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2016 JUN 16 PM 5:09

CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2015 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

SONA BALASANYAN and
SANG KIM,

Defendants.

CR No. 16

CR16-0411

I N D I C T M E N T

[18 U.S.C. § 1347: Health Care
Fraud; 18 U.S.C. § 2(b): Causing
an Act to be Done]

The Grand Jury charges:

COUNTS ONE THROUGH TWENTY

[18 U.S.C. §§ 1347, 2(b)]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

The Defendants

1. Defendant SONA BALASANYAN ("defendant BALASANYAN") owned, operated and managed a medical clinic located at 10515 Balboa Boulevard, Suite 200, Granada Hills, California 91344 (the "Balboa Clinic"), within the Central District of California.

1 2. Defendant SANG I. KIM ("defendant KIM") was a licensed
2 physician and enrolled Medicare provider who worked at the Balboa
3 Clinic.

4 3. Between on or about October 1, 2011 and on or about October
5 24, 2012, the Balboa Clinic billed Medicare approximately \$1,402,000,
6 of which Medicare paid approximately \$786,000, for External Counter
7 Pulsation Therapy ("ECP") and nerve conduction velocity ("NCV") tests
8 purportedly provided at the Balboa Clinic.

9 The Medicare Program

10 4. Medicare was a federal health care benefit program,
11 affecting commerce, that provided benefits to individuals who were
12 over the age of 65 or disabled.

13 5. Individuals who qualified for Medicare benefits were
14 referred to as Medicare "beneficiaries." Each Medicare beneficiary
15 was given a Health Identification Card containing a unique
16 identification number ("HICN").

17 6. Medicare was administered by the Centers for Medicare and
18 Medicaid Services ("CMS"), a federal agency under the United States
19 Department of Health and Human Services ("HHS"). CMS administered
20 the Medicare program through contracts extended to private health
21 insurers known as Medicare Administrative Contractors ("MACs"). The
22 primary MAC for Medicare Part B services in California was Palmetto
23 GBA ("Palmetto").

24 7. Medicare reimbursed physicians and other health care
25 providers for medically necessary treatment and services rendered to
26 beneficiaries.

27 8. Medicare was subdivided into several parts, including
28 Medicare Part B. Medicare Part B covered payment for certain types

1 of treatment, including physician office visits, therapy services,
2 and diagnostic tests, that were medically necessary and were
3 performed or ordered by licensed physicians or other qualified health
4 care professionals.

5 9. Physicians and other health care providers that provided
6 medical services that were reimbursed by Medicare were referred to as
7 Medicare "providers." To participate in Medicare, a physician first
8 had to apply for and obtain a provider number. By signing the
9 provider application, the physician agreed to (a) abide by Medicare
10 rules and regulations; and (b) not submit claims to Medicare knowing
11 they were false or fraudulent or with deliberate ignorance or
12 reckless disregard of their truth or falsity.

13 10. If Medicare approved a provider's application, Medicare
14 assigned the provider a Medicare provider number, which enabled the
15 provider to submit claims to Medicare for services rendered to
16 Medicare beneficiaries.

17 11. Approved Medicare providers could submit claims either on
18 paper or electronically. When submitting a claim, the provider was
19 required to certify: (a) that the contents of the claim were true,
20 correct, and complete; (b) that the claim was prepared in compliance
21 with the laws and regulations governing Medicare; and (c) that the
22 medical services referred to in the claim were medically necessary.

23 12. Medicare would reimburse providers only for services and
24 procedures that were deemed to be "medically necessary."

25 B. THE SCHEME TO DEFRAUD

26 13. Beginning in or around October 2011, and continuing through
27 in or around October 2012, in Los Angeles County, within the central
28 District of California, and elsewhere, defendants BALASANYAN and KIM,

1 together with others known and unknown to the Grand Jury, knowingly,
2 willfully and with intent to defraud, executed and attempted to
3 execute, a scheme and artifice: (a) to defraud a health care benefit
4 program, namely Medicare, as to material matters in connection with
5 the delivery of and payment for health care benefits, items, and
6 services; and (b) to obtain money from Medicare by means of material
7 false and fraudulent pretenses and representations and the
8 concealment of material facts in connection with the delivery of and
9 payment for health care benefits, items and services.

10 14. The fraudulent scheme operated, in substance, in the manner
11 set forth as follows:

12 a. In or around October 2011, defendant BALASANYAN hired
13 defendant KIM to see patients at the Balboa Clinic. Defendant
14 BALASANYAN agreed to pay defendant KIM \$80 per hour.

