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JUN 16 2025

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UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
EASTERN DIVISION

PETER A. MORRIS, JR. CLERK
US DISTRICT COURT EDNC
BY CBP DEP CLK

NO. 4:25-CR-28

UNITED STATES OF AMERICA)

v.)

FRANCINE SIMS SUPER)
_____)

CRIMINAL INFORMATION

The United States Attorney charges that at all times relevant to this Criminal Information:

I. STATUTORY AND REGULATORY BACKGROUND

A. The Anti-Kickback Statute

1. Title 42, United States Code, Section 1320a-7b, makes it illegal to knowingly offer or pay, directly or indirectly, overtly or covertly, in cash or in kind, any remuneration, including any kickback, bribe, or rebate, to induce a person to purchase, order, or arrange for the purchase or order of any service for which payment may be made under a Federal health care program.

B. Kickbacks in Laboratory Referrals

2. The Eliminating Kickbacks in Recovery Act ("EKRA"), enacted in 2018 as part of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act, prohibits anyone from paying, receiving, or soliciting, any remuneration including any kickback, bribe, or rebate,

directly or indirectly, overtly or covertly, in cash or in kind, in return for referrals to, among other things, laboratories.

3. EKRA defines a laboratory as a facility for the biological, microbiological, serological, chemical, immune-hematological, hematological, biophysical, cytological, pathological, or other examination of materials derived from the human body for the purpose of providing information for the diagnosis, prevention, or treatment of any disease or impairment of, or the assessment of the health of human beings.

C. The Medicaid Program

4. Title XIX of the Social Security Act, 42 U.S.C. §§ 1396, et seq., (the “Act”) establishes the Medicaid Program. The North Carolina Medicaid Program is a state-administered health care benefit program aided by federal funds and designed to provide medical assistance for low-income families and children that reside in North Carolina.

5. Under the Act, each state has a single state agency to administer the Medicaid program for the benefit of recipients within its borders. In North Carolina, the Division of Health Benefits (“DHB”), formerly known as the Division of Medical Assistance or DMA, which is within North Carolina’s Department of Health and Human Services (“DHHS”), administers the Medicaid program. The North Carolina Medicaid program, administered through DHB is referred to herein as “NC-Medicaid.”

6. An individual qualified to receive Medicaid's publicly funded assistance is referred to as a "beneficiary" or "recipient." In the context of treatment, recipients may also be referred to in this Criminal Information as "patients." For recipients, Medicaid functions like a medical insurance plan, which defrays the cost of receiving covered and medically necessary services. Covered services include substance abuse treatment and urine drug testing as part of substance abuse treatment.

7. If qualified, an individual can enroll as a NC-Medicaid recipient. At the time of enrollment, a recipient is assigned a unique alphanumeric identification number by Medicaid, known as a Medicaid identification number. Recipients use their Medicaid identification numbers to receive covered services.

8. Under Medicaid, a "provider" is an individual (rendering provider) or entity (billing providers) that furnishes Medicaid services to recipients under a provider agreement with the Medicaid Agency. In North Carolina, every provider who participates in NC-Medicaid must apply for and be assigned a unique provider number by DHB. Rendering providers and billing providers must also obtain a federal identification number, known as a National Provider Identifier or NPI number.

9. All NC-Medicaid providers must certify that they will comply with applicable federal laws, rules, and regulations, including the Anti-kickback statute and EKRA.

10. For a provider to obtain reimbursement from the Medicaid Program for providing services to a Medicaid recipient, the provider electronically submits a claim

to NC-Medicaid, containing, among other things, the provider's name, address, and provider NPI number, the patient's name and Medicaid identification number, the date of service, a brief description of the charges, the provider's signature, and date of billing. For direct billings to NC-Medicaid, claims for services are electronically transmitted through a program known as "NCTracks."

11. As an alternative to direct fee-for-service billing through NCTracks, NC-Medicaid also includes a managed care structure consisting of Prepaid Health Plans (PHPs). In Medicaid managed care, DHHS remains responsible for all aspects of NC-Medicaid but delegates the direct management of certain health services to PHPs. The PHPs assume financial risk through capitated contracts with NC Medicaid, and separately contract with providers to offer services for beneficiaries. Claims for these services are submitted directly to the PHP, as opposed to being submitted through NCTracks, and are paid by and through the PHP. The claim generally includes, but is not limited to, the date of the alleged service, the Medicaid Identification Number of the beneficiary, the nature of the service rendered, and the provider number or federally issued NPI number. As used herein, the term "NC-Medicaid" includes services billed to and paid by a PHP, as well as claims billed directly to Medicaid through NCTracks.

12. As a component of the NC-Medicaid program, some beneficiaries, recipients of services for mental health, developmental disabilities or substance use disorders, contract with Medicaid Managed Care Organizations (MCOs). MCOs are organizations that contract with a network of providers to provide covered services to

enrolled beneficiaries in exchange for payment from Medicaid. MCOs apply Medicaid's rules and regulations and serve as the PHP.

13. NC-Medicaid, including any claims paid directly or through a PHP, is a "health care benefit program," as defined in Title 18, United States Code, Section 24(b).

D. Medicaid Audits

14. As an administrator of NC-Medicaid benefits, MCOs are required by DHHS to have compliance plans which include methods to prevent, detect and report fraud, waste and abuse by providers who submit billings to such MCOs. MCO oversight of fraud, waste, and abuse, includes among other things, efforts to identify and eliminate violations of the Anti-Kickback Statute and EKRA. To carry out this function, MCOs enter into written agreements with each provider that comply with applicable federal and state laws, rules and regulations. These agreements further require the provider to participate in the MCO's utilization management, care management, quality management, and program integrity functions. Providers are required to comply with MCO audits and investigations that are meant to ensure integrity and efficiency to determine compliance with federal and state law, compliance with program rules and policies, and to ensure that Medicaid funds are used properly.

15. When a MCO conducts an audit of a provider, the audit process typically involves notification of the audit, a site visit, a request for records, interviews of patients, and interviews of employees or associates of providers. During an audit,

medical records, billing claims, and other documentation are reviewed to verify the accuracy and lawfulness of claims.

16. An audit or investigation by an MCO may be initiated in a number of ways, including among other things, complaints from patients, proactive data analysis showing billing irregularities or suspicious billing patterns, a history of noncompliance with Medicaid regulations, or a random selection process.

17. As a part of these audits or investigations, providers are required to cooperate with all announced and unannounced site visits, post-payment reviews, and other program integrity activities conducted by an MCO. Providers are required to provide truthful information and documentation when requested by the MCO. Providers who fail to grant prompt and reasonable access or who fail to timely provide specifically designated documentation to an MCO to properly investigate potential violations may be terminated from the network and NC- Medicaid programs.

18. Substantiation of violations by program auditors may lead to further action to protect Medicaid dollars. These actions may include, among other things, recoupment from the provider of proceeds obtained as a result of the violation, payment suspension, a law enforcement referral, and termination from the Medicaid program.

E. Civil Fraud Investigation

19. The Medicaid Investigations Division (“MID”) of the North Carolina Department of Justice, Attorney General’s Office, serves as the Medicaid Fraud Control Unit (“MFCU”) for the State of North Carolina and investigates civil and

criminal frauds upon NC-Medicaid. State MFCUs are charged under federal law with the authority to investigate violations of all applicable state laws, including false claims statutes and other civil authorities, pertaining to fraud in the administration of the NC-Medicaid program. As a central feature of MID's Medicaid oversight authority, compulsory production of requested documents and information from NC-Medicaid providers to MID is mandated by federal regulations. Furthermore, in its agreement with DHB, providers specifically agree to cooperate fully with requests for information by the state's MFCU.

20. Under civil investigations, MID attorneys issue Civil Investigative Demands requesting the production of records to providers who are the subject of investigation. The production of documentary material in response to a Civil Investigative Demand must be made under a sworn certificate of production. As such, responses to such requests are expected to constitute truthful, genuine records.

21. MID civil attorneys may also conduct interviews of employees or associates of providers and NC-Medicaid recipients as a part of their investigation. Answers to questions by providers and their employees in such interviews are also expected to be truthful.

II. FACTUAL BACKGROUND

A. Relevant Parties and Entities

22. Life Touch, LLC ("Life Touch") was a North Carolina corporation formed on June 16, 2009, with its principal place of business in Kinston, within the Eastern District of North Carolina. B.S. was its organizer and only listed member. By no

later than October 1, 2009, Life Touch had been registered as a Medicaid provider with NC-Medicaid providing substance abuse services.

23. During times relevant to this Criminal Information, Life Touch was contracted with Eastpointe Human Services (“Eastpointe”), a MCO, to provide substance abuse services to Medicaid recipients within the Eastern District of North Carolina. B.S. operated two Life Touch service locations: one in Goldsboro, North Carolina and one in Kinston, North Carolina.

24. Francine Sims Super (“SUPER”) worked for B.S. at Life Touch. SUPER primarily worked as the office manager of the Kinston location. SUPER was also the mother of B.S. and K.S.

25. K.S. initially worked for B.S. at Life Touch, providing such services as handling intakes of recipients and answering the phone at Life Touch’s Kinston office.

26. K.S. formed 1st Choice Healthcare Services, LLC (“1st Choice”) on or about November 22, 2016, in the Eastern District of North Carolina. By no later than October 10, 2019, K.S. had enrolled 1st Choice as a provider with NC-Medicaid.

27. K.J. worked for B.S. at Life Touch and served as the office manager of the Goldsboro location. K.J. also worked as the Medicaid biller for both Life Touch locations and 1st Choice. K.J. also had oversight of quality management and audits and described herself as the “QM Director.” Life Touch organizational charts also identified K.J. as the Compliance Director and Quality Management/Medical Records Director.

28. Eastpointe was a NC-Medicaid MCO that managed Substance Abuse Comprehensive Outpatient Treatment Program (SACOT) and Substance Abuse intensive Outpatient Program (SAIOP) payments to providers in the Eastern District of North Carolina. During times material to this Criminal Information, Life Touch was a provider that was contracted with Eastpointe to provide, among other things, SACOT and SAIOP services to Medicaid recipients in Kinston and Goldsboro, NC.

B. Scheme to Pay Things of Value to Life Touch Recipients

29. Beginning at a time unknown but no later than January 2018, and continuing to a time unknown, but no earlier than November 16, 2023, Life Touch, by and through B.S., K.S., SUPER, K.J., and others, routinely engaged in the acquisition and payment of stored value cards, also known as “gift cards,” to NC-Medicaid recipients to incentivize their receipt of substance abuse services at Life Touch.

30. Life Touch, by and through its agents informed patients that they could receive a gift card in connection with each week of treatment. Some patients received an extra gift card for bringing a new patient to Life Touch for substance abuse services.

31. Life Touch recipients were required to attend treatment to receive a gift card. Although exact amounts varied, recipients who attended treatment five times per week generally received a \$60 gift card; recipients who attended four times per week generally received a \$50 gift card; and recipients who attended three times per week generally received a \$45 gift card.

32. Life Touch provided the gift cards on a weekly basis in connection with patients' receipt of substance abuse services, known as SAIOP and SACOT.

33. Life Touch received as much as \$25 Million in NC-Medicaid substance abuse service proceeds during the same period that it gave more than \$1 Million in gift cards to its substance abuse patients.

C. Scheme to Defraud Medicaid Concerning Payment of Things of Value to Life Touch Patients

34. **January 2018 Eastpointe Audit.** In January of 2018, Eastpointe Program Integrity conducted an audit of Life Touch involving alleged payment of gift cards to patients (hereinafter the "January 2018 Eastpointe Audit"). In particular, Eastpointe auditors were investigating an allegation by a NC-Medicaid recipient. This recipient had alleged that he/she had been approached by an individual and told that if they provided their Medicaid number to Life Touch, and attended substance abuse classes offered by Life Touch, they would be given a Visa gift card for each class they attended.

35. The January 2018 Eastpointe Audit included among other things, interviews of Life Touch patients, reviews of claims data, an on-site visit to Life Touch, Life Touch employee interviews, and a request for document production. The document production specifically called Life Touch to produce the medical records of fifteen identified patients; personnel records; Life Touch's policies and procedures for providing substance abuse services, soliciting members, billing claims, conducting/processing drug screens, discharge criteria and gift giving to members; and the Eastpointe Provider Operations Manual.

36. Upon conclusion of the audit, Eastpointe auditors found that Life Touch had submitted claims for payment without following all federal and state laws, rules, and regulations. Specifically, Eastpointe substantiated that Life Touch had provided gift cards with monetary value between \$45 to \$60 to Life Touch patients receiving SAIOP services, depending on their attendance.

37. Notably, the January 2018 Eastpointe Audit did not entail a comprehensive examination of all of Life Touch's Medicaid billings for substance abuse services. Instead, only approximately 1,052 claims of the member sample, covering only a period between January 1, 2017, and December 31, 2018, were reviewed as a part of the audit. As such, auditors found that \$14,325.77 in Medicaid proceeds should be recouped from Life Touch, since such proceeds resulted from the payment of remuneration, in the form of gift cards, to patients to encourage members to receive SAIOP services from Life Touch during the dates under review.

38. Nevertheless, on September 30, 2019, auditors provided, Life Touch with written notice of the substantiated gift-card payment allegation, and also written guidance from the United States Department of Health and Human Services, Office of the Inspector General (OIG), concerning the unlawfulness of providing valuable incentives to patients receiving services.

39. **Life Touch Continues to Disseminate Gift Cards.** Even after being warned of the illegality of the payment of gift cards to patients, Life Touch, by and through its employees and agents, including but not limited to SUPER, K.J., and K.S., continued to acquire and deliver, and cause to be delivered, gift cards to

patients. By way of example, and not by way of limitation, between September 30, 2019 and October 31, 2023, the following text message correspondence between K.J., SUPER, B.S., and K.S. occurred:

Date	Sent by	Received by	Text Message Content
10/4/2019	K.J.	B.S.	"What company name are we using for the cards."
10/18/2019	SUPER	K.J.	"How much are your cards"
	K.J.	SUPER	"\$2914"
10/24/2019	B.S.	K.J.	"Hey Keke do you have the numbers for Goldsboro going to wire directly to your account."
	K.J.	B.S.	"Kinston \$3325" "Goldsboro \$3510"
10/31/2019	B.S.	K.J.	"I'm going to wire individual amounts again" "For you and mom today when you all give totals"
	K.J.	B.S.	"Cards 3260"
11/21/2019	K.J.	SUPER	"Cards \$3110"
12/6/2019	K.J.	SUPER	"\$2860"
12/13/2019	K.J.	SUPER	"Cards \$2610"
12/19/2019	K.J.	SUPER	"Cards \$2435"
1/3/2020	K.J.	SUPER	"Cards \$2255"
1/10/2020	K.J.	SUPER	"Card amount \$1740"
1/15/2020	K.J.	SUPER	"The cards \$60 right?"
1/17/2020	K.J.	SUPER	"Good morning...on the way to the office...I can meet M. on the highway if you want me too and if you need some more cards let me know"
	SUPER	K.J.	"I'm not going to work today I'm not feeling good but Kim is going to Goldsboro and she's picking the cards up"
1/24/2020	SUPER	K.J.	"6 @ 60. 3@45. 2@50" "How much r your cards"
1/31/2020	K.J.	SUPER	"\$1815 M. and J. mad cause I'm only doing 4 days for them cause they signed in at 11:15 one day...what do you do if the come late?"
2/3/2020	K.J.	SUPER	"703-255-8336 order cards"

2/21/2020	K.J.	SUPER	"My cards just &1175"
2/28/2020	K.J.	SUPER	"Cards only \$900"
3/12/2020	K.J.	SUPER	"Cards \$740"
4/3/2020	K.J.	SUPER	"Cards \$1110"
4/17/2020	K.J.	SUPER	"\$2055"
5/1/2020	K.J.	SUPER	"Cards \$2595"
6/4/2020	K.J.	SUPER	"My cards is \$2540 this week"
7/17/2020	K.J.	SUPER	"Cards \$3240"
8/13/2020	K.J.	SUPER	"Cards \$3880"
9/17/2020	K.J.	SUPER	"Cards \$4345...I have to go to Fayetteville again to see if I can get 31 more cards...they let me get 50 Tuesday"
9/21/2020	K.J.	SUPER	"They giving me a hard time bout ordering these damn cards...I'm like just transfer me I do this every week"
10/20/2020	K.J.	SUPER	"Cards \$4860"
10/21/2020	K.J.	SUPER	"Ok getting ready to go to Wilson to try to get the cards" "Got cards in Wilson."
11/5/2020	K.J.	B.S.	"Cards didn't come and I paid them Friday" "Me and Mrs. Francine going to go ahead and start getting the cards out of our pocket and keep track of them"
12/17/2020	K.J.	SUPER	"Cards \$5280"
12/23/2020	K.J.	SUPER	"Cards \$5040"
12/30/2020	SUPER	B.S.	"\$4450"
1/14/2021	K.J.	SUPER	"Cards \$5340"
2/4/2021	K.J.	SUPER	"Cards \$3360"
3/31/2021	K.J.	SUPER	"Cards \$1680"
4/22/2021	K.J.	SUPER	"Cards \$1560"
5/11/2021	K.J.	SUPER	"\$1740"
6/24/2021	K.J.	SUPER	"Cards \$1680"
7/26/2021	K.J.	SUPER	"Cards \$4620"
8/24/2021	K.J.	SUPER	"Cards \$5290" "Brandon is going to be happy with this \$210,000 billing"
9/22/2021	K.J.	SUPER	"Good morning ... cards \$5460"
10/27/2021	K.J.	SUPER	"Cards this week \$5580"
11/15/2021	SUPER	K.J.	"How much for cards"

	K.J.	SUPER	"\$5820 minus \$3000 you gave me for the 50 that I have"
12/14/2021	K.J.	SUPER	"Card \$5460"
			"\$4550"
1/18/2022	K.J.	SUPER	"If you get to deposit the money today let me know so I can order the cards soon in case NC does get the winter storm"
	SUPER	K.J.	"I did"
	K.J.	SUPER	"OK...I'm going to transfer it now and order my cards...but might not do no good if FedEx can't get out" "You're going to be mad...it's \$4550"
2/16/2022	K.J.	SUPER	"Cards \$4260"
3/23/2022	K.J.	SUPER	"Cards \$2520"
5/10/2022	K.J.	SUPER	"Good morning... ..my cards are \$3240 and that includes the referral fees"
6/10/2022	SUPER	K.J.	"Good afternoon Mrs Francine I am texting you because I didn't get a card last week what do I do if I didn't get one last week and nobody told me to come and pick it up cause someone usually brings it to me"
7/5/2022	K.J.	SUPER	"\$4150 and that includes gas for Van... this is based on everyone coming the 4 days this week... if they don't I would save the rest of the money for the following week... I will let you know"
8/1/2022	K.J.	SUPER	"Good morning...I finished Goldsboro billing last night and my card amount is \$7680...I am going to ask Sonya and the rest to send their billing...I have to run to navy federal around 11 this morning to deposit some money I owe my sister in her account...I didnt know when you were going to do cards...if you need me to I can put some money in Kim's account"
8/29/2022	K.J.	SUPER	"Cards \$8140"
9/6/2022	K.J.	SUPER	"Cards 8180" "\$7050"

9/27/2022	K.J.	B.S.	"Cards \$7860 sorry so late"
11/2/2022	K.J.	B.S.	"8925"
11/15/2022	K.J.	B.S.	"7755" "I'm definitely going to need a vacation with this testimony..."
3/2/2023	K.J.	SUPER	"60 \$60 5 \$50 7 \$45 Sorry it changed"
4/27/2023	K.J.	SUPER	"34 \$60 4 \$50" "It's 6 \$50...sorry"
5/4/2023	K.J.	SUPER	"31 \$60 5 \$50 2 \$45" "1 \$100"
6/8/2023	K.J.	SUPER	"14 \$60 3 \$50 1 \$100"
7/20/2023	K.J.	SUPER	"26 \$60 11 \$50 7 \$45"
8/17/2023	K.J.	SUPER	"15 \$60 17 \$50 7 \$45 1 \$100" "I did 3 extra cards just in case something goes wrong..."
8/18/2023	K.S.	SUPER	"Text the amount"
			"15 \$60 17 \$50 7 \$45 1 \$100"
	SUPER	K.S.	"Where are you"
	SUPER	K.S.	"Left cards in Kinston office..."
9/14/2023	K.S.	SUPER	"I'm bout to come to Kinston to Walmart"
	SUPER	K.S.	"Meet me at Walmart" "Now"
9/22/2023	K.J.	SUPER	"Good morning... what I'm I supposed to do about cards today"

40. In conjunction with the foregoing text communications, K.J., B.S., SUPER, and others, engaged in financial transactions to acquire, and be reimbursed for acquiring gift cards from various locations. These cards were then disseminated to Life Touch patients by K.J., SUPER, and other Life Touch staff.

41. **The January 2020 Eastpointe Audit.** On January 28, 2020, NC-Medicaid received another complaint concerning Life Touch giving gift cards to patients. This complaint resulted in another audit, which included a preliminary internal review, data analysis, and eventually, demands for records and interviews of Life Touch employees, agents, and patients.

42. In response to this audit, rather than providing truthful information and genuine records to auditors, Life Touch, by and through its agents and employees, engaged in a scheme to trick Eastpointe and its own patients, into believing that gift cards were no longer given to patients by Life Touch when, in fact, they were. They did this by, among other things, making it appear that a third party named “Refuge House of God” was purchasing and providing gift cards to Life Touch patients.

43. On or about March 20, 2020, K.J. created a document entitled, “Refugee Incentive Letter.doc” This letter purported to offer incentives to patients making significant progress toward recovery from substance abuse disorder. The letter contained a space for the signature of the participant. Refuge House of God was a non-profit corporation created in September of 2000 by SUPER’s mother-in-law, and B. S.’s grandmother.

44. On or about November 20, 2020, K.J. texted to a patient, among other things, that “we don’t do the cards, Refugee church sent the \$60 with your name on it.”

45. On the same date, K.S. texted B.S. a photo of a gift card with a note indicating that it was “to: [Life Touch patient J.B.],” “from: Refugee House of God.”

46. On or about December 1, 2020, Eastpointe auditors demanded that Life Touch produce, among other things, its policies and procedures for providing incentives to patients. Auditors also requested a sample of patient documents on this topic. These records, after an extension, were due to auditors on or about December 22, 2020.

47. Approximately 4 months later, on or about March 30, 2021, auditors asked K.J. to explain Life Touch’s incentive program. In response, K.J. told auditors, “We don’t do the incentives, it is a third party, Refuge House of God. We are not physically with them; they are there for like clothing and food. They are a nonprofit.”

48. On or about April 16, 2021, B.S. texts K.S, “The audit was unsubstantiated – praise God!!!” K.S. responds, “Praise God. I’m sure that’s the best birthday gift you’ve received.”

49. In truth and in fact, Life Touch had continued to provide gift cards to clients throughout this time period.

50. Based, in part, upon false information provided by K.J. and others, the January 2020 Eastpointe Audit was closed without a substantiated finding regarding Life Touch’s practice of giving gift cards to patients.

51. **The April 2021 Eastpointe Audit.** On April 28, 2021, and August 30, 2021, NC-Medicaid received two more complaints relating to Life Touch giving gift cards to patients. These complaints resulted in another audit, which included a preliminary internal review, data analysis, and eventually, demands for records and interviews of Life Touch employees, agents, and patients.

52. In response to this audit, rather than providing truthful information and genuine records to auditors, Life Touch, by and through its agents and employees, again engaged in a scheme to trick Eastpointe, and NC-Medicaid generally, into believing that gift cards were no longer given to patients by Life Touch when, in fact, they were. They did this by, among other things, making it appear that a third party, this time named “Changing Lives,” was purchasing and providing gift cards to Life Touch patients.

53. Changing Lives was not a functioning business entity. Instead, it was merely a shell utilized for the purposes of making it appear that Life Touch was not providing gift cards to Life Touch patients.

54. On or about February 3, 2021, while Life Touch was still engaged in the January 2020 Eastpointe Audit, B.S. and SUPER, began altering the North Carolina Secretary of State documents for and entitled “Life Touch Resources,” that was incorporated by B.S. in 2013. On February 3, 2020, E.A., an employee of 1st Choice who worked with Life Touch, executed documents changing the name of Life Touch Resources to Changing Lives Resources Inc.

55. Despite signing these documents, E.A. played no actual role in the management of Changing Lives. Instead, Changing Lives was utilized by SUPER and K.J. to deceive Medicaid regarding the purchase and delivery of gift cards to patients.

56. On or about February 11, 2021, SUPER and K.S. corresponded regarding changing the address, phone number, and email for Changing Lives. SUPER directed that email and physical mail be directed to locations controlled by her.

57. On or about August 17, 2021, E.A. and others executed new articles of incorporation for Changing Lives, reflecting that the company was a “charitable corporation” that was tax exempt under Section 501(c)(3) of the Internal Revenue Code.

58. After altering the corporate record of Changing Lives to make it appear that E.A. was running the company, SUPER and K.J. created and used documents that made it appear that Life Touch patients were consenting to the release of their patient information to Changing Lives. These fraudulent consent forms, which were executed by patients and SUPER, created a plausible explanation for how Changing Lives would know which patients should receive an incentive. In fact, at all times, the gift cards continued to be purchased and disseminated by and at the direction of SUPER and K.J.

59. By August of 2022, SUPER created and used a “Motivational Incentive” document that purported to be executed by Life Touch patients. This document

stated that “Life Touch LLC DOES NOT have anything to do with incentives. Life Touch LLC does not give incentives, gas cards, food, pay electric, water, rent, etc.” Questions regarding this policy were directed to K.J. and SUPER. While superficially, this document made it appear that gift cards were not being given by Life Touch, K.J., and SUPER, in fact, they were.

60. On or about August 29, 2022, K.J. texted B.S., “I wish we didn’t have to do those cards... Eastpointe interview the clients now.” B.S. replied, “Our clients [facepalm emoji].”

61. On or about September 7, 2022, when questioned regarding the payment of incentives to patients, K.J. stated, “We don’t do that anymore” and that a “third party” called “Changing Lives” provided the cards. K.J. also represented that Life Touch did not have a policy for providing incentives.

62. Then, on or about September 7, 2022, K.J. also executed and delivered a document to Eastpointe auditors, on Life Touch letterhead, stating that “Life Touch LLC agency does not give its members motivational incentives.”

63. Based upon the foregoing false and fraudulent statements, no direct findings were made, however the matter was referred for further investigation by the Medicaid Investigations Division.

64. **Civil Fraud Investigation.** In connection with the Eastpointe audits, MID initiated an investigation into Life Touch which included, among other things, the giving of gift cards as incentives to patients. As part of the investigation, documents were requested, and interviews of employees were conducted. Rather

than provide truthful information and answers, Life Touch provided false documents and false statements.

65. On or about March 30, 2022, and April 19, 2022, the Medicaid Investigations Division issued civil investigative demands (CIDs) to Life Touch and 1st Choice, respectively. These CIDs demanded production of, among other things, Life Touch policies regarding incentives, and records concerning money and other benefits, including but not limited to gift cards, provided to patients.

66. On or about June 5, 2022, Life Touch produced to MID, among other things, fraudulent consent forms that made it appear that Life Touch was releasing information to Changing Lives for the purpose of allowing Changing Lives to provide incentives to the patients.

67. On or about October 14, 2022, SUPER created a document entitled “Motivational Incentives Statement” which purported to be executable by Life Touch patients. Among other things, the document stated that by signing, the patient has been made aware that Life Touch “does not do motivational incentive [sic]” and that Life Touch “does not give food, clothing, gas vouchers, assist with rent, assist with electricity, or any monies,” and that “Life Touch does make referrals for assistance through non-profit agencies.”

68. Or about November 3, 2022, K.J. submitted to an interview as a part of MID’s civil inquiry. During the interview, K.J. made numerous false statements. Among others, K.J. stated:

- a. Life Touch was no longer giving gift cards.

b. While Life Touch did give gift cards at one time, they stopped giving them to clients after an audit by Eastpointe in 2018.

c. Life Touch only provided gift cards for a period of about six months, covering a part of 2017 and 2018.

d. After 2018, any cards given to Life Touch's clients were from a third party, "Refuge House" and "Changing Lives."

69. On or about November 29, 2022, SUPER created another version of the "Motivational Incentives" document previously created on October 14, 2022.

70. In or about May of 2023, the MID began to conduct interviews of Life Touch patients regarding, among other things, the receipt of gift cards from Life Touch.

