

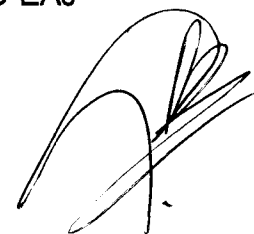
UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

UNITED STATES OF AMERICA

v.

CASE NO. 8:12-CR-00150-SCB-EAJ

LUIS DULUC



PLEA AGREEMENT

The United States of America, by and through the Fraud Section of the Criminal Division of the United States Department of Justice and the United States Attorney's Office for the Middle District of Florida (hereinafter referred to as the "United States"), and Luis Duluc (hereinafter referred to as the "defendant"), enter into the following agreement:

1. Counts Pleading To

The defendant agrees to plead guilty to Count 1 of the Superseding Indictment which charges the defendant with conspiracy to commit health care fraud in violation of 18 U.S.C. § 1349, and Count 26 of the Superseding Indictment which charges the defendant with a false statement relating to health care matters in violation of 18 U.S.C. § 1035(a)(2). The defendant acknowledges that he has read the charges against him contained in the Superseding Indictment and that those charges have been fully explained to him by his attorneys.

2. Maximum Penalties and Special Assessments

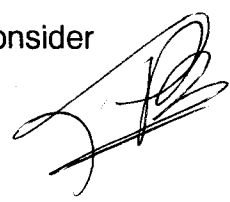
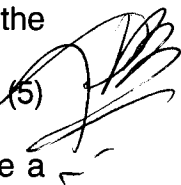
The defendant understands and acknowledges that as to Count 1, the Court may impose a statutory maximum term of imprisonment of up to ten (10) years. In addition to any period of imprisonment the Court may also impose a period of supervised release of up to three (3) years to commence at the conclusion of the period of imprisonment. In addition to a term of imprisonment and supervised release, the Court may impose a fine of up to the greater of \$250,000 or twice the pecuniary gain or loss pursuant to 18 U.S.C. § 3571(d).

The defendant understands and acknowledges that as to Count 26, the Court may impose a statutory maximum term of imprisonment of up to five (5) years. In addition to any period of imprisonment the Court may also impose a period of supervised release of up to three (3) years to commence at the conclusion of the period of imprisonment. In addition to a term of imprisonment and supervised release, the Court may impose a fine of up to \$250,000.

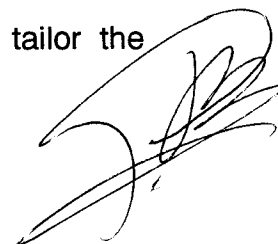
The defendant further understands and acknowledges that, in addition to any sentence imposed under this section, a special assessment in the total amount of \$200 will be imposed on the defendant. The defendant agrees that any special assessment imposed shall be paid at the time of sentencing.

3. Sentencing Process

The defendant is aware that the sentence will be imposed by the Court. The defendant understands and agrees that federal sentencing law requires the Court to impose a sentence that is reasonable and that the Court must consider



the Federal Sentencing Guidelines and Policy Statements (hereinafter "Sentencing Guidelines") in effect at the time of the sentencing in determining that reasonable sentence. The defendant acknowledges and understands that the Court will compute an advisory sentence under the Sentencing Guidelines and that the applicable guidelines will be determined by the Court relying in part on the results of a Pre-Sentence Investigation by the Court's Probation Office, which investigation will commence after the guilty plea has been entered. The defendant is also aware that, under certain circumstances, the Court may depart from the advisory sentencing guideline range that it has computed, and may raise or lower that advisory sentence under the Sentencing Guidelines. The defendant is further aware and understands that while the Court is required to consider the advisory guideline range determined under the Sentencing Guidelines, it is not bound to impose that sentence. Defendant understands that the facts that determine the offense level will be found by the Court at the time of sentencing and that in making those determinations the Court may consider any reliable evidence, including hearsay, as well as the provisions or stipulations in this Plea Agreement. The United States and the defendant agree to recommend that the Sentencing Guidelines should apply pursuant to United States v. Booker, that the Guidelines provide a fair and just resolution based on the facts of this case, and that no upward or downward departures are appropriate other than the reductions for acceptance of responsibility unless otherwise specified in this agreement. The Court is permitted to tailor the

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ultimate sentence in light of other statutory concerns, and such sentence may be either more severe or less severe than the Sentencing Guidelines' advisory sentence. Knowing these facts, the defendant understands and acknowledges that the Court has the authority to impose any sentence within and up to the statutory maximum authorized by law for the offenses identified in section 1 and that the defendant may not withdraw the plea solely as a result of the sentence imposed.

4. Elements of the Offense(s)

The defendant acknowledges understanding the nature and elements of the offenses with which defendant has been charged and to which defendant is pleading guilty. The elements of Count 1 are:

First: two or more persons, in some way or manner, agreed to try to accomplish a common and unlawful plan to commit healthcare fraud, as charged in the Superseding Indictment; and

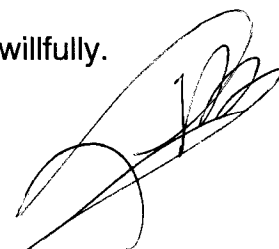
Second: the Defendant knew the unlawful purpose of the plan and willfully joined in it.

The elements of Count 26 are:

First: That the defendant falsified, concealed, or covered up by any trick, scheme, or device a material fact;

Second: In connection with the delivery of or payment for health care benefits, items, or services involving a health care benefit program; and

Third: That the defendant did so knowingly and willfully.

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5. Counts Dismissed

At the time of sentencing, the remaining counts against the defendant, Counts 2 through 20, and Counts 22 through 25, and Counts 27 through 35, will be dismissed pursuant to Fed. R. Crim. P. 11(c)(1)(A).

