

## JUSTICE NEWS

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### **Executives from Miami-Area Mental Health Care Hospital Convicted for Participating in \$70 Million Medicare Fraud Scheme**

WASHINGTON – A federal jury today convicted four individuals for their participation in a Medicare fraud scheme involving nearly \$70 million in fraudulent billings by Hollywood Pavilion (HP), a mental health care hospital.

Today's verdict was announced by Acting Assistant Attorney General Mythili Raman of the Justice Department's Criminal Division; U.S. Attorney Wifredo A. Ferrer of the Southern District of Florida; Special Agent in Charge Michael B. Steinbach 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.

Karen Kallen-Zury, 59, of Lighthouse Point, Fla., and Daisy Miller, 44, of Hollywood, Fla., were each found guilty of one count of conspiracy to commit wire fraud and health care fraud, five substantive counts of wire fraud and two substantive counts of health care fraud. Michele Petrie, 64, of Ft. Lauderdale, Fla., was found guilty of one count of conspiracy to commit wire fraud and health care fraud and three substantive counts of wire fraud. Kallen-Zury, Miller, Petrie and a fourth defendant, Christian Coloma, 49, of Miami Beach, Fla., were also convicted of one count of conspiracy to pay bribes in connection with Medicare, with Kallen-Zury and Coloma also each being convicted on five substantive counts of paying bribes.

"The defendants convicted today participated in a massive scheme that attempted to defraud the United States of approximately \$70 million by taking advantage of Medicare beneficiaries," said Acting Assistant Attorney General Raman. "By paying bribes to a network of patient recruiters and falsifying documents, the defendants created the illusion of providing intensive psychiatric care to qualifying patients, when in reality they provided no care of substance. Today's verdict illustrates the success of the inter-agency Medicare Fraud Strike Force, which is dedicated to stamping out Medicare fraud."

The defendants were charged in an indictment returned on Oct. 2, 2012. Evidence at trial demonstrated that the defendants and their co-conspirators caused the submission of false and fraudulent claims to Medicare through HP, a state-licensed psychiatric hospital located in Hollywood that purportedly provided, among other things, inpatient psychiatric care and intensive outpatient psychiatric care. The defendants paid illegal bribes and kickbacks to patient brokers in order to obtain Medicare beneficiaries as patients at HP who did not qualify for psychiatric treatment. The defendants then submitted claims to Medicare for those patients who were procured through bribes and kickbacks.

Karen Kallen-Zury, the CEO and registered agent of HP, attempted to conceal the payment of bribes and kickbacks by creating false documents to make it appear as if legitimate services were being rendered.

Evidence at trial established that Miller, the clinical director of HP's inpatient facility, and Petrie, the head of HP's intensive outpatient program, facilitated the payment of bribes to patient recruiters and oversaw the fraudulent admissions and treatment of unqualified patients.

Trial evidence also demonstrated that Coloma, the director of physical therapy for an entity associated with HP, facilitated the payment of bribes and kickbacks, and he supervised the creation of false documents to conceal the bribery scheme.

From at least 2003 through at least August 2012, HP billed Medicare nearly \$70 million for services that were not properly rendered, for patients that did not qualify for the services being billed and for claims for patients who were procured through bribes and kickbacks.

The criminal case is being prosecuted by Trial Attorneys Robert A. Zink, Andrew H. Warren and Anne McNamara 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, now operating in nine cities across the country, has charged more than 1,500 defendants who have collectively billed the Medicare program for more than \$5 billion. In addition, HHS's Centers for Medicare & 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](http://www.stopmedicarefraud.gov).