71. On or about July 20, 2023, K.J. created a document named "Life Touch Rules According to State Guidelines. The document was written in all capital letters and stated, among other things, that "MOTIVATIONAL INCENTIVES THAT ARE GIVEN OUT ON FRIDAYS ARE GIVEN BY A THIRD PARTY AND THEY HAVE A RIGHT TO REFUSE GIVING THE INCENTIVE IF INFORMED OF NO PROGRESS BEING MADE".

72. Despite these false statements, both verbally and in writing, Life Touch, by and through K.J. and SUPER, continued to provide gift cards to patients throughout the civil investigation.

D. Scheme to Pay Illegal Remunerations to Life Touch Employees

73. In order to establish the effectiveness of the SACOT and SAIOP services, periodic urine samples from patients were needed to assess compliance. The laboratory analysis of such urine samples was conducted by an outside lab that separately billed NC-Medicaid for such services. Based upon the statutes cited above, labs were not permitted to pay a kickback, in the form of a percentage of the lab's Medicaid proceeds, to the source of the lab referral.

74. Prior to 2020, Life Touch had utilized a lab, known as United Diagnostic Laboratories ("UDL"), to analyze urine samples for its SACOT and SAIOP services. In or about February 2022, however, the owner of this lab was charged with Conspiracy to Commit Health Care Fraud, Illegal Remunerations, and Aggravated Identity Theft, Conspiracy to Commit Money Laundering, and Money Laundering, in connection with the payment of kickbacks to the source of lab referrals. K.S. B.S. SUPER and K.J., became aware of the charges when they were publicly announced.

75. Prior to the announcement of the UDL related charges, however, K.S. had established her own lab company, 1st Choice as a Medicaid provider in NC. Once operational, 1st Choice almost exclusively billed NC-Medicaid for lab services allegedly provided to Life Touch patients. A standing order requesting 1st Choice to repetitively test urine samples supplied by Life Touch was also created and used in furtherance of the scheme. Between October 10, 2019 and March 2023, K.S. and K.J., caused 1st Choice to bill Medicaid for more than \$2.5 Million in claims for urine drug testing of Life Touch patients.

76. Unbeknownst to NC-Medicaid, however, K.S., SUPER and K.J. engaged in a scheme to pay illegal kickbacks to Life Touch employees SUPER and K.J. out of the proceeds of 1st Choice billings for Life Touch patient laboratory screens. In fact, K.S., SUPER and K.J. agreed to participate as equal partners in 1st Choice's billings to NC-Medicaid, with each receiving approximately one-third of the billings associated with Life Touch's substance abuse patients.

77. To carry out the scheme, when registering 1st Choice as a Medicaid provider, K.S. falsely identified herself as the sole owner. In fact, K.S. SUPER, and K.J. were equal partners of 1st Choice. As equal partners, all profits from the NC-Medicaid funds disbursed to 1st Choice were divided and shared between K.S. SUPER, and K.J.

78. SUPER was not employed by and did not do any work for 1st Choice, but instead, only worked for Life Touch. K.S. paid SUPER payments in excess of \$400,000 between 2019 and 2023 from 1st Choice, representing approximately one-third of the proceeds generated from the referral of urine drug testing business to 1st Choice from Life Touch.

79. Likewise, as the biller for 1st Choice, K.J. was not paid as an employee of 1st Choice. Instead, K.J. received more than \$400,000 in payments as a kickback from 1st Choice between 2019 and 2023, which was approximately one-third of the proceeds generated from the referral of urine drug testing to 1st Choice from Life Touch.

80. K.S., SUPER, and K.J. continued to pay and receive kickbacks from Life Touch patient labs, ever after the announcement of charges in connection with UDL's lab kickback scheme in 2022. Additionally, K.S., SUPER, and K.J. concealed the receipt of the 1st Choice kickbacks by failing to report them on their taxes.

E. Scheme to Defraud Concerning Payment of Kickbacks to Life Touch Employees

81. On various occasions following the creation of 1st Choice, K.S. caused 1st Choice to file applications and recertifications with NC-Medicaid for 1st Choice to be a provider of urine drug testing within North Carolina. These applications and recertifications contained false statements and representations as described herein.

82. By way of example, 1st Choice's provider enrollment form, under the section entitled "Ownership Information," included the question, "Do you have one or more Shareholders/Partners with 5% or more ownership?" K.S. falsely responded "No" to this question. In fact, at the time of the application, K.S., SUPER, and K.J. were equal partners.

83. As equal partners, K.S., SUPER, and K.J. divided and shared all profits of 1st choice among the three of them.

84. In furtherance of the scheme, when interviewed during the MID civil investigation, K.S. stated that she organized 1st Choice, and she was the sole owner of the business. She also stated that K.J. was generally paid only 2% of the NC-Medicaid reimbursements for 1st Choice when, in fact, K.J. was paid approximately 33%.

