

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

MELCHOR MARTINEZ,
MELISSA CHLEBOWSKI, JORGE ACOSTA,
NANCY SEIER, PATRICIA EROH,
LEHIGH VALLEY COMMUNITY MENTAL
CENTERS, INC., NORTHEAST COMMUNITY
MENTAL HEALTH CENTERS, INC.,
CAROLINA COMMUNITY MENTAL HEALTH
CENTERS, INC., MM CONSULTANTS, LLC,
and MCM BETHLEHEM PROPERTY, LLC,

Defendants;

Civil Action No. 11-2756 (LFS)

UNITED STATES OF AMERICA and STATE OF
NORTH CAROLINA, ex rel. KAREN SMITH,

Plaintiffs,

v.

CAROLINA COMMUNITY MENTAL
HEALTH CENTERS, INC., NORTHEAST
COMMUNITY MENTAL HEALTH CENTERS,
INC., and LEHIGH VALLEY COMMUNITY
MENTAL HEALTH CENTERS, INC.,

Defendants.

UNITED STATES' COMPLAINT IN INTERVENTION

The United States of America, having filed a notice of intervention in the above captioned False Claims Act, 31 U.S.C. §§ 3729-3733, qui tam, brings this civil action for damages and penalties against Melchor Martinez, Melissa Chlebowski, Jorge Acosta, Nancy Seier, Patricia Eroh, the Lehigh Valley Community Mental Health Centers, Inc. ("Lehigh

A TRUE COPY CERTIFIED FROM THE RECORD
DATED: 7/20/15
ATTEST: [Signature]
DEPUTY CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

Valley”), the Northeast Community Mental Health Centers, Inc. (“Northeast”), the Carolina Community Mental Health Centers, Inc. (“Carolina”), MM Consultants, LLC, and MCM Bethlehem Property, LLC, based upon defendants’ submitting or causing to be submitted false claims for payment to Medicare and Medicaid.

INTRODUCTION

1. The defendants Lehigh Valley, Northeast (together, “the PA clinics”) and Carolina (collectively, “the clinics”) are community based outpatient mental health clinics. Lehigh Valley has three clinic locations in Allentown, one in Easton and one in Bethlehem. Northeast has four locations in northeast Philadelphia. Carolina has a single location in Raleigh, North Carolina.

2. Almost all of the clinics’ funding comes from Medicare and Medicaid, primarily Medicaid. Lehigh Valley and Northeast are the largest outpatient mental health clinics for Medicaid patients in their respective geographic areas. From 2009 through 2012, the PA clinics collected approximately \$75 million in payments from Medicare and Medicaid.

3. Defendant Melissa Chlebowski is the registered owner and CEO of the clinics.

4. Chlebowski’s husband Melchor Martinez was convicted of Medicaid fraud in 2000 by the Commonwealth of Pennsylvania for billing for psychotherapy services not rendered and falsification of records at Northeast’s predecessor, PAMM Human Resources Center (“PAMM”). As a result of his conviction, he was excluded from participation in Medicare and Medicaid funded programs, for at least 10 years or until such time as he was reinstated. Martinez has never been reinstated.

5. Before he was excluded, Martinez founded, owned and operated PAMM and Lehigh Valley. Shortly before pleading guilty to Medicaid fraud in 2000, Martinez transferred

his stock ownership of Lehigh Valley to Chlebowski. Around the same time, he transferred the patients and employees of PAMM to Northeast, a newly created corporation under Chlebowski's name.

6. In spite of being excluded, Martinez, with Chlebowski's help, has continued to manage, run and expand the PA clinics throughout the period of his exclusion (which is ongoing). In 2009, he and Chlebowski opened a new clinic, Carolina, in Raleigh, North Carolina.

7. Throughout his exclusion, Martinez has held himself out as the owner of the clinics to employees and third parties. He has exercised authority and control over the clinics and reaped the financial and other benefits of ownership.

8. Chlebowski obscured Martinez's de facto ownership of the clinics by registering the clinics in her own name, maintaining the clinics' corporate stock in her own name, and presenting herself as the clinics' owner for all official purposes.

9. Several times during Martinez's exclusion, Chlebowski falsely certified to Medicare and to Medicaid that no excluded or terminated provider was acting as an owner, agent or manager for the clinics.

