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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2016 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

GUIQIONG XIAO GUDMUNDSEN,
aka "Kimi Gudmundsen,"
SUZANA CORTEZ, and
GLADYS PEREZ,

Defendants.

CR No.

17CR00394

I N D I C T M E N T

[18 U.S.C. § 1347: Health Care
Fraud; 18 U.S.C.

§ 1956(a)(1)(B)(i): Money
Laundering; 18 U.S.C. § 2: Aiding
and Abetting and Causing an Act to
be Done; 18 U.S.C.

§§ 981(a)(1)(C), 982(a)(7), 28

U.S.C. § 2461(c), 18 U.S.C.

§ 982(a)(1): Criminal Forfeiture]

The Grand Jury charges:

COUNTS ONE THROUGH EIGHT

[18 U.S.C. §§ 1347, 2]

A. INTRODUCTORY ALLEGATIONS

1. At all relevant times, defendant GUIQIONG XIAO GUDMUNDSEN, also known as "Kimi Gudmundsen" ("defendant GUDMUNDSEN"), was a resident of Anaheim, California, within the Central District of California.

1 2. At all relevant times, defendant GUDMUNDSEN owned,
2 operated, and controlled Healthy Life Acupuncture Center, Inc.
3 ("HLAC"), a California corporation, which was located at two sites,
4 one in Los Angeles County and the other in Riverside County, within
5 the Central District of California.

6 3. From in or about March 2010 through at least in or about
7 December 2015, defendant SUZANA CORTEZ ("defendant CORTEZ") was an
8 employee of HLAC.

9 4. At all relevant times, the National Railroad Passenger
10 Corporation ("Amtrak") operated public train services throughout the
11 United States, including within the Central District of California.

12 5. At all relevant times, Amtrak maintained a health care
13 benefit program ("Amtrak health care plan"), which insured
14 participating Amtrak employees who paid premiums through monthly
15 payroll deductions ("Amtrak health care plan participants").

16 6. At all relevant times, defendant GLADYS PEREZ ("defendant
17 PEREZ") was an employee of Amtrak and an Amtrak health care plan
18 participant.

19 7. The Amtrak health care plan reimbursed providers of medical
20 services, including physicians and medical clinics (collectively
21 "providers"), that treated Amtrak health care plan participants.

22 8. The Amtrak health care plan required providers to submit
23 claim forms in order to receive reimbursement for medical services
24 provided to Amtrak health care participants. Among other
25 information, providers were required to include in the claim forms:
26 (i) the Amtrak health care plan participant's name and ID Number;
27 (ii) the type of service provided (identified by a standardized
28 procedure code number known as a CPT Code); (iii) the date the

1 service was provided; (iv) the charge for the service; (v) the
2 diagnosis (identified by a standardized diagnostic code number, known
3 as the ICD-9 Diagnosis Code); and (vi) the provider's name and/or
4 identification number.

5 9. The Amtrak health care plan paid only medically necessary
6 claims for patients covered under the health care plan. The plan did
7 not cover claims relating to injuries incurred at work and claims for
8 services performed by an unlicensed provider or a provider who was
9 operating outside of the scope of the provider's license. The plan
10 covered claims covered by another insurance plan only in limited
11 circumstances and, in any event, required that any claims submitted
12 to another insurance plan be disclosed to the Amtrak health care
13 plan.

14 10. To encourage patients to receive cost-effective and only
15 medically necessary treatments, the Amtrak health care plan required
16 participants to make payments toward their own health care in the
17 form of co-insurance, co-payments, and deductibles.

18 11. From on or about January 1, 2008 through on or about
19 December 31, 2012, United Healthcare was the administrator of the
20 Amtrak health care plan and processed claims for the plan. From on
21 or about January 1, 2013 to at least December 2015, Aetna, Inc.
22 processed claims for Amtrak's health care plan.

