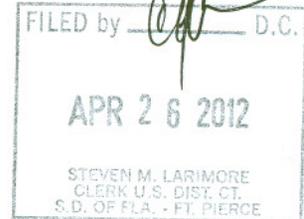


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. 12-14030-CR-MOORE/LYNCH

18 U.S.C. § 1349  
18 U.S.C. § 1347  
18 U.S.C. § 371  
42 U.S.C. § 1320a-7b(b)(2)(B)  
42 U.S.C. § 1320a-7b(b)(2)(A)  
18 U.S.C. § 982  
18 U.S.C. § 2



UNITED STATES OF AMERICA

vs.

JORGE LUIS REYES and  
WALDO GONZALEZ,

Defendants.

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INDICTMENT

The Grand Jury charges that:

General Allegations

At all times relevant to this Indictment,

1. The Medicare program was a federal health care program providing benefits to persons who were over the age of 65 or disabled. Medicare was administered by the Centers for Medicare and Medicaid Services ("CMS"), a federal agency under the United States Department of Health and Human Services. Individuals who received benefits under Medicare were referred to as Medicare "beneficiaries."

2. Medicare was a "health care benefit program," as defined by Title 18, United States Code, Section 24(b) and a "Federal health care program" as defined by Title 42, United States Code, Section 1320a-7b(f).

3. The Medicare program was divided into different "parts." "Part A" of the Medicare program covered health services provided by hospitals, skilled nursing facilities, hospices, and home health agencies. "Part B" of the Medicare program covered outpatient hospital services and professional services provided by physicians and other providers; it also covered certain drugs provided "incident to" a physician's service and durable medical equipment. "Part C" of the Medicare program, which is also known as Medicare Advantage, provided beneficiaries with all of the same services provided by Parts A and B (except hospice care), in addition to mandatory supplemental benefits and optional supplemental benefits.

4. Medicare Part B coverage for HIV therapy was administered in Florida by First Coast Service Options, a company that contracted with CMS to receive, adjudicate, process, and pay certain Part B claims.

5. In order to receive Part C benefits, a beneficiary must enroll in a managed care plan operated by a private company approved by Medicare. Those companies were often referred to as Medicare plan "sponsors." A beneficiary's enrollment in a Part C plan was voluntary.

6. Rather than reimbursing for each individual claim, as in Parts A and B of Medicare, CMS made fixed, monthly payments to a plan sponsor for each Part C beneficiary enrolled in one of the sponsor's plans, regardless of the cost of covering the beneficiary's health benefits that month. These payments were referred to as "capitation" payments. CMS adjusted the capitation rates periodically, taking into account each patient's medical conditions as reported in the claims submitted by health care providers.

7. Physicians, clinics, and other health care providers that provided services to Medicare beneficiaries were able to apply for and obtain a "provider number." A health care provider who was issued a Medicare provider number was able to file claims with Medicare Part

B to obtain reimbursement for services provided to beneficiaries. In order to submit claims to a Part C plan, a health care provider was required to have a provider number. In addition, the health care provider may have been required to submit additional information to the Part C plan. A Medicare claim was required to set forth, among other things, the beneficiary's name and Medicare information number, the services that had been performed for the beneficiary, the date the services were provided, the cost of the services, and the name and identification number of the physician or other health care provider who had ordered the services.

8. Coventry Health Care, Inc. ("Coventry"), Humana Inc. ("Humana"), Pyramid Life Insurance Company ("Pyramid"), Sterling Life Insurance Company ("Sterling"), UnitedHealth Group Incorporated ("United"), and Universal Health Care Inc. ("Universal") were Part C plan sponsors; "health care benefit programs," as defined by Title 18, United States Code, Section 24(b); and "Federal health care programs," as defined by Title 42, United States Code, Section 1320a-7b(f).

9. W & J Rehabilitation Center, Inc. ("W & J") was a Florida corporation with places of business in St. Lucie and Miami-Dade Counties, Florida. It was incorporated on or about April 4, 2005. It was purportedly in the business of providing medical care, including HIV therapy.

10. Defendant **JORGE LUIS REYES**, a resident of Miami-Dade County, was the President, a Director, and the Treasurer of W & J.

11. Defendant **WALDO GONZALEZ**, a resident of Miami-Dade County, was the Vice-President and a Director of W & J.

**COUNT 1**  
**Conspiracy to Commit Health Care Fraud**  
**(18 U.S.C. § 1349)**

1. The General Allegations of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. Beginning in or around November 2005 and continuing through in or around January 2009, in St. Lucie and Miami-Dade Counties, in the Southern District of Florida, and elsewhere, the defendants,

**JORGE LUIS REYES and**  
**WALDO GONZALEZ,**

did knowingly and willfully combine, conspire, confederate and agree with each other and others known and unknown to the Grand Jury to violate Title 18, United States Code, Section 1347 by knowingly and willfully executing a scheme and artifice to defraud health care benefit programs affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, Medicare, Coventry, Humana, Pyramid, Sterling, United, and Universal, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, said health care benefit programs, in connection with the delivery of and payment for health care benefits, items, and services.

**Purpose of the Conspiracy**

3. It was the purpose of the conspiracy for the defendants and their conspirators to unlawfully enrich themselves by, among other things, (a) submitting or causing the submission of false and fraudulent claims to Medicare, Coventry, Humana, Pyramid, Sterling, United, and Universal; (b) concealing the submission of the false and fraudulent claims; and (c) diverting fraud proceeds for the personal use and benefit of the defendants, their conspirators, and others.

### **Manner and Means of the Conspiracy**

The manner and means by which the defendants and their conspirators sought to accomplish the object and purpose of the conspiracy included, among others, the following:

4. **JORGE LUIS REYES** and **WALDO GONZALEZ** arranged for "patient recruiters" to arrange for HIV-positive Medicare beneficiaries to serve as patients at W & J.

5. **JORGE LUIS REYES** and **WALDO GONZALEZ** paid cash kickbacks to the patient recruiters and the beneficiaries.

6. **JORGE LUIS REYES** and **WALDO GONZALEZ** directed the Medicare beneficiaries serving as patients at W & J to enroll in Part C plans that **REYES** and **GONZALEZ** believed would pay W & J's claims. If a plan did not pay those claims or stopped paying those claims, **REYES** and **GONZALEZ** directed the beneficiaries enrolled in that plan to switch to a new plan.

7. Beginning on or about November 16, 2005, and continuing through on or about January 6, 2009, **JORGE LUIS REYES**, **WALDO GONZALEZ**, and their conspirators submitted and caused the submission of false and fraudulent Medicare claims on behalf of W & J, seeking approximately the identified amounts in reimbursement for medical treatments and services which were medically unnecessary and were not provided to the beneficiaries as claimed. Based on these false and fraudulent claims, Medicare and the identified Part C Medicare plan sponsors paid W & J approximately the identified amounts.

Medicare Part	Plan Sponsor	Approximate Amount Billed	Approximate Amount Paid
Part B	N/A	\$1,557,600	\$233,601
Part C	United	\$5,671,632	\$1,107,575
Part C	Humana	\$1,997,620	\$0
Part C	Sterling	\$3,838,871	\$1,001,669
Part C	Universal	\$63,437	\$47,778
Part C	Pyramid	\$1,920,988	\$331,795
Part C	Coventry	\$151,010	\$22,759
Total:		\$15,201,162	\$2,745,180

8. **JORGE LUIS REYES, WALDO GONZALEZ**, and their conspirators obtained control of the funds paid to W & J by Medicare and the identified Part C Medicare plan sponsors and diverted these monies for their personal use and benefit, as well as that of others.

In violation of Title 18, United States Code, Section 1349.

**COUNTS 2-15**  
**Health Care Fraud**  
**(18 U.S.C. § 1347)**

1. The General Allegations of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. Beginning in or around November 2005 and continuing through in or around January 2009, in St. Lucie and Miami-Dade Counties, in the Southern District of Florida, and elsewhere, the defendants,

**JORGE LUIS REYES and**  
**WALDO GONZALEZ,**

in connection with the delivery of and payment for health care benefits, items, and services, did knowingly and willfully execute, and attempt to execute, a scheme and artifice to defraud health

care benefit programs affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, Medicare, Coventry, Humana, Pyramid, Sterling, United, and Universal, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of said health care benefit programs.

#### **Purpose of the Scheme and Artifice**

3. It was the purpose of the conspiracy for the defendants and their accomplices to unlawfully enrich themselves by, among other things, (a) submitting or causing the submission of false and fraudulent claims to Medicare, Coventry, Humana, Pyramid, Sterling, United, and Universal; (b) concealing the submission of the false and fraudulent claims; and (c) diverting fraud proceeds for the personal use and benefit of the defendants, their accomplices, and others.

#### **Manner and Means Used to Accomplish the Scheme and Artifice**

4. The Manner and Means section of Count 1 of this Indictment is realleged and incorporated by reference as though fully set forth herein to describe the manner and means of the scheme and artifice.

#### **Acts in Execution or Attempted Execution of the Scheme and Artifice**

5. On or about the dates indicated, in the Southern District of Florida, and elsewhere, **JORGE LUIS REYES** and **WALDO GONZALEZ**, in connection with the delivery of and payment for health care benefits, items, and services, did knowingly and willfully execute, and attempt to execute, the above-described scheme and artifice to defraud health care benefit programs affecting commerce and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody

and control of the above named health care benefit programs, in that they submitted and caused the submission of the Part C Medicare claims described below on behalf of W & J:

Count	Plan Sponsor	Claim No.	Date	Beneficiary	Procedure Code and Description	Approx. Amount Claimed
2	United	63318697	3/13/2008	V.N.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,825
3	United	63318689	3/13/2008	P.O.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,825
4	United	63353515	3/18/2008	C.R.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,825
5	United	63370806	4/14/2008	L.N.	J2353; OCTREOTIDE INJECTION, DEPOT	\$8,136
6	United	63639092	4/16/2008	B.Y.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,825
7	United	63779007	4/30/2008	I.L.	J1568; INJ IG OCTOGAM IV NONLYO 500MG	\$9,000
8	Sterling	8227801482	8/14/2008	P.O.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
9	Sterling	8261809742	9/17/2008	H.H.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
10	Sterling	8261810300	9/17/2008	C.R.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
11	Sterling	8261808778	9/17/2008	B.Y.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
12	Sterling	8262801281	9/18/2008	H.H.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,000
13	Sterling	8262802091	9/18/2008	L.N.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,000
14	Sterling	8269809934	9/19/2008	I.L.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240

Count	Plan Sponsor	Claim No.	Date	Beneficiary	Procedure Code and Description	Approx. Amount Claimed
15	Sterling	8269809325	9/25/2008	V.N.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240

In violation of Title 18, United States Code, Sections 1347 and 2.

**COUNT 16**  
**Conspiracy to Pay Health Care Kickbacks**  
**(18 U.S.C. § 371)**

1. The General Allegations of this Indictment are realleged and incorporated by reference as though fully set forth herein.

2. Beginning in or around November 2005 and continuing through in or around January 2009, in St. Lucie and Miami-Dade Counties, in the Southern District of Florida, and elsewhere, the defendants,

**JORGE LUIS REYES and**  
**WALDO GONZALEZ,**

did knowingly and willfully combine, conspire, confederate and agree with each other and others known and unknown to the Grand Jury to commit certain offenses against the United States, that is:

a. to violate Title 42, United States Code, Section 1320a-7b(b)(2)(A) by knowingly and willfully offering and paying remuneration, including a kickback and bribe, directly and indirectly, overtly and covertly, in cash, to a person to induce such person to refer an individual to a person for the furnishing and arranging for the furnishing of an item and service for which payment may be made in whole and in part by Federal health care programs, that is, Medicare, Coventry, Humana, Pyramid, Sterling, United, and Universal;

b. to violate Title 42, United States Code, Section 1320a-7b(b)(2)(B) by knowingly and willfully offering and paying remuneration, including a kickback and bribe, directly and indirectly, overtly and covertly, in cash, to a person to induce such person to purchase, order, and arrange for the purchasing and ordering of any good, item, and service for which payment may be made in whole and in part by Federal health care programs, that is, Medicare, Coventry, Humana, Pyramid, Sterling, United, and Universal.

### **Purpose of the Conspiracy**

3. It was the purpose of the conspiracy for the defendants and their conspirators to unlawfully enrich themselves by paying kickbacks and bribes to ensure that Medicare beneficiaries would serve as patients at W & J and by obtaining reimbursement from Medicare, Coventry, Humana, Pyramid, Sterling, United, and Universal for medical treatments and services that the conspirators purported to provide to those beneficiaries.

### **Manner and Means of the Conspiracy**

The manner and means by which the defendants and their conspirators sought to accomplish the objects and purpose of the conspiracy included, among others, the following:

4. Paragraphs 4 through 6 of Count 1 of this Indictment are realleged and incorporated by reference as if fully set forth herein.

6. Beginning on or about November 16, 2005, and continuing through on or about January 6, 2009, **JORGE LUIS REYES, WALDO GONZALEZ**, and their conspirators submitted and caused the submission of Medicare claims on behalf of W & J, seeking approximately the amounts identified in paragraph 7 of Count 1 of this Indictment in reimbursement for medical treatments and services. Based on these claims, Medicare and the

Part C Medicare plan sponsors identified in paragraph 7 of Count 1 of this Indictment paid W & J approximately the amounts identified in paragraph 7 of Count 1 of this Indictment.

5. Paragraph 8 of Count 1 of this Indictment is realleged and incorporated by reference as if fully set forth herein.

#### **Overt Acts**

In furtherance of the conspiracy, and to accomplish its objects and purpose, the conspirators committed and caused to be committed, in the Southern District of Florida, the following overt acts, among others:

6. On or about September 4, 2008, **WALDO GONZALEZ** paid cash to patient recruiter I.L. to induce I.L. to refer Medicare beneficiaries to act as purported patients at W & J and to induce the Medicare beneficiaries to act as purported patients at W & J.

7. On or about November 13, 2008, **WALDO GONZALEZ**, to induce Medicare beneficiary J.J. to act as a purported patient at W & J, stated that he would give a cash gift to J.J.

8. On or about November 13, 2008, **WALDO GONZALEZ**, to induce Medicare beneficiary L.N. to act as a purported patient at W & J, stated that he would give a cash gift to L.N.

9. On or about December 18, 2008, **JORGE LUIS REYES** and **WALDO GONZALEZ** paid cash to patient recruiter I.L. to induce I.L. to refer Medicare beneficiaries to act as purported patients at W & J and to induce the Medicare beneficiaries to act as purported patients at W & J.

On or about the dates indicated, **JORGE LUIS REYES** and **WALDO GONZALEZ** submitted and caused the submission of the Part C Medicare claims described below on behalf of W & J, which claims were the products of cash payments previously made to the identified

beneficiaries:

Overt Act	Plan Sponsor	Claim No.	Date	Beneficiary	Procedure Code and Description	Approx. Amount Claimed
10	United	63318697	3/13/2008	V.N.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,825
11	United	63318689	3/13/2008	P.O.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,825
12	United	63353515	3/18/2008	C.R.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,825
13	United	63370806	4/14/2008	L.N.	J2353; OCTREOTIDE INJECTION, DEPOT	\$8,136
14	United	63639092	4/16/2008	B.Y.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,825
15	United	63779007	4/30/2008	I.L.	J1568; INJ IG OCTOGAM IV NONLYO 500MG	\$9,000
16	Sterling	8227801482	8/14/2008	P.O.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
17	Sterling	8261809742	9/17/2008	H.H.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
18	Sterling	8261810300	9/17/2008	C.R.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
19	Sterling	8261808778	9/17/2008	B.Y.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
20	Sterling	8262801281	9/18/2008	H.H.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,000
21	Sterling	8262802091	9/18/2008	L.N.	J2792; INJ RHO D IMMUNE GLOBULIN IV HUMAN	\$7,000
22	Sterling	8269809934	9/19/2008	I.L.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240
23	Sterling	8269809325	9/25/2008	V.N.	J2353; OCTREOTIDE INJECTION, DEPOT	\$6,240

All in violation of Title 18, United States Code, Section 371.

**COUNT 17**  
**Payment of Health Care Kickbacks**  
**(42 U.S.C. § 1320a-7b(b)(2)(B))**

On or about September 4, 2008, in St. Lucie County, in the Southern District of Florida, and elsewhere, the defendant,

**WALDO GONZALEZ,**

did knowingly and willfully offer and pay remuneration, that is, kickbacks and bribes, indirectly, overtly and covertly, in cash, to persons, that is, Medicare beneficiaries, to induce such persons to purchase, order, and arrange for the purchasing and ordering of goods, items, and services for which payment may be made in whole and in part under a Federal health care program, that is, Medicare Part C, in violation of Title 42, United States Code, Section 1320a-7b(b)(2)(B) and Title 18, United States Code, Section 2.

**COUNT 18**  
**Payment of Health Care Kickbacks**  
**(42 U.S.C. § 1320a-7b(b)(2)(A))**

On or about September 4, 2008, in St. Lucie County, in the Southern District of Florida, and elsewhere, the defendant,

**WALDO GONZALEZ,**

did knowingly and willfully offer and pay remuneration, that is, kickbacks and bribes, directly, overtly and covertly, in cash, to a person, that is, I.L., to induce I.L. to refer individuals, that is, Medicare beneficiaries, to persons, that is, W & J, Jorge Luis Reyes, and Waldo Gonzalez, for the furnishing and arranging for the furnishing of items and services for which payment may be made in whole and in part under a Federal health care program, that is, Medicare Part C, in violation of Title 42, United States Code, Section 1320a-7b(b)(2)(A) and Title 18, United States Code, Section 2.

