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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2015 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

DONALD WOO LEE,
aka "Donald Lee,"
aka "Donald Woolee,"

Defendant.

No.)

CR16-0415
I N D I C T M E N T

[18 U.S.C. § 1347: Health Care Fraud; 18 U.S.C. § 2(b): Causing an Act to be Done; 18 U.S.C. §§ 981(a)(1)(C), 982(a)(7); 28 U.S.C. § 2461(c): Criminal Forfeiture]

The Grand Jury charges:

COUNTS ONE THROUGH SEVEN

[18 U.S.C. §§ 1347, 2(b)]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

1. Defendant DONALD WOO LEE, M.D., also known as ("aka") "Donald Lee," aka "Donald Woolee" ("LEE"), was a physician who owned, operated, and oversaw a medical clinic located at 27555 Ynez Road Suite 105, Temecula, California, within the Central District of California ("Temecula Clinic"). Defendant LEE also owned, operated, and oversaw a medical clinic located

1 at 10241 Country Club Drive, Suite H, Mira Loma, California,
2 within the Central District of California ("Mira Loma Clinic").

3 Prime Partners Medical Group, Inc.

4 2. On or about July 10, 2002, defendant LEE filed a
5 Certificate of Amendment with the California Secretary of State
6 in which he renamed an existing corporation, Donald Woo Lee,
7 M.D., Inc., as Prime Partners Medical Group, Inc. ("Prime
8 Partners").

9 3. On or about February 21, 2006, defendant LEE, as the
10 President of Prime Partners, opened corporate bank account
11 number ****-3161 at Pacific Western Bank ("Pacific Western
12 Account"). Defendant LEE was the sole authorized signatory on
13 this account.

14 4. On or about August 12, 2013, a Statement of
15 Information was filed with the California Secretary of State for
16 Prime Partners. This Statement of Information listed defendant
17 LEE as the Chief Executive Officer, Secretary, Chief Financial
18 Officer, and Agent for Service of Process, and identified the
19 Temecula Clinic as Prime Partners' business address.

20 5. On or about November 19, 2013, defendant LEE, as the
21 Chief Executive Officer of Prime Partners, opened corporate bank
22 account number ***-9662 at Rabobank, N.A. ("Rabobank Account
23 1"). Defendant LEE was an authorized signatory on this account.

24 6. On or about December 10, 2013, defendant LEE executed
25 and submitted an electronic funds transfer agreement ("EFT") to
26 Medicare to receive payment by electronic transfers into
27 Rabobank Account 1.

28

1 7. On or about April 30, 2014, defendant LEE executed and
2 submitted an enrollment application to Medicare adding a
3 practice location.

4 8. On or about September 29, 2014, defendant LEE executed
5 and submitted an enrollment application to Medicare adding
6 another practice location.

7 Donald Woo Lee, M.D., A Professional Corporation

8 9. On or about April 13, 2015, defendant LEE incorporated
9 "Donald Woo Lee, M.D., A Professional Corporation," with a
10 business address at the Temecula Clinic.

11 10. On or about April 16, 2015, a Statement of Information
12 was filed with the California Secretary of State for "Donald Woo
13 Lee, M.D., A Professional Corporation." This Statement of
14 Information listed defendant LEE as the Chief Executive Officer,
15 Secretary, Chief Financial Officer, and Director, and identified
16 the Temecula Clinic as the business address for "Donald Woo Lee,
17 M.D., A Professional Corporation."

18 11. On or about April 20, 2015, defendant LEE, as the
19 Chief Executive Officer of "Donald Woo Lee, M.D., A Professional
20 Corp.," opened corporate bank account number ****-2496 at
21 Rabobank, N.A. ("Rabobank Account 2"). Defendant LEE was the
22 sole authorized signatory on this account.

23 12. On or about May 14, 2015, defendant LEE executed and
24 submitted an initial enrollment application to Medicare
25 enrolling "Donald Woo Lee, M.D., A Professional Corporation" for
26 the Temecula Clinic and the Mira Loma Clinic.

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1 13. On or about May 14, 2015, defendant LEE executed and
2 submitted an EFT to Medicare, to receive payment by electronic
3 transfers into Rabobank Account 2.

4 14. In or around July 2015, after Security Bank of
5 California purchased Rabobank, Rabobank Account 2 became
6 Security Bank of California account number ****-1302 ("Security
7 Bank Account").

8 15. On or about July 31, 2015, defendant LEE executed and
9 submitted an EFT to Medicare, to receive payment by electronic
10 transfers into the Security Bank Account.

