

UNITED STATES DISTRICT COURT
for the
Eastern District of California

FILED
JUN 27 2018

United States of America)
v.)
Gabriel Huerta and Natalie Corral)
)
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)
)
)
)

Case No.

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY [Signature]
DEPUTY CLERK

18 MJ 00101 SKO

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of January 1, 2013 to June 30, 2016 in the county of Fresno in the
Eastern District of California, the defendant(s) violated:

<i>Code Section</i>	<i>Offense Description</i>
18 USC Section 1347	Health Care Fraud

This criminal complaint is based on these facts:

See attached affidavit

Continued on the attached sheet.

[Signature]
Complainant's signature
SA Steven Kornaros, FBI
Printed name and title

Sworn to before me and signed in my presence.

Date: 06/27/2018

[Signature]
Judge's signature
Sheila K. Oberto, United States Magistrate Judge
Printed name and title

City and state: Fresno, CA

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

1
2
3 UNITED STATES OF AMERICA,

4 Plaintiff,

5 v.

6
7 GABRIEL HUERTA and

8 NATALIE CORRAL,

9 Defendants

CASE NO.

AFFIDAVIT OF FBI AGENT STEVEN
KORNAROS IN SUPPORT OF COMPLAINT

10
11 **I. EXPERTISE, TRAINING AND EXPERIENCE OF THE AFFIANT**

12 I, Steven Kornaros, being sworn, depose, and state the following:

13
14 1. I am a Special Agent (SA) with the Federal Bureau of Investigation (FBI) and have been
15 so employed since April 11, 2011. I am an investigative or law enforcement officer of the United States
16 within the meaning of Title 18, United States Code, Section 2510(7), in that I am empowered by law to
17 conduct investigations of and to make arrests for offenses enumerated in Title 18, United States Code,
18 Section 2516. I am presently assigned to working a variety of criminal matters including the
19 investigation of civil rights and white collar fraud violations to include health care fraud occurring in
20 government-sponsored health care benefit programs, such as Medicare. Additionally, I have been
21 assigned to investigate national security matters. I am currently assigned to the Sacramento Division,
22 Central Valley Financial Crimes Task Force of the FBI.

23 2. This affidavit is made to support a complaint charging Gabriel Huerta and Natalie Corral
24 with Health Care Fraud, in violation of 18 U.S.C. § 1347.

25
26 **II. PROBABLE CAUSE**

27 **A. Summary of Probable Cause**

28 3. Huerta and Corral were co-owners of a Durable Medical Equipment (DME) business

1 known as Central Valley Medical Supplies (CVMS) that falsely billed government health insurance
2 programs for power wheelchair repairs. The bills were false because CVMS was overwhelmingly not
3 actually performing the repairs it claimed to have performed. Even had they been performed (or in the
4 small amount of cases in which they were performed), the claims were false because the repairs were
5 unnecessary and were not authorized by a physician, both of which were required by the government
6 health insurance programs. CVMS also falsely billed for providing loaner wheelchairs to beneficiaries
7 during the time of these false repairs, but the loaner wheelchairs were not provided either. From
8 approximately January 2013 to June 2016, Medicare paid over \$916,000 for false claims submitted
9 under the direction of Huerta and Corral.

10 **B. Medicare Billing Standards and Procedures Relating to DME**

11 4. I am generally familiar with Medicare billing standards related to DME through my
12 review of materials in this case. Medicare is a health care benefit program, as defined by 18 U.S.C.
13 § 24(b). It provides health insurance benefits to individuals 65 or older or who are disabled. Individuals
14 whose treatment is covered by the program are known as “beneficiaries.”

15 5. Medicare will only reimburse DME suppliers when they provide goods and services that
16 meet three requirements: 1) the DME goods and services claimed must have been provided to the
17 beneficiary; 2) the DME goods and services were prescribed by the beneficiary’s physician; 3) the DME
18 goods and services were medically necessary to the treatment of the beneficiary’s illness or injury; and
19 4) the DME supplier provided the DME goods and services in accordance with Medicare regulations
20 and guidelines, which govern whether Medicare would reimburse a particular item or service.