23 B. THE SCHEME TO DEFRAUD

24 12. Beginning in or about January 2008, and continuing until at
25 least in or about December 2015, in Los Angeles and Riverside
26 Counties, within the Central District of California, defendants
27 GUDMUNDSEN, CORTEZ, and PEREZ, together with others known and unknown
28 to the Grand Jury, knowingly, willfully, and with the intent to

1 defraud, executed and attempted to execute a scheme and artifice:
2 (1) to defraud a health care benefit program, namely, the Amtrak
3 health care plan, as to material matters in connection with the
4 delivery of and payment for health care benefits, items, and
5 services; and (2) to obtain, by means of material false and
6 fraudulent pretenses and representations and the concealment of
7 material facts, in connection with the delivery of and payment for
8 health care benefits, items, and services, money under the custody
9 and control of the Amtrak health care plan.

10 13. The fraudulent scheme operated, in substance, in the
11 following manner:

12 a. Defendant GUDMUNDSEN marketed HLAC to Amtrak health
13 care plan participants.

14 b. Defendants GUDMUNDSEN and CORTEZ billed and caused to
15 be billed the Amtrak health care plan for services, including, but
16 not limited to, acupuncture, when those services were not performed
17 or were performed by an unlicensed provider.

18 c. Defendants GUDMUNDSEN and CORTEZ billed and caused to
19 be billed the Amtrak health care plan for treatment for work-related
20 injuries when the Amtrak health care plan did not cover treatment for
21 such injuries.

22 d. Defendant GUDMUNDSEN billed and caused to be billed
23 the Amtrak health care plan for services which were also billed to
24 other insurance plans without disclosing that fact to the Amtrak
25 health care plan.

26 e. Defendants GUDMUNDSEN, CORTEZ, and PEREZ, billed,
27 caused to be billed, and aided and abetted the billing of the Amtrak
28 health care plan for services provided to non-Amtrak health care plan

1 participants by billing under the name of an Amtrak health care plan
2 participant.

3 f. Defendants GUDMUNDSEN and CORTEZ billed and caused to
4 be billed Amtrak health care plan participants as new patients when
5 they were otherwise established patients, thus billing the plan at a
6 higher rate.

7 g. Defendants GUDMUNDSEN and CORTEZ regularly waived co-
8 payments, co-insurance, and deductibles for Amtrak health care plan
9 participants.

10 h. As a result of the claims submitted and caused to be
11 submitted by defendants GUDMUNDSEN, CORTEZ, and PEREZ, HLAC received
12 payment from the Amtrak health care plan for false and fraudulent
13 claims, and the payments were deposited into bank accounts in the
14 name of HLAC, over which defendant GUDMUNDSEN had control.

15 C. EXECUTIONS OF THE FRAUDULENT SCHEME

16 14. On or about the following dates, within the Central
17 District of California, and elsewhere, the following defendants,
18 together with others known and unknown to the Grand Jury, knowingly
19 and willfully executed and attempted to execute the fraudulent scheme
20 described above, by submitting and causing to be submitted to the
21 Amtrak health care plan the following false and fraudulent claims:

22 //

23 //

| COUNT | DEFENDANT (S) | DATE CLAIM SUBMITTED | CLAIM |
|-------|-------------------------------|----------------------|--|
| ONE | GUDMUNDSEN | 07/24/2012 | Claim number 380059833501 for \$185.00 for acupuncture, infrared therapy, and manual therapy provided on or about July 20, 2012 to Amtrak health care plan participant R.S., which claim falsely indicated it did not relate to a car accident and was not covered by another insurance plan when in fact the claim related to a car accident and was billed to another insurance plan. |
| TWO | GUDMUNDSEN | 08/30/2012 | Claim number 384085770101 for \$235.00 for acupuncture, infrared therapy, and manual therapy provided on or about August 29, 2012 to Amtrak health care plan participant R.S., which claim falsely indicated that it did not relate to a car accident and was not covered by another insurance plan when in fact the claim related to a car accident and was billed to another insurance plan. |
| THREE | GUDMUNDSEN PEREZ | 10/10/2012 | Claim number 388562881801 for \$85.00 for manual therapy and infrared therapy provided on or about October 2, 2012 to Amtrak health care plan participant R.C., the daughter of defendant PEREZ, when no such services were provided to R.C. |
| FOUR | GUDMUNDSEN CORTEZ PEREZ | 11/19/2012 | Claim number 392983662901 for \$85.00 for manual therapy and infrared services provided on or about September 20, 2012 to defendant PEREZ when no such services were provided to defendant PEREZ. |

