	Case 2:24-cr-01075-MTL Document 1	Filed 06	6/24/24 Page 1 of 7			
1 2 3 4 5 6 7 8 9	GARY M. RESTAINO United States Attorney District of Arizona Matthew Williams Assistant U.S. Attorney Arizona State Bar No. 029059 Two Renaissance Square 40 N. Central Ave., Suite 1800 Phoenix, Arizona 85004 Telephone: 602-514-7500 Email: matthew.williams3@usdoj.gov GLENN S. LEON Chief Criminal Division, Fraud Section U.S. Department of Justice Shane Butland Trial Attorney		FILED LODGED Jun 24 2024 CLERK U.S. DISTRICT COURT DISTRICT OF ARIZONA			
10 11	1400 New York Avenue NW Washington, D.C. 20005 Telephone: 202-286-1177 Email: shane.butland2@usdoj.gov					
12 13	Email: shane.butland2@usdoj.gov Attorneys for Plaintiff					
14	IN THE UNITED STATES DISTRICT COURT					
15	FOR THE DISTRICT OF ARIZONA					
16 17 18 19	United States of America, Plaintiff, vs.	No. VIO:	CR-24-01075-01-PHX-MTL INFORMATION 18 U.S.C. § 1349 (Conspiracy to Commit Health Care Fraud)			
 20 21 22 23 	Carlos Ching, Defendant.		18 U.S.C. § 981(a)(1)(C); 28 U.S.C. § 2461; 18 U.S.C. § 982(a)(7) (Forfeiture Allegations)			
24	THE UNITED STATES ATTORNEY'S OFFICE CHARGES:					
25	BACKGROUND					
26 27 28	At all times relevant to this Informat	ion:				

The Medicare Program

1. The Medicare program ("Medicare") was a federal health care program providing benefits to persons who were 65 years of age or older or disabled. Medicare was administered by the Centers for Medicare and Medicaid Services ("CMS"), a federal agency under the United States Department of Health and Human Services. Individuals who received benefits under Medicare were referred to as Medicare "beneficiaries."

7 2. Medicare was a "health care benefit program," as defined by Title 18, United 8 States Code, Section 24(b), and a "Federal health care program," as defined by Title 42, 9 United States Code, Section 1320a-7b(f).

10 3. Medicare covered different types of benefits and was separated into different 11 program "parts." Medicare "Part A" covered, among others, health services provided by 12 skilled nursing facilities, hospices, and home health agencies. Medicare "Part B" covered, 13 among other things, medical items and services provided by physicians, nurse practitioners, 14 group practices, and other qualified health care providers, that were medically necessary 15 and ordered by licensed medical doctors or qualified health care providers.

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Physicians, nurse practitioners, group practices, and other health care 4. 17 providers (collectively, "providers") that provided services to beneficiaries were able to 18 apply for and obtain a "provider number." A provider that received a Medicare provider 19 number was able to file claims with Medicare to obtain reimbursement for items and 20 services provided to beneficiaries.

21 5. A Medicare claim was required to contain certain important information, 22 including: (a) the beneficiary's name; (b) a description of the health care benefit, item, or 23 service that was provided or supplied to the beneficiary; (c) the billing codes for the benefit, 24 item, or service; (d) the date upon which the benefit, item, or service was provided or supplied to the beneficiary; and (e) the name of the referring or rendering physician or other 25 26 health care provider, as well as a unique identifying number, known either as the Unique 27 Physician Identification Number ("UPIN") or National Provider Identifier ("NPI"). The 28 claim form could be submitted in hard copy or electronically via interstate wire.

- 6. When submitting claims to Medicare for reimbursement, providers were required to certify that: (1) the contents of the forms were true, correct, and complete; (2) the forms were prepared in compliance with the laws and regulations governing Medicare; and (3) the items and services that were reasonable and medically necessary.
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7. Medicare claims were required to be properly documented in accordance with Medicare rules and regulations.

8. As a requirement to enroll as a Medicare provider, Medicare required
providers to agree to abide by Medicare laws, regulations, and program instructions.
Medicare further required providers to certify that they understood that payment of a claim
by Medicare was conditioned upon the claim and the underlying transaction complying
with these laws, regulations, and program instructions, including the Federal AntiKickback Statute. Accordingly, Medicare would not pay claims procured through
kickbacks and bribes.

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The Defendant and Related Entities

15 9. Defendant CARLOS CHING was a resident of Phoenix, Arizona, in the 16 District of Arizona, and the owner of H3 Medical Clinic LLC. CARLOS CHING was a 17 nurse practitioner licensed by the State of Arizona and an enrolled Medicare provider. 18 From in or around May 2023, through in or around January 2024, CARLOS CHING 19 applied amniotic allografts distributed by Company 3 to Medicare beneficiaries as an 20 independent contractor with Company 1. From in or around January 2024, through in or 21 around March 2024, CARLOS CHING, through H3 Medical Clinic LLC, applied amniotic 22 allografts that he obtained from Company 3 to Medicare beneficiaries.

23 10. Company 1 was a limited liability company formed under the laws of
24 Arizona, with its principal place of business in Phoenix, Arizona. Company 1 was a
25 provider of products distributed by Company 3. Company 1 was also an enrolled Medicare
26 provider and submitted claims to Medicare for payment.

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11. Company 2 was a limited liability company formed under the laws of Arizona, with its principal place of business in Phoenix, Arizona. Company 2 was a 3 marketer and redistributor of amniotic allografts distributed by Company 3.

