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UNITED STATES DISTRICT COURT

DISTRICT OF OREGON

PORTLAND DIVISION

UNITED STATES OF AMERICA	**3:25-cr-** 00126-AN
v.	**INDICTMENT**
DAVID FRANKLIN and EDWARD ALAN HUYCKE,	**18 U.S.C. §§ 2, 1349, and 1956(h) 42 U.S.C. § 1320a-7(b)**
Defendants.	**Forfeiture Allegations**

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

1. Defendant DAVID FRANKLIN ("FRANKLIN") was a citizen of Canada.

2. Defendant EDWARD ALAN HUYCKE ("HUYCKE") was a citizen of Canada.

3. FRANKLIN and HUYCKE owned and operated Barbara J. Mantha d/b/a/ Home Medical Equipment & Supplies ("HMES"), which was a sole proprietorship and purported orthotic brace supplier located in Newport, Oregon.

4. FRANKLIN and HUYCKE owned and operated Big Creek Medical Supplies Inc. ("BCMS"), which was a sole proprietorship and purported orthotic brace supplier located in Newport, Oregon.

5. FRANKLIN and HUYCKE owned and operated Harney Medical Supplies Inc. ("HMS"), which was a sole proprietorship and purported orthotic brace supplier located in South Beach, Oregon.

6. FRANKLIN and HUYCKE owned Breeze Island Advisors Inc. ("Breeze Island"), which was a purported consulting company located in Henderson, Nevada.

7. FRANKLIN and HUYCKE owned Arlington Investment Management Inc. ("Arlington"), which was a purported consulting company located in Pompano Beach, Florida.

8. Anthony J. Sherman, a co-conspirator not charged in this indictment, was a resident of Florida and the Chief Executive Officer of purported marketing company United Marketing Group, Inc. ("UMG"), with principal offices in Margate, Florida.

9. David Parks, a co-conspirator not charged in this indictment, was the Chief Operations Officer of UMG.

10. Paul Scire, a co-conspirator not charged in this indictment, was a resident of Florida and president of purported marketing company SunCorp MGMT Inc. ("SunCorp"), with principal offices in Florida.

11. Dino Romano, a co-conspirator not charged in this indictment, was a resident of Florida and the owner and operator of purported marketing company Health Now Networks, LLC ("HNN"), with principal offices in Boca Raton, Florida.

The Medicare Program

12. The Medicare Program ("Medicare") was a federal health care program providing benefits to persons who were at least 65 years old or disabled. Medicare was administered by the Centers for Medicare and Medicaid Services ("CMS"), a federal agency under the United States Department of Health and Human Services ("HHS"). Individuals who received Medicare benefits were referred to as Medicare beneficiaries.

13. Medicare was a "Federal health care program" as defined in Title 42, United States Code, Section 1320a-7b(f) and a "health care benefit program" as defined in Title 18, United States Code, Section 24(b).

14. Medicare was divided into four parts: Medicare Parts A through D. Medicare Part B covered medically necessary physician office services and outpatient care, including products, such as orthotic braces like ankle, knee, back, elbow, wrist, and hand braces.

15. Brace supply companies, physicians, and other health care providers that rendered items or services to Medicare beneficiaries were referred to as Medicare "providers" ("Providers"). To participate in Medicare, Providers were required to submit an application. As provided in the application, every Provider was required to meet certain standards to obtain and retain billing privileges to Medicare, including: (1) provide complete and accurate information on the application, with any changes to the information on the application reported within 30 days; (2) disclose persons and organizations with ownership interests or managing control; (3) abide by applicable Medicare laws, regulations, and program instructions, including the Federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)); (4) acknowledge that the payment of a claim by Medicare is conditioned upon the claim and the underlying transaction complying with such laws, regulations, and program instructions; and (5) refrain from knowingly presenting or causing to be presented a false or fraudulent claim for payment by Medicare and submitting claims with deliberate ignorance or reckless disregard of their truth or falsity. Providers were provided with online access to Medicare manuals and services bulletins describing proper billing procedures and billing rules and regulations.

16. If Medicare approved the application, Medicare assigned the Provider a Medicare Provider Identification Number ("PIN" or "provider number"). Providers assigned a Medicare

PIN could submit claims for reimbursement to Medicare that included the PIN assigned to that Provider. Payments under Medicare were often made directly to the Provider rather than to a Medicare beneficiary. Payment occurred after Providers submitted the claim to Medicare for payment, either directly or through a billing company. CMS contracted with various companies to receive, adjudicate, process, and pay Medicare Part B claims, including claims for orthotic braces.

