19. Laboratories could also perform tests to detect a
7 variety of viral and bacterial respiratory pathogens. Tests for
8 respiratory pathogens were sometimes performed in panels that
9 targeted multiple pathogens, known as a respiratory pathogen panel
10 ("RPP"). RPP testing typically did not test for COVID-19.

11 14. In general, the amounts Medicare reimbursed laboratories
12 for RPP and other respiratory pathogen testing was several times
13 higher than the amount it reimbursed for COVID-19 testing.

14 Medicare Coverage

15 15. Medicare paid for claims only if the items or services were
16 medically necessary for the treatment or diagnosis of the
17 beneficiary's illness or injury, documented, and actually provided as
18 represented. Medicare would not pay for items or services that were
19 procured through kickbacks and bribes.

20 16. On January 31, 2020, HHS declared that, in light of
21 confirmed cases of COVID-19, a public health emergency existed
22 nationwide.

23 17. In or around May 2020, in response to the public health
24 emergency for the COVID-19 pandemic, Medicare removed the requirement
25 that COVID-19 tests and certain, defined respiratory pathogen tests
26 be ordered by a treating physician. Under the interim policy,
27 Medicare covered COVID-19 tests and certain, defined respiratory
28 pathogen tests when ordered by any health care professional

1 authorized to do so under state law. Under the interim policy,
2 COVID-19 tests and respiratory pathogen tests still had to be
3 reasonable and medically necessary for the treatment of illness or
4 injury, eligible for reimbursement, provided as documented, and not
5 procured through the payment of kickbacks and bribes in order to be
6 covered by Medicare.

7 Medicare Enrollment

8 18. To participate in Medicare, providers, including clinical
9 laboratories, were required to submit an application in which the
10 provider agreed to comply with all Medicare-related laws and
11 regulations, including the Federal Anti-Kickback Statute, 42 U.S.C.
12 § 1320a-7b(b), which prohibited the offering, paying, soliciting, or
13 receiving of any remuneration in exchange for a patient referral or
14 the referral of other business for which payment may be made by any
15 Federal health care program. Providers further agreed not to submit
16 claims for payment to Medicare knowing they were false or fraudulent
17 or with deliberate ignorance or reckless disregard of their truth or
18 falsity. If Medicare approved the application, Medicare assigned the
19 provider an identifying number, which enabled the provider to submit
20 claims to Medicare for reimbursement for services provided to
21 Medicare beneficiaries.

22 19. In order to maintain active enrollment status, and as a
23 condition of participation in Medicare, a clinical laboratory was
24 required to report changes in enrollment information within 90
25 days. This included (i) reporting any change of ownership or control
26 interest, and (ii) identifying persons with an ownership or control
27 interest, as well as officers, directors, and managing employees, who
28 had been convicted of a federal or state health care fraud or

1 kickback offense or had been excluded from participation in Medicare.
2 42 U.S.C. § 1320a-3; 42 C.F.R. § 424.516(e).

3 20. A person with an "ownership or control interest" was
4 defined, with respect to an entity, as a person with a direct or
5 indirect ownership interest of 5 percent or more, or an officer or
6 director of the entity. 42 U.S.C. § 1320a-3(a)(3)(A)(i), (B); 42
7 C.F.R. § 424.502. A managing employee was defined as a "general
8 manager, business manager, administrator, director, or other
9 individual that exercises operational or managerial control over, or
10 who directly or indirectly conducts the day-to-day operations of the
11 provider or supplier[.]" *Id.* § 1320a-5(b).

12 21. For certain types of providers, including clinical
13 laboratories, the application to enroll in Medicare or make changes
14 to enrollment was known as Form CMS-855B. Among other information,
15 Form CMS-855B contained spaces for a provider to identify persons who
16 have 5 percent or greater direct or indirect ownership interest, and
17 all managing employees, including "a general manager, business
18 manager, administrator, director, or other person who exercises
19 operational or managerial control over, or who directly or indirectly
20 conducts, the day-to-day operations . . . regardless of whether the
21 individual is a W-2 employee of the supplier." Form CMS-855B further
22 provided space for disclosure of any final adverse legal action,
23 including the federal or state agency or court/administrative body
24 that imposed an action, against any of the persons identified as
25 having ownership interest and/or managing control of the provider.