15 b. On or about October 11, 2011, at the direction of
16 defendant BALASANYAN, defendant KIM opened a bank account at a Bank
17 of the West in Northridge, California [account number xx-659805] (the
18 "BOW 659805 account") in the name of "Sang Kim DBA Sang Kim MD."

19 c. On or about October 12, 2011, at the direction of
20 defendant BALASANYAN, defendant KIM signed and submitted an
21 enrollment application to Medicare, with an effective date of October
22 1, 2011.

23 d. On or about October 12, 2011, defendant KIM submitted
24 an electronic funds transfer authorization agreement ("EFT") to
25 Medicare, requesting that all future reimbursements from Medicare for
26 services billed under defendant KIM's provider number, be directly
27 deposited into the BOW 659805 account, with an effective date of
28

1 October 1, 2011. The EFT agreement listed defendant BALASANYAN as
2 the Balboa Clinic's office manager.

3 e. Individuals known as "marketers," would travel
4 throughout California to recruit Medicare beneficiaries and take them
5 to the Balboa Clinic. In order to induce the beneficiaries to visit
6 the Balboa Clinic, the marketers would promise to provide the
7 beneficiaries with free durable medical equipment ("DME").

8 f. At times, while the beneficiaries were at the Balboa
9 Clinic, defendant KIM and other co-schemers known and unknown to the
10 Grand Jury, provided the beneficiaries with certain medically
11 unnecessary services, including ultrasounds and electrocardiograms
12 ("EKGs").

13 g. Defendants BALASANYAN and KIM, and their co-schemers
14 would submit, and cause the submission of, false and fraudulent
15 claims to Medicare for services that were never actually provided to
16 the Medicare beneficiaries. These services included, among others,
17 ECP therapy and NCV tests.

18 h. As a result of the submission of the false and
19 fraudulent claims described above, Medicare made payments to the BOW
20 659805 account.

21 i. Between in or around October 2011 and in or around
22 October 2012, defendants BALASANYAN and KIM, and others known and
23 unknown to the Grand Jury, submitted and caused the submission of
24 approximately \$1,402,000 in false and fraudulent claims to Medicare,
25 resulting in Medicare payments of approximately \$786,000.

26 C. EXECUTIONS OF THE FRAUDULENT SCHEME

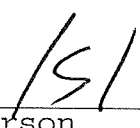
27 15. On or about the dates set forth below, within the Central
28 District of California, and elsewhere, defendants BALASANYAN and KIM,

1 together with others known and unknown to the Grand Jury, knowingly
2 and willfully executed and attempted to execute the fraudulent scheme
3 described above, by submitting and causing to be submitted to
4 Medicare the following false and fraudulent claims:


Count	Date of Claim	Medicare Beneficiary Initials	Claim Number	Amount Billed to/ Paid By Medicare
ONE	06/29/2012	M.M.	551112181576230	\$875.00/ \$692.80
TWO	06/29/2012	M.M.	551112181575830	\$875.00/ \$692.80
THREE	06/29/2012	M.M.	551112181575990	\$875.00/ \$692.80
FOUR	06/29/2012	M.M.	551112181576360	\$875.00/ \$692.80
FIVE	06/29/2012	M.M.	551112181576090	\$875.00/ \$692.80
SIX	06/29/2012	M.M.	551112181576130	\$875.00/ \$692.80
SEVEN	06/29/2012	M.M.	551112181575960	\$875.00/ \$692.80
EIGHT	09/05/2012	F.T.	551812249131670	\$1,050.00/ \$0
NINE	10/13/2012	R.D.	551112287011020	\$875.00/ \$0
TEN	10/13/2012	G.A.	551112287010780	\$875.00/ \$0
ELEVEN	10/15/2012	Z.C.	551812289308030	\$875.00/ \$0
TWELVE	10/15/2012	G.M.	551812289307580	\$875.00/ \$692.80
THIRTEEN	10/15/2012	G.M.	551812289307600	\$875.00/ \$692.80
FOURTEEN	10/15/2012	G.M.	551812289307680	\$875.00/ \$692.80
FIFTEEN	10/15/2012	G.M.	551812289307380	\$875.00/ \$692.80
SIXTEEN	10/15/2012	G.M.	551812289307490	\$875.00/ \$692.80

Count	Date of Claim	Medicare Beneficiary Initials	Claim Number	Amount Billed to/ Paid By Medicare
SEVENTEEN	10/15/2012	G.M.	551812289307470	\$875.00/ \$692.80
EIGHTEEN	10/15/2012	G.M.	551812289307700	\$875.00/ \$692.80
NINETEEN	10/15/2012	C.G.	551812289269630	\$1,050.00/ \$0
TWENTY	10/24/2012	S.T.	551112298782600	\$875.00/ \$0

A TRUE BILL


Foreperson

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