21 6. Approved Medicare DME suppliers can submit claims for Medicare reimbursement
22 either on paper, using a standardized claim form, or electronically, transmitting the same information
23 submitted is truthful and that the goods provided were reasonable and necessary to the health of the
24 Medicare beneficiary. Every claim submitted by, or on behalf of, a provider is submitted under an
25 agreement by the provider to abide by Medicare’s program rules and regulations. A physician’s order or
26 prescription for DME is required before a DME supplier can bill Medicare for any DME supplied to a
27 beneficiary.

28 7. Most Medicare claims are paid solely on the information provided in the claim form

1 itself. Once a claim is approved for payment, the carrier sends the reimbursement to the health care
2 provider by mail or directly to their bank account via an Electronic Funds Transfer (EFT), which is how
3 CVMS' claims were paid. Medicare pays for DME according to a fee schedule and sends a monthly
4 Medicare Summary Notice (MSN) to beneficiaries that describe the DME for which Medicare has paid.
5 Medicare has a 20 percent co-payment requirement for most DME, which means that Medicare
6 reimburses 80 percent of the amount allowed on the fee schedule. The remaining 20 percent co-
7 payment may be covered by a secondary insurance plan (e.g., Medi-Cal) or paid by the beneficiary.
8 Medi-Cal is the state of California's Medicaid program and is also a health care benefit program as
9 defined by 18 U.S.C. § 24(b)

10 **C. Medicare Billing Requirements for Power Wheelchair Repair and Rental**

11 **Wheelchair Repairs**

12 8. As noted above, Medicare coverage is limited to items and services that are reasonable
13 and necessary for the diagnosis or treatment of an illness or injury. In the absence of a national coverage
14 policy, local Medicare contractors issue a Local Coverage Determination (LCD) on what items and
15 services will be eligible for payment under Medicare for their areas. LCDs are part of the Medicare
16 regulations that providers must abide by when submitting claims.

17 9. The LCD that covered wheelchair repair from October 1993 to October 1, 2015 required
18 that all repairs be justified by a "detailed written order which is signed and dated by the physician. This
19 order must be received by the supplier prior to delivery."

20 10. The LCDs in effect from October 1, 2015 through June 2016 for power wheelchairs and
21 other types of mobility devices discontinued the requirement that a physician approve every repair, but
22 did require for repairs 1) that a physician document the continuing necessity of a wheelchair; and 2) that
23 either the physician or the DME company document the necessity of the repair.

24
25 **Wheelchair Rentals**

26 11. As is relevant to this case, Medicare required that per Medicare Claims Processing
27 Manual Chapter 20 – DMEPOS, Section 10.2, rental of a power wheelchair be medically necessary and
28 documented with a physician's prescription. As with the billing for other services, a DME supplier

1 could not bill for providing a rented wheelchair to a beneficiary if it did not actually provide that
2 beneficiary a wheelchair.

3 **D. Huerta and Corral's Knowledge Regarding Wheelchair Billing**

4 12. On January 13, 2010, Gabriel E. Huerta (Huerta) and Natalie R. Corral (Corral) opened
5 Central Valley Medical Supplies (CVMS) as a Partnership in Fresno, California. Ownership was shared
6 50/50. From 2010-June 2016, CVMS was located at a number of locations throughout Fresno,
7 California. The first location for CVMS was 1589 West Shaw Avenue, #4, Fresno, CA, 93711. In
8 2012, CVMS moved to 1731 West Bullard Avenue, #128, Fresno, CA, 93711. In October 2015, CVMS
9 moved to 6475 North Blackstone Avenue, Fresno, CA, 93711. At that time they formed CVMS, Huerta
10 and Corral were married. They divorced in 2013, though they continued to run the company together
11 after that time.

12 13. Huerta was interviewed by law enforcement. He stated that in approximately 2012, he
13 received training on repairing power wheelchairs and performed the repairs at CVMS himself and
14 oversaw others. From at least 2015 onward, he was involved in billing wheelchair repairs. Other
15 employees confirmed that Huerta was responsible for Medicare billing related to wheelchair repairs.