| COUNT | DEFENDANT (S) | DATE CLAIM SUBMITTED | CLAIM |
|-------|----------------------|----------------------|---|
| FIVE | GUDMUNDSEN CORTEZ | 01/11/2013 | Claim number EWFA4QBKQ00 for \$150.00 for a new patient office visit provided to Amtrak health care plan participant T.P. on or about January 11, 2013 when T.P. was already an established patient. |
| SIX | GUDMUNDSEN CORTEZ | 01/30/2013 | Claim number E5AA402D200 for \$150.00 for a new patient office visit provided to Amtrak health care plan participant S.A. on or about January 17, 2013 when S.A. was already an established patient. |
| SEVEN | GUDMUNDSEN CORTEZ | 06/05/2013 | Claim number EC347LD3400 for \$150.00 for acupuncture provided on or about April 17, 2013 to Amtrak health care plan participant J.J. when no acupuncture was provided to J.J. and when no co-payment or deductible was collected from J.J. |
| EIGHT | GUDMUNDSEN CORTEZ | 06/05/2013 | Claim number EC4A7MMZK00 for \$150.00 for acupuncture provided on or about April 19, 2013 to Amtrak health care plan participant J.J. when no acupuncture was provided to J.J. and when no co-payment or deductible was collected from J.J. |

COUNTS NINE THROUGH ELEVEN

[18 U.S.C. §§ 1956(a)(1)(B)(i), 2]

15. The Grand Jury hereby repeats and realleges paragraphs 1 through 14 of this Indictment as if fully set forth herein.

16. On or about September 18, 2006, defendant GUIQIONG XIAO GUDMUNDSEN, also known as "Kimi Gudmundsen" ("defendant GUDMUNDSEN"), opened a bank account ending in 7502 at East West Bank, a federally-insured financial institution, in the name of Healthy Life Acupuncture Center, Inc. ("HLAC Account 7502"). Defendant GUDMUNDSEN and a relative were the only persons with signature authority over HLAC Account 7502.

17. On or about March 8, 2011, defendant GUDMUNDSEN opened a bank account ending in 4158 at East West Bank, a federally-insured financial institution, in the name of a second relative ("Personal Account 4158"). At the time of account opening, defendant GUDMUNDSEN was appointed attorney-in-fact for the account, which gave her control over the account.

18. On or about March 15, 2011, defendant GUDMUNDSEN opened a bank account ending in 6451 at East West Bank, a federally-insured financial institution, in the name of a third relative ("Personal Account 6451"). At the time of account opening, defendant GUDMUNDSEN was appointed attorney-in-fact for the account, which gave her control over the account.

19. On or about September 22, 2011, defendant GUDMUNDSEN opened a bank account ending in 5728 at Bank of America, a federally-insured financial institution, in the name of Healthy Life Acupuncture Center, Inc. ("HLAC Account 5728"). Defendant GUDMUNDSEN was the only person with signature authority over HLAC Account 5728.

20. On or about December 29, 2011, defendant GUDMUNDSEN opened a bank account ending in 5708 at Bank of America, a federally-insured financial institution, in the name of Lee Chiropractic, Inc. ("Lee Account 5708"). Defendant GUDMUNDSEN was the only person with signature authority over Lee Account 5708.

21. On or about the following dates, in Los Angeles County, within the Central District of California, and elsewhere, defendant GUDMUNDSEN, knowing that the property involved in each of the following financial transactions represented the proceeds of some form of unlawful activity, conducted and willfully caused others to conduct the following financial transactions affecting interstate commerce, which transactions in fact involved the proceeds of specified unlawful activity, namely, health care fraud, in violation of Title 18, United States Code, Section 1347, knowing that each of the transactions was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of such specified unlawful activity:

| COUNT | DATE | FINANCIAL TRANSACTION |
|--------|------------|---|
| NINE | 12/11/2012 | Deposit of a check in the amount of \$35,000 drawn on HLAC Account 5728 into Lee Account 5708. |
| TEN | 05/08/2013 | Deposit of a check in the amount of \$5,000 drawn on HLAC Account 5728 into Personal Account 6451. |
| ELEVEN | 01/06/2014 | Deposit of a check in the amount of \$14,999 drawn on HLAC Account 7502 into Personal Account 4158. |

