

CLERK US DISTRICT COURT  
NORTHERN DIST. OF TX  
FILED

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

2016 DEC 15 AM 10:24

ORIGINAL

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NT

UNITED STATES OF AMERICA

v.

No.

KAREN MCMULLEN JONES (01)

**3-16 CR -550 -N**

FACTUAL RESUME

The defendant, **Karen McMullen Jones**, her attorney, Michael P. Heiskell, and the United States of America (the government) agree that the following accurately states the elements of the offense and the facts relevant to the offense to which the defendant is pleading guilty:

ELEMENTS OF THE OFFENSE

To prove the offense of Conspiracy to Commit Health Care Fraud in violation of 18 U.S.C. § 371 (18 U.S.C. § 1347) as alleged in Count One of the Information, the government must prove each of the following elements beyond a reasonable doubt:

First: That the defendant and at least one other person made an agreement to commit Health Care Fraud, in violation of 18 U.S.C. § 1347 as charged in the Information;<sup>1</sup>

Second: That the defendant knew the unlawful purpose of the agreement and joined in it willfully, that is, with the intent to further the unlawful purpose; and

<sup>1</sup> The elements of 18 U.S.C. § 1347 are as follows: (1) The defendant knowingly executed, or attempted to execute, a scheme or artifice to defraud a health care benefit program that affected commerce, by means of false or fraudulent pretenses, representations, or promises; (2) The false or fraudulent pretenses, representations, or promises related to a material fact; (3) The defendant acted willfully and intended to defraud; and (4) The defendant did so in connection with the delivery of, or payment for, health-care benefits, items, or services.

Third: That one of the conspirators during the existence of the conspiracy knowingly committed at least one of the overt acts described in the Information in order to accomplish some object or purpose of the conspiracy.

STIPULATED FACTS

Karen McMullen Jones admits and acknowledges that from on or around February 1, 2015, through on or around September 5, 2016, in the Dallas Division of the Northern District of Texas, and elsewhere, Jones did knowingly and willfully combine, conspire, confederate, and agree with others, to violate 18 U.S.C. § 1347, that is, to devise and to execute a scheme and artifice to defraud a health care benefit program affecting commerce, as defined in 18 U.S.C. § 24(b), that is, the Texas Medicaid Program (Medicaid), 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, Medicaid, in connection with the delivery of, and payment for, health care benefits, items, and services—namely out-patient psychotherapy. Jones agrees that Medicaid is a “health care benefit program” as defined by 18 U.S.C. § 24(b), that affected commerce, and as that term is used in 18 U.S.C. § 1347.

Jones admits and acknowledges that she is the president and executive director of Janus Children Services, Inc. (Janus), an entity through which Jones and her coconspirators committed the fraud. Jones further admits that she and her coconspirators controlled and operated Therapeutic Outreach Services (Therapeutic), another entity through which Jones and her coconspirators committed the fraud.

Jones further agrees and admits that in February 2015, A.N. approached Jones with a business idea to help A.N. obtain money for legal fees. A.N. had been recently indicted for healthcare fraud in the Northern District of Texas. A.N. approached Jones because Jones had a clean record, and because she owned a personal aid service company that was already an approved provider in the Medicaid program. Jones agreed to help A.N. by being listed as the administrator of Janus, opening a bank account in Tyler, Texas for Janus, and leasing office space for Janus in Tyler, Texas.

A.N. directed Jones to open the bank account and to lease office space in Tyler to "get out of the Northern District of Texas." Other than using the office's address for various Medicaid applications and submissions, Jones and her coconspirators never occupied or used the office space in Tyler.

Jones admits and acknowledges that she and her coconspirators, including A.N., obtained a Medicaid group number for Janus and used that number, together with individual Medicaid provider numbers of licensed counselors and Medicaid beneficiaries, to submit false and fraudulent claims to Medicaid for psychotherapy that was not provided.

Jones further admits and acknowledges that she and her coconspirators used the individual Medicaid provider numbers of four licensed counselors, I.R., D.P., B.R., and T.Y., to submit false claims. Jones and her coconspirators obtained these provider numbers by soliciting applications for job opportunities.

Jones admits and acknowledges that she and her coconspirators used the names, dates of birth, social security numbers, and patient control numbers of more than 156

Medicaid clients—mostly minor children—to submit false claims. A.N. electronically submitted some false claims from her laptop in a conference room in Jones' office in Dallas, Texas. Jones admits and acknowledges that neither Janus nor Therapeutic had any legitimate business, and all of the claims submitted under their group numbers were false and fraudulent.