10. When Martinez sought reinstatement by the U.S. Department of Health and Human Services 10 years into his exclusion, he falsely certified that he had not been associated with any clinic during his exclusion.

11. During Martinez's exclusion, Martinez and Chlebowski personally took home millions of dollars in income generated from Medicare and Medicaid payments to the clinics.

12. Patricia Eroh, the clinics' long-time billing director, submitted or supervised the submission of claims to Medicare and Medicaid throughout Martinez's exclusion, even though she knew Martinez was excluded and she knew he was managing the clinics with Chlebowski.

13. Nancy Seier, human resources director of the clinics, and Jorge Acosta, clinical and educational director of the clinics, carried out Martinez's orders and facilitated his leadership of the clinics, even though they knew he was barred from the clinics.

14. Seier and Acosta further assisted Martinez and Chlebowski in perpetuating fraud upon Medicare and Medicaid by telling prospective, current and/or former clinic employees to conceal Martinez's involvement in the clinics from United States government officials.

15. The defendants engaged in other frauds upon the Medicaid and Medicare programs during Martinez's exclusion.

16. During Martinez's exclusion, Martinez and Chlebowski arranged for psychiatrists in the PA clinics to see a very high volume of patients. Sometimes a psychiatrist saw over 100 patients in a single day. As a result, some Medicaid patients, many of whom were Spanish speaking children with psychiatric illness, saw their psychiatrist – who in most cases did not speak Spanish – for as little as 2 to 3 minutes. The PA clinics then submitted false claims to Medicaid as if the patient had been seen for 15 minutes, the minimum time required for a Medicaid patient's "medication management" visit with the psychiatrist to qualify for reimbursement by Medicaid.

17. During Martinez's exclusion, Chlebowski and Martinez knew that several of the PA clinics' psychiatrists were not seeing patients for the requisite 15 minutes and failed to require them to do so. They also concealed from Medicaid administrators the fact that their psychiatrists were seeing Medicaid patients for extremely brief medication management visits.

Martinez and Chlebowski failed to enforce the Medicaid requirement that the psychiatrists document the time periods they were actually seeing patients, in spite of repeated interventions by Medicaid administrators on this very issue. As a result, the PA clinics submitted false claims to Medicaid for “medication management” visits.

18. During his exclusion, Martinez recruited many individuals, principally from his native Dominican Republic, to work in the clinics. Many of the individuals who came to work in the PA clinics were not qualified to provide psychotherapy to Medicare or Medicaid patients or authorized to work at all. Nonetheless, Martinez and Chlebowski allowed these individuals to work in the PA clinics and, in many cases, submitted false claims for their services.

19. During Martinez’s exclusion, Martinez and Chlebowski submitted claims to Medicare for psychotherapy provided by unsupervised individuals who were not qualified to independently treat Medicare patients. The PA clinics submitted claims for these sessions to Medicare under the National Provider Identification (“NPI”) numbers of several of the PA clinics’ psychiatrists, thereby representing that a psychiatrist had personally performed the service or had provided direct, onsite supervision to the individual performing the service. Neither, in fact, was true. As a result, the PA clinics submitted false claims to Medicare for unsupervised psychotherapy provided by unqualified personnel.

JURISDICTION AND VENUE

20. This action is brought by the United States under the federal False Claims Act, 31 U.S.C. §§ 3729-3733, and the common law.

21. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1345, and supplemental jurisdiction pursuant to 28 U.S.C. § 1367(a).

22. This Court has jurisdiction over the defendants pursuant to § 3732(a). All of the defendants reside and transact business in this district.

23. Venue is proper in this district pursuant to 31 U.S.C. § 3732(a) and 28 U.S.C. § 1391(b)-(c), as defendants reside in and transact business in this district, and a substantial part of the events giving rise to this action occurred in this district.

PARTIES

24. Plaintiff is the United States of America.

25. Defendant Lehigh Valley Community Mental Health Centers, Inc. (“Lehigh Valley”) is a Pennsylvania corporation created in 1995 with headquarters at 2030 Tilghman Street, Allentown, PA. It has five outpatient mental health clinic locations: 202-214 N. 6th St., Allentown, PA 18102 (“6th Street”); 530-532 Ridge Ave., Allentown, PA 18102 (“Ridge Avenue”); 530 N. 7th St., Allentown, PA 18102 (“7th Street”); 865 E. 4th St., Bethlehem, PA 18015 (“Bethlehem”); and 226 Northampton St., Easton, PA 18042 (“Easton”).