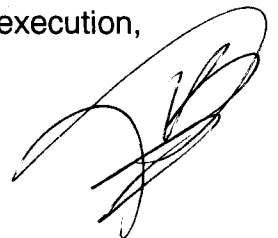
6. No Further Charges

If the Court accepts this plea agreement, the Fraud Section of the U.S. Department of Justice and the United States Attorney's Office for the Middle District of Florida agree not to charge defendant with committing any other federal criminal offenses known to the United States Attorney's Office or the Fraud Section of the U.S. Department of Justice or the United States Attorney's Office for the Middle District of Florida at the time of the execution of this agreement, related to the conduct giving rise to this plea agreement.

7. Mandatory Restitution to Victim of Offense of Conviction

Pursuant to 18 U.S.C. §§ 3663A(a) and (b), defendant agrees to make full restitution in the amount of \$14,424,856 to the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services. The defendant shall be jointly and severally liable with his co-conspirators for this restitution amount.

The defendant further understands that compliance with any restitution payment plan imposed by the Court in no way precludes the United States from simultaneously pursuing other statutory remedies for collecting restitution (18 U.S.C. § 3003(b)(2)), including, but not limited to, garnishment and execution,

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pursuant to the Mandatory Victims Restitution Act, in order to ensure that the defendant's restitution obligation is satisfied.

8. Exclusion from Federal Health Care Programs

The defendant understands and acknowledges that as a result of this plea, the defendant will be excluded from Medicare, Medicaid, and all Federal health care programs. Defendant agrees to complete and execute all necessary documents provided by any department or agency of the federal government, including but not limited to the United States Department of Health and Human Services, to effectuate this exclusion within 60 days of receiving the documents. This exclusion will not affect defendant's right to apply for and receive benefits as a beneficiary under any Federal health care program, including Medicare and Medicaid.

9. Immigration Consequences

The defendant recognizes that pleading guilty may have consequences with respect to the defendant's immigration status if the defendant is not a natural-born citizen of the United States. Under federal law, a broad range of crimes are removable offenses, including the offenses to which the defendant is pleading guilty. In addition, under certain circumstances, denaturalization may also be a consequence of pleading guilty to a crime. Removal, denaturalization, and other immigration consequences are the subject of a separate proceeding, however, and defendant understands that no one, including the defendant's attorney or the Court, can predict to a certainty the effect of the defendant's

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conviction on the defendant's immigration status. The defendant nevertheless affirms that the defendant chooses to plead guilty regardless of any immigration consequences that the defendant's plea may entail, even if the consequence is the defendant's denaturalization and automatic removal from the United States.

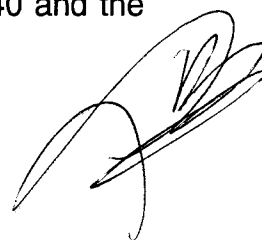
10. Guidelines Sentence

The United States and the defendant agree that, although not binding on the probation office or the Court, they will jointly recommend that the Court make the following findings and conclusions as to the sentence to be imposed:

- (a) That the offense level pursuant to the Sentencing Guidelines is determined as follows:

<u>Guideline</u>	<u>Description</u>	<u>Levels</u>
§ 2B1.1(a)(2)	Base Offense	6
§ 2B1.1(b)(1)(L)	Loss Amount	+22
§ 2B1.1(b)(2)(C)	More than 250 victims	+6
§ 2B1.1(b)(10)(C)	Sophisticated means	+2
§ 3B1.1(a)	Organizer/Leader	<u>+4</u>
TOTAL OFFENSE LEVEL:		<u>40</u>

The parties will jointly recommend that all levels off for acceptance of responsibility will be subtracted from the total adjusted offense level, not the offense level correlative with the combined statutory maximum penalties for Counts 1 and 26. For instance, if the total adjusted offense level is 40 and the

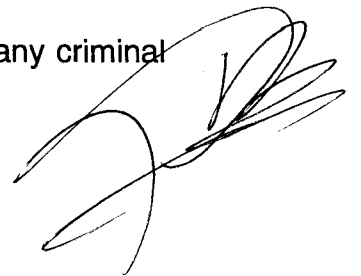


offense level correlating to the statutory maximum for Count One is 31, then the acceptance of responsibility levels will be subtracted from offense level 40, not 31.

The United States and the Defendant agree that, although not binding on the probation office or the Court, they will jointly recommend that the Court impose a sentence within the advisory sentencing guideline range produced by application of the Sentencing Guidelines. The United States and the Defendant agree that, although not binding on the probation office or the Court, there are no factors or circumstances which would support or otherwise suggest the propriety of the Court's finding of any variance under Title 18, United States Code, Section 3553(a) except that the Defendant may, at sentencing, present evidence of and argument relating to his history and characteristics.

11. Acceptance of Responsibility and Cooperation

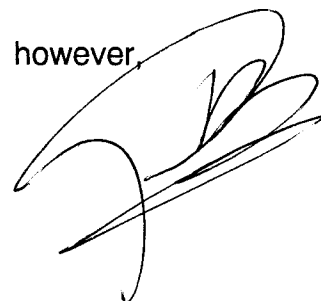
The defendant shall cooperate with law enforcement officials, attorneys with the United States Department of Justice, United States Attorney's Office for the Middle District of Florida, and the United States Attorney's Office for the Southern District of Florida, and with federal regulatory officials charged with regulating or overseeing the Medicare program by providing full, complete and truthful information regarding his knowledge, conduct and actions while involved in health care and by providing active cooperation in ongoing investigations if requested to do so. If called upon to do so, the defendant shall provide complete and truthful testimony before any grand jury or trial jury in any criminal

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case, in any civil proceeding or trial, and in any administrative proceeding or hearing. In carrying out his obligations under this paragraph defendant shall neither minimize his own involvement or fabricate, minimize or exaggerate the involvement of others. If the defendant intentionally provides any incomplete or untruthful statements or testimony, his actions shall be deemed a material breach of this agreement and the United States shall be free to pursue all appropriate charges against him notwithstanding any agreements to forebear from bringing additional charges as may be otherwise set forth in this agreement.