26 22. Certain providers, including clinical laboratories, were
27 required to resubmit and recertify the accuracy of their enrollment
28 information every five years. Among the types of information

1 required to be provided were changes in ownership interest and/or
2 managing control, including listing individuals who were five percent
3 or greater direct/indirect owners, authorized or delegated officials,
4 partners, directors/officers, contracted managing employees, and
5 managing employees. 42 C.F.R. § 424.515. Form CMS 855B also
6 required disclosure of whether any individuals who were added as
7 persons with ownership interest and/or managing control were the
8 subject of final adverse legal action as described above.

9 Exclusion From Federal Health Care Programs

10 23. HHS was required to exclude any individual or entity from
11 participating in all Federal health care programs upon conviction for
12 certain crimes, including a criminal offense related to the delivery
13 of an item or service under Medicare or any State health care
14 program, or a felony conviction related to health care fraud or other
15 financial misconduct ("mandatory exclusion"). 42 U.S.C. § 1320a-
16 7(a).

17 24. HHS also possessed discretionary exclusion authority. HHS
18 could exclude an entity from participation in Medicare under certain
19 circumstances, including where a person who had a direct or indirect
20 ownership or control interest of 5 percent or more in the entity, or
21 was an officer, director, agent, or managing employee of the entity,
22 (i) had been convicted of certain crimes, including all crimes that
23 would subject a person to mandatory exclusion, or (ii) had been
24 excluded from participation in Federal health care programs. 42
25 U.S.C. § 1320a-7(b)(8). HHS could also exclude any entity that did
26 not fully and accurately make any disclosure required by 42 U.S.C.
27 § 1320a-3. 42 U.S.C. § 1320a-7(b)(9).

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1 25. The effect of exclusion was to prohibit the payment by any
2 Federal health care program for any items or services the excluded
3 person or entity furnished, ordered, or prescribed in any capacity.
4 Excluded persons were also prohibited from furnishing administrative
5 and management services, including health information technology
6 services, strategic planning, billing, and human resources, even if
7 the services did not directly involve patient care or the provision
8 of any health care related services.

9 26. A provider initially enrolling in Medicare or revalidating
10 its enrollment was required to disclose any affiliation it had at the
11 time, or within the previous five years, with a Medicare provider or
12 supplier that been excluded from participation in Medicare. 42
13 C.F.R. § 424.519(b).

14 27. Reinstatement following exclusion from Medicare was not
15 automatic. An excluded person was required to apply for and be
16 granted reinstatement by HHS.

17 Defendants SHAMS and NAVARRO's Convictions and Exclusion

18 28. On or about August 23, 1990, the United States District
19 Court for Eastern District of New York entered a judgment of
20 conviction against defendant SHAMS, in case no. 9:89-cr-667, for
21 Medicaid fraud.

22 29. On or about July 22, 1991, as a consequence of defendant
23 SHAMS's conviction in the Eastern District of New York, the
24 Department of Health and Human Services, Office of Inspector General
25 ("HHS-OIG") excluded defendant SHAMS from participation in Medicare,
26 Medicaid, and all other Federal health care programs for a period of
27 five years. At the time of the exclusion, HHS-OIG informed defendant
28 SHAMS in writing that the effect of the exclusion included that no

1 payment would be made to any entity in which he served as an
2 employee, administrator, operator, or in any other capacity for any
3 services furnished after the effective date of the exclusion, and
4 further informed him that in order to apply for reinstatement, he
5 must make a request in writing to HHS-OIG, which would notify him
6 about any decision on reinstatement.

7 30. On or about December 20, 2001, the Superior Court of
8 California, County of Orange, in case nos. 00WF1386FA, 00WF0152FA,
9 00WF1387FA, 00WF1385FA, and 00WF1763FA, entered a judgment of
10 conviction against defendant SHAMS for felony grand theft related to
11 billing fraud involving Medicare and the Medi-Cal program, a state
12 health care program as defined by 42 U.S.C. § 1320a-7(h) that
13 provided free or reduced cost health care benefits to low income and
14 other qualifying persons in California.

