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CENTRAL DIST. OF CALIF.
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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2012 Grand Jury

UNITED STATES OF AMERICA,	)	No. CR <u>13-0320</u>
)	
Plaintiff,	)	<u>I N D I C T M E N T</u>
)	
v.	)	[18 U.S.C. § 1347: Health Care
	)	Fraud; 18 U.S.C. § 2(b):
HOUSHANG PAVEHZADEH,	)	Causing an Act to be Done;
aka "Danny Paveh,"	)	18 U.S.C. § 1028A(a)(1):
	)	Aggravated Identity Theft; and
Defendant.	)	18 U.S.C. §§ 982(a)(7);
	)	981(a)(1)(C); 982(a)(2)(B); and
	)	28 U.S.C. § 2461(c):
	)	Forfeiture]
)	
)	

The Grand Jury charges:

COUNTS ONE THROUGH NINE

[18 U.S.C. §§ 1347, 2(b)]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

The Defendant and the Procedures Billed to Medicare

1. Defendant HOUSHANG PAVEHZADEH, also known as ("aka") "Danny Paveh" ("defendant PAVEHZADEH"), was a licensed chiropractor who owned and operated Sylmar Physician Medical Group, Inc. ("SPMG"), located at 12737 Glenoaks Boulevard, Suite

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1 #12, Sylmar, California, within the Central District of
2 California. Defendant PAVEHZADEH purported to operate SPMG as a
3 chiropractic clinic.

4 2. Defendant PAVEHZADEH became a Medicare provider, and
5 was issued a Medicare provider number, effective on or about June
6 1, 2004.

7 3. At SPMG, defendant PAVEHZADEH billed Medicare for
8 purportedly providing chiropractic treatments to Medicare
9 beneficiaries.

10 The Medicare Program

11 4. Medicare was a federal health care benefit program,
12 affecting commerce, that provided benefits to individuals who
13 were over the age of 65 or disabled. Medicare was administered
14 by the Centers for Medicare and Medicaid Services ("CMS"), a
15 federal agency within the United States Department of Health and
16 Human Services.

17 5. Individuals who qualified for Medicare benefits were
18 commonly referred to as Medicare "beneficiaries." Each
19 beneficiary was given a Health Identification Card Number
20 ("HICN") unique to that beneficiary.

21 6. Chiropractors and other health care providers who
22 provided services that were reimbursed by Medicare were referred
23 to as "providers."

24 7. Medicare "Part B" covers certain items and medical
25 services provided to beneficiaries on an outpatient basis. To
26 become eligible to participate in Medicare, Medicare required
27 prospective providers to submit an application in which the
28 prospective provider agreed to comply with all Medicare-related

1 laws and regulations. If Medicare approved the application,
2 Medicare assigned the provider an identifying number, which
3 enabled the provider to submit claims to Medicare for
4 reimbursement for services provided to Medicare beneficiaries.

5 8. Medicare required a claim for Medicare reimbursement of
6 provider services to set forth, among other things, the
7 beneficiary's name and HICN, the type of service provided to the
8 beneficiary, the date that the service was provided, the
9 beneficiary's diagnosis, and the name and Medicare identification
10 number of the provider who performed the service.

11 9. Medicare reimbursed providers only for services that
12 were medically necessary to the treatment of a beneficiary's
13 illness and that were provided in accordance with Medicare
14 regulations and guidelines that governed whether a particular
15 service or procedure would be reimbursed by Medicare.

16 10. To bill Medicare, a provider submitted a claim (Form
17 1500), which Medicare required to be truthful, complete, and not
18 misleading. In addition, when submitting a claim to Medicare, a
19 provider certified that the services covered by the claim were
20 medically necessary.

21 11. Medicare limited coverage for chiropractic services to
22 manual manipulations of the spine (i.e., adjusting the spine
23 through use of the hands) performed by a licensed chiropractor to
24 correct a condition known as subluxation. Medicare defined
25 subluxation as a condition in which the alignment or movement of
26 the spine was affected although contact between joint surfaces
27 remained intact. Medicare will not pay for maintenance therapy,
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1 that is, chiropractic treatments intended to prevent disease or
2 promote overall health.