16 14. Corral oversaw wheelchair repair billing prior to Huerta and continued to have
17 knowledge of CVMS' wheelchair billing practices thereafter. At least two employees indicated in 2014-
18 16 they had raised questions to Corral about CVMS' billing of loaner wheelchair and repairs—
19 specifically, that no loaner wheelchairs were being provided and that CVMS's billing did not meet
20 Medicare requirements. Corral told one of these employees not to question CVMS' practices. Another
21 employee described Corral as making all the final decisions at CVMS, including ordering of parts, and
22 as performing all the billing for CVMS. The employee also told law enforcement that the employee had
23 personally observed Corral falsifying an authorization form for wheelchair repair, certifying that a
24 number of parts of the wheelchair were broken when in fact it only needed new tires.

25 15. CVMS had approximately a dozen employees. It consisted of approximately three
26 individuals (Huerta and two people he supervised) who were directly involved with wheelchair
27 operations. Huerta exercised supervisory control over these individuals and how wheelchair claims
28 were billed. Corral managed the entire company and had ongoing knowledge and involvement in

1 wheelchair repair billing and parts ordering. Given the statements by Corral, Huerta, and, other
2 witnesses, and my training and experience, there is probable cause that Huerta and Corral knowingly
3 submitted false health care claims for wheelchair repair services.

4 **E. CVMS' False and Fraudulent Billing**

5 16. Investigation revealed many instances in which CVMS billed for wheelchair repairs that
6 were never made, not necessary, and not authorized by a physician. I provide two representative
7 examples below.

8 17. **Beneficiary M.B.:** CVMS billed Medicare for services that were not rendered to
9 beneficiary M.B. and M.B.'s deceased spouse. M.B. was interviewed by law enforcement and indicated
10 that M.B. found out about CVMS when approached by employees of CVMS at M.B.'s residence asking
11 if M.B. had power wheelchairs that needed repair. M.B. had a 10-year-old power wheelchair that
12 CVMS picked up for repair. On March 26, 2014, CVMS billed Medicare for several items of work
13 performed on M.B.'s wheelchair. However, when asked by M.B., CVMS staff told M.B. they did not
14 work on M.B.'s wheelchair, advising it was too old. M.B. was also billed for a loaner power wheelchair
15 that was never provided.

16 18. In January 2015, a CVMS employee came to M.B.'s residence to discuss repairing
17 M.B.'s deceased husband's power wheelchair. CVMS took the wheelchair in for repair, but never asked
18 M.B. for a doctor's authorization. On April 12, 2016, CVMS billed Medicare for several items of work
19 done to M.B.'s deceased husband's wheelchair. However, upon inspection of the "new parts" billed as
20 "replaced" (joystick, controller, and all tires), the parts showed visible signs of wear and dirt indicating
21 the "new parts" were, in fact, used parts.

22 19. Medicare was also billed for a loaner power wheelchair that was never provided during
23 this time. On April 1, 2015, CVMS billed Medicare for several repairs to M.B.'s power wheelchair as
24 well as a power wheelchair rental. However, CVMS never picked up M.B.'s wheelchair for repairs in
25 that year nor did M.B. receive a power wheelchair loaner.

26 20. CVMS maintained a prescription purportedly dated September 7, 2013 for M.B.'s power
27 wheelchair, and purportedly written by M.B.'s primary treating physician. However, M.B.'s physician
28 denied ever having written such a prescription.

21. **Beneficiary M.C.:** CVMS billed Medicare for services that were not rendered to beneficiary M.C. For the billing period between March 25, 2015, and February 2016, M.C. only owned a power scooter, not a power wheelchair. CVMS billed Medicare for several items of work done on parts of a power wheelchair that M.C. did not own. CVMS billed M.C. for one year for rental of an input interface (joystick) that M.C. did not request. The repair was not and could not have been performed: power scooters do not have joysticks, while power wheelchairs do have joysticks. Medicare was billed for a loaner power wheelchair that was never provided to M.C. CVMS billed M.C. for yearly maintenance services for a power wheelchair that M.C. did not own and the billed repairs were unnecessary. M.C.'s power scooter worked fine and had no need of repair, nor was M.C.'s power scooter ever picked up and serviced by CVMS. M.C.'s primary physician denied ever writing a prescription for power wheelchair repairs for M.C.

F. Analysis of Wheelchair Inventory Purchased vs. Medicare Payments:

22. Investigators obtained copies of inventory documents from CVMS and companies that supplied it with wheelchair parts. Analysis of these documents showed that CVMS was claiming to have replaced far more parts than it had on hand.