15 31. On or about August 19, 2004, as a consequence of defendant
16 SHAMS's conviction in the Orange County Superior Court, HHS-OIG
17 excluded defendant SHAMS from participation in Medicare, Medicaid,
18 and all other Federal health care programs for a period of ten years.
19 At the time of the exclusion, HHS-OIG informed defendant SHAMS in
20 writing that the effect of the exclusion included that no payment
21 would be made to any employer for anything that he did, ordered, or
22 prescribed to program patients. HHS-OIG further informed him that
23 reinstatement was not automatic, that he would have to apply in
24 writing to HHS-OIG for reinstatement, and that he would have to await
25 a decision by HHS-OIG on his reinstatement.

26 32. Defendant SHAMS did not apply to HHS-OIG for reinstatement
27 following the 1991 and 2004 exclusions, and he remained an excluded
28 individual.

1 33. On or about November 16, 2017, in case no. 17-cr-558, in
2 the United States District Court for the Eastern District of New
3 York, defendant SHAMS entered a plea of guilty to an Information
4 charging conspiracy to commit money laundering, conspiracy to receive
5 and pay health care kickbacks, and conspiracy to defraud by
6 obstructing the lawful functions of the Internal Revenue Service.

7 34. On or about May 23, 2000, the Superior Court of California,
8 County of Orange, in case nos. GA040021, GA040022, DJ00WF0152, and
9 LA035275, entered judgments of conviction against defendant NAVARRO
10 for felony grand theft related to billing fraud involving the
11 Medicare and Medi-Cal programs.

12 35. On or about September 30, 2002, as a consequence of
13 defendant NAVARRO's conviction in the Orange County Superior Court,
14 HHS-OIG excluded defendant NAVARRO from participation in Medicare,
15 Medicaid, and all other federal health care programs for a period of
16 15 years. At the time of the exclusion, HHS-OIG informed defendant
17 NAVARRO in writing that the effect of the exclusion included that no
18 payment would be made to any employer for anything that she did,
19 ordered, or prescribed to program patients. HHS-OIG further informed
20 her that reinstatement was not automatic, that she would have to
21 apply in writing to HHS-OIG for reinstatement, and that she would
22 have to await a decision by HHS-OIG on her reinstatement.

23 36. On or about November 6, 2018, defendant NAVARRO submitted a
24 false and fraudulent Application for Reinstatement to Federal Health
25 Care Programs to HHS-OIG that falsely stated she had not owned or
26 operated a health care entity, or served as a manager, administrator,
27 or director of any entity that furnished health care items or
28 services, during the period of her exclusion. In reliance on this

1 false and fraudulent application, on or about December 14, 2018, HHS-
2 OIG reinstated defendant NAVARRO.

3 B. OBJECT OF THE CONSPIRACY

4 37. Beginning in or around the middle of 2018, and continuing
5 through April 19, 2022, in Los Angeles County, within the Central
6 District of California, and elsewhere, defendants SHAMS and NAVARRO
7 knowingly conspired with one another, Marketer A, and others known
8 and unknown to the Grand Jury, to commit health care fraud, in
9 violation of Title 18, United States Code, Section 1347.

10 C. THE MANNER AND MEANS OF THE CONSPIRACY

11 38. The object of the conspiracy was carried out, and to be
12 carried out, in substance, as follows:

13 a. Defendants SHAMS and NAVARRO, despite being excluded
14 from participation in all Federal health care programs, maintained an
15 ownership interest in, exercised management and control of, and
16 provided administrative and management services to, Matias, a
17 provider that submitted claims for reimbursement of laboratory
18 testing services to Medicare and other Federal health care programs.