The defendant shall provide the Probation Office and counsel for the United States with a full, complete and accurate personal financial statement. If the defendant provides incomplete or untruthful statements in his personal financial statement, his action shall be deemed a material breach of this agreement and the United States shall be free to pursue all appropriate charges against him notwithstanding any agreements to forbear from bringing additional charges otherwise set forth in this agreement.

Provided that the defendant commits no new criminal offenses and provided he continues to demonstrate an affirmative recognition and affirmative acceptance of personal responsibility for his criminal conduct, the United States agrees that it will recommend at sentencing that the defendant receive a three level reduction for acceptance of responsibility pursuant to Section 3E1.1 of the Sentencing Guidelines, based upon the defendant's recognition and affirmative and timely acceptance of personal responsibility. The United States, however,

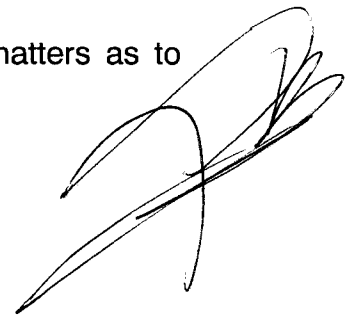
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will not be required to make this sentencing recommendation if the defendant:

- (1) fails or refuses to make a full, accurate and complete disclosure to the United States and the Probation Office of the circumstances surrounding the relevant offense conduct and his present financial condition;
- (2) is found to have misrepresented facts to the United States prior to entering this plea agreement;
- or (3) commits any misconduct after entering into this plea agreement, including but not limited to committing a state or federal offense, violating any term of release, or making false statements or misrepresentations to any governmental entity or official.

The United States reserves the right to inform the Court and the probation office of all facts pertinent to the sentencing process, including all relevant information concerning the offenses committed, whether charged or not, as well as concerning the defendant and the defendant's background. Subject only to the express terms of any agreed-upon sentencing recommendations contained in this plea agreement, the United States further reserves the right to make any recommendation as to the quality and quantity of punishment.

The Fraud Section of the U.S. Department of Justice reserves the right to evaluate the nature and extent of the defendant's cooperation and to make the defendant's cooperation, or lack thereof, known to the Court at the time of sentencing. If in the sole and unreviewable judgment of the Fraud Section of the U.S. Department of Justice, the defendant's cooperation is of such quality and significance to the investigation or prosecution of other criminal matters as to

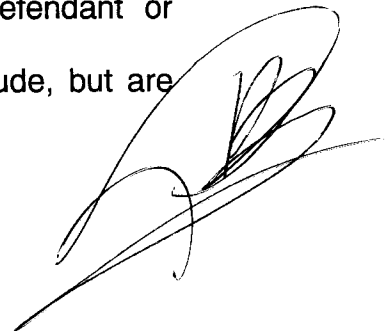
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warrant the Court's downward departure from the sentence advised by the Sentencing Guidelines, the United States may at or before sentencing make a motion pursuant to Title 18, United States Code, Section 3553(e), Section 5K1.1 of the Sentencing Guidelines, or subsequent to sentencing by motion pursuant to Rule 35 of the Federal Rules of Criminal Procedure, reflecting that the defendant has provided substantial assistance and recommending a sentence reduction. The defendant acknowledges and agrees, however, that nothing in this Agreement may be construed to require the United States to file such a motion and that the assessment by the Fraud Section of the U.S. Department of Justice of the nature, value, truthfulness, completeness, and accuracy of the defendant's cooperation shall be binding on the defendant.

The defendant understands and acknowledges that the Court is under no obligation to grant a motion by the United States pursuant to Title 18, United States Code, Section 3553(e), 5K1.1 of the Sentencing Guidelines or Rule 35 of the Federal Rules of Criminal Procedure, should the United States exercise its discretion to file such a motion.

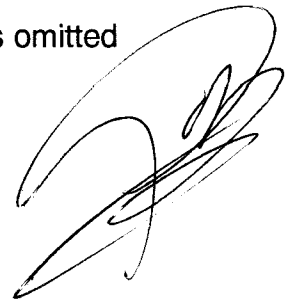
12. Forfeiture of Assets

The defendant agrees to forfeit to the United States immediately and voluntarily any and all assets and property, or portions thereof, subject to forfeiture, pursuant to 18 U.S.C. § 982(a)(7), whether in the possession or control of the United States or in the possession or control of the defendant or defendant's nominees. The assets to be forfeited specifically include, but are

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not limited to, a money judgment in the approximate amount of \$14,424,856, representing the amount of proceeds obtained as a result of the offense charged in Counts 1 and 26 of the Superseding Indictment, for which the defendant shall be jointly and severally responsible with his co-conspirators. The defendant also hereby agrees to waive all constitutional, statutory and procedural challenges in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture described herein constitutes an excessive fine, was not properly noticed in the charging instrument, addressed by the Court at the time of the guilty plea, announced at sentencing, or incorporated into the judgment.

The defendant admits and agrees that the conduct described in the Factual Basis below provides a sufficient factual and statutory basis for the forfeiture of the property sought by the government. Pursuant to the provisions of Rule 32.2(b)(1)(A), the United States and the defendant request that promptly after accepting this Plea Agreement, the Court make a determination that the government has established the amount of the proceeds of the offense(s) to which defendant is pleading guilty is approximately \$14,424,856 and enter an order of forfeiture. Pursuant to Rule 32.2(b)(4), the defendant agrees that the preliminary order of forfeiture will satisfy the notice requirement and will be final as to the defendant at the time it is entered. In the event the forfeiture is omitted

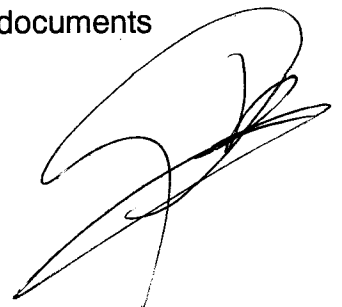
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from the judgment, the defendant agrees that the forfeiture order may be incorporated into the written judgment at any time pursuant to Rule 36.