17. Under Medicare Part B, orthotic braces were required to be reasonable and medically necessary for the treatment or diagnosis of the patient's illness or injury, ordered by a medical professional, properly documented, and provided as represented to Medicare. Medicare would not pay claims procured through kickbacks and bribes.

18. Medicare used the term "ordering/referring" to identify the physician or nurse practitioner who ordered, referred, or certified an item or service reported in that claim. Individuals who ordered, referred, or certified these items or services were required to have the appropriate training, qualifications, and licenses.

19. A Medicare claim was required to set forth, among other things, the beneficiary's name, the date the items or services were provided, the cost of the items or services, the name and identification number of the physician or other health care provider who ordered the items or services, and the name and identification number of the Provider who provided the items or services. Providers conveyed this information to Medicare by submitting claims using billing codes and modifiers.

20. Medicare regulations required Providers to maintain complete and accurate patient medical records reflecting the medical assessment and diagnoses of their patients, as well as records documenting actual treatment of the patients to whom services were provided and for

whom claims for payment were submitted by the physician. Medicare required complete and accurate patient medical records so that Medicare could verify that the items or services were provided as described on the claim form. Medicare required sufficient records to permit Medicare to review the appropriateness of Medicare payments to Providers.

COUNT 1
(Conspiracy to Commit Health Care Fraud)
(18 U.S.C. § 1349)

21. Beginning no later than in or around January 2018, and continuing until the date of this Indictment, in the District of Oregon and elsewhere, defendants FRANKLIN and HUYCKE knowingly conspired, combined, confederated, and agreed with each other and with Anthony J. Sherman, David Parks, Dino Romano, Paul Scire, and others, known and unknown, to knowingly and willfully execute, and attempt to execute, a scheme and artifice to defraud a health care benefit program, as that term is defined under Title 18, United States Code, Section 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 and control of, any health care benefit program, in connection with the delivery of and payment for health care benefits, items, and services, in violation of Title 18, United States Code, Section 1347.

22. It was the purpose of the conspiracy for defendant FRANKLIN, defendant HUYCKE, Anthony J. Sherman, David Parks, Dino Romano, Paul Scire, and others to unlawfully enrich themselves by, among other things: (a) submitting and causing the submission of false and fraudulent claims to Medicare for orthotic braces that were (i) procured through the payment of illegal kickbacks and bribes, (ii) medically unreasonable and unnecessary, (iii) ineligible for Medicare reimbursement, and (iv) not provided as represented; (b) concealing the submission of false and fraudulent claims and the receipt and transfer of the proceeds from

the fraud; and (c) diverting proceeds of the fraud for the personal use and benefit of the defendants and their co-conspirators, and to further the fraud.

MANNER AND MEANS OF THE CONSPIRACY

23. The manner and means used to carry out the conspiracy and scheme to defraud included, among others, the following:

24. Defendant FRANKLIN, defendant HUYCKE, and others, through HMES, BCMS, and HMS, paid illegal kickbacks and bribes to obtain thousands of Medicare beneficiaries' personally identifiable information from Anthony J. Sherman, David Parks, Dino Romano, Paul Scire, and others, in order for defendant FRANKLIN, defendant HUYCKE, and others, through HMES, BCMS, and HMS, to submit and cause the submission of false and fraudulent claims to Medicare for orthotic braces purportedly provided to those Medicare beneficiaries.

25. Defendant FRANKLIN, defendant HUYCKE, and others, through HMES, BCMS, and HMS, paid illegal kickbacks and bribes to Anthony J. Sherman, David Parks, Dino Romano, Paul Scire, and others in exchange for doctors' orders for orthotic braces that were used in connection with the submission of false and fraudulent claims to Medicare. Anthony J. Sherman, David Parks, Dino Romano, Paul Scire, and others paid telemedicine companies to have doctors and other medical professionals sign doctors' orders for orthotic braces.

26. Many of these doctors' orders were for orthotic braces that were medically unnecessary because, among other reasons, the orders were generated by medical professionals, located in the District of Oregon and elsewhere, who did not have a preexisting doctor-patient relationship with the Medicare beneficiary, did not perform a physical examination of the

Medicare beneficiary, and frequently had only a short telephonic conversation with the Medicare beneficiary.

27. Defendant FRANKLIN, defendant HUYCKE, Anthony J. Sherman, David Parks, Dino Romano, Paul Scire, and others concealed and disguised the scheme by entering into sham contracts and agreements that falsely labeled payments as "marketing" or "business process outsourcing" expenditures, and by creating and maintaining false and fraudulent invoices.