19 b. Defendants SHAMS and NAVARRO, for the purpose of
20 enabling Matias to maintain billing privileges and receive
21 reimbursements from Medicare and other Federal health care programs,
22 fraudulently concealed defendant SHAMS and NAVARRO's role in Matias
23 from Medicare by failing to submit enrollment information disclosing
24 (i) defendants SHAMS and NAVARRO's assumption of an ownership and
25 control interest, (ii) defendants SHAMS and NAVARRO's status as
26 excluded persons, and (iii) defendants SHAMS and NAVARRO's prior
27 convictions of multiple federal and state health care fraud offenses.

1 c. Defendants SHAMS and NAVARRO fraudulently submitted
2 and caused to be submitted to Medicare enrollment and other documents
3 that: (i) falsely identified Individual A as the only person with a 5
4 percent or greater ownership interest or managing control in Matias;
5 (ii) falsely identified Individual A and Individual B as the only
6 officers of Matias; (iii) concealed and disguised defendants SHAMS
7 and NAVARRO's ownership, control, managerial positions, and roles in
8 Matias; and (iv) concealed and disguised defendants SHAMS and
9 NAVARRO's prior convictions.

10 d. Defendants SHAMS and NAVARRO fraudulently submitted
11 and caused to be submitted to the California Department of Public
12 Health documents that: (i) falsely stated that no individuals who
13 were managing employees of the laboratory had designated criminal
14 convictions; and (ii) concealed and disguised defendants SHAMS and
15 NAVARRO's roles as officers, directors, or persons responsible to
16 manage or conduct the day-to-day operations of Matias.

17 e. Defendants SHAMS and NAVARRO paid and caused to be
18 paid illegal kickbacks and bribes to Marketer A and others in
19 exchange for specimens and doctors' orders, so that Matias could
20 perform laboratory tests and submit claims for reimbursement to
21 Federal health care programs, including Medicare.

22 f. Defendant SHAMS, while under federal court supervision
23 in the Eastern District of New York as a result of his 2017 guilty
24 pleas, made false statements and material omissions to the United
25 States Probation Office and Pretrial Services Agency in regard to his
26 employment and income, in order to conceal his association with
27 Matias and enable Matias to continue receiving reimbursements from
28 Medicare and other Federal health care programs.

1 g. Defendant NAVARRO, in an Application for Reinstatement
2 to Federal Health Care Program Participation submitted to HHS on or
3 about November 6, 2018, concealed her association with and management
4 of Matias so that Matias could continue receiving reimbursements from
5 Medicare and other Federal health care programs.

6 h. As the effects of the COVID-19 pandemic began to be
7 felt in the United States and many patients faced difficulty
8 obtaining access to COVID-19 testing, defendants SHAMS and NAVARRO
9 and others used the COVID-19 pandemic as an opportunity to expand the
10 pre-existing conspiracy and to capitalize on a national emergency for
11 their own financial gain by billing for COVID-19 testing and bundling
12 the COVID-19 test with more expensive respiratory testing that did
13 not identify or test for COVID-19, irrespective of whether the
14 testing was medically necessary.

15 i. Defendants SHAMS and NAVARRO caused Medicare's
16 reimbursements on Matias' fraudulent claims to be deposited into
17 Matias' bank accounts, from which defendants SHAMS and NAVARRO made
18 large cash withdrawals and caused transfers to be made to other bank
19 accounts they controlled to fund purchases of real estate, luxury
20 items, travel, and household expenses.

21 39. Between approximately August 2018 and March 2022,
22 defendants SHAMS and NAVARRO caused Matias to submit to Medicare
23 false and fraudulent claims in the approximate amount of \$214,274,998
24 for laboratory tests, including COVID-19 and respiratory pathogen
25 tests, that were ineligible for reimbursement and procured through
26 the payment of illegal kickbacks and bribes, and without regard for
27 the medical necessity of such tests. As a result of these false and
28

1 fraudulent claims, Medicare made payments to Matias in the
2 approximate amount of \$29,223,869.

3 40. Of the amounts set forth in paragraph 39, defendants SHAMS
4 and NAVARRO caused Matias to submit to Medicare, after the onset of
5 the COVID-19 pandemic, false and fraudulent claims in the approximate
6 amount of \$143,418,715 for COVID-19, respiratory pathogen, and other
7 tests for those Medicare beneficiaries who received COVID-19 tests,
8 resulting in Medicare reimbursing Matias in the approximate amount of
9 \$18,038,814 for these tests.

