

JUSTICE NEWS

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Owner of Mental Health Facilities Sentenced to 168 Months in Prison in Connection with \$63 Million Health Care Fraud Scheme

A former owner of mental health facilities in Florida and North Carolina was sentenced today to serve 168 months in prison for his leadership role in a health care fraud scheme involving defunct health provider Health Care Solutions Network Inc. (HCSN), announced 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; Michael B. Steinbach, Special Agent in Charge of the FBI's Miami Field Office; and Special Agent in Charge Christopher B. Dennis of the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG), Office of Investigations Miami office.

Armando Gonzalez, 50, of Miami, was sentenced by U.S. District Judge Cecilia M. Altonaga in the Southern District of Florida. In addition to his prison term, Gonzalez was sentenced to serve three years of supervised release and ordered to pay 28,092,283 in restitution, which, under the terms of Gonzalez's plea agreement, will be satisfied in part by seized assets including \$987,000 in currency seized in July 2012 and Gonzalez's mansion in Hendersonville, N.C.

On Dec. 17, 2012, Gonzalez pleaded guilty to one count of conspiracy to commit health care fraud and one count of conspiracy to commit money laundering.

According to court documents, HCSN operated community mental health centers at three locations in Miami-Dade County, Fla., and one location in Hendersonville. HCSN purported to provide partial hospitalization program (PHP) services to individuals suffering from mental illness. A PHP is a form of intensive treatment for severe mental illness. According to court documents, HCSN obtained Medicare beneficiaries to attend HCSN for purported PHP treatment that was unnecessary and, in many instances, not even provided.

Gonzalez orchestrated the HCSN fraud scheme, which centered on the recruitment and admission of patients who could not benefit from PHP services. In Miami, Gonzalez utilized patient recruiters to pay cash kickbacks in exchange for referrals from Assisted Living Facilities (ALF) patients who often suffered from conditions such as dementia and mental retardation. Once the unqualified patients were admitted to HCSN, Gonzalez's employees would fabricate virtually every portion of the patients' mental health medical records. The fake medical records were then utilized to support false billings to government sponsored health care benefit programs and to avoid detection by Medicare auditors.

In North Carolina, HCSN employees also routinely submitted false billing for patients watching movies, attending BBQs and, more commonly, patients who were not even present at the Miami and North Carolina facilities.

Gonzalez also admitted to his role in a money laundering scheme involving Psychiatric Consulting Network Inc. (PCN), a Florida corporation that was utilized by HCSN as a shell corporation to launder millions in health care fraud proceeds.

According to court documents, from 2004 through 2011, HCSN billed Medicare and the Florida Medicaid program approximately \$63 million for purported mental health services that resulted in more than \$28 million in payments.

Fifteen defendants have been charged for their alleged roles in the HCSN health care fraud scheme, and ten defendants have pleaded guilty. Alleged co-conspirators Wondera Eason and Paul Layman are scheduled for trial on March 11, 2013, before Judge Altonaga in Miami. Alleged co-conspirators Dr. Alina Feas, Dana Gonzalez and Lisset Palmero are scheduled for trial on June 3, 2013. Defendants are presumed innocent until proven guilty at trial.

The cases are being prosecuted by Special Trial Attorney William Parente and Trial Attorney Allan J. Medina of the Criminal Division's Fraud Section. This 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. In support of the Medicare Fraud Strike Force, the FBI Criminal Investigative Division's Financial Crimes Section has funded the Special Trial Attorney position.

Since its inception in March 2007, the Medicare Fraud Strike Force, now operating in nine cities across the country, has charged more than 1,480 defendants who have collectively billed the Medicare program for more than \$4.8 billion. In addition, HHS's Centers for Medicare and Medicaid Services, working in conjunction with HHS-OIG, is 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.