The defendant agrees that the United States shall, at its option, be entitled to the forfeiture of any property (substitute assets) of the defendant up to the value of the money judgment. The Court shall retain jurisdiction to settle any disputes arising from application of this clause. The defendant agrees that forfeiture of substitute assets as authorized herein shall not be deemed an alteration of the defendant's sentence.

The defendant agrees to take all steps necessary to identify and locate all substitute assets and to transfer custody of such assets to the United States before the defendant's sentencing. The defendant agrees to be interviewed by the government, prior to and after sentencing, regarding such assets. The defendant further agrees to be polygraphed on the issue of assets, if it is deemed necessary by the United States. The defendant agrees that Federal Rule of Criminal Procedure 11 and U.S.S.G. § 1B1.8 will not protect from forfeiture assets disclosed by the defendant as part of his cooperation.

The defendant agrees to take all steps necessary to assist the government in obtaining clear title to any substitute assets before the defendant's sentencing. In addition to providing full and complete information about substitute assets, these steps include, but are not limited to, the surrender of title, the signing of a consent decree of forfeiture, and signing of any other documents necessary to effectuate such transfers.

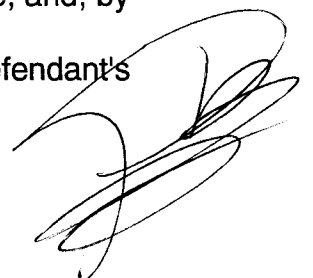
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Forfeiture of the defendant's assets shall not be treated as satisfaction of any fine, restitution, cost of imprisonment, or any other penalty the Court may impose upon the defendant in addition to forfeiture.

The defendant agrees that the forfeiture provisions of this plea agreement are intended to, and will, survive the defendant, notwithstanding the abatement of any underlying criminal conviction after the execution of this agreement. The forfeitability of any particular property pursuant to this agreement shall be determined as if the defendant had survived, and that determination shall be binding upon defendant's heirs, successors and assigns until the agreed forfeiture, including any agreed money judgment amount, is collected in full.

13. Financial Disclosures

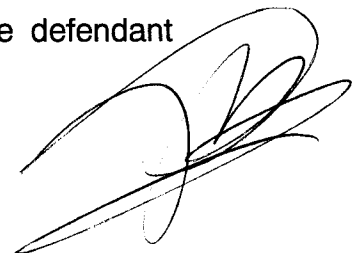
Pursuant to 18 U.S.C. § 3664(d)(3) and Fed. R. Crim. P. 32(d)(2)(A)(ii), the defendant agrees to complete and submit to the United States within 30 days of execution of this agreement an affidavit reflecting the defendant's financial condition. The defendant promises that his/her financial statement and disclosures will be complete, accurate and truthful and will include all assets in which he/she has any interest or over which the defendant exercises control, directly or indirectly, including those held by a spouse, dependent, nominee or other third party. The defendant further agrees to execute any documents requested by the United States needed to obtain from any third parties any records of assets owned by the defendant, directly or through a nominee, and, by the execution of this Plea Agreement, consents to the release of the defendant's

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tax returns for the previous five years. The defendant similarly agrees and authorizes the United States to provide to, and obtain from, the United States Probation Office, the financial affidavit, any of the defendant's federal, state, and local tax returns, bank records and any other financial information concerning the defendant, for the purpose of making any recommendations to the Court and for collecting any assessments, fines, restitution, or forfeiture ordered by the Court. The defendant expressly authorizes the United States to obtain current credit reports in order to evaluate the defendant's ability to satisfy any financial obligation imposed by the Court.

14. Defendant's Waiver of Right to Appeal the Sentence

The defendant agrees that this Court has jurisdiction and authority to impose any sentence up to the statutory maximum and expressly waives the right to appeal defendant's sentence on any ground, including the ground that the Court erred in determining the applicable guidelines range pursuant to the United States Sentencing Guidelines, except (a) the ground that the sentence exceeds the defendant's applicable guidelines range as determined by the Court pursuant to the United States Sentencing Guidelines; (b) the ground that the sentence exceeds the statutory maximum penalty; or (c) the ground that the sentence violates the Eighth Amendment to the Constitution; provided, however, that if the government exercises its right to appeal the sentence imposed, as authorized by 18 U.S.C. § 3742(b), then the defendant is released from his waiver and may appeal the sentence as authorized by 18 U.S.C. § 3742(a). The defendant

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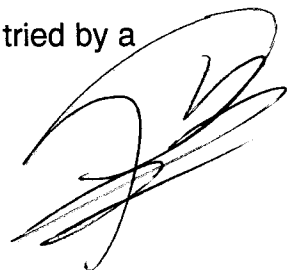
further agrees, together with the United States, to request that the district Court enter a specific finding that the defendant's waiver of his right to appeal the sentence to be imposed in this case was knowing and voluntary.

15. Middle District of Florida Agreement

It is further understood that this agreement is limited to the Fraud Section of the U.S. Department of Justice and the United States Attorney's Office for the Middle District of Florida and cannot bind other federal, state, or local prosecuting authorities, although this office will bring defendant's cooperation, if any, to the attention of other prosecuting officers or others, if requested.

16. Voluntariness

The defendant acknowledges that defendant is entering into this agreement and is pleading guilty freely and voluntarily without reliance upon any discussions between the attorney for the government and the defendant and defendant's attorney and without promise of benefit of any kind (other than the concessions contained herein), and without threats, force, intimidation, or coercion of any kind. The defendant further acknowledges defendant's understanding of the nature of the offense or offenses to which defendant is pleading guilty and the elements thereof, including the penalties provided by law, and defendant's complete satisfaction with the representation and advice received from defendant's undersigned counsel (if any). The defendant also understands that defendant has the right to plead not guilty or to persist in that plea if it has already been made, and that defendant has the right to be tried by a

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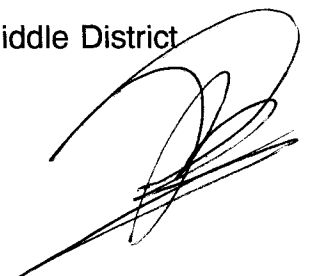
jury with the assistance of counsel, the right to confront and cross-examine the witnesses against defendant, the right against compulsory self-incrimination, and the right to compulsory process for the attendance of witnesses to testify in defendant's defense; but, by pleading guilty, defendant waives or gives up those rights and there will be no trial. The defendant further understands that if defendant pleads guilty, the Court may ask defendant questions about the offense or offenses to which defendant pleaded, and if defendant answers those questions under oath, on the record, and in the presence of counsel (if any), defendant's answers may later be used against defendant in a prosecution for perjury or false statement. The defendant also understands that defendant will be adjudicated guilty of the offenses to which defendant has pleaded and, if any of such offenses are felonies, may thereby be deprived of certain rights, such as the right to vote, to hold public office, to serve on a jury, or to have possession of firearms.

17. Factual Basis

Defendant is pleading guilty because defendant is in fact guilty. The defendant certifies that defendant does hereby admit that the facts set forth below are true, and were this case to go to trial, the United States would be able to prove those specific facts and others beyond a reasonable doubt:

FACTS

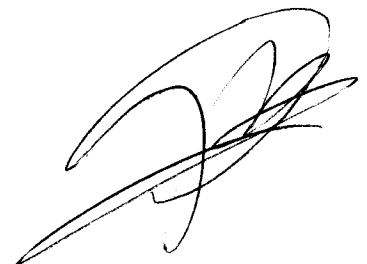
Beginning on an unknown date, but at least as early as on or about June 14, 2005, and continuing through at least October 2, 2009, in the Middle District

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of Florida and elsewhere, the defendant, Luis Duluc (“Duluc”) was involved in a conspiracy with various individuals to execute a scheme and artifice to defraud the Medicare Program (“Medicare”), a health care benefit program affecting commerce, as defined by 18 U.S.C. § 24(b), and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by and under the custody of Medicare, in violation of 18 U.S.C. § 1349. During the course of this conspiracy, Duluc and co-conspirators owned and operated Ulysses Acquisitions, Inc. (“Ulysses Acquisitions”), a Delaware corporation based in Fort Myers, Florida. During the time frame of this conspiracy, Duluc and co-conspirators, through their holding company, Ulysses Acquisitions, purchased multiple physical therapy clinics throughout the state of Florida and knowingly used those clinics to submit fraudulent claims for reimbursement to Medicare. Altogether, Duluc and co-conspirators used their clinics to submit approximately \$28,347,065 in fraudulent claims for reimbursement to Medicare for services not rendered to Medicare beneficiaries (intended loss amount). Medicare paid approximately \$14,424,856 of those fraudulent claims (actual loss amount).

The Medicare Program

Medicare is a federal “health care benefit program,” as defined by Title 18, United States Code, Section 24(b), that provides medical benefits, items and services (collectively “services”) to persons age 65 and older or with certain

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disabilities (hereinafter “beneficiaries”). Medicare includes coverage under two primary components, hospital insurance (Part A) and medical insurance (Part B).

Medicare covers services furnished by physical therapy clinics that are classified as either (1) Comprehensive Outpatient Rehabilitation Facilities (“CORFs”), or (2) Outpatient Physical Therapy providers (“OPTs”). A CORF is a non-residential facility established and operated at a fixed location exclusively for the purpose of providing diagnostic, therapeutic, and restorative services to outpatients by or under the supervision of a physician. CORF services are covered under Medicare Part A. An OPT, on the other hand, is a freestanding facility that provides outpatient physical therapy, occupational therapy, and speech-language pathology services to Medicare beneficiaries under a written plan of treatment. OPT services are covered by Medicare Part B.

To become a qualified Medicare provider, a CORF or OPT first has to apply for and obtain a “Medicare Identification Number” (commonly referred to as a “provider number”), which is used for identification and billing purposes. If a Florida-based CORF or OPT with a Medicare provider number changes ownership, the new owner, in order to continue participating in Medicare, is required to submit a Form CMS 855A, Medicare Enrollment Application, to First Coast Service Options, Inc. (“First Coast”), alerting Medicare to the change in ownership. Pursuant to the 855A Medicare enrollment application, the new CORF or OPT owner is required to certify that he or she will not knowingly

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present or cause to be presented a false or fraudulent claim for reimbursement to Medicare.

Ulysses Acquisitions

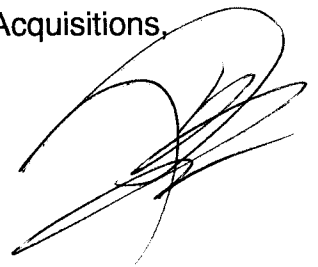
During the time frame of the conspiracy, Duluc and co-conspirators used Ulysses Acquisitions to purchase various CORFs and OPTs to carry out their scheme to defraud Medicare. Although Ulysses Acquisitions was a Delaware corporation, on July 11, 2007, Duluc's co-conspirator, Margarita Grishkoff ("Grishkoff"), registered Ulysses Acquisitions with the Florida Secretary of State, Division of Corporations. Grishkoff served as the director, vice-president, secretary, and registered agent of Ulysses Acquisitions while Duluc served as its chairman, president, and treasurer. On or about June 17, 2009, Grishkoff sold her interest in Ulysses Acquisitions to Duluc; after that date, Grishkoff ceased to be an officer or shareholder of Ulysses Acquisitions.

West Coast Rehab, Inc.

West Coast Rehab, Inc. ("West Coast Rehab") was a Florida corporation located in Fort Myers, Lee County, Florida. Medicare classified West Coast Rehab as a CORF. Duluc and Grishkoff, through Ulysses Acquisitions, purchased West Coast Rehab on June 14, 2005 for approximately \$85,000.00.

Rehab Dynamics, Inc.

Rehab Dynamics, Inc. ("Rehab Dynamics") was a Florida corporation located in Venice, Sarasota County, Florida. Medicare classified Rehab Dynamics as an OPT. Duluc and Grishkoff, through Ulysses Acquisitions,

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purchased Rehab Dynamics on December 19, 2006 for approximately \$57,000.00.

Polk Rehabilitation, Inc.

Polk Rehabilitation, Inc. (“Polk Rehab”) was a Florida corporation located in Lake Wales, Polk County, Florida. Medicare classified Polk Rehab as a CORF. Duluc and Grishkoff, through their company, Ulysses Healthcare, LLC, purchased Polk Rehab on December 23, 2007 for \$50,000.00.

Renew Therapy of Port St. Lucie, LLC

Renew Therapy Center of Port St. Lucie, LLC (“Renew Therapy”) was a Florida corporation located in Port St. Lucie, St. Lucie County, Florida. Medicare classified Renew Therapy as a CORF. Duluc and co-conspirators, through Ulysses Acquisitions, acquired Renew Therapy on September 17, 2007 for \$40,000.00.

West Coast Rehab, Rehab Dynamics, Polk Rehab, and Renew Therapy shall be collectively referred to herein as the “Defendant Clinics.”

Acquisition of the Clinics

Duluc and co-conspirators purchased unsuccessful CORFs and OPTs located throughout the state of Florida—like the Defendant Clinics listed above—to carry out their fraudulent billing scheme against Medicare. Duluc and co-conspirators specifically targeted unsuccessful CORFs and OPTs because they were primarily interested in purchasing the clinic’s Medicare provider number. Because Duluc and co-conspirators were mostly interested in acquiring

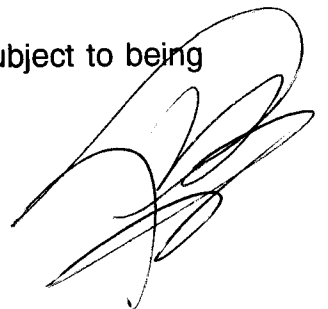


the clinic's Medicare provider number, it was important to purchase the clinic as cheaply as possible. By acquiring a clinic with a valid, unblemished Medicare provider number, Duluc and co-conspirators could make that provider number available to owners and operators of fraudulent clinics, primarily located in southeast Florida, for purposes of fraudulently billing Medicare. This is what came to be known as the "80/20 Deal."

As a former attorney, Grishkoff was responsible for drafting the purchase and sale agreements for the Defendant Clinics. In some cases, Grishkoff negotiated the purchase price of the Defendant Clinics and attended the closings. Once the Defendant Clinics were purchased from their respective owners, they remained unsuccessful operations. It was only through the 80/20 Deal that the Defendant Clinics were able to prosper.

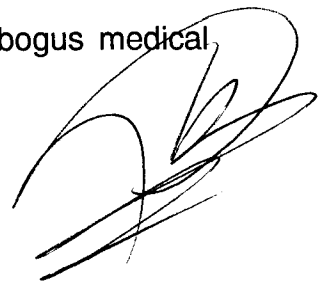
The 80/20 Deal

Duluc developed, marketed, and carried out a scheme called the 80/20 Deal. He was a leader and organizer of an extensive fraud scheme that involved more than five participants throughout Florida and elsewhere. Basically, Duluc and co-conspirators would purchase a CORF or OPT with a valid, unblemished Medicare provider number. They would purchase the clinic as cheaply as possible. Upon acquisition, Duluc and co-conspirators would maintain minimal operations at the Defendant Clinics. Duluc would then find clinics located predominantly in southeast Florida (hereinafter referred to as the "Miami Clinics") that were either under scrutiny by Medicare or subject to being

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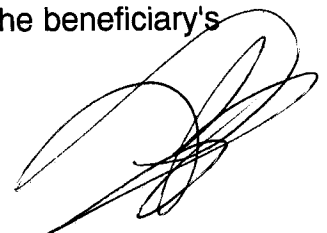
placed on some type of pre-payment review by Medicare. Duluc would then send a co-conspirator to meet with the owner of the Miami Clinic, or would meet with the owner himself, and offer to bill all of that clinic's "patients" through one of the Defendant Clinics for a 20% fee. The allure of this arrangement was that a Miami Clinic owner with a fraudulent Medicare billing operation did not have to shut down that operation merely because Medicare began to scrutinize them. Instead of ceasing operations, these Miami Clinics were able to continue their operations unabated, the only difference being that the Miami Clinics' beneficiaries (the "Miami beneficiaries") would be billed through one of the Defendant Clinics. Because the Defendant Clinics had "clean" Medicare provider numbers, Medicare would pay the claims for reimbursement. However, none of the Miami beneficiaries who were billed through the Defendant Clinics actually received services at those clinics. In reality, as Duluc and co-conspirators knew, the Miami beneficiaries did not receive services, and kickback payments were made in order to use the south Florida Medicare beneficiaries' personal identifying information in the fraud scheme.

This scheme involved a division of labor between the Defendant Clinics and the Miami Clinics. The Miami Clinics were responsible for putting together the false medical records reflecting the non-existent physical therapy services that purportedly had been provided to the Miami beneficiaries. In truth, and as Duluc and co-conspirators knew, no such CORF or OPT services were provided to the Miami beneficiaries. The Miami Clinics would send the bogus medical

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records and billing paperwork to Duluc's and Grishkoff's company, Ulysses Acquisitions, in Fort Myers and to locations elsewhere. Grishkoff would then have her team of billers submit the fraudulent claims for reimbursement to Medicare using the Medicare provider numbers of the Defendant Clinics, as if the bogus services had been provided at one of those clinics. Duluc and Grishkoff supervised the Ulysses Acquisitions employees who were responsible for submitting the fraudulent claims for reimbursement to Medicare. The false claims were then sent to First Coast in Jacksonville, Florida for processing. Once the claims were approved, Medicare would send the payment, either via check or electronic funds transfer, to the designated Defendant Clinic or the bank account for that clinic. Once these payments were received, Duluc and co-conspirators kept 20% of the Medicare receivables and forwarded 80% of the Medicare payments to the Miami Clinics---hence the 80/20 Deal.

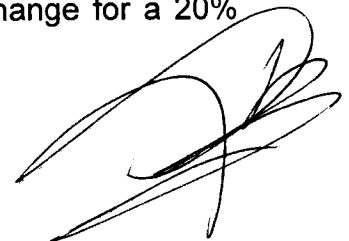
The Miami Clinic owners variously stole and paid kickbacks in order to obtain access to beneficiaries' Medicare health insurance claim numbers ("HICN") and physicians' National Provider Identifiers ("NPI") and/or Unique Physician Identification Numbers ("UPIN") to carry out this fraudulent billing scheme. Medicare assigns each beneficiary a HICN for billing and identification purposes. The HICN consists of the social security number of the beneficiary. For a claim to be processed by Medicare, the HICN has to be valid and belong to an actual person. Medicare assigns an NPI or UPIN to every physician or non-physician practitioner who is responsible for either certifying the beneficiary's

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need for CORF or OPT services or providing such services. During the conspiracy, the Miami Clinic owners obtained hundreds of HCINs either through theft or by paying kickbacks to the actual beneficiaries. The Miami Clinic owners also stole the NPIs and UPINs of the physicians and non-physician practitioners who were listed as the referring physicians or the treating therapists. There were at least 250 individuals whose identities were used unlawfully or without authority in connection with this fraudulent billing scheme.

In carrying out this scheme, Ulysses Acquisitions functioned no different than a fraudulent third-party billing company illegally leasing out Medicare provider numbers. Essentially, the Miami Clinics would provide patient records to Ulysses Acquisitions and Ulysses Acquisitions would, in turn, use those patient records to bill Medicare. Between 2005 and 2009, the standard fee collected by a billing company was 3 - 5% of the claims paid by Medicare. In this case, Ulysses Acquisitions collected a 20% fee—which was a 500-700% increase in the standard rate.

Some of the Miami Clinic owners who took advantage of the 80/20 Deal included Clodomiro Perez, Loammy Marquez, and Jose Pascual. Clomodiro Perez (known as “Coqui”) owned and operated Hallandale Rehabilitation, Inc., Tropical Physical Therapy Corporation, and American Wellness Centers, Inc., among others. Jose Pascual owned and operated R&R Outpatient, LLC. Loammy Marquez owned and operated West Regional Center, Inc. Duluc and co-conspirators allowed Perez, Pasqual, and Marquez—in exchange for a 20%

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fee—to submit false and fraudulent claims for reimbursement to Medicare through the Defendant Clinics for services not rendered.

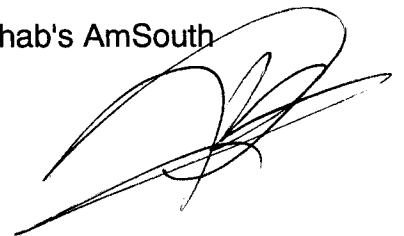
Duluc and Grishkoff never disclosed to Medicare that they had this 80/20 Deal with the Miami Clinics.

Sale of Clinics to Nominee Owners

As part of their scheme, Duluc and Grishkoff sold the Defendant Clinics to nominee owners as a way to disassociate themselves from the fraudulent operations of those clinics. All of the nominee owners were Cuban immigrants with no background in the healthcare industry. In particular, one was a carpenter and another at one point worked as a waitress for Pizza Hut. These were sham transactions.

Medicare Claims Submitted and Payments Received by West Coast Rehab

West Coast Rehab's Medicare claims and payments rose dramatically after Duluc and Grishkoff acquired it. For example, between January 1, 2005, and June 14, 2005, West Coast Rehab, under the prior owner, received approximately \$50,213 in Medicare payments. In 2006, under Duluc's and Grishkoff's ownership, West Coast Rehab received approximately \$2,711,331 in Medicare payments. Between January and March 2007, West Coast Rehab received another approximately \$1,934,927 in Medicare payments. In total, Medicare paid approximately \$4,818,607 to West Coast Rehab while the clinic was owned by Duluc and Grishkoff. All of these payments were received through electronic funds transfer from Medicare to West Coast Rehab's AmSouth

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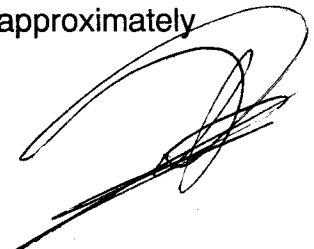
Bank account, controlled by Duluc and Grishkoff. Duluc and Grishkoff forwarded approximately 80% of these Medicare payments to the Miami Clinic owners.

