

USA @ Abner Diaz

STATEMENT OF FACTS

07-20398
CA-UJ

The United States and the defendant agree as follows:

Durable medical equipment ("DME") is equipment that may be used in the home on a repeated basis for a medical purpose. Where such equipment is prescribed or ordered by a physician, a DME supplier with a valid Medicare provider number who supplies the equipment to a Medicare beneficiary may be eligible for reimbursement by Medicare.

During the period beginning in or around August 1998, and continuing through in or around August 2004, the defendant and co-defendant Mabel Diaz owned and operated All-Med Billing Corp. ("All-Med"), a medical billing company located in Miami-Dade County. Among other things, All-Med submitted claims to Medicare on behalf of companies that purportedly supplied DME to Medicare beneficiaries. In particular, during the time periods listed, All-Med submitted Medicare claims in the total amounts listed for DME purportedly provided to Medicare beneficiaries by the listed DME suppliers. As required by Medicare, the claims submitted by All-Med stated the date on which the equipment had allegedly been provided, the type of equipment allegedly provided, the identity of the Medicare beneficiary to whom the equipment had allegedly been provided, and the identity of the physician who had allegedly prescribed the equipment or ordered it in writing. Based on these claims, Medicare paid the DME suppliers approximately the amounts listed. In fact, the equipment had not been provided to the Medicare beneficiaries as stated in the claims, nor had the physicians ordered or prescribed it as stated in the claims.

| | Company | Billing Started | Billing Ended | Amount Billed | Amount Paid |
|----------------|------------------|-----------------|---------------|---------------|-------------|
| A Touch Supply | Of Class Medical | 02/11/00 | 07/03/01 | 1,182,535.72 | 550,787.90 |

| | Company | Billing Started | Billing Ended | Amount Billed | Amount Paid |
|--|---------|-----------------|---------------|---------------|--------------|
| Complete Care Medical Equipment and Pharmacy | | 07/28/99 | 12/22/00 | 3,828,693.64 | 1,802,182.22 |
| Dependable Equipment Services | | 12/27/99 | 01/17/01 | 2,133,872.48 | 1,078,366.81 |
| Florida Respiratory Medical Equipment | | 07/17/00 | 03/01/01 | 538,165.85 | 222,018.00 |
| Foxy Care of Florida | | 08/12/98 | 12/08/99 | 1,659,839.53 | 907,767.40 |
| Hafar Medical Equipment | | 01/12/01 | 10/01/01 | 237,025.60 | 124,455.94 |
| Joseph Medical Equipment | | 10/04/00 | 10/26/01 | 47,110.00 | 19,249.66 |
| L and E Medical Equipment | | 01/12/00 | 01/18/02 | 2,120,793.80 | 1,009,374.19 |
| Landing Equipment Supply & Pharmacy | | 08/23/99 | 01/07/00 | 177,254.44 | 83,184.68 |
| O & O Medical Enterprise | | 11/30/99 | 01/17/01 | 1,415,760.36 | 699,133.38 |
| Orthotics & Prosthetics | | 01/30/01 | 06/27/01 | 198,772.20 | 100,048.82 |
| Ramos Equipment Services | | 07/07/00 | 09/17/01 | 908,346.60 | 358,261.68 |
| Sandstar Services | | 03/29/00 | 08/27/01 | 2,317,788.50 | 1,146,436.50 |
| CPM DME | | 11/03/00 | 03/06/01 | 485,872.00 | 191,329.95 |
| Great D.M.E. | | 10/03/01 | 08/23/02 | 4,933,890.00 | 1,687,757.39 |
| J & L Medical Equipment | | 04/19/02 | 10/25/02 | 4,954,350.00 | 1,796,473.83 |
| J.A.B. Medical Supplies | | 10/02/01 | 08/28/02 | 5,651,610.00 | 2,288,259.11 |
| Just Medical Equipment & Services | | 03/07/01 | 08/23/02 | 7,724,359.00 | 2,930,581.17 |
| M.C.M. Medical Equipment & Sales | | 11/16/01 | 10/16/02 | 6,004,620.00 | 1,828,433.39 |
| Miami Respiratory Care | | 11/05/01 | 08/30/02 | 4,951,490.00 | 1,424,866.34 |
| Quality Medical Rentals | | 10/10/01 | 10/25/02 | 6,894,125.00 | 2,403,288.52 |
| Southeast Respiratory Care | | 08/16/01 | 10/24/02 | 6,676,640.00 | 2,213,882.34 |
| J & J Home Medical Services | | 10/15/02 | 06/15/03 | 1,048,580.00 | 341,418.74 |
| All Star Medical Equipment and Supplies | | 08/12/04 | 08/12/04 | 922,540.00 | 77,160.36 |
| AM Medical Supplies & Equipment | | 02/04/04 | 03/03/04 | 3,625,647.00 | 1,983,392.42 |
| Alquizar Orthopedics | | 04/07/04 | 08/16/04 | 8,232,830.40 | 2,461,216.84 |
| Body Source Fitness Center dba Vero Medical | | 02/13/04 | 08/10/04 | 4,662,796.90 | 2,217,724.62 |
| Caremed Medical Supply | | 02/17/04 | 03/15/04 | 2,396,209.90 | 1,222,157.07 |
| Chaca Medical Services | | 03/17/04 | 06/03/04 | 9,536,027.10 | 3,209,750.35 |
| City Orthopedic Supplies | | 03/04/04 | 06/24/04 | 9,544,403.40 | 2,985,872.28 |
| Daky Medical Supply | | 04/23/03 | 03/01/04 | 6,151,090.20 | 1,851,881.02 |
| Delgado Medical Supply | | 04/16/04 | 08/17/04 | 11,535,748.20 | 3,693,754.75 |

| Company | Billing Started | Billing Ended | Amount Billed | Amount Paid |
|--|-----------------|---------------|---------------|--------------|
| G. K. Medical Supplies | 02/12/04 | 03/16/04 | 1,929,530.00 | 967,977.11 |
| Golden Years | 04/20/04 | 07/13/04 | 3,963,270.00 | 1,169,289.69 |
| J & B Medical Equipment | 06/14/04 | 06/25/04 | 1,381,601.20 | 428,088.45 |
| Kemp Medical Equipment | 03/12/04 | 06/07/04 | 7,350,852.20 | 2,020,071.22 |
| M & V Medical Equipment | 03/12/04 | 06/23/04 | 8,932,194.90 | 2,607,991.78 |
| Morales Medical Equipment | 04/19/04 | 08/03/04 | 5,407,522.40 | 1,835,906.11 |
| Perera Medical Services | 01/30/04 | 02/16/04 | 2,054,525.00 | 991,598.68 |
| Reny Medical Equipment & Supply | 03/08/04 | 05/03/04 | 6,939,707.10 | 2,793,431.11 |
| Solutions Medical Equipment | 04/14/04 | 07/21/04 | 5,137,739.70 | 2,003,722.27 |
| Sunshine Care Medical Supply | 07/12/04 | 08/13/04 | 2,672,878.00 | 966,901.11 |
| Suplident International | 07/07/04 | 08/12/04 | 5,330,405.40 | 1,137,169.20 |
| V & V Medical Supplies | 03/11/04 | 07/19/04 | 8,123,219.10 | 3,376,372.36 |
| A-1 Durable Medical Equipment and Supplies | 04/29/04 | 05/28/04 | 4,833,127.30 | 2,170,144.29 |
| Cots Medical Services | 02/25/04 | 05/04/04 | 5,317,160.00 | 2,052,704.19 |
| JC Medequip & Supplies | 02/25/04 | 05/07/04 | 5,064,345.10 | 1,512,048.90 |
| King Medical Services & Supplies | 05/17/04 | 06/28/04 | 3,757,650.00 | 2,280,686.30 |
| Lake Front Medical Equipment | 05/25/04 | 08/17/04 | 7,773,302.70 | 2,850,617.79 |
| Lily Orthopedic | 12/08/03 | 08/17/04 | 14,555,867.50 | 4,484,796.65 |
| Medical Equipment In Your Hand | 03/16/04 | 08/04/04 | 24,127,213.00 | 7,103,464.73 |
| Medical Services Plus | 01/22/04 | 08/17/04 | 14,470,331.40 | 6,482,224.87 |
| OTI Medical Equipment | 03/19/04 | 08/11/04 | 5,545,346.00 | 1,976,564.24 |
| Premier Medical Service | 04/04/02 | 02/23/04 | 5,460,985.00 | 1,676,821.05 |
| R.A.M.E. Medical Services | 05/06/04 | 06/28/04 | 5,254,033.50 | 1,340,846.81 |
| R.G. Medical Repair & Sales | 04/23/04 | 08/16/04 | 10,346,261.50 | 3,924,995.96 |
| Simply Medical Services | 07/11/03 | 08/16/04 | 4,456,830.00 | 1,531,244.16 |
| Sunset Medical | 02/23/04 | 04/13/04 | 6,235,335.00 | 2,179,273.93 |
| A & Y Medical Equipment | 04/09/04 | 07/21/04 | 7,262,803.52 | 1,994,479.15 |
| Acme Medical Services | 03/15/04 | 08/04/04 | 4,075,960.00 | 1,351,108.15 |
| All State Orthopedic Medical Equipment | 02/27/04 | 05/10/04 | 5,502,025.00 | 2,033,743.76 |
| America Medical Services & Supplies | 03/03/04 | 08/17/04 | 13,554,089.00 | 3,324,635.05 |
| Angel Medical Equipment | 04/30/04 | 07/28/04 | 4,785,300.00 | 2,235,416.81 |
| Best Medical Rentals | 04/26/04 | 05/24/04 | 5,409,358.80 | 2,382,844.55 |
| C.G.T. Associates Group | 05/14/04 | 08/18/04 | 1,351,170.00 | 776,635.43 |

| Company | Billing Started | Billing Ended | Amount Billed | Amount Paid |
|---------------------------------------|-----------------|---------------|----------------|----------------|
| Coral Pharmacy Discount Corporation | 04/30/04 | 06/09/04 | 5,867,977.50 | 2,846,761.94 |
| G.D. Medical Equipment | 04/09/04 | 06/09/04 | 4,457,070.00 | 1,666,912.52 |
| G.B.G. Medical Services | 06/14/04 | 07/21/04 | 4,450,547.90 | 1,280,942.53 |
| IH Medical Services | 04/16/04 | 05/11/04 | 2,200,370.00 | 1,082,019.15 |
| Imperial Orthotics Medical Center | 05/27/04 | 06/28/04 | 3,976,580.60 | 1,309,152.32 |
| John Medical Rental | 04/08/04 | 04/16/04 | 880,510.00 | 419,592.29 |
| Leo's Medical Services | 09/04/03 | 08/12/04 | 2,289,757.70 | 435,059.24 |
| New York Century Supplies | 03/01/04 | 03/22/04 | 2,166,325.00 | 470,857.26 |
| O & D Medical Equipment | 06/13/03 | 10/16/03 | 225,909.20 | 87,515.51 |
| Rafe Medical Services | 05/11/04 | 07/19/04 | 7,599,860.20 | 2,612,015.76 |
| Randy Medical Equipment | 07/10/03 | 12/19/03 | 183,590.00 | 61,914.07 |
| Right Away Medical Equipments | 04/01/04 | 08/17/04 | 12,195,505.80 | 3,939,427.58 |
| R.M.J. Medical Services | 02/26/04 | 08/13/04 | 2,087,298.00 | 694,764.19 |
| Sunshine Medical Equipment & Supplies | 06/02/04 | 08/02/04 | 3,775,385.80 | 994,186.26 |
| Trust Air Medical Equipment | 04/01/04 | 04/30/04 | 3,882,002.50 | 1,845,074.66 |
| United Medical Health Care | 06/15/04 | 08/05/04 | 4,765,540.00 | 768,127.01 |
| USA Rental Supply | 05/18/04 | 05/26/04 | 667,430.00 | 272,880.00 |
| Varied Medical Equipments | 10/16/03 | 06/09/04 | 5,440,647.40 | 2,422,583.10 |
| Vital Medical Equipment | 03/25/04 | 06/28/04 | 3,950,195.00 | 1,541,837.22 |
| XXX Medical Services | 02/25/04 | 04/30/04 | 7,812,463.00 | 2,961,013.85 |
| Totals: | | | 419,935,692.74 | 148,586,919.99 |

In order to create these fraudulent claims, the owners of the DME suppliers purchased the names and Medicare numbers of Medicare beneficiaries and physicians, forged prescriptions and other documentation to support claims for equipment that had not been provided, and submitted the forged documentation to All-Med, which in turn submitted the claims to Medicare. To create the appearance that the DME suppliers had equipment on hand to provide to Medicare beneficiaries, the owners of the DME suppliers sometimes purchased invoices from DME wholesale suppliers, for less than the wholesale cost of actual equipment. In most cases, the DME suppliers were not owned or controlled in fact by the individuals specified in the corporate records

filed with the Florida Department of State, Division of Corporations or papers filed with Medicare. Instead, the owners in fact, or true owners, of these corporations used nominee, or straw, owners' names on all such documents, in order to insulate the true owners from potential liability. In order to avoid drawing suspicion from Medicare, and to increase their profits, individual true owners generally controlled numerous DME suppliers, each through a different nominee owner, and avoided submitting excessive claims through any one DME supplier. To obtain these DME suppliers, the true owners generally purchased existing DME suppliers with active Medicare numbers. The true owners sought to purchase only DME suppliers that had not previously been used to submit substantial claims to Medicare. In many cases, Medicare paid the DME suppliers by directly depositing money in the DME suppliers' corporate bank accounts. In order to further insulate themselves from liability, the true owners of the DME suppliers generally wrote checks to individuals or to "shell" corporations that did no true business with the DME suppliers. The individual payees, or the individuals who controlled the shell corporations, cashed the checks and returned the bulk of the cash to the true owners of the DME suppliers.

Mabel Diaz, the defendant, and co-defendant Suleidy Cano assisted in the creation of these fraudulent claims and knew that the DME had not been provided to the Medicare beneficiaries as stated in the claims, nor had the physicians ordered or prescribed it as stated in the claims. In particular, although the defendant's accomplices generally put their DME suppliers in the names of nominee owners, the defendant continued to deal exclusively with the true owners, the defendant's accomplices. The defendant recommended individuals who would sell patient and physician information for use in fraudulent claims; recommended DME wholesalers who would sell invoices to her accomplices for less than the cost of the equipment itself; recommended

individuals who would cash checks as discussed above; and collected All-Med's fees for submission of the fraudulent claims. The DME suppliers paid All-Med approximately 5% of their gross receipts in fees.

Among the fraudulent claims discussed in this statement of facts, on April 3, 2004, All-Med submitted a claim for \$6,840 on behalf of A-1 Durable Medical Equipment and Supplies, Inc. for DME that was not provided to the Medicare beneficiary or prescribed or ordered by a physician as claimed.


At all times relevant to the offense, Medicare was a federal health care benefit program providing benefits to beneficiaries who were over the age of sixty-five or disabled. Medicare provided benefits to beneficiaries in every state. Part B of the Medicare program covered most out-patient services, including DME. Medicare Part B was administered in Florida by a contractor located in South Carolina. All the Medicare claims discussed in this proffer were electronically transmitted from Miami-Dade County to South Carolina for reimbursement under Part B.

R. ALEXANDER ACOSTA
UNITED STATES ATTORNEY


Date: 6/20/08

By: 
MARC OSBORNE
ASSISTANT UNITED STATES ATTORNEY

Date: 6/20/08


JOSE QUINON
ATTORNEY FOR DEFENDANT

Date: 6/20/2008


ABNER DIAZ
DEFENDANT