11 16. On or about September 24, 2015, defendant Lee executed
12 and submitted an Electronic Data Interchange Agreement ("EDI")
13 to Medicare.

14 Medicare Claims Submitted by defendant LEE

15 17. Between September 2012 and September 2015, defendant
16 LEE submitted and caused the submission of approximately
17 \$14,699,359 in claims to Medicare, of which approximately
18 \$12,448,300 was for vein ablation procedures and related
19 procedures. Of the amounts claimed, Medicare paid defendant LEE
20 \$5,172,808, of which \$4,576,861 was for vein ablation procedures
21 and related procedures.

22 Vein Ablation Procedures

23 18. Patients with varicose veins sometimes also had venous
24 reflux, that is, a condition in which blood in the patient's
25 veins flowed wrongly away from the heart rather than towards the
26 heart. The condition could cause the patient's blood to pool in
27 the veins of the patient's lower legs, leading to enlargement of
28 the veins, and potentially causing a variety of symptoms such as

1 leg pain, leg heaviness, and leg fatigue, among others. In
2 advanced cases, leg swelling, dermatitis, inflammation and
3 hardening of the skin, and/or discoloration of the skin could
4 occur. In the most advanced cases, skin ulceration could also
5 develop.

6 19. In such situations, a vein ablation procedure was used
7 to treat potentially significant health issues arising from the
8 condition. There were various types of vein ablation procedures,
9 including a radiofrequency vein ablation procedure and an
10 endomechanical vein ablation procedure.

11 20. The radiofrequency vein ablation procedure used a
12 generator unit attached by a long cord to a long, thin
13 disposable catheter. During this procedure, a physician
14 inserted the catheter into the patient's vein. An ultrasound
15 device guided the catheter into and through the varicose vein,
16 until the catheter reached the end of the varicose vein or the
17 varicose segment of the vein. As the catheter, guided by
18 ultrasound, was gradually pulled out of the vein, radiofrequency
19 waves were emitted to collapse the vein. When the catheter was
20 completely removed, the vein was entirely collapsed. After a
21 successful procedure, the patient's blood naturally found new
22 paths through smaller, healthier veins.

23 21. The endomechanical vein ablation procedure was a
24 minimally invasive treatment for varicose veins, combining
25 mechanical and chemical modalities. The procedure was performed
26 with a special, one-time use, percutaneous infusion catheter,
27 which contained a rotating wire that provided endovenous
28

1 mechanical destruction and simultaneously dispersed a physician
2 specified agent (sclerosant) in the targeted vein. Like the
3 radiofrequency vein ablation procedure, successful execution of
4 the endomechanical vein ablation procedure would result in the
5 blood previously at risk of pooling finding healthier veins
6 through which to flow.

7 The Medicare Program

8 22. Medicare was a federal health care benefit program,
9 affecting commerce, that provided benefits to individuals who
10 were 65 years and older or disabled. Medicare was administered
11 by the Centers for Medicare and Medicaid Services ("CMS"), a
12 federal agency under the United States Department of Health and
13 Human Services. Medicare was a "health care benefit program" as
14 defined by Title 18, United States Code, Section 24(b).

15 23. Individuals who qualified for Medicare benefits were
16 referred to as Medicare "beneficiaries." Each beneficiary was
17 given a unique health insurance claim number ("HICN").
18 Physicians and other health care providers that provided medical
19 services that were reimbursed by Medicare were referred to as
20 Medicare "providers."

21 24. To participate in Medicare, providers were required to
22 submit an application in which the provider agreed to comply
23 with all Medicare-related laws and regulations. If Medicare
24 approved a provider's application, Medicare assigned the
25 provider a Medicare "provider number," which was used for
26 processing and payment of claims.

1 25. A health care provider with a Medicare provider number
2 could submit claims to Medicare to obtain reimbursement for
3 services rendered to Medicare beneficiaries.

4 26. Medicare generally reimbursed a provider for physician
5 services that were medically necessary to the health of the
6 beneficiary and were personally furnished by the physician or
7 the physician's employee under the physician's direction.

8 27. CMS contracted with regional contractors to process
9 and pay Medicare claims. Noridian Administrative Services
10 ("Noridian") was the contractor that processed claims involving
11 Medicare Part B physician services in Southern California from
12 approximately September 2013 to the present. Prior to that,
13 from approximately 2009 to approximately August 2013, the
14 contractor for Part B physician services was Palmetto GBA.

15 28. Providers, including defendant LEE, submitted their
16 claims electronically pursuant to an agreement they executed
17 with Medicare in which the providers agreed that they: (a) were
18 responsible for all claims submitted to Medicare by themselves,
19 their employees, and their agents; (b) would submit claims only
20 on behalf of those Medicare beneficiaries who had given their
21 written authorization to do so; and (c) would submit claims that
22 were accurate, complete, and truthful.

23 29. A Medicare claim for payment was required to set
24 forth, among other things, the following: the beneficiary's name
25 and unique Medicare identification number; the type of services
26 provided to the beneficiary; the date that the services were
27 provided; and the name and National Provider Identifier ("NPI")
28 of the provider who provided the item or service.

1 30. Medicare reimbursed providers for the radiofrequency
2 and endomechanical vein ablation procedures only in certain
3 circumstances. In particular, Medicare required providers
4 seeking reimbursement for such procedures to use and document
5 non-invasive conservative treatments for a specified period
6 before performing the invasive procedures. The conservative
7 treatments to be attempted during this period, which under
8 Medicare guidelines was required to last six to eight weeks,
9 included but were not limited to, the deployment of non-invasive
10 treatment options such as regular leg elevation, rest, and the
11 use of compression stockings. If conservative treatments were
12 not used and documented during the requisite period, then
13 Medicare would not deem radiofrequency and endomechanical vein
14 ablation to be medically necessary procedures.

15 31. Medicare reimbursement amounts are determined
16 according to the Current Procedural Terminology ("CPT") code for
17 a certain procedure, service, or product. If a patient required
18 two or more vein ablation procedures in a single extremity, then
19 the provider generally was required to perform these procedures
20 at the same time. If a provider performed two or more
21 procedures in a single extremity at the same time, then the
22 provider billed for these additional "piggyback" procedures
23 using a certain CPT code, which had a significantly lower
24 reimbursement rate than the "parent" CPT code.

25 B. THE SCHEME TO DEFRAUD

26 32. Beginning at least as early as in or around September
27 2012, and continuing at least through in or around September
28 2015, in Riverside County, within the Central District of

1 California, and elsewhere, defendant LEE, together with others
2 known and unknown to the Grand Jury, knowingly, willfully, and
3 with intent to defraud, executed, and attempted to execute, a
4 scheme and artifice: (a) to defraud a health care benefit
5 program, namely Medicare, as to material matters in connection
6 with the delivery of and payment for health care benefits,
7 items, and services; and (b) to obtain money from Medicare by
8 means of material false and fraudulent pretenses and
9 representations and the concealment of material facts in
10 connection with the delivery of and payment for health care
11 benefits, items, and services.

12 33. The fraudulent scheme operated, in substance, as
13 follows:

14 a. Defendant LEE falsely represented, and caused
15 other to falsely represent, to Medicare beneficiaries that they
16 needed vein ablation procedures, when in fact, as defendant LEE
17 then well knew, the beneficiaries had no visible signs of
18 varicose veins, had no adverse symptoms from varicose veins, and
19 had no medical need for a vein ablation procedure to be
20 performed on them.

21 b. Despite the fact that Medicare required
22 conservative treatments to be used and documented for a six-week
23 to eight-week period before a vein ablation procedure would be
24 considered medically necessary, defendant LEE did not employ any
25 conservative treatments on the Medicare beneficiaries before
26 performing the vein ablation procedures. Defendant LEE
27 performed invasive vein ablation procedures without having
28 followed the required conservative treatments and despite the

1 absence of extreme varicosity, on Medicare beneficiaries
2 including the following, identified by their initials: D.F.,
3 F.S., O.P., S.M., C.C., D.P., and R.O.

4 c. Defendant LEE also performed multiple vein
5 ablation procedures on Medicare beneficiaries on different
6 occasions even though the procedures could have all been
7 provided on a single occasion. The purpose of performing
8 multiple procedures on different occasions was to enable
9 defendant LEE to increase the amount he could bill to Medicare.
10 Defendant LEE performed between two and seven procedures on
11 different dates, in violation of Medicare's "global"
12 requirement that the procedures be performed on the same date,
13 if possible, on Medicare beneficiaries including the following,
14 who are identified by their initials: D.F., F.S., K.C., O.P.,
15 S.M., C.C., and D.P.

16 d. Defendant LEE, together with others known and
17 unknown to the Grand Jury, submitted and caused the submission
18 of false and fraudulent claims to Medicare for reimbursement for
19 the vein ablation procedures. When defendant LEE submitted and
20 caused the submission of these claims, defendant LEE knew that
21 the procedures were medically unnecessary. On some occasions,
22 defendant LEE submitted and caused the submission of claims to
23 Medicare for services that were never actually provided to the
24 Medicare beneficiaries.

25 C. EXECUTIONS OF THE FRAUDULENT SCHEME

26 34. On or about the dates set forth below, within the
27 Central District of California, and elsewhere, defendant LEE,
28 together with others known and unknown to the Grand Jury,

1 knowingly and willfully executed and attempted to execute the
 2 fraudulent scheme described above, by submitting and causing to
 3 be submitted to Medicare for payment the following false and
 4 fraudulent claims:

COUNT	BENE- FIICIARY	APPROX. DATE ALLEGED SERVICES PERFORMED	APPROX. DATE CLAIM SUBMITTED	ALLEGED SERVICES AND SERVICE CODE	APPROX. AMOUNT OF CLAIM	CLAIM NUMBER
ONE	C.C.	03/09/2013	03/25/2013	Destruction of insufficient vein of arm or leg, accessed through the skin, Code 36475	\$3,000	540913 084573 560
TWO	C.C.	03/16/2013	03/25/2013	Destruction of insufficient vein of arm or leg, accessed through the skin, Code 36475	\$3,000	540913 084573 550
THREE	S.M.	02/24/2014	03/04/2014	Occlusion of venous malformations (other than hemorrhage) with radiological supervision and interpretation, roadmapping, and imaging guidance, Code 37241	\$8,900	540214 064014 310
FOUR	F.S.	06/14/2014	06/30/2104	Occlusion of venous malformations (other than hemorrhage) with radiological supervision and interpretation, roadmapping, and imaging guidance, Code 37241	\$8,900	540914 181348 510

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COUNT	BENE- FICIARY	APPROX. DATE ALLEGED SERVICES PERFORMED	APPROX. DATE CLAIM SUBMITTED	ALLEGED SERVICES AND SERVICE CODE	APPROX. AMOUNT OF CLAIM	CLAIM NUMBER
FIVE	S.M.	06/16/2014	6/25/2014	Occlusion of venous malformations (other than hemorrhage) with radiological supervision and interpretation, roadmapping, and imaging guidance, Code 37241	\$8,900	540914 176195 600
SIX	C.B.	11/08/2014	11/17/2014	Occlusion of venous malformations (other than hemorrhage) with radiological supervision and interpretation, roadmapping, and imaging guidance, Code 37241	\$8,900	540214 322140 730
SEVEN	P.C.	12/01/2014	12/17/2014	Occlusion of venous malformations (other than hemorrhage) with radiological supervision and interpretation, roadmapping, and imaging guidance, Code 37241	\$8,900	540914 351829 830

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FORFEITURE ALLEGATION

[18 U.S.C. §§ 982(a)(7), 981(a)(1)(C) and
28 U.S.C. § 2461(c)]

1. Pursuant to Rule 32.2(a) Fed. R. Crim. P., notice is hereby given to defendant DONALD WOO LEE, M.D., also known as ("aka") "Donald Lee," aka "Donald Woolee" ("LEE"), that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Sections 982(a)(7) and 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of the defendant's conviction under any of the Counts One through Seven of this Indictment.

2. Defendant shall forfeit to the United States the following property:

a. All right, title, and interest in any and all property, real or personal, that constitutes or is derived, directly or indirectly, from the gross proceeds traceable to the commission of any offense set forth in any of Counts One through Seven of this Indictment; and

b. A sum of money equal to the total value of the property described in subparagraph a.


3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 982(b), the defendant shall forfeit substitute property, up to the total value of the property described in the preceding paragraph if, as a result of any act or omission of a defendant, the property described in the preceding paragraph, or any portion thereof (a) cannot be located upon the exercise of due diligence;

1 (b) has been transferred, sold to or deposited with a third
2 party; (c) has been placed beyond the jurisdiction of the Court;
3 (d) has been substantially diminished in value; or (e) has been
4 commingled with other property that cannot be divided without
5 difficulty.

6
7 A TRUE BILL

8 151
9 Foreperson

10 EILEEN M. DECKER
11 United States Attorney

12 
13 LAWRENCE S. MIDDLETON
14 Assistant United States Attorney
15 Chief, Criminal Division

16 GEORGE S. CARDONA
17 Assistant United States Attorney
18 Chief, Major Frauds Section

19 RANEE KATZENSTEIN
20 Assistant United States Attorney
21 Deputy Chief, Major Frauds Section

22 PABLO QUIÑONES
23 Deputy Chief, Fraud Section
24 United States Department of Justice

25 DIIDRI ROBINSON
26 Assistant Chief, Fraud Section
27 United States Department of Justice

28 BLANCA QUINTERO
29 Trial Attorney, Fraud Section
30 United States Department of Justice