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Owner of Miami-Area Mental Health Company Sentenced to 35 Years in Prison for Orchestrating $205 Million Medicare Fraud Scheme

WASHINGTON – Miami resident Marianella Valera, the owner of a mental health care company, American Therapeutic Corporation (ATC), was sentenced today to 35 years in prison for orchestrating a $205 million Medicare fraud scheme, announced the Department of Justice, the Department of Health and Human Services (HHS) and the FBI.

Valera, 40, was sentenced by U.S. District Judge James Lawrence King in the Southern District of Florida. Judge King ordered Valera to pay more than $87 million in restitution, jointly and severally with her co-defendants. Valera was also sentenced to three years of supervised release following her prison term. Lawrence Duran, another owner of ATC, was sentenced on Sept. 16, 2011, to 50 years in prison for his role in the fraud scheme. Duran's sentence is the longest prison sentence ever imposed in a Medicare Fraud Strike Force case.

On April 14, 2011, Valera and Duran pleaded guilty to all counts charged in a superseding indictment, which was unsealed on Feb. 15, 2011. The superseding indictment charged Valera with 21 felony counts and Duran with 38 felony counts, including conspiracy to commit health care fraud, health care fraud, conspiracy to pay and receive illegal health care kickbacks, conspiracy to commit money laundering, money laundering and structuring to avoid reporting requirements. Valera and Duran were remanded to the custody of the U.S. Marshals Service after their arrest on Oct. 21, 2010, and have been detained since that time. Their assets were restrained at the time of their arrests through civil proceedings.

In pleading guilty, Duran and Valera admitted that they orchestrated and executed a scheme to defraud Medicare beginning in 2002 and continuing until they were arrested in October 2010. Duran and Valera submitted false and fraudulent claims to Medicare through ATC, a Florida corporation headquartered in Miami that operated purported partial hospitalization programs (PHPs) in seven different locations throughout South Florida and Orlando. A PHP is a form of intensive treatment for severe mental illness. Duran and Valera also used a related company, American Sleep Institute (ASI), to submit fraudulent Medicare claims.

According to court documents, Duran, Valera and others paid bribes and kickbacks to recruit Medicare beneficiaries to attend ATC and ASI and billed Medicare for treatments purportedly provided to these recruited patients. According to court documents, the treatments were medically unnecessary or never provided at all. Duran and Valera supported the kickbacks through an extensive money laundering scheme that aimed to conceal the illicit conversion of Medicare payments to cash. The defendants and their co-conspirators used sophisticated measures to conceal their fraudulent activities from Medicare and from law enforcement.

As part of the fraud scheme, Duran, Valera and others paid kickbacks to owners and operators of assisted living facilities (ALFs) and halfway houses and to patient brokers in exchange for delivering ineligible patients to ATC and ASI. In some cases, the patients received a portion of those kickbacks. The defendants and their co-conspirators actively recruited ALF and halfway house owners and operators and patient brokers to participate in the scheme. Throughout the course of the ATC and ASI conspiracy, millions of dollars in kickbacks were paid in exchange for Medicare beneficiaries, who did not qualify for PHP services, to attend treatment programs that were not legitimate PHP programs so that ATC and ASI could bill Medicare for more than $205 million in medically unnecessary services.

According to the superseding indictment to which they pleaded guilty, Duran, Valera and others caused the alteration of patient files and therapist notes for the purpose of making it falsely appear that patients being treated by ATC qualified for PHP treatments. According to court documents, Duran and Valera also instructed employees and doctors to alter diagnoses and medication types and levels to make it falsely appear that ATC patients qualified for PHP services. Duran, Valera and co-conspirators caused doctors to refer ATC patients to ASI even though the patients did not qualify for sleep studies.

According to the superseding indictment to which they pleaded guilty, the defendants also engaged in a money laundering conspiracy to enrich themselves and to provide cash for the millions of dollars in kickbacks paid to recruit Medicare beneficiaries. According to court documents, Duran and Valera used another company they owned and operated, Medlink Professional Management Inc., to conceal the health care fraud and kickbacks from Medicare and law enforcement. Once Medicare paid ATC and ASI for the fraudulently billed services, Duran, Valera and others transferred millions of dollars to Medlink. They and others opened phony corporations to receive checks and wire transfers from both ATC and Medlink to convert that money into cash for their personal enrichment and for the payment of kickbacks. According to court documents, Duran, Valera and others cashed checks at different bank branches and different locations to conceal the true purpose of their activities and to evade reporting requirements.

On Aug. 23, 2011, a jury found co-conspirator Judith Negron, the third owner and operator of ATC, guilty of all 24 felony counts charged in the February 2011 superseding indictment. Co-conspirator Margarita Acevedo, also charged in the February 2011 superseding indictment, pleaded guilty on April 7, 2011, for her role in the fraud scheme. Today, Judge King sentenced Acevedo to 91 months in prison and three years of supervised release following her prison term. Avecedo was also sentenced to pay more than $72 million in restitution, jointly and severally with her co-defendants.

ATC and Medlink pleaded guilty in May 2011 to conspiracy to commit health care fraud. ATC also pleaded guilty to conspiracy to defraud the United States and to pay and receive illegal health care kickbacks. On

Sept. 16, 2011, the two corporations were sentenced to five years of probation per count and ordered to pay restitution of $87 million. Both corporations have been defunct since their owners were arrested in October 2010.

Today's sentence was announced by Assistant Attorney General Lanny A. Breuer of the Justice Department's Criminal Division; U.S. Attorney Wifredo A. Ferrer of the Southern District of Florida; Special Agent-in-Charge John V. Gillies of the FBI's Miami Field Office; and Special Agent-in-Charge Christopher Dennis of the HHS Office of Inspector General (HHS-OIG), Office of Investigations Miami office.

The case was prosecuted by Trial Attorney Jennifer Saulino of the Criminal Division's Fraud Section. The case was investigated by the FBI and HHS-OIG, and was brought as part of the Medicare Fraud Strike Force, supervised by the Criminal Division's Fraud Section and the U.S. Attorney's Office for the Southern District of Florida.

Since its inception in March 2007, the Medicare Fraud Strike Force operations in nine locations have charged more than 1,140 defendants that collectively have billed the Medicare program for more than $2.9 billion. In addition, HHS's Centers for Medicare and Medicaid Services, working in conjunction with the HHS -OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

To learn more about the Health Care Fraud Prevention and Enforcement Action Team (HEAT), go to www.stopmedicarefraud.gov.

11-1208 Criminal Division