

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.)
)
 (1) THURLEE BELFREY, and)
)
 (2) ROYLEE BELFREY,)
)
 Defendants.)

INDICTMENT

(18 U.S.C. § 286)
(18 U.S.C. § 1347)

The United States Grand Jury charges that:

Factual Background

1. During the course of the conspiracy and scheme alleged in this Indictment, THURLEE BELFREY and ROYLEE BELFREY (“the defendants”) owned, managed, and participated in the operations of multiple businesses in the State of Minnesota, including ROYAL HEALTH CARE (“ROYAL”), MODEL HEALTH CARE (“MODEL”), and INTEGRATED HEALTH CARE SERVICES (“INTEGRATED”), among others.

2. ROYAL, MODEL, INTEGRATED, and other businesses managed by the defendants operated to provide healthcare services, including nursing and home care. A significant portion of the revenues to the businesses came from the health care benefits program commonly known as Medicaid.

3. The Medicaid program (“Medicaid”) provides medical care and services to persons who meet certain income and other eligibility criteria. Medicaid is partially funded by the United States Department of Health and Human Services (DHHS). In the

State of Minnesota, Medicaid is administered by the Minnesota Department of Human Services (DHS), which contracts with, or enrolls, health care providers to provide goods and services to Medicaid recipients, including Personal Care Attendant (PCA) services. Health care providers who contract with DHS submit Medicaid claims directly to DHS to receive reimbursement from Medicaid funds for their services.

4. Under the laws and rules governing the Medicaid program, a person who has been previously convicted of a health care offense, as that term is defined in the laws and regulations, may be barred from participating in any capacity or profiting from the providing of healthcare services compensated by Medicaid, Medicare and all Federal health care programs.

5. On or about October 5, 2001, investigators from the Medicaid Fraud Unit of the State of Minnesota executed a search warrant at ROYAL, which was owned and operated by the defendants, and interviewed both defendants in connection with an investigation into Medicaid fraud.

6. On or about June 10, 2003, THURLEE BELFREY pleaded guilty and was convicted of theft by false representation of over \$35,000.00 relating to ROYAL's participation in the Medicaid program.

7. On or about February 20, 2004, DHS notified THURLEE BELFREY that based on his conviction, DHS had suspended him and all entities owned or operated by him from participation in the Minnesota Health Care Program for a period of 20 years.

8. On or about September 30, 2004, DHHS notified THURLEE BELFREY that effective October 20, 2004 he was excluded from participating in the Medicare,

Medicaid and all Federal health care programs for a minimum of 10 years due to his conviction.

9. In or about 2002, after the search by the State of Minnesota and before THURLEE BELFREY pleaded guilty, the defendants arranged the incorporation of MODEL. The defendants recruited a relative to be named as the owner of MODEL, in order to conceal THURLEE BELFREY's role with the new company.

10. From in or about 2002 until at least March 20, 2014, the defendants engaged in a conspiracy and scheme and artifice to defraud the Medicaid program and the United States and State of Minnesota by causing THURLEE BELFREY to operate, manage, and receive profits from MODEL and other health care businesses, in violation of his exclusion by DHS and DHHS. The businesses in which THURLEE BELFREY illegally participated received millions of dollars from Medicaid during the course of the conspiracy and scheme.

COUNT 1

(Conspiracy to Defraud the United States)

11. Paragraphs 1-10 are realleged as if fully set forth herein.

12. Between on or about sometime in 2002 or 2003 and lasting until at least on or about March 20, 2014, in the State and District of Minnesota, the defendants,

**THURLEE BELFREY and
ROYLEE BELFREY,**

did knowingly agree, combine, and conspire with each other to defraud the United States, by obtaining the payment and allowance of false, fictitious, and fraudulent claims, on behalf of the themselves and others, by submitting claims and accepting payment for the

provision of health care services funded by the federal Medicare and Medicaid programs administered by the United States Department of Health and Human Services.

Purpose of the Conspiracy

13. The purpose of the conspiracy was to obtain money, in the form of reimbursement for health care services, from the Medicaid program funded by and administrated through the United States Department of Health and Human Services and the State of Minnesota Department of Human Services.

Manner and Means of the Conspiracy

14. It was part of the conspiracy that the defendants and others operated MODEL, INTEGRATED, and other businesses to provide health care services for reimbursement by Medicaid.

15. It was part of the conspiracy that the defendants agreed and cooperated to allow THURLEE BELFREY to participate in the management of MODEL, INTEGRATED, and other businesses receiving funds from Medicaid and directly and indirectly receive payment of proceeds from the businesses.

16. It was further part of the conspiracy that the defendants agreed and cooperated to conceal the role of THURLEE BELFREY, including but not limited to arranging for ownership of MODEL to be held in the name of a family member.

17. The conspiracy involved the submission of thousands of fraudulent claims during the course of the scheme resulting in millions of dollars in illegal proceeds.

18. All in violation of Title 18, United States Code, Section 286.

COUNT 2
(Health Care Fraud)

19. Paragraphs 1-10 are realleged as if fully set forth herein.

20. Between on or about sometime in 2002 or 2003 and lasting until at least on or about March 20, 2014, in the State and District of Minnesota, the defendants,

**THURLEE BELFREY and
ROYLEE BELFREY,**

knowingly and willfully executed and attempted to execute the above-described scheme and artifice to defraud and 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, a health care benefit program as defined in Title 18, United States Code, Section 24(b), in connection with the delivery of and payment for health care benefits, items, and services, in violation of Title 18, United States Code, Section 1347.

FORFEITURE ALLEGATIONS

21. Counts 1 and 2 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(7).

22. Upon conviction of the offenses alleged in Counts 1 or 2 of this Indictment, the defendants,

**THURLEE BELFREY and
ROYLEE BELFREY,**

shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(7), all property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offenses.

23. If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON