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

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

CLEMENT ETIM AGHEDO,
aka "Clement Etinayagomwan
Aghedo,"
aka "Etin Aghedo,"

Defendant.

CR No. **CR13-0329**

I N F O R M A T I O N

[18 U.S.C. § 1349: Conspiracy
to Commit Health Care Fraud;
18 U.S.C. § 982: Criminal
Forfeiture]

The United States Attorney charges:

[18 U.S.C. § 1349]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

The Defendant

1. Defendant CLEMENT ETIM AGHEDO ("defendant AGHEDO"),
also known as "Clement Etinayagomwan Aghedo" and "Etin Aghedo,"
owned and operated a durable medical equipment ("DME") supply
company known as Ace Medical Equipment Supply Company from in or
about November 2006, which defendant AGHEDO subsequently
incorporated, owned, and operated as Ace Medical Supply, Inc.

1 (collectively "Ace") from in or about October 2008. Defendant
2 AGHEDO enrolled Ace as a provider in the Medicare Program
3 ("Medicare") and Ace had Medicare provider numbers that allowed
4 it to submit claims for reimbursement to Medicare. Defendant
5 AGHEDO was responsible for all the claims that Ace submitted to
6 Medicare.

7 2. Ace's offices were located at 248 East Highland Avenue,
8 Suite 2, San Bernardino, California, within the Central District
9 of California.

10 3. Between in or about November 2006 and in or about May
11 2012, Ace submitted to Medicare claims totaling approximately
12 \$1,853,828 and received approximately \$990,806 in reimbursement
13 payments from Medicare to which it was not entitled.

14 The Medicare Program

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

21 5. CMS contracted with private insurance companies to (a)
22 certify DME providers for participation in the Medicare program
23 and monitor their compliance with Medicare standards; (b) process
24 and pay claims; and (c) perform program safeguard functions, such
25 as identifying and reviewing suspect claims.

26 6. Medicare assigned each Medicare beneficiary a Health
27 Identification Card containing a unique identification number
28 ("HICN").

1 7. DME companies, physicians, and other health care
2 providers which provided medical services that were reimbursed by
3 Medicare were referred to as Medicare "providers."

4 8. To obtain payment from Medicare, a DME company first
5 had to apply for and obtain a provider number. By signing the
6 provider application, the DME provider agreed to abide by
7 Medicare rules and regulations, including the Anti-Kickback
8 Statute (42 U.S.C. § 1320a-7b(b)), which, among other things,
9 prohibits the payment of kickbacks or bribes for the referral of
10 Medicare beneficiaries for any item or service for which payment
11 may be made by Medicare.

12 9. If Medicare approved a provider's application, Medicare
13 assigned the provider a Medicare provider number, enabling the
14 provider (such as a DME company) to submit claims to Medicare for
15 services and supplies provided to Medicare beneficiaries.

16 10. To obtain and maintain their Medicare provider number
17 billing privileges, DME suppliers had to meet Medicare standards
18 for participation. The Medicare contractor responsible for
19 evaluating and certifying DME providers' compliance with these
20 standards was Palmetto GBA ("Palmetto").

21 11. Noridian Administrative Services ("Noridian") was the
22 Medicare contractor that processed and paid Medicare claims by
23 DME providers in Southern California.

24 12. Most Medicare providers, including Ace, submitted their
25 claims electronically pursuant to an agreement with Medicare that
26 they would submit claims that were accurate, complete, and
27 truthful.

1 13. Medicare paid DME providers only for DME and services
2 that were medically necessary to the treatment of a beneficiary's
3 illness or injury, were prescribed by a beneficiary's physician,
4 and were provided in accordance with Medicare regulations and
5 guidelines that governed whether a particular item or service
6 would be paid by Medicare.

7 14. To bill Medicare for DME or a service it provided to a
8 beneficiary, a DME provider was required to submit a claim (Form
9 1500) to Noridian or CIGNA. Medicare required claims to be
10 truthful, complete, and not misleading. In addition, when a
11 claim was submitted, the DME provider was required to certify
12 that the DME or services covered by the claim were medically
13 necessary.

14 15. Medicare required a claim for payment to set forth,
15 among other things, the beneficiary's name and HICN, the type of
16 DME provided to the beneficiary, the date the DME was provided,
17 and the name and unique physician identification number ("UPIN")
18 of the physician who prescribed or ordered the DME.

19 16. Medicare had a co-payment requirement for DME.
20 Medicare reimbursed providers 80% of the allowed amount of a DME
21 claim and the beneficiary was ordinarily obligated to pay the
22 remaining 20%.

23 B. THE OBJECT OF THE CONSPIRACY

24 17. Beginning in or about March 2007, and continuing
25 through in or about May 2012, in San Bernardino County, within
26 the Central District of California, and elsewhere, defendant
27 AGHEDO, together with marketers and others known and unknown to
28 the United States Attorney, knowingly combined, conspired, and

1 agreed to commit health care fraud, in violation of Title 18,
2 United States Code, Section 1347.

3 C. THE MANNER AND MEANS OF THE CONSPIRACY

4 18. The object of the conspiracy was carried out, and to be
5 carried out, in substance, as follows:

6 a. Defendant AGHEDO paid marketers to recruit
7 Medicare beneficiaries for expensive, highly-specialized power
8 wheelchairs and other DME for which the beneficiaries did not
9 have a legitimate medical need. The marketers promised the
10 beneficiaries that they would receive the power wheelchairs and
11 DME for free if the beneficiaries provided the marketers with
12 their Medicare billing and personal information.

13 b. Once the marketers obtained the beneficiaries'
14 personal and Medicare information, they sold the information
15 along with fraudulent prescriptions and medical documents to
16 defendant AGHEDO, who paid the marketers illegal cash kickbacks.

17 c. Defendant AGHEDO used the beneficiary information
18 and the fraudulent prescriptions and medical documents that he
19 purchased from the marketers to submit false and fraudulent
20 claims to Medicare for power wheelchairs and other DME that was
21 not medically necessary.

22 d. In some cases, defendant AGHEDO submitted claims
23 to Medicare for power wheelchairs and other DME before he
24 actually delivered the equipment, a practice that violated
25 Medicare rules and regulations.

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1 jurisdiction of this court; has been substantially diminished in
2 value; or has been commingled with other property that cannot be
3 divided without difficulty.

4
5 ANDRÉ BIROTTE JR.
United States Attorney

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7
8 ROBERT E. DUGDALE
Assistant United States Attorney
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