28. Defendant FRANKLIN, defendant HUYCKE, and others submitted false and fraudulent application documents to Medicare that concealed from Medicare the ownership and management interests of defendants FRANKLIN and HUYCKE in HMES, BCMS, and HMS.

29. Defendant FRANKLIN, defendant HUYCKE, and others submitted and caused the submission of more than $44 million in false and fraudulent claims to Medicare for orthotic braces that were ordered through illegal kickbacks and bribes, medically unnecessary, ineligible for Medicare reimbursement, and not provided as represented to Medicare. Medicare paid HMES, BCMS, and HMS more than $23 million based on these claims.

All in violation of Title 18, United States Code, Section 1349.

COUNTS 2–4
(Illegal Health Care Kickbacks)
(42 U.S.C. § 1320a-7(b))

30. Paragraphs 1 through 20 of the Introductory Allegations and paragraphs 23 through 29 of the Manner and Means of the Conspiracy and Scheme to Defraud of Count 1 are incorporated herein.

31. On or about the dates set forth below in each Count, in the District of Oregon and elsewhere, defendants FRANKLIN and HUYCKE did knowingly and willfully offer and pay remuneration, specifically, kickbacks and bribes, directly and indirectly, overtly and covertly, in

cash and in kind, to any person to induce such person to refer an individual to a person for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole and in part under a Federal health care program, namely, Medicare, and 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, namely, Medicare, as set forth below, each constituting a separate count of this Indictment:

Count	Approximate Date	Originating Account	Recipient	Approximate Amount
2	June 14, 2021	HMES (x0202)	UMG	$20,000
3	December 29, 2021	HMES (x0202)	SunCorp	$15,000
4	January 24, 2022	HMES (x0202)	HNN	$30,000

Each in violation of Title 42, United States Code, Section 1320a-7b(b)(2)(A) & (B) and Title 18, United States Code, Section 2.

COUNT 5
(Conspiracy to Commit Money Laundering)
(18 U.S.C. § 1956(h))

32. Paragraphs 1 through 20 of the Introductory Allegations and paragraphs 23 through 29 of the Manner and Means of the Conspiracy and Scheme to Defraud of Count 1 are incorporated herein.

33. Beginning no later than in or around January 2019, and continuing until the date of this Indictment, in the District of Oregon and elsewhere, defendants FRANKLIN and HUYCKE did knowingly combine, conspire, and agree with each other and with others, known

and unknown, to knowingly engage and to attempt to engage in monetary transactions by, through, or to a financial institution, affecting interstate and foreign commerce, in criminally derived property, to wit, fraudulent proceeds, in amounts greater than $10,000 that were derived from a specified unlawful activity (conspiracy to commit health care fraud, health care fraud, and illegal health care kickbacks), in violation of Title 18, United States Code, Section 1957.

MANNER AND MEANS OF THE CONSPIRACY

34. The manner and means used to carry out the conspiracy included, among others, the following:

35. Defendants FRANKLIN and HUYCKE and their co-conspirators engaged in the conspiracy to commit health care fraud set forth in Count 1 and caused the kickback and bribe payments alleged in Counts 2 through 4 of this Indictment.

36. Defendants FRANKLIN and HUYCKE and their co-conspirators combined and agreed to engage in monetary transactions involving proceeds of the above-described conspiracy to commit health care fraud, health care fraud, and illegal health care kickbacks in amounts exceeding $10,000, including payments to Arlington and Breeze Island described as, among other things, "consulting fees."

All in violation of Title 18, United States Code, Section 1956(h).

FIRST FORFEITURE ALLEGATION
(18 U.S.C. § 982(a)(7))

37. Upon conviction of the offenses alleged in Counts 1-4 of this Indictment, defendants FRANKLIN and HUYCKE shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(7) any property, real or personal, that constitutes or is derived, directly or indirectly,

from gross proceeds traceable to the offenses, including but not limited to a money judgment for a sum of money equal to the amount of property involved in or derived from that offense.

38. If the above-described forfeitable property, as a result of any act or omission of defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c).

SECOND FORFEITURE ALLEGATION
(18 U.S.C. § 982(a)(1))

39. Upon conviction of the offense alleged in Count 5 of this Indictment, defendants FRANKLIN and HUYCKE shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(1) any property, real or personal, involved in such offense, including but not limited to a money judgment for a sum of money equal to the amount of property involved in or derived from that offense.

40. If the above-described forfeitable property, as a result of any act or omission of defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c).

Dated: April 1, 2025

A TRUE BILL

[redacted]

OFFICIATING FOREPERSON

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