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COUNT TWO

[18 U.S.C. § 371]

[ALL DEFENDANTS]

41. The Grand Jury incorporates paragraphs 1 through 36 and 38 through 40 of this Indictment here.

A. OBJECTS OF THE CONSPIRACY

42. Beginning in or around the middle of 2018, and continuing through in or around April 19, 2022, in Los Angeles County, within the Central District of California, and elsewhere, defendants SHAMS and NAVARRO knowingly conspired with one another, Marketer A, and others known and unknown to the Grand Jury, to do the following:

a. To defraud the United States and an agency thereof by impairing, impeding, obstructing, and defeating, through deceitful and dishonest means, the lawful government functions of HHS and CMS in their administration and oversight of Medicare, in violation of Title 18, United States Code, Section 371;

b. to knowingly and willfully solicit and receive remuneration in return for purchasing, leasing, ordering, and arranging for and recommending purchasing, leasing, and ordering any good, facility, service, and item for which payment may be made in whole and in part under a Federal health care program, in violation of Title 42, United States Code, Section 1320a-7b(b) (1) (B); and

c. to knowingly and willfully offer to pay and pay any remuneration to any person to induce such person to purchase, lease, order, and arrange for and recommend purchasing, leasing, and ordering any good, facility, service, and item for which payment may be made in whole and in part under a Federal health care program, in violation of Title 42, United States Code, Section 1320a-7b(b) (2) (B).

1 B. THE MANNER AND MEANS OF THE CONSPIRACY

2 43. The objects of the conspiracy were carried out, and to be
3 carried out, in substance, as set forth in paragraph 38 of this
4 Indictment.

5 C. OVERT ACTS

6 44. On or about the following dates, in furtherance of the
7 conspiracy and to accomplish its objects, defendants SHAMS and
8 NAVARRO, Marketer A, and others committed, and willfully caused
9 others to commit, the following overt acts, among others, within the
10 Central District of California and elsewhere:

11 Overt Act No. 1: On July 24, 2018, defendants SHAMS and
12 NAVARRO met with Marketer A in Las Vegas, Nevada, and provided a
13 contract pursuant to which Marketer A would be paid illegal kickbacks
14 and bribes in the form of a percentage of the reimbursements received
15 by Matias, including from Federal health care programs, in exchange
16 for Marketer A arranging for specimens and doctors' orders to be
17 provided to Matias so that Matias could perform laboratory tests and
18 submit false and fraudulent claims for payment to Medicare.

19 Overt Act No. 2: On November 2, 2018, defendants SHAMS and
20 NAVARRO caused a check in the approximate amount of \$5,000, drawn on
21 the Matias WF x7139 bank account, to be deposited into a bank account
22 controlled by Marketer A, in exchange for Marketer A arranging to
23 obtain specimens and doctors' orders and providing them to Matias for
24 testing.

25 Overt Act No. 3: On January 11, 2019, defendants SHAMS and
26 NAVARRO caused a check in the approximate amount of \$15,000, drawn on
27 the Matias WF x7139 bank account, to be deposited into a bank account
28 controlled by Marketer A, in exchange for Marketer A arranging to

1 obtain specimens and doctors' orders and providing them to Matias for
2 testing.

3 Overt Act No. 4: On June 17, 2019, defendants SHAMS and
4 NAVARRO caused a check in the approximate amount of \$15,000, drawn on
5 the Matias EW x5549 bank account, to be deposited into a bank account
6 controlled by Marketer A, in exchange for Marketer A arranging to
7 obtain specimens and doctors' orders and providing them to Matias for
8 testing.

9 Overt Act No. 5: On October 15, 2019, defendant SHAMS caused
10 a check in the approximate amount of \$10,000, drawn on the Matias EW
11 x5549 bank account, to be deposited into a bank account controlled by
12 Marketer A, in exchange for Marketer A arranging to obtain specimens
13 and doctors' orders and providing them to Matias for testing.