Medicare Claims Submitted and Payments Received by Rehab Dynamics

Medicare billings rose dramatically after Duluc and Grishkoff acquired Rehab Dynamics. In 2006, Rehab Dynamics, under the prior owners, received Medicare payments of approximately \$74,639. In 2007, however, under the ownership of Duluc and Grishkoff, Rehab Dynamics received Medicare payments of approximately \$2,384,892. In 2008, Rehab Dynamics received approximately \$508,982 in Medicare payments. In total, Medicare paid approximately \$2,893,875 to Rehab Dynamics while the clinic was owned by Duluc, Grishkoff, and nominee owner Roberto Fernandez Gonzalez. These Medicare payments were deposited into bank accounts controlled by Duluc, Grishkoff, and nominee owner Roberto Fernandez Gonzalez. Prior to transferring ownership to Roberto Fernandez Gonzalez, Duluc and Grishkoff forwarded approximately 80% of the Medicare payments to the Miami Clinic owners.

Medicare Claims Submitted and Payments Received by Polk Rehab

Polk Rehab's billing of Medicare increased dramatically after Duluc and Grishkoff acquired the clinic. In 2007, under the prior owner, Polk Rehab received approximately \$59,048 in Medicare payments. Between January 30 and April 15, 2008, Polk Rehab submitted fraudulent claims for reimbursement to Medicare totaling approximately \$1,717,082 and obtained approximately

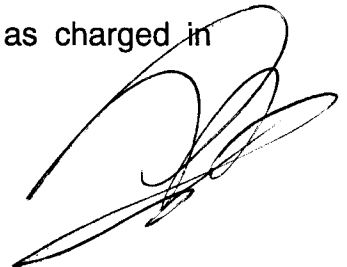
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\$439,779 in Medicare payments. These Medicare payments were deposited into bank accounts controlled by Duluc, Grishkoff, and nominee owner Y.L.F. Prior to transferring ownership to nominee Y.L.F., Duluc and Grishkoff forwarded approximately 80% of the Medicare payments to the Miami Clinic owners.

Medicare Claims Submitted and Payments Received by Renew Therapy

Medicare billing rose dramatically after Ulysses Acquisitions purchased Renew Therapy. In 2007, Renew Therapy, under the prior owner, received Medicare payments of approximately \$71,214. In 2008 and 2009, after Renew Therapy was purchased by Ulysses Acquisitions, Renew Therapy received approximately \$2,940,112 and \$3,258,186, respectively, in Medicare payments. In total, Medicare paid approximately \$6,248,056 to Renew Therapy while the clinic was owned by Ulysses Acquisitions. After receiving payment from Medicare, approximately 80% of these fraud proceeds were shared with the Miami Clinic owners. Among the fraudulent claims that Duluc caused to be submitted by Renew Therapy to Medicare was a claim submitted on or about August 15, 2008, seeking reimbursement for therapy services purportedly provided on June 25, 2008, to Medicare beneficiary G.L. when, in truth, such therapy services were not legitimately prescribed for G.L. and were not actually provided to G.L.

The above-described facts are merely a summary of the facts and persons involved in the conspiracy to commit healthcare fraud, as charged in Count 1, and making a false statement relating to health care matters, as charged in

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Count 26, of the Superseding Indictment. The Factual Basis section of this plea agreement does not include, nor is it intended to include, all of the facts, persons involved in, or other information relating to these offenses or Duluc's knowledge of and involvement in these offenses.

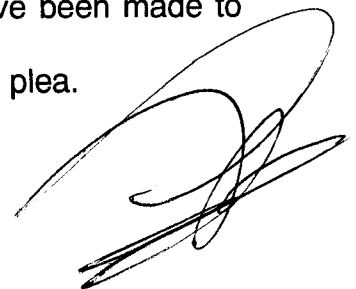
18. FRCP 11(f) and FRE 410 Waiver and Use of Plea Agreement

Defendant waives any protections afforded by Rule 11(f) of the Federal Rules of Criminal Procedure and Rule 410 of the Federal Rules of Evidence. The Defendant agrees that the Plea Agreement in its entirety, including the Factual Basis, is admissible against the Defendant in any criminal proceeding as affirmative evidence of the Defendant's guilt. The Defendant agrees to stipulate to the admission of the entire Plea Agreement, or any portions thereof, in any criminal proceeding brought by the United States. The Defendant agrees not to seek to limit use of the Plea Agreement by the United States in any criminal proceeding.

The agreements Defendant makes in this section are binding on the Defendant even if the Defendant does not enter a change of plea to guilty in court or later withdraws his guilty plea.

19. Entire Agreement

This plea agreement constitutes the entire agreement between the government and the defendant with respect to the aforementioned guilty plea and no other promises, agreements, or representations exist or have been made to the defendant or defendant's attorneys with regard to such guilty plea.

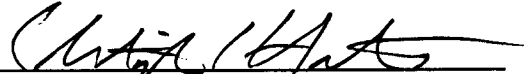
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20. Certification


The defendant and defendant's counsel certify that this plea agreement has been read in its entirety by (or has been read to) the defendant and that defendant fully understands its terms.

A. LEE BENTLEY, III
UNITED STATES ATTORNEY
MIDDLE DISTRICT OF FLORIDA

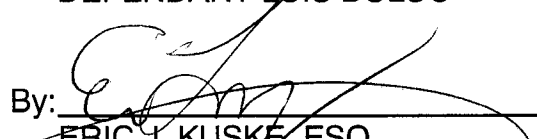
Dated: 02/02/14

By: 
CHRISTOPHER J. HUNTER
TRIAL ATTORNEY
U.S. DEPARTMENT OF JUSTICE
CRIMINAL DIVISION, FRAUD SECTION

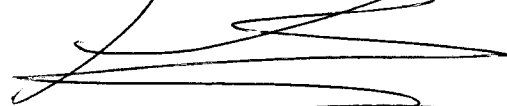
Dated: 2/2/14

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ERIC J. KUSKE, ESQ.
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Dated: 2/2/14

By: 
LUIS DULUC, DEFENDANT