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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

Case:2:18-cr-20411  
Judge: Friedman, Bernard A.  
MJ: Majzoub, Mona K.  
Filed: 06-13-2018 At 04:04 PM  
SEALED MATTER (LG)

v.

VIO:18 U.S.C. §§ 1347, 1349,1957, 2

D-1 PAUL LUCKI SMITH, Ph.D.,

Defendant.

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**INDICTMENT**

THE GRAND JURY CHARGES:

**General Allegations**

At all times relevant to this Indictment:

1. Blue Cross Blue Shield Michigan (“Blue Cross”) was a private, nonprofit health insurer that provided health benefits, including psychologic services, to individuals qualified under their health insurance plans.

2. Blue Cross was a “health care benefit program” as defined by Title 18, United States Code, Section 24(b).

3. Health care providers that participated in the Blue Cross program agreed to abide by the policies and procedures, rules, and regulations governing reimbursement under Blue Cross plans. Participating providers were given and/or provided with online access to manuals and bulletins describing proper billing procedures and billing rules and regulations. Providers could only submit claims for services they rendered and providers were required to maintain patient records to verify that the services were provided as described on the claim.

4. Payments under Blue Cross programs were made directly to a provider of the goods or services, rather than to the beneficiary. This occurred when the provider submitted a claim to Blue Cross for payment, either directly or through a billing company.

5. All claims submitted to Blue Cross for reimbursement were required to set forth, among other things, the beneficiary's name, the date the services were provided, the cost of the services, and the name and identification number of the physician or other health care provider who had ordered the services.

6. Defendant **PAUL LUCKI SMITH, Ph.D.**, a resident of Macomb County, Michigan, was a licensed psychologist in the State of Michigan, License No. 63-01-012845.

7. Defendant **PAUL LUCKI SMITH, Ph.D.**, regularly submitted, or caused to be submitted, claims to Blue Cross seeking reimbursement for the cost of psychological services purportedly furnished to patients under his care. **SMITH** contracted with Physician Data Services to submit all of the claims that are the subject of this indictment.

8. Defendant **PAUL LUCKI SMITH, Ph.D.**, submitted an inordinate number of claims to Blue Cross for “neuropsychological” testing (under CPT Code 96118) and psychological testing (under CPT Code 96101).

9. CPT 96118 covers billing for neuropsychological testing (eg, Halstead-Reitan Neuropsychological Battery, Wechsler Memory Scales and Wisconsin Card Sorting Test), per hour of the psychologist's or physician's time, both face-to-face time administering tests to the patient and time interpreting the test results and preparing a report.

10. CPT Code 96101 covers billing for psychological testing (including psychodiagnostic assessment of emotionality, intellectual abilities, personality and psychopathology, e.g. MMPI, Rorschach®, WAIS®), per hour of the psychologist's or physician's time, both face-to-face time administering tests to the patient and time interpreting the test results and preparing a report.

11. From January, 2015 to February, 2018, **SMITH** submitted approximately 1,700 claims to Blue Cross for neuropsychological testing (CPT Code 96118), requesting payment of \$3,840 in almost every claim. During the same period, **SMITH** submitted approximately 140 claims to Blue Cross for psychological testing (CPT Code 96101), requesting payment of approximately \$3,000 in each claim. In these claims, **SMITH** routinely, with very few exceptions, reported 24 hours of service per test.

12. As an example of excessive and unnecessary billing, for patient B.K., Defendant **PAUL LUCKI SMITH** billed Blue Cross for allegedly providing neuropsychological testing on 21 occasions in approximately one year, each involving 24 hours of service, between December, 2016, and December, 2017. Blue Cross paid **SMITH** approximately \$61,000 as a result of these claims.

13. From January, 2015 to February, 2018, Defendant **PAUL LUCKI SMITH, Ph.D.**, caused the submission of approximately \$5,000,000 in claims to Blue Cross seeking reimbursement for the costs associated with neuropsychological and psychological tests (CPT Codes 96118 and 96101). Blue Cross ultimately paid **SMITH** in excess of \$4,500,000 as a result of his claims for neuropsychological and psychological testing. Most, if not all, of those claims were false, in that the

“patients” never received the testing described by **SMITH** in the claims. While some of the “patients” received counseling services from **SMITH**, many of the purported “patients” did not know him, but had sought services from other counselors associated with **SMITH**.

**COUNTS 1- 13**  
**Health Care Fraud**  
**(18 U.S.C. §§ 1347, 1349)**

**D-1 PAUL LUCKI SMITH, Ph.D.**

14. Paragraphs 1 through 13 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

15. From in or about January, 2015, and continuing through in or about February, 2018, in the Eastern District of Michigan, and elsewhere, the Defendant, **PAUL LUCKI SMITH, Ph.D.**, did knowingly and willfully execute, and attempt to execute, a scheme to defraud Blue Cross, and to obtain, by means of materially false and fraudulent representations, money that was owned by, and under the custody and control of, said health care benefit program, in connection with the delivery of and payment for health care benefits, items, and services.

**Purpose of the Scheme**

16. It was the purpose of the scheme for the defendant, **PAUL LUCKI SMITH, Ph.D.**, to unlawfully enrich himself through the submission of false and fraudulent Blue Cross claims for services that were not rendered.