26. Defendant Northeast Community Mental Health Centers, Inc. (“Northeast”) is a Pennsylvania corporation created in 1998 with headquarters at 2030 Tilghman Street, Allentown, PA. It has four outpatient mental health clinic locations: 3803-05 N. 5th St., Philadelphia, PA 19140 (“Baby”); 2927 N. 5th St., Philadelphia, PA 19133 (“Main I”); 2922-26 N. 5th St., Philadelphia, PA 19133 (“Main II”); and 2152 N. Front St., Philadelphia, PA 19122 (“Susquehanna”).

27. Defendant Carolina Community Mental Health Centers, Inc. (“Carolina”) is a North Carolina corporation created in 2008 with headquarters at 2030 Tilghman Street, Allentown, PA. It has one outpatient mental health clinic location: 4020-102 Capital Blvd., Raleigh, NC 27604.

28. Defendant Melchor Martinez is a resident of Allentown, PA. He was convicted of Medicaid fraud in 2000 based upon his billing for services not rendered and falsification of records between 1993 and 1996 at PAMM (Pedro Arias Melchor Martinez) Human Resources Center ("PAMM"), an outpatient mental health clinic in Philadelphia that he founded, owned and operated. As a result, he was excluded in 2000 from participation in Medicare and Medicaid funded programs.

29. In or around 1996, after Martinez became aware that PAMM was under criminal investigation, he founded Lehigh Valley and was its owner and president.

30. Lehigh Valley initially had a single site, the Bethlehem clinic, a property Martinez owned until 2013 when he sold it to a newly created LLC in Chlebowski's name, MCM Bethlehem Property, LLC. In or around 1997, Martinez opened Lehigh Valley's 6th Street clinic site.

31. In or around 1998-1999, while criminal proceedings against him were underway, Martinez transferred his corporate stock ownership of Lehigh Valley to Chlebowski. Also, in April, 1999, Northeast was licensed as a provider and assumed the patient population and employees of PAMM.

32. Martinez has exercised control of Lehigh Valley, Northeast, and Carolina during his exclusion. He has held himself out as the owner of the clinics and shared in the clinics' profits.

33. Throughout his exclusion, Martinez, with Chlebowski's help, has managed and expanded Lehigh Valley and Northeast.

34. Since his exclusion in 2000, Martinez and Chlebowski have opened three additional Lehigh Valley clinic sites: Easton in 2002, Ridge Avenue in 2005, and 7th Street in

2010. In 2005, they opened Northeast's Main I, and in 2010, they expanded the clinic to a site directly across the street called Main II.

35. In 2009, Martinez, with Chlebowski's help, started up and opened Carolina.

36. Martinez owns or has owned during his exclusion several clinic properties he leases to Northeast or Lehigh Valley pursuant to leases signed by himself and countersigned by Chlebowski. Martinez is owner and landlord of the Susquehanna and "Baby" clinic sites in Northeast and of the Bethlehem (until 2013), Ridge Avenue and 7th Street clinic sites in Lehigh Valley.

37. Melissa Chlebowski is a resident of Allentown, PA. She has been married to Martinez since 1993. Chlebowski is the CEO and President of Lehigh Valley, Northeast and Carolina and, since Martinez's exclusion, the owner of most or all of the stock of each corporate entity.

38. Chlebowski was an administrator under Martinez at PAMM between 1994 and 1999. Northeast was incorporated under her name in 1998. She helped Martinez open Lehigh Valley in 1996. She has been a general administrator for Lehigh Valley and Northeast since their inception. She helped Martinez start up Carolina in 2008-09.

39. MM Consultants, LLC ("MM Consultants") is a Pennsylvania entity Martinez formed on December 14, 2007, with a registered address at Martinez's and Chlebowski's home address. Martinez controls MM Consultants and whatever income it generates. Martinez created MM Consultants during his exclusion and used the LLC to help obscure his large, personal financial interests in the PA clinics.

40. Martinez transferred his ownership of the "Baby" clinic property in Northeast to MM Consultants in 2009.

41. Martinez used MM Consultants to purchase the 7th Street clinic property in Lehigh Valley in 2010.

42. Martinez used MM Consultants to purchase a former church and its parking lot across the street from the Bethlehem clinic in 2013. He leases the parking lot to Lehigh Valley and plans to lease the old church to Lehigh Valley for its headquarters and training facility.