A.N. and Jones met at various restaurants in the Northern District of Texas to discuss Janus. After Medicaid reimbursed/paid Janus for the false claims, Jones and A.N. paid rent for the office in Tyler, taxes, and some of the business expenses. Jones and A.N. then split the remainder of the money. To obtain her half of the proceeds, A.N. instructed Jones to make cash withdrawals from the Janus account, always in amounts less than \$9,500, and to meet A.N. at a restaurant with the cash in a gift bag. A.N. instructed Jones to put the gift bag on a chair in between them while they ate. When they finished their meal, A.N. would take the gift bag containing the cash with her. This happened approximately every month from April 2015 to February 2016.

Following A.N.'s incarceration in April 2016, Jones agreed to help A.N. submit additional false and fraudulent claims to Medicaid, this time through Therapeutic. A.N. instructed Jones to open a virtual office for Therapeutic in Waco, Texas. Jones helped A.N. set up a bank account for Therapeutic in Waco, and drove to Waco weekly to pick up checks containing the proceeds of the fraudulent Medicaid claims. Other than using the office's address for various Medicaid applications and submissions, Jones and her coconspirators never occupied or used the office space in Waco.

Jones personally submitted false claims using counselor and client information she obtained from A.N. while A.N. was incarcerated. From May 2016 to September 2016, Jones periodically visited A.N. at the federal prison where she was incarcerated. During one of those visits, A.N. went to the bathroom to retrieve a folded-up piece of paper that she had concealed in her shoe. The paper contained the Medicaid numbers of eight clients, including S.L., and the Medicaid provider numbers of counselors I.R. and D.P. Jones received additional information to facilitate the false billing from A.N. through prison phone calls, mail, and email.

A.N. also instructed Jones to set up A.N.'s husband's company, as a vendor for Therapeutic, to facilitate transferring money from Therapeutic's bank account to A.N.'s family.

Jones further agrees and acknowledges that in furtherance of the conspiracy and to bring about its purpose, the following overt acts, among others, were committed in the Northern District of Texas and elsewhere, by at least one coconspirator:

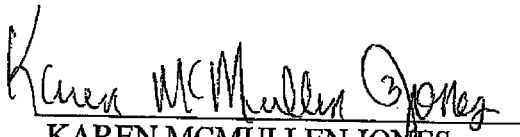
- (a) On June 6, 2015, Jones and her coconspirators used the identifications of Medicaid client J.G. and licensed counselor B.R., without lawful authority, to submit a claim to Medicaid through Janus' group number for family psychotherapy services that were not provided;
- (b) On August 5, 2015, Jones and her coconspirators used the identifications of Medicaid client S.D. and licensed counselor B.R., without lawful authority, to submit a claim to Medicaid through Janus' group number for family psychotherapy services that were not provided;
- (c) On February 5, 2016, Jones and her coconspirators used the identifications of Medicaid client Y.L. and licensed counselor T.Y., without lawful authority, to submit a claim to Medicaid through Janus' group number for family psychotherapy services that were not provided;

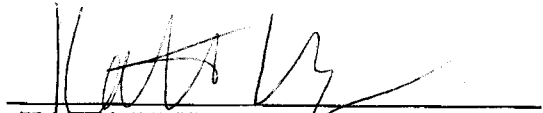
- (d) On February 19, 2016, Jones and her coconspirators used the identifications of Medicaid client T.U. and licensed counselor T.Y., without lawful authority, to submit a claim to Medicaid through Janus' group number for family psychotherapy services that were not provided;
- (e) On April 7, 2016, Jones and her coconspirators used the identifications of Medicaid client S.L. and licensed counselor D.P., without lawful authority, to submit a claim to Medicaid through Therapeutic's group number for family psychotherapy services that were not provided; and
- (f) On August 18, 2016, Jones and her coconspirators used the identifications of Medicaid client B.P. and licensed counselor I.R., without lawful authority, to submit a claim to Medicaid through Therapeutic's group number for family psychotherapy services that were not provided.

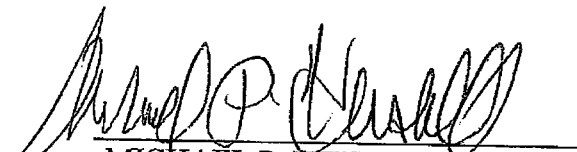
Jones agrees that she committed all of the essential elements of the offense. This factual resume is not intended to be a complete accounting of all the facts and events related to the offense charged in this case. The limited purpose of this statement of facts is to demonstrate that a factual basis exists to support Jones's guilty plea to Count One as set forth in the Information.

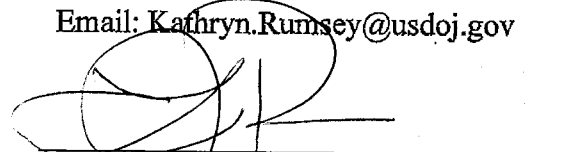
All in violation of 18 U.S.C. § 371 (18 U.S.C. § 1347).

AGREED AND STIPULATED on this 2nd day of December, 2016.

  
KAREN MCMULLEN JONES  
Defendant

  
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