COUNT ONE
Conspiracy
18 U.S.C. § 371

85. Paragraphs 1 through 84 of this Criminal Information are realleged and incorporated by reference as though fully set forth in this count.

86. Beginning at a time unknown but not later than October 1, 2019, and continuing to a time unknown, but no earlier than November 16, 2023, in the Eastern District of North Carolina and elsewhere, FRANCINE SIMS SUPER, defendant herein, did knowingly combine, conspire, confederate, and agree with persons known to the United States Attorney, to defraud the United States and to commit offenses against the United States, that is:

- a. To knowingly and willfully pay any remuneration, including kickback, directly or indirectly, overtly or covertly, in cash or in kind to any person to induce such person to purchase or order any facility or service for which payment may be made in whole or in part under a Federal health care program, in violation of Title 42, United States Code, section 1320a-7b(b)(2)(B) (“Illegal Remunerations”);
- b. To, with respect to services covered by a health care benefit program, in or affecting interstate commerce, receive any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for referring a patient to a laboratory, in violation of Title 18, United States Code, Section 220(a)(1) (“Illegal Remunerations – Laboratories);

- c. To knowingly and willfully execute and attempt to execute a scheme and artifice to defraud a health care benefit program and to obtain money and property owned by and under the custody and control of a health care program by means of materially false and fraudulent pretenses, representation, and promises 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 (“Health Care Fraud”);
- d. To knowingly and willfully make or use any materially false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statements or entries in connection with the delivery of and payment for health care benefits, items and services, in violation of Title 18, United States Code, Section 1035(a)(2) (“False Health Care Statements”).

MANNER AND MEANS

87. Introductory paragraphs 1 through 84 are realleged and incorporated as though fully set forth in this count.

OVERT ACTS

88. In furtherance of the conspiracy, and to effect the objects thereof, there were committed within the Eastern District of North Carolina various overt acts, including, but not limited to the following:

89. A member of the conspiracy enrolled a NC-Medicaid recipient to receive substance abuse treatment services from Life Touch.

90. A member of the conspiracy solicited another member of the conspiracy to purchase at least one gift card.

91. A member of the conspiracy transferred funds for the purchase of at least one gift card.

92. A member of the conspiracy purchased a gift card with funds transferred by another member of the conspiracy.

93. A member of the conspiracy distributed at least one gift card to a recipient for their attendance.

94. A member of the conspiracy told an Eastpointe auditor that Life Touch did not provide gift cards to patients.

95. A member of the conspiracy created a Life Touch document stating that Life Touch did not provide incentives to patients.

96. A member of the conspiracy caused at least one patient to execute a document stating that Life Touch did not provide incentives.

97. A member of the conspiracy billed NC-Medicaid for alleged SAIOP and SACOT services rendered to NC-Medicaid recipients that received gift cards for their attendance at said programs.

98. A member of the conspiracy working at Life Touch submitted urine samples, purportedly from NC-Medicaid recipients receiving substance abuse services from Life Touch to 1st Choice to be tested.

99. A member of the conspiracy billed NC-Medicaid for the urine drug tests.

100. A member of the conspiracy paid another member of the conspiracy that was employed by Life Touch with NC-Medicaid funds received by 1st Choice.

101. A member of the conspiracy told NC-Medicaid that 1st Choice had no other owners.

102. A member of the conspiracy that worked for Life Touch falsely told NC-Medicaid that they were not paid by 1st Choice.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
Failure to File a Tax Return
26 U.S.C. § 7203

103. Paragraphs 1 through 84 of this Criminal Information are incorporated by reference as though fully set forth in this count.

104. On or about April 15, 2021, in the Eastern District of North Carolina and elsewhere, defendant herein, FRANCINE SIMS SUPER, having and having received taxable income on which taxable income there was owing to the United States of America an income tax; and by virtue of such income, was required by law to pay, on or before April 15, 2021, for calendar year 2020, that income tax to the Internal Revenue Service Center, to a person assigned to receive returns at the local office of the Internal Revenue Service, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, did knowingly and willfully fail to pay the income tax due.

All in violation of Title 26, United States Code, Section 7203.

FORFEITURE NOTICE

Notice is hereby given that all right, title and interest in the property described herein is subject to forfeiture.

Upon conviction of any Federal health care offense as defined in 18 U.S.C. § 24(a), the defendant 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 commission of the said offense.

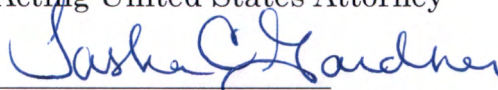
The forfeitable property includes, but is not limited to, the following:

Forfeiture Money Judgment:

- a) A sum of money representing the gross proceeds of the offense(s) charged herein against FRANCINE SIMS SUPER.

If any of the above-described forfeitable property, as a result of any act or omission of a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.

DANIEL P. BUBAR
Acting United States Attorney



BY: TASHA C. GARDNER
Special Assistant United States Attorney