FORFEITURE ALLEGATION ONE

[18 U.S.C. §§ 981(a)(1)(C), 982(a)(7);
28 U.S.C. § 2461(c)]

22. Pursuant to Federal Rule of Criminal Procedure 32.2, notice is hereby given to defendants GUIQIONG XIAO GUDMUNDSEN, also known as "Kimi Gudmundsen" ("GUDMUNDSEN"), SUZANA CORTEZ ("CORTEZ"), and GLADYS PEREZ ("PEREZ") that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 981(a)(1)(C), Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 982(a)(7), in the event of any defendant's conviction under any of Counts One through Eight of this Indictment.

23. Defendants GUDMUNDSEN, CORTEZ and/or PEREZ shall forfeit to the United States the following property:

a. All right, title, and interest in any and all property, real or personal, that constitutes or is derived, directly or indirectly, from the gross proceeds traceable to the commission of any of the offenses in Counts One through Eight of this Indictment.

b. To the extent any of the above-listed property is not available for forfeiture, the government will seek a judgment for a sum of money equal to the total value of the property described in subparagraph 23(a) above. If more than one defendant is found guilty on any of Counts One through Eight, each defendant found guilty shall be jointly and severally liable for the entire amount forfeited pursuant to that Count.

24. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 982(b), defendants GUDMUNDSEN,

1 CORTEZ, and PEREZ shall forfeit substitute property, up to the total
2 value of the property described in the preceding paragraph, if, as a
3 result of any act or omission of defendants GUDMUNDSEN, CORTEZ and/or
4 PEREZ, the property described in the preceding paragraph, or any
5 portion thereof: (a) cannot be located upon the exercise of due
6 diligence; (b) has been transferred or sold to, or deposited with a
7 third party; (c) has been placed beyond the jurisdiction of the
8 Court; (d) has been substantially diminished in value; or (e) has
9 been commingled with other property that cannot be divided without
10 difficulty.

FORFEITURE ALLEGATION TWO

[18 U.S.C. § 982(a)(1)]

25. Pursuant to Federal Rule of Criminal Procedure 32.2, notice is hereby given to defendant GUIQIONG XIAO GUDMUNDSEN, also known as "Kimi Gudmundsen" ("GUDMUNDSEN"), that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 982(a)(1) in the event of defendant's conviction under any of Counts Nine through Eleven of this Indictment.

26. Defendant GUDMUNDSEN shall forfeit to the United States the following property:

a. All right, title, and interest in any and all property, real or personal, involved in any offense set forth in any of Counts Nine through Eleven of this Indictment, and any property traceable to such property, including all monies or other property that was the subject of, or other property that was used in any manner or part to facilitate the commission of any violation of Title 18, United States Code, Section 1956, including, but not limited to:

i. Real Property Located in Moreno Valley, California, with Assessor Parcel Number 256-461-002-6; and

ii. \$32,090.00 in U.S. Currency seized on or about December 8, 2015.

b. To the extent any of the above-listed property is not available for forfeiture, the government will seek a judgment for a sum of money equal to the total value of the property described in subparagraph 26(a) above.

27. Pursuant to Title 21, United States Code, Section 853(p) and Title 18, United States Code, Section 982(b)(2), the defendant

1 shall forfeit substitute property, if, by any act or omission of the
2 defendant, the property described in the preceding paragraph, or any
3 portion thereof, cannot be located upon the exercise of due
4 diligence; has been transferred, sold to, or deposited with a third
5 party; has been placed beyond the jurisdiction of the court; has been
6 substantially diminished in value; or has been commingled with other
7 property that cannot be divided without difficulty.

8
9 A TRUE BILL

10
11 /s/

12
13 Foreperson

14 SANDRA R. BROWN
15 Acting United States Attorney

16
17 

18 LAWRENCE S. MIDDLETON
19 Assistant United States Attorney
20 Chief, Criminal Division

21 GEORGE S. CARDONA
22 Assistant United States Attorney
23 Chief, Major Frauds Section

24 JILL T. FEENEY
25 Assistant United States Attorney
26 Deputy Chief, Major Frauds Section

27 POONAM G. KUMAR
28 Assistant United States Attorney
Major Frauds Section