3 12. Medicare will not pay for chiropractic treatments for a
4 beneficiary unless a subluxation is diagnosed and documented
5 either by x-ray or through a physical examination. If diagnosed
6 by physical examination, the examination must include a detailed
7 patient history including, but not limited to, the patient's
8 symptoms, past health history, cause of the trauma, and past
9 treatments or medications.

10 13. At a beneficiary's initial visit to a chiropractor,
11 Medicare required documentation of the following: the
12 beneficiary's medical history, a description of the beneficiary's
13 illness to ensure that the reported symptoms related to the
14 diagnosed subluxation, the results of the chiropractor's physical
15 examination of the spine, a diagnosis of subluxation (if
16 appropriate), and a treatment plan. Medicare also required
17 documentation of physical examinations and treatments provided at
18 any follow-up visits.

19 B. THE FRAUDULENT SCHEME

20 14. Beginning by at least in or about January 2005, and
21 continuing through in or about February 2012, in Los Angeles
22 County, within the Central District of California, and elsewhere,
23 defendant PAVEHZADEH knowingly, willfully, and with intent to
24 defraud, executed and attempted to execute a scheme and artifice:
25 (a) to defraud a health care benefit program, namely, Medicare,
26 as to material matters in connection with the delivery of and
27 payment for health care benefits, items, and services; and (b) to
28 obtain money from Medicare by means of material false and

1 fraudulent pretenses and representations and the concealment of
2 material facts in connection with the delivery of and payment for
3 health care benefits, items, and services.

4 15. The fraudulent scheme operated, in substance, in the
5 following manner:

6 a. Defendant PAVEHZADEH owned and operated SPMG where
7 he worked as SPMG's only licensed chiropractor.

8 b. Defendant PAVEHZADEH obtained beneficiaries'
9 identifying information needed to bill Medicare -- including
10 their name, date of birth, and HICN -- when beneficiaries
11 completed paperwork at SPMG and through other means.

12 c. Beneficiaries who visited SPMG received massages
13 and other non-reimbursable treatments from defendant PAVEHZADEH
14 or massage therapists who worked at SPMG.

15 d. Defendant PAVEHZADEH then submitted and caused to
16 be submitted false and fraudulent claims to Medicare for his
17 purportedly personally providing chiropractic manipulations to
18 beneficiaries when, in fact, and as defendant PAVEHZADEH well
19 knew, he and the massage therapists had provided only massages or
20 other treatments to the beneficiaries that were not reimbursable
21 by Medicare.

22 e. Defendant PAVEHZADEH also submitted and caused to
23 be submitted false and fraudulent claims to Medicare for
24 purportedly providing chiropractic manipulations to beneficiaries
25 when, in fact, and as defendant PAVEHZADEH well knew, he had not
26 provided any services to them. These submitted claims included
27 claims for services on dates when defendant PAVEHZADEH was
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1 traveling outside of Los Angeles County or was otherwise not
2 present at SPMG.

3 f. In furtherance of the scheme to defraud and in an
4 effort to conceal the scheme from others, on or about February 2,
5 2012, defendant PAVEHZADEH falsely reported to the Los Angeles
6 Police Department that he was robbed and that patient files from
7 SPMG were stolen from his vehicle. Defendant PAVEHZADEH filed
8 the false report shortly after the United States Department of
9 Health and Human Services, Office of Inspector General, ("HHS-
10 OIG") informed him that HHS-OIG intended to review SPMG's patient
11 files as part of an audit of claims paid by Medicare to defendant
12 Pavehzadeh between January 1, 2010, and December 31, 2011.