23. For example, in 2013 and 2014 alone, CVMS billed Medicare for replacing over 600 wheelchair controllers for that two-year period. However, the records of its vendors from 2010-2016 indicated the purchase of only 43 such controllers over the entire period of over six years, plus approximately 188 new wheelchairs that could have been broken down into component parts. Similar discrepancies were noted regarding wheelchair motors.

24. Analysis of the yearly amounts paid by CVMS to its vendors compared with amounts Medicare paid to CVMS for the 12 main codes billed by CVMS for wheelchair repair. Amounts paid by Medicare showed a dramatic increase in approximately 2013, far in excess of the increase in CVMS' payments to vendors, and remained much higher. The table below reflects the analysis:

Net Payments To Medicare vs. CMVS Payments To Vendors

Year	Net CMVS Payments to Vendors	Increase Over PY	Medicare Payments to CVMS	Increase Over PY
2010	N/A	N/A	\$4,302.31	N/A
2011	\$30,477.14	N/A	\$24,630.66	472.50%

2012	\$49,142.23	61.24%	\$158,294.61	542.67%
2013	\$167,109.79	240.05%	\$999,204.56	531.23%
2014	\$201,839.06	20.78%	\$902,443.50	-9.68%
2015	\$247,221.18	22.48%	\$1,092,744.19	21.09%
2016 (through 05/19/16)	\$200,293.53	-18.98%	\$491,656.43	-55.01%
Total	\$896,082.93		\$3,673,276.26	

G. CVMS Internal Audit:

25. CVMS performed its own internal audit during the course of the investigation and presented its findings to the government. The internal audit reached the same general conclusion that CVMS was billing for replacing far more components than it had on hand, though its numbers were different than those reflected by the vendor records received by investigators. For example, CVMS' audit indicated that in 2014, CVMS purchased 90 controllers and billed for 307. Nevertheless, CVMS' own audit concluded that it received "overpayments" of approximately \$916,280.70 by Medicare from 2012-2015.

III. CONCLUSION

26. Based on above evidence, including beneficiary interviews and review of CVMS' own records, I believe there is probable cause that Natalie Corral and Gabriel Huerta did knowingly and willfully execute, and attempt to execute, a scheme to defraud health care benefit programs and to obtain by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, health care benefit programs, specifically, by submitting claims to Medicare and Medi-Cal alleging that CVMS had performed necessary wheelchair repairs, and

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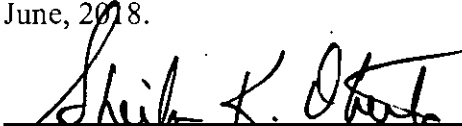
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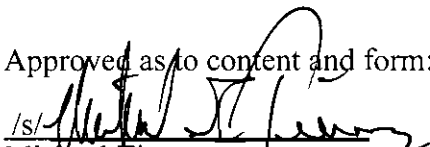
1 had provided loaner wheelchairs, when they knew CVMS had not done, in violation of Title 18, United
2 States Code, Section 1347.

3
4 I declare under penalty of perjury that the foregoing is true and correct to the best of my
5 knowledge.

6
7
8 
9 Steven Kornaros
Special Agent, Federal Bureau of Investigation

10
11 SWORN TO BEFORE ME, AND SUBSCRIBED
12 IN MY PRESENCE THIS 27th DAY OF
June, 2018.

13 
14 Hon. Sheila K. Oberto
U.S. Magistrate Judge

15
16 Approved as to content and form:
17 
18 Michael Tierney
Assistant U.S. Attorney

PENALTY SLIP


AUSA Initial

DEFENDANT:

Gabriel Huerta

18 MJ 00101 SKO

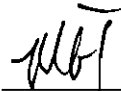
VIOLATION:
(All COUNTS,
ONE-EIGHT)

18 U.S.C. § 1347 (Health Care Fraud)

PENALTY:

10 years imprisonment
\$250,000 dollar fine
3 years supervised release
\$100 special assessment

PENALTY SLIP



AUSA Initial

DEFENDANT:

Natalie Corral

1: 18 MJ 00101 SKO: [unclear]

VIOLATION:
(All COUNTS,
ONE-EIGHT)

18 U.S.C. § 1347 (Health Care Fraud)

PENALTY:

10 years imprisonment
\$250,000 dollar fine
3 years supervised release
\$100 special assessment