43. MCM Bethlehem Property, LLC (“MCM Bethlehem”) is a Pennsylvania entity Chlebowski formed on September 23, 2013, with a registered address at Martinez’s and Chlebowski’s home address. Chlebowski formed MCM Bethlehem after she became aware of the government’s investigation of Martinez’s involvement in the clinics.

44. On October 23, 2013, Martinez sold 865 East 4th Street in Bethlehem, a clinic property he had owned since 1996 and leased to Lehigh Valley during his exclusion, to MCM Bethlehem, thereby further concealing Martinez’s personal financial interests in the PA clinics. As a result, after the sale, MCM Bethlehem owns 856 East 4th Street, Bethlehem, and rents it to Lehigh Valley for \$8,000/month.

45. Jorge Acosta is a resident of Allentown, PA. He is the clinical and educational director of the clinics.

46. Martinez brought Acosta from the Dominican Republic in 2007 to work in the clinics’ headquarters. Acosta was aware at all relevant times that Martinez was not allowed to have a role in the clinics.

47. In spite of his knowledge, Acosta acted as Martinez’s “right hand man” in the clinics. Acosta took his orders from Martinez and eschewed the authority of the clinics’ medical director, who was supposed to be above him in the chain of command. Acosta has intimidated or attempted to intimidate clinic colleagues to achieve Martinez’s ends.

48. Acosta sought to conceal Martinez's involvement in the clinics from the government, thereby perpetuating the clinics' fraud upon Medicare and Medicaid.

49. Nancy Seier is a resident of Northampton, PA. She is the human resources director of the clinics. She has worked for the clinics since 2007. Seier was aware at all relevant times that Martinez was not allowed to have a role in the clinics.

50. In spite of her knowledge, Seier has acted as Martinez's liaison with respect to clinic employees and prospective employees and generally facilitated Martinez's management of the clinics. She has, among other things, carried out Martinez's orders with respect to personnel decisions such as employee transfer between clinics, arranged clinic job candidate interviews with Martinez, formally hired individuals whom she knew Martinez recruited to the clinics, made Martinez's travel arrangements, organized employee evaluations for Martinez's consideration, maintained therapist credentialing files in coordination with Martinez and Acosta, translated documents for Martinez, and drafted personnel policies for Martinez's review.

51. Seier sought to conceal Martinez's involvement in the clinics from the government, thereby perpetuating the clinics' fraud upon Medicare and Medicaid.

52. Patricia Eroh is a resident of Allentown, PA. She has been the billing director of the clinics since 2001. She is responsible for submitting or supervising the submission of bills to Medicare, Medicaid and private payers for all services in the clinics.

53. Eroh was aware at all relevant times that Martinez was not allowed to have a role in the clinics. She also knew that Martinez was managing the clinics. In spite of her knowledge, Eroh submitted the clinics' bills to Medicare and Medicaid throughout Martinez's exclusion.

54. Eroh also submitted or supervised the submission of the PA clinics' false claims to Pennsylvania Medicaid for medication management visits and the PA clinics' false claims to Medicare for unsupervised psychotherapy sessions.

MEDICARE AND MEDICAID

55. Medicare is a federally funded health insurance program that provides coverage for persons age 65 or older and for certain disabled persons. Medicare Part B covers outpatient mental health services.

56. The United States Department of Health and Human Services ("HHS"), operating through the Centers for Medicare and Medicaid Services ("CMS"), administers and supervises the Medicare program.

57. When a provider submits a claim for payment by Medicare, the provider certifies that the contents of the claim are true, correct, and complete, and that the claim was prepared in compliance with the laws and regulations that govern the Medicare program.

58. At all times relevant to this Complaint, the clinics have participated as providers in the Medicare Part B program and submitted claims and received payments from Medicare as reimbursement for services.

59. Medicaid is a health insurance program that provides coverage for low-income people. It is jointly funded by the United States and by the States. For example, for fiscal years 2009 through 2013, the federal medical assistance (Medicaid) percentage contribution ranged between 54.28% and 55.64% for Pennsylvania and between 64.60% and 65.51% for North Carolina.

60. The Medicaid program in Pennsylvania is called “Medical Assistance” or MA. It is administered under the authority of the Pennsylvania Department of Public Welfare (“DPW”) pursuant to Part III of Title 55 of the Pennsylvania Code.