**COUNT 19**  
**Payment of Health Care Kickbacks**  
**(42 U.S.C. § 1320a-7b(b)(2)(B))**

On or about November 13, 2008, in St. Lucie County, in the Southern District of Florida, and elsewhere, the defendant,

**WALDO GONZALEZ,**

did knowingly and willfully offer and pay remuneration, that is, a kickback and bribe, directly, overtly and covertly, in cash, to a person, that is, J.J., to induce such person to purchase, order, and arrange for the purchasing and ordering of goods, items, and services for which payment may be made in whole and in part under a Federal health care program, that is, Medicare Part C, in violation of Title 42, United States Code, Section 1320a-7b(b)(2)(B) and Title 18, United States Code, Section 2.

**COUNT 20**  
**Payment of Health Care Kickbacks**  
**(42 U.S.C. § 1320a-7b(b)(2)(B))**

On or about November 13, 2008, in St. Lucie County, in the Southern District of Florida, and elsewhere, the defendant,

**WALDO GONZALEZ,**

did knowingly and willfully offer and pay remuneration, that is, a kickback and bribe, directly, overtly and covertly, in cash, to a person, that is, L.N., to induce such person to purchase, order, and arrange for the purchasing and ordering of goods, items, and services for which payment may be made in whole and in part under a Federal health care program, that is, Medicare Part C, in violation of Title 42, United States Code, Section 1320a-7b(b)(2)(B) and Title 18, United States Code, Section 2.

**COUNT 21**  
**Payment of Health Care Kickbacks**  
**(42 U.S.C. § 1320a-7b(b)(2)(B))**

On or about December 18, 2008, in St. Lucie County, in the Southern District of Florida, and elsewhere, the defendants,

**JORGE LUIS REYES and**  
**WALDO GONZALEZ,**

did knowingly and willfully offer and pay remuneration, that is, kickbacks and bribes, directly and indirectly, overtly and covertly, in cash, to persons, that is, Medicare beneficiaries, to induce such persons to purchase, order, and arrange for the purchasing and ordering of goods, items, and services for which payment may be made in whole and in part under a Federal health care program, that is, Medicare Part C, in violation of Title 42, United States Code, Section 1320a-7b(b)(2)(B) and Title 18, United States Code, Section 2.

**COUNT 22**  
**Payment of Health Care Kickbacks**  
**(42 U.S.C. § 1320a-7b(b)(2)(A))**

On or about December 18, 2008, in St. Lucie County, in the Southern District of Florida, and elsewhere, the defendants,

**JORGE LUIS REYES and**  
**WALDO GONZALEZ,**

did knowingly and willfully offer and pay remuneration, that is, kickbacks and bribes, directly, overtly and covertly, in cash, to a person, that is, I.L., to induce I.L. to refer individuals, that is, Medicare beneficiaries, to persons, that is, W & J, Jorge Luis Reyes, and Waldo Gonzalez, for the furnishing and arranging for the furnishing of items and services for which payment may be made in whole and in part under a Federal health care program, that is, Medicare Part C, in violation of Title 42, United States Code, Section 1320a-7b(b)(2)(A) and Title 18, United States

Code, Section 2.

**FORFEITURE**  
**(18 U.S.C. § 982)**

1. The allegations of Counts 1 through 15 of this Indictment are realleged and incorporated by reference as though fully set forth herein for the purpose of alleging forfeiture to the United States of America of certain property in which the defendants have an interest.

2. Upon conviction of a violation of, or a conspiracy to violate, Title 18, United States Code, Section 1347, as alleged in Counts 1 through 15 of this Indictment, the defendants shall forfeit to the United States any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense, pursuant to Title 18, United States Code, Section 982(a)(7).

3. The property subject to forfeiture includes, but is not limited to, the sum of \$2,745,180 in U.S. currency, which sum represents the gross proceeds of the violations alleged in counts 1 through 15 of this Indictment.

4. If the property described above as being subject to forfeiture, as a result of any act or omission of the defendant,

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

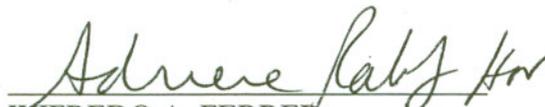
it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b) to

seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

All pursuant to Title 18, United States Code, Sections 982(a)(1), 982 (a)(7) and 982(b), and the procedures outlined in Title 21, United States Code, Section 853.

A TRUE BILL

  
\_\_\_\_\_  
FOREPERSON

  
\_\_\_\_\_  
WIFREDO A. FERRER  
UNITED STATES ATTORNEY

  
\_\_\_\_\_  
MARC OSBORNE  
ASSISTANT UNITED STATES ATTORNEY