12. Company 3 was a limited liability company formed under the laws of Texas, with its principal place of business in Fort Worth, Texas. Company 3 was a wholesale distributor of various amniotic allografts.

7 13. H3 Medical Clinic LLC was a limited liability company formed under the 8 laws of Arizona, with its principal place of business in Phoenix, Arizona. H3 Medical 9 Clinic LLC was a provider of amniotic allografts distributed by Company 3. H3 Medical 10 Clinic LLC was also an enrolled Medicare provider and submitted claims to Medicare for payment.

COUNT 1 18 U.S.C. § 1349 (Health Care Fraud Conspiracy)

Paragraphs 1 through 13 of this Information are re-alleged and incorporated 14 14. by reference as though fully set forth herein. 15

Beginning in or around May 2023, and continuing through in or around 16 15. March 2024, in the District of Arizona, and elsewhere, CARLOS CHING did knowingly 17 and willfully combine, conspire, confederate, and agree with individuals associated with 18 19 Company 1, Company 2, and Company 3, and others known and unknown to the United 20 States, to execute a scheme and artifice to defraud Medicare, a health benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), and to 21 22 obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, said health 23 24 care benefit program, 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. 25

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Purpose of the Conspiracy

27 16. It was the purpose of the conspiracy for CARLOS CHING and others, known 28 and unknown to the United States, to unlawfully enrich themselves by, among other things:

(a) submitting and causing the submission of false and fraudulent claims to Medicare for items and services that were (i) medically unnecessary, (ii) not eligible for Medicare reimbursement, (iii) not provided as represented, and/or (iv) procured through kickbacks and bribes; (b) concealing the submission of false and fraudulent claims to Medicare and the receipt and transfer of the proceeds from the fraud; and (c) diverting proceeds of the fraud for the personal use and benefit of CARLOS CHING and his co-conspirators, and to further the fraud.

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Manner and Means

The manner and means by which CARLOS CHING and his co-conspirators sought to accomplish the purpose of the conspiracy included, among other things, the following:

11 17. From approximately May 2023 through approximately March 2024, 12 CARLOS CHING, as an independent contractor with Company 1 and as the owner of H3 13 Medical Clinic LLC, agreed with others to order and apply amniotic allografts that were 14 procured through illegal kickbacks and bribes, medically unnecessary, ineligible for 15 Medicare reimbursement, and/or not provided as represented.

16 From approximately June 2023 through approximately January 2024, 18. 17 Company 1 fraudulently billed Medicare approximately \$87,074,711 for amniotic 18 allografts purchased from Company 3 and applied by CARLOS CHING that were procured 19 through illegal kickbacks and bribes, medically unnecessary, ineligible for Medicare 20 reimbursement, and/or not provided as represented. Medicare paid Company 1 21 approximately \$65,417,733 based on those false and fraudulent claims. Company 1 paid CARLOS CHING approximately \$221,500 in exchange for ordering and applying the 22 23 amniotic allografts billed to Medicare.

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19. From approximately January 2024 through approximately March 2024, CARLOS CHING, through his company H3 Medical Clinic LLC, fraudulently billed 26 Medicare approximately \$5,481,788 for amniotic allografts that he procured from 27 Company 3 and applied to Medicare beneficiaries. These allografts were procured through 28 illegal kickbacks and bribes, medically unnecessary, ineligible for Medicare

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reimbursement, and/or not provided as represented. Medicare paid approximately \$4,295,667 based on those claims.

<u>FORFEITURE ALLEGATIONS</u> (18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461; 18 U.S.C. § 982(a)(7))

20. The above allegations contained in this Information are hereby incorporated
by reference as if fully set forth herein for the purpose of alleging forfeiture against the
defendant, CARLOS CHING, pursuant to Title 18, United States Code, Sections
981(a)(1)(C) and 982(a)(7); and Title 28, United States Code, Section 2461.

10 21. Pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 11 982(a)(7), together with Title 28, United States Code, Section 2461, as a result of the 12 foregoing violation as charged in Count 1 of this Information, the defendant, CARLOS 13 CHING, shall forfeit to the United States: any property, real or personal (a) which 14 constitutes or is derived from proceeds traceable to the commission of the offense, and (b) 15 that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the 16 commission of the offense.

Such property includes, but is not limited to, a forfeiture money judgment, in
an amount to be proved in this matter, representing the total amount of proceeds and/or
gross proceeds obtained as a result of the defendant's violation as charged in Count 1 of
this Information.

21 23. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by
22 Title 18, United States Code, Section 982(b), the defendant, CARLOS CHING, shall forfeit
23 substitute property, up to the value of the properties described above or identified in any
24 subsequent forfeiture bills of particular, if, by any act or omission of the defendant, the
25 property cannot be located upon the exercise of due diligence; has been transferred or sold
26 to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court;
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1	has been substantially diminished in value; o	r has been commingled with other property
2	that cannot be subdivided without difficulty.	
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4	Dated this day of June, 2024.	
5		GARY M. RESTAINO
6		United States Attorney District of Arizona
7		Digitally signed by MATTHEW WILLIAMS Date: 2024.06.21 15:16:54 -07'00'
8		Matthew Williams Assistant U.S. Attorney
9		GLENN S. LEON
10		Chief Criminal Division, Fraud Section
11		U.S. Department of Justice SHANE BUTLAND Digitally signed by SHANE BUTLAND Date: 2024.06.21 17:27:37 -04'00'
12		Shane Butland
13		Trial Attorney
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