COUNTS THREE AND FOUR

[42 U.S.C. § 1320a-7b(b) (2) (B), 18 U.S.C. § 2]

[ALL DEFENDANTS]

45. The Grand Jury incorporates paragraphs 1 through 36 and paragraph 38 through 40 of this Indictment here.

46. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendants SHAMS and NAVARRO, together with others known and unknown to the Grand Jury, each aiding and abetting one another, knowingly and willfully offered and paid, and caused to be offered and paid, remuneration, namely, checks in the amounts identified below, which constituted kickbacks and bribes, to the individual listed below, to induce such individual to order, and arrange for and recommend ordering, a service, namely laboratory testing, for which payment may be made in whole and in part under a Federal health care program, namely, Medicare:

COUNT	APPROX. DATE	PAYOR	PAYEE	APPROX. AMOUNT
THREE	January 11, 2019	Matias	Marketer A	\$15,000 (WF x7139 check no. 3123)
FOUR	June 17, 2019	Matias	Marketer A	\$15,000 (EW x5549 check no. 3542)

COUNT FIVE

[42 U.S.C. § 1320a-7b(a)(3)(i); 18 U.S.C. § 2]

[DEFENDANT SHAMS]

47. The Grand Jury incorporates paragraphs 1 through 36 and 38 through 40 of this Indictment here.

48. On or about May 12, 2020, in Los Angeles County, within the Central District of California, and elsewhere, defendant SHAMS, together with others known and unknown to the Grand Jury, each aiding and abetting each other, having knowledge of the occurrence of an event affecting defendant SHAMS's initial and continued right to a payment, and of the initial and continued right to a payment of any other individual on whose behalf defendant SHAMS applied for and received such payment, knowingly and willfully concealed and failed to disclose, and caused to be concealed, such event, namely, defendant SHAMS's exclusion from Medicare and subsequent conviction in 2017, with an intent to fraudulently secure such payment in a greater amount and quantity than was due and when no such payment was authorized.

1 financial transactions affecting interstate commerce, knowing that
2 the transactions were designed in whole and in part to conceal and
3 disguise the nature, location, source, ownership, and control of the
4 proceeds of such specified unlawful activity, in violation of Title
5 18, United States Code, Section 1956(a)(1)(B)(i); and

6 b. knowingly engaging and attempting to engage in
7 monetary transactions involving criminally derived property of a
8 value greater than \$10,000, which property represented the proceeds
9 of specified unlawful activity, namely, conspiracy to commit health
10 care fraud, in violation of 18 U.S.C. § 1349; illegal remuneration
11 for health care referrals, in violation of 42 U.S.C. § 1320a-
12 7b(b)(2)(B); and false statements, in violation of 42 U.S.C. § 1320a-
13 7b(a)(3)(i), in violation of Title 18, United States Code, Section
14 1957.

15 B. THE MANNER AND MEANS OF THE CONSPIRACY

16 53. The objects of the conspiracy were carried out, and to be
17 carried out, in substance, as follows:

18 a. As described in paragraph 38 of this Indictment,
19 defendants SHAMS and NAVARRO caused the submission of false and
20 fraudulent claims to Medicare, resulting in Medicare depositing
21 payments for those claims into Matias's bank account.

22 b. Defendants SHAMS and NAVARRO withdrew, transferred,
23 and caused the transfer of Medicare funds that were deposited into
24 the Matias WF x7139 account and the Matias EW x5549 account, which
25 constituted the proceeds of conspiracy to commit health care fraud,
26 illegal remuneration for health care referrals, and false statements,
27 as follows:

28 i. Defendants SHAMS and NAVARRO made and caused to

1 be made cash withdrawals, often in excess of \$10,000.

2 ii. Defendants SHAMS and NAVARRO transferred and
3 caused to be transferred funds for the purpose of engaging in real
4 estate transactions involving properties in the names of other
5 individuals.

6 iii. Defendants SHAMS and NAVARRO transferred and
7 caused to be transferred funds to bank accounts controlled by
8 defendant NAVARRO in the names of Nurse Plus and Proworx, which were
9 shell companies controlled by defendant NAVARRO, after which
10 defendants SHAMS and NAVARRO made and caused to be made further
11 transfers out of those accounts, often in amounts exceeding \$10,000,
12 to fund real estate transactions and to purchase luxury items and
13 goods and services for their personal use.

14 iv. Defendants SHAMS and NAVARRO transferred and
15 caused to be transferred funds to an account at East West Bank ending
16 in 6273, in the name of defendant SHAMS, who in turn made multiple
17 transfers out of the account in excess of \$10,000, including a wire
18 transfer to an overseas location.

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1 FORFEITURE ALLEGATION ONE

2 [18 U.S.C. § 982(a)(7)]

3 1. Pursuant to Rule 32.2(a), Fed. R. Crim. P., notice is
4 hereby given that the United States will seek forfeiture as part of
5 any sentence, pursuant to Title 18, United States Code, Section
6 982(a)(7), in the event of any defendant's conviction of the offenses
7 set forth in any of Counts One through Five of this Indictment.

8 2. Any defendant so convicted shall forfeit to the United
9 States of America the following:

10 (a) All right, title, and interest in any and all
11 property, real or personal, that constitutes or is derived, directly
12 or indirectly, from the gross proceeds traceable to the commission of
13 any offense of conviction; and

14 (b) To the extent such property is not available for
15 forfeiture, a sum of money equal to the total value of the property
16 described in subparagraph (a).

17 3. Pursuant to Title 21, United States Code, Section 853(p),
18 as incorporated by Title 18, United States Code, Section 982(b), any
19 defendant so convicted shall forfeit substitute property, up to the
20 total value of the property described in the preceding paragraph if,
21 as a result of any act or omission of said defendant, the property
22 described in the preceding paragraph, or any portion thereof (a)
23 cannot be located upon the exercise of due diligence; (b) has been
24 transferred, sold to, or deposited with a third party; (c) has been
25 placed beyond the jurisdiction of the Court; (d) has been
26 substantially diminished in value; or (e) has been commingled with
27 other property that cannot be divided without difficulty.

28

1 FORFEITURE ALLEGATION TWO

2 [18 U.S.C. § 982(a)(1)]

3 1. Pursuant to Rule 32.2 of the Federal Rules of Criminal
4 Procedure, notice is hereby given that the United States will seek
5 forfeiture as part of any sentence, pursuant to Title 18, United
6 States Code, Section 982(a)(1), in the event of any defendant's
7 conviction of the offense set forth in Count Six of this Indictment.

8 2. Any defendant, if so convicted, shall forfeit to the United
9 States of America the following:

10 (a) Any property, real or personal, involved in such
11 offense, and any property traceable to such property; and

12 (b) To the extent such property is not available for
13 forfeiture, a sum of money equal to the total value of the property
14 described in subparagraph (a).

15 3. Pursuant to Title 21, United States Code, Section 853(p), as
16 incorporated by Title 28, United States Code, Section 982(b)(1), and
17 Title 18, United States Code, Section 982(b)(2), the defendant, if so
18 convicted, shall forfeit substitute property, if, by any act or
19 omission of the defendant, the property described in the preceding
20 paragraph, or any portion thereof (a) cannot be located upon the
21 exercise of due diligence; (b) has been transferred, sold to, or
22 deposited with a third party; (c) has been placed beyond the
23 jurisdiction of the court; (d) has been substantially diminished in
24 value; or (e) has been commingled with other property that cannot be
25 divided without difficulty. Substitution of assets shall not be
26 ordered, however, where the convicted defendant acted merely as an
27 intermediary who handled but did not retain the property in the
28 course of the money laundering offense unless the defendant, in

1 committing the offense or offenses giving rise to the forfeiture,
2 conducted three or more separate transactions involving a total of
3 \$100,000.00 or more in any twelve-month period.

4
5 A TRUE BILL

6
7 /S/

8 _____
Foreperson

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10 TRACY L. WILKISON
United States Attorney

11 

12
13 SCOTT M. GARRINGER
Assistant United States Attorney
14 Chief, Criminal Division

15 KRISTEN A. WILLIAMS
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17 JOSEPH S. BEEMSTERBOER
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