

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

EX-CEO OF IMPERIAL VALLEY HOSPITAL PLEADS GUILTY TO FRAUD AND EMBEZZLEMENT

NEWS RELEASE SUMMARY – July 31, 2013

Richard Mendoza, the former Chief Executive Officer (“CEO”) of Pioneers Memorial Healthcare District (“PMHD”) in Brawley, California, pled guilty today to embezzling more than \$90,000 from the Imperial Valley Hospital.

According to court documents, Mendoza served as CEO of PMHD from October 2001, until his termination in November 2011. Mendoza’s embezzlement activity was initially discovered by the Imperial Valley hospital in the fall of 2011, during an annual audit of expenses and disbursements. The FBI subsequently initiated an investigation that uncovered the extent of Mendoza’s embezzlement activity. According to court documents, while CEO, Mendoza submitted more than 30 fraudulent reimbursement requests for trainings, seminars and conferences that he never attended. As set forth in his

plea agreement, Mendoza filled out registration forms indicating that he had paid for this training with his personal credit card, when in fact he had not. To conceal the fact that he had not actually paid for the conferences, Mendoza took advantage of his position as the hospital's top executive and directed employees in PMHD's Accounts Payable Department to reimburse his personal credit card account based only on these fraudulent registration forms (and without any additional proof of payment).

At the time he submitted each false reimbursement request, Mendoza knew that he had not registered for the medical conferences, was not planning to attend the medical conferences, and had not used his personal credit card to pay for the attendant registration costs. To the contrary, Mendoza would often be seen around the hospital on the dates he was supposedly attending these out-of-town conferences. For example, on one occasion Mendoza submitted a fraudulent reimbursement request for a medical conference in New York City, but instead attended a PMHD Board of Directors meeting in Brawley on the date of the conference. As part of his plea agreement, Mendoza agreed to pay more than \$90,000 in restitution to the hospital.

United States Attorney Laura E. Duffy praised the hard work of the agents from the Federal Bureau of Investigation and emphasized her support for financial crime prosecutions: "Mr. Mendoza violated the trust of his employer and the people he served in the community. Today's guilty plea is yet another example of our commitment to investigate and prosecute those who illegally use their position of trust to unlawfully enrich themselves."

FBI Special Agent in Charge, Daphne Hearn, commented, "Today's plea agreement is a direct result of the commitment and teamwork between the FBI and the U.S. Attorney's Office to hold those accountable who use their position of trust to unjustly line their own pockets."

Mendoza is scheduled to be sentenced on October 25, 2013, at 8:30 a.m. before U.S. District Judge John A. Houston.

DEFENDANT

Case Number: 13cr2716-JAH

Richard Mendoza

SUMMARY OF CHARGES

Mail fraud, in violation of Title 18, United States Code, Section 1341 - Maximum penalties: 20 years in prison, \$250,000 fine, term of supervised release of three years, restitution, forfeiture, and \$100 special assessment.

INVESTIGATING AGENCY

Federal Bureau of Investigation