**Acts in Execution of the Scheme**

17. In execution of the scheme and artifice, the defendant, **PAUL LUCKI SMITH, Ph.D.**, knowingly submitted or caused the submission of claims to Blue Cross for services that he knew were not rendered, including, but not limited to, the following:

<b>Count</b>	<b>Date of Purported Service</b>	<b>Purported Patient</b>	<b>Amount Billed</b>	<b>Amount Paid</b>	<b>Description of Purported Service</b>
1	04/05/2015	M.B.	\$3,840	\$3,300.53	96118 – Neuropsychological testing, 24 hours
2	07/13/2015	M.B.	\$3,840	\$3,264.73	96118 – Neuropsychological testing, 24 hours
3	12/12/2017	B.K.	\$3,840	\$3,276.82	96118 – Neuropsychological testing, 24 hours

<b>Count</b>	<b>Date of Purported Service</b>	<b>Purported Patient</b>	<b>Amount Billed</b>	<b>Amount Paid</b>	<b>Description of Purported Service</b>
4	12/27/2017	B.K.	\$3,840	\$3,276.82	96118 – Neuropsychological testing, 24 hours
5	12/27/2016	A.M.	\$3,840	\$3,288.67	96118 – Neuropsychological testing, 24 hours
6	1/29/2017	A.M.	\$3,840	\$3,288.67	96118 – Neuropsychological testing, 24 hours
7	10/16/2017	D.R.	\$3,840	\$3,276.82	96118 – Neuropsychological testing, 24 hours
8	12/27/2017	D.R.	\$3,840	\$3,276.82	96118 – Neuropsychological testing, 24 hours
9	12/08/2016	R.V.	\$3,840	\$2,250.14	96118 – Neuropsychological testing, 24 hours
10	12/28/2017	R.V.	\$3,840	\$3,276.82	96118 – Neuropsychological testing, 24 hours
11	12/23/2017	L.S.	\$3,840	\$3,276.82	96118 – Neuropsychological testing, 24 hours
12	12/28/2017	L.S.	\$3,840	\$3,276.82	96118 – Neuropsychological testing, 24 hours
13	02/02/2016	M.B.	\$3,000	\$2,107.09	96101 – Psychological testing, 24 hours

All in violation of Title 18, United States Code, Sections 1347 and 1349.

**COUNTS 14 - 18**  
**Money Laundering/Multiple Monetary Transactions**  
**(18 U.S.C. §§ 1957, 2)**

**D-1 PAUL LUCKI SMITH, Ph.D.**

18. On or about the dates set forth below, in the Eastern District of Michigan, and elsewhere, defendant, **PAUL LUCKI SMITH**, did knowingly engage and attempt to engage in the following monetary transactions by and through a finance institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is the transfer of funds, such property having been derived from a specified unlawful activity, that is, health care fraud.

<b>Count</b>	<b>Date</b>	<b>Transfer From</b>	<b>Transfer To</b>	<b>Amount</b>
14	06/28/2017	Paul L. Smith, PHD, PC	The Swan Resort, LLC	\$99,000.00
15	06/07/2017	Paul L. Smith, PHD, PC	The Swan Resort, LLC	\$99,000.00
16	05/17/2017	Paul L. Smith, PHD, PC	The Swan Resort, LLC	\$99,000.00
17	04/26/2017	Paul L. Smith, PHD, PC	The Swan Resort, LLC	\$99,000.00
18	03/15/2017	Paul L. Smith, PHD, PC	The Swan Resort, LLC	\$99,000.00

All in violation of Title 18, United States Codes, Sections 1957 and 2.



**FORFEITURE ALLEGATIONS**  
**(18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461;**  
**18 U.S.C. §§982(a)(7))**

19. The allegations contained in Counts 1-13 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein for the purpose of alleging forfeiture against defendant **PAUL LUCKI SMITH** pursuant to Title 18, United States Code, Sections 981 and 982, and Title 28, United States Code, Section 2461.

20. Pursuant to Title 18, United States Code, Section 981(a)(1)(C), together with Title 28, United States Code, Section 2461, upon being convicted of the crime charged in Counts 1-13 of this Indictment, the convicted defendant shall forfeit to the United States any property, real or personal, which constitutes or is derived from proceeds traceable to the commission of the offense.

21. Pursuant to Title 18, United States Code, Section 982(a)(7), upon being convicted of the crimes charged in Counts 1 through 13 of this Indictment, the convicted defendant shall forfeit to the United States any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense.

22. Pursuant to Title 18, United States Code, Section 982(a)(1), upon being convicted of the crimes charged in Counts 14 through 18 of this Indictment, the convicted defendant shall forfeit to the United States any property, real or personal, involved in the offense, or any property traceable to such property.

23. Money Judgment: Such property includes, but is not limited to, forfeiture money judgments in an amount to be proved in this matter, representing the total amount of proceeds and/or gross proceeds obtained as a result defendants' violations, as alleged in this Indictment.

24. Substitute Assets: If the property described above as being subject to forfeiture, as a result of any act or omission of the 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 that cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section

853(p) as incorporated by Title 18, United States Code, Section 982(b) and/or Title 28, United States Code, Section 2461, to seek to forfeit any other property of **PAUL LUCKI SMITH** up to the value of such property.

THIS IS A TRUE BILL

s/GRAND JURY FOREPERSON

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Dated: June 13, 2018