13 g. Between in or about January 2005 and in or about
14 February 2012, defendant PAVEHZADEH submitted and caused to be
15 submitted false and fraudulent claims to Medicare for purportedly
16 performing chiropractic treatments to beneficiaries in the amount
17 of approximately \$1,765,857. Based on these claims, Medicare
18 paid defendant PAVEHZADEH approximately \$1,033,053.

19 C. EXECUTIONS OF THE FRAUDULENT SCHEME

20 16. On or about the dates set forth below, within the
21 Central District of California and elsewhere, defendant
22 PAVEHZADEH, for the purpose of executing and attempting to
23 execute the fraudulent scheme described above, knowingly and
24 willfully submitted and caused to be submitted to Medicare the
25 following false and fraudulent claims for payment for services
26 purportedly provided to the beneficiaries listed below:
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<u>COUNT</u>	<u>CLAIM NUMBER</u>	<u>CLAIMED DATE OF SERVICE</u>	<u>DATE CLAIM SUBMITTED</u>	<u>AMOUNT OF CLAIM</u>	<u>BENEFICIARY - TYPE OF SERVICE</u>
ONE	55110834 4147360	7/1/2008	12/9/2008	\$60.00	M.B. - chiropractic manipulative treatment
TWO	55111014 1508090	12/21/2009	5/21/2010	\$60.00	M.B. - chiropractic manipulative treatment
THREE	55110934 1740490	5/4/2009	12/7/2009	\$45.00	C.P. - chiropractic manipulative treatment
FOUR	55111035 0709340	8/25/2010	12/16/2010	\$45.00	C.P. - chiropractic manipulative treatment
FIVE	55111035 0709190	3/10/2010	12/16/2010	\$60.00	K.M. - chiropractic manipulative treatment
SIX	55111115 1438190	2/16/2011	5/31/2011	\$60.00	K.M. - chiropractic manipulative treatment
SEVEN	55111113 9350620	1/3/2011	5/19/2011	\$60.00	E.C. - chiropractic manipulative treatment
EIGHT	55111113 9350660	4/25/2011	5/19/2011	\$60.00	E.C. - chiropractic manipulative treatment
NINE	55111133 2516070	9/6/2011	11/28/2011	\$100.00	M.C. - chiropractic manipulative treatment


1 iv. approximately \$165,795.94 in bank funds seized
2 from a U.S. Bank account number ending in 1898, in
3 the name of Houshang Pavehzadeh.

4 b. A sum of money equal to the total amount of
5 proceeds derived from each such offense for which defendant
6 PAVEHZADEH is convicted.

7 3. If, as a result of any act or omission by defendant
8 PAVEHZADEH, any of the foregoing money or property (a) cannot be
9 located upon the exercise of due diligence; (b) has been
10 transferred or sold to, or deposited with, a third party; (c) has
11 been placed beyond the jurisdiction of the court; (d) has been
12 substantially diminished in value; or (e) has been commingled
13 with other property that cannot be subdivided without difficulty,
14 then any other property or interests of defendant PAVEHZADEH, up
15 to the value of the money and property described in the preceding
16 paragraph of this Indictment, shall be subject to forfeiture to
17 the United States.

1 thereof (a) cannot be located upon the exercise of due diligence;
2 (b) has been transferred or sold to, or deposited with a third
3 party; (c) has been placed beyond the jurisdiction of the court;
4 (d) has been substantially diminished in value; or (e) has been
5 commingled with other property that cannot be divided without
6 difficulty.

7
8 A TRUE BILL

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10 
Foreperson

11
12 ANDRÉ BIROTTE JR.
United States Attorney

13 
14 ROBERT E. DUGDALE
15 Assistant United States Attorney
Chief, Criminal Division

16 RICHARD E. ROBINSON
17 Assistant United States Attorney
Chief, Major Frauds Section

18 CONSUELO S. WOODHEAD
19 Assistant United States Attorney
Deputy Chief, Major Frauds Section

20 GRANT B. GELBERG
21 Special Assistant United States Attorney
Major Frauds Section
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