

## JUSTICE NEWS

### Department of Justice

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#### **Detroit Clinic Owner Sentenced to Prison for Role in \$18 Million Medicare Fraud Scheme**

A Michigan man was sentenced today in Detroit to 81 months in prison for his role in a wide-ranging conspiracy to defraud the Medicare program, announced the Departments of Justice and Health and Human Services (HHS). U.S. District Court Judge Sean F. Cox also ordered Suresh Chand, of Warren, Mich., to pay \$9,769,113 in restitution, jointly with co-defendants, and to serve three years of supervised release following his prison term.

Chand, 46, pleaded guilty on Sept. 2, 2009, to one count of conspiracy to commit health care fraud and one count of conspiracy to launder money. Between approximately January 2003 and March 2007, Chand and his co-conspirators submitted claims to the Medicare program totaling more than \$18 million for physical and occupational therapy services that were never provided. Medicare actually paid approximately \$8.5 million on those claims.

In addition, co-conspirator Jose Castro-Ramirez submitted approximately \$1.2 million in claims to the Medicare program for "home visits" supposedly provided to beneficiaries recruited into the scheme by Chand and his co-conspirators. Medicare paid approximately \$780,000 on those claims. After the proceeds of the fraud were obtained from Medicare, Chand acknowledged that he laundered the funds through a series of transactions using shell companies designed to conceal the nature, source, location, ownership and control of the tainted funds.

According to court documents, Chand owned and controlled a company operating in Warren called Continental Rehab Services, Inc. (CRS), which purported to provide physical and occupational therapy services to Medicare beneficiaries. He later started another corporation at the same address in Warren called Pacific Management Services Inc. (PM), which also purported to provide physical and occupational therapy services to Medicare beneficiaries. Chand admitted that, beginning in approximately January 2003, he and his associates at CRS, and later PM, began to create fictitious therapy files, appearing to document physical and occupational therapy services provided to Medicare beneficiaries, when in fact no such services were provided. The fictitious services reflected in the files were billed to Medicare through sham Medicare providers controlled by Chand and two of his co-conspirators.

In his plea, Chand admitted that in order to create the fictitious therapy files, he and his co-conspirators recruited and paid cash kickbacks and other inducements to Medicare beneficiaries, in exchange for the beneficiaries' Medicare numbers and signatures on documents falsely indicating that they had visited CRS or PM for the purpose of receiving physical or occupational therapy. Chand acknowledged recruiting hundreds of Medicare beneficiaries for this purpose, and paying them for their signatures with cash and prescriptions for controlled substances, including Vicodin, Xanax and Soma. Chand and his co-conspirators obtained the prescriptions for these drugs from co-conspirator physician Jose Castro-Ramirez, who prescribed controlled substances for beneficiaries he had never seen, for the purpose of recruiting those beneficiaries into the scheme. Chand also prepared fictitious therapy prescriptions and other documents,

which when signed by Castro-Ramirez, falsely indicated he had ordered and monitored physical or occupational therapy services that were provided to the Medicare beneficiaries. To complete the fictitious files, Chand admitted that he and his co-conspirators obtained signatures from licensed physical or occupational therapists on "progress notes" and other documents in the therapy files, falsely indicating that the therapists had provided therapy services to the Medicare beneficiaries on those dates. Chand recruited a number of licensed physical and occupational therapists into the scheme, and paid these therapists a set fee per file that they helped falsify.

On March 11, 2010, a federal jury convicted Dr. Jose Castro-Ramirez of conspiracy to commit health care fraud, health care fraud and money laundering for his role in the conspiracy.

At sentencing, scheduled for June 29, 2010, Castro-Ramirez faces a maximum penalty of 10 years in prison and a \$250,000 fine on the health care fraud conspiracy and substantive health care fraud counts. He faces a maximum penalty of 20 years in prison and a \$250,000 fine on the money laundering conspiracy count.

Today's result was announced by Assistant Attorney General Lanny A. Breuer of the Criminal Division; U.S. Attorney for the Eastern District of Michigan Barbara L. McQuade; Special Agent in Charge Andrew G. Arena of the FBI's Detroit Field Office; and Special Agent in Charge Lamont Pugh III of the U.S. Department of Health and Human Services, Office of Inspector General's (HHS-OIG) Chicago Regional Office.

This case is being prosecuted by Senior Trial Attorney John K. Neal and Trial Attorney Gejaa T. Gobena and Special Assistant U.S. Attorney Thomas Beimers from the Eastern District of Michigan. The case was investigated by the FBI and HHS-OIG, and was brought as part of the Medicare Fraud Strike Force, supervised by the Criminal Division's Fraud Section and the U.S. Attorney's Office for the Eastern District of Michigan.

Since their inception in March 2007, Strike Force operations in seven districts have obtained indictments of more than 500 individuals who collectively have falsely billed the Medicare program for approximately \$1.1 billion. In addition, HHS's Centers for Medicare and Medicaid Services, working in conjunction with the HHS -OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

To learn more about the Health Care Fraud Prevention and Enforcement Action Team (HEAT), go to: [www.stopmedicarefraud.gov](http://www.stopmedicarefraud.gov)