61. DPW created and administers HealthChoices as a mandatory managed care program for MA recipients in Pennsylvania. HealthChoices program provides for the delivery of mental health services to Medicaid recipients in Pennsylvania.

62. Mental health services for MA recipients in Pennsylvania are administered through the counties. DPW allows Pennsylvania counties to contract with private sector managed care organizations (“MCO”s) to manage Medicaid behavioral health services for the HealthChoices program.

63. MCOs operate under the county’s authority to administer behavioral health services to Medicaid recipients.

64. The MCOs are responsible for authorizing Medicaid payments to mental health providers and requiring providers to deliver effective and medically necessary services. They are charged with assuring that providers comply with all federal and state laws governing participation in the MA program and all applicable DPW regulations, policy bulletins and clarifications.

65. Community Behavioral Health (“CBH”) is an MCO contracted by Philadelphia to provide mental health services for Medicaid recipients in Philadelphia County. CBH is a non-profit, 501(c)(3) entity created and controlled by the City of Philadelphia for the primary purpose of arranging for the delivery of, and paying for mental health and substance abuse services for eligible Medicaid recipients to be provided by health care providers.

66. CBH has been the contracted MA administrator for Northeast at all times relevant to this Complaint.

67. Northeast was at all relevant times subject to the terms of its provider agreement with CBH, including the obligations set forth in CBH's Provider Manual.

68. Magellan Behavioral Health of Pennsylvania ("Magellan") is an MCO contracted by Northampton and Lehigh Counties to manage behavioral health services for Medicaid recipients in those counties. The Easton and Bethlehem clinic sites of Lehigh Valley are in Northampton County; the Allentown clinic sites of Lehigh Valley are in Lehigh County. Magellan has been the contracted MA administrator for Lehigh Valley and all five of its clinic sites at all times relevant to this Complaint.

69. Lehigh Valley was at all relevant times subject to the terms of its provider agreements with Magellan.

70. At all times relevant to this Complaint, Northeast and Lehigh Valley have participated as providers in Pennsylvania's Medicaid program and submitted claims and received payments from Medicaid as reimbursement for services billed.

71. The North Carolina Department of Health and Human Services, Division of Medical Assistance, administers the Medicaid program in North Carolina. In North Carolina, mental health programs for Medicaid recipients are administered by managed care organizations called Local Management Entities ("LME"). Wake County Human Services LME is the Medicaid administrator for Carolina.

72. At all times relevant to this Complaint, Carolina has participated as a provider in North Carolina's Medicaid program and submitted claims and received payments from Medicaid as reimbursement for services billed.

EXCLUSION FROM MEDICARE AND MEDICAID

73. HHS, through its Office of the Inspector General (“OIG”), must exclude from participation in Medicare and Medicaid programs any individual who has been convicted of Medicaid fraud. 42 U.S.C. § 1320a-7(a).

74. No Medicare or Medicaid payment may be made for any items or services furnished by an excluded individual. 42 U.S.C. § 1395y(c)(1); 42 U.S.C. § 1396a(a)(39); 42 C.F.R. § 1001.1901.

75. The payment prohibition applies even when payment is made to another provider that is not excluded. HHS Special Advisory Bulletin, “The Effect of Exclusion From Participation in Federal Health Care Programs,” (Sep. 1999).

76. “The prohibition against Federal program payment for items or services furnished by excluded individuals or entities also extends to payment for administrative and management services not directly related to patient care, but that are a necessary component of providing items and services to Federal program beneficiaries.” Id.

77. “In addition, no Federal program payment may be made to cover an excluded individual’s salary, expenses or fringe benefits, regardless of whether they provide direct patient care.” Id.

78. “[T]he practical effect of an OIG exclusion is to preclude employment of an excluded individual in any capacity by a health care provider that receives reimbursement, indirectly or directly, from any Federal health care program.” Id.¹

¹ In 2013, the HHS-OIG released an updated “Special Advisory Bulletin on the Effect of Exclusion From Participation in Federal Health Care Programs,” (May 8, 2013). The updated bulletin again made clear that an excluded person is prohibited from furnishing administrative and management services that are payable by Medicare and Medicaid, such as health information technology services, strategic planning, and human resources services, regardless of whether the

79. Medicare providers must disclose the identity of any person who has an ownership or control interest in the provider, or is an agent² or managing employee³ of the provider who has been convicted of Medicare or Medicaid fraud or excluded from Medicare or Medicaid. 42 CFR § 420.204(a).

80. No payment may be made under Medicare part B for items or services furnished by any mental health provider unless such provider has provided HHS with full and complete information on the identity of any person with an ownership or control interest in the provider or any managing employee of the provider who has been excluded under 42 U.S.C. § 1320a-7(a). 42 U.S.C. § 1320a-3a(a).

81. The provider must notify HHS of any changes or updates to information concerning excluded persons with ownership/control in the provider or acting as a managing employee of the provider within 180 days of such change or update. 42 U.S.C. § 1320a-3a(b).

82. As part of entering into or renewing a provider agreement, mental health providers must disclose to State Medicaid agencies the identity of any individual who has been convicted of Medicaid fraud, or felony health care fraud, or who has been excluded from

person is an employee, contractor, or volunteer, or has any other relationship with the provider. Id. at 7, 11-12.

²“Agent” means any person who has been delegated the authority to obligate or act on behalf of a provider. 42 CFR §420.201.

³“Managing employee” means a general manager, business manager, administrator, director, or other individual that exercises operational or managerial control over, or who directly or indirectly conducts, the day-to-day operation of the institution, organization, or agency, either under contract or through some other arrangement, whether or not the individual is a W-2 employee. 42 CFR §420.201; see also 42 U.S.C. § 1320a-5 (b).

participation in Medicare or Medicaid if such person has an ownership interest in the provider,⁴ is an owner in whole or part of any obligation secured by the provider or any assets of the provider, is an officer or director of the provider, an agent of the provider,⁵ or a managing employee⁶ of the provider or part of the provider. 42 CFR §§ 1002.3(a), 1001.1001(a)(1), 455.106(a).

83. Mental health providers must disclose such an individual to Medicaid even if the individual is no longer an owner, officer, agent, or managing employee of the provider because of transfer of ownership or control interest to an immediate family member or a member of the person's household, in anticipation of or following a conviction or imposition of an exclusion. 42 CFR § 1001.1001(a)(1)(ii)(B).

84. The PA Code sets forth additional regulations applicable to providers in Pennsylvania's Medicaid program.

85. Excluded providers are not eligible to participate in the Pennsylvania MA program. 55 Pa. Code § 1101.42(c).

86. DPW does not pay for services or items rendered, prescribed or ordered by providers who have been terminated from the MA program. 55 Pa. Code § 1101.77(c)(1), § 1101.66(e).

⁴ "Ownership interest" means an interest in the capital, the stock or the profits of the entity, or any mortgage or other obligation secured in whole or in part by the property or assets of the provider entity. 42 CFR § 1001.1001(a)(2); see also 42 CFR § 455.101.

⁵ "Agent" means any person who has express or implied authority to obligate or act on behalf of the provider. 42 CFR § 1001.1001(a)(2); see also 42 CFR § 455.101.

⁶ "Managing employee" means an individual (including a general manager, business manager, administrator or director) who exercises operational or managerial control over the provider or part thereof, or directly or indirectly conducts the day-to-day operations of the provider or part thereof. 42 CFR § 1001.1001(a)(1)(ii)(A)(6); see also 42 CFR § 455.101.

87. A terminated provider may not “[o]wn, render, order or arrange for a service for a recipient[,]” or “[r]eceive direct or indirect payments from [DPW] in the form of salary, equity, dividends, shared fees, contracts, kickbacks or rebates from or through a participating provider or related entity.” Id. at § 1101.77(c)(2).

MARTINEZ’S CONVICTION AND EXCLUSION

88. On January 10, 2000, Martinez was convicted of Medicaid fraud and tampering with public records in Dauphin County Pennsylvania Court of Common Pleas based upon his billing for services not rendered and falsification of records between 1993 and 1996 at PAMM, a community mental health clinic he owned and operated in Philadelphia. He pled guilty and was sentenced to five to twenty-three months incarceration and ordered to pay \$235,000 in restitution and a \$15,000 fine, of which he has paid a total of \$1.50.

89. According to his plea and sentencing, Martinez, as owner and operator of PAMM, submitted fraudulent bills to DPW for psychotherapy services which were not provided. He also billed for more hours of service than were actually provided. He would see a client for half an hour and bill for two hours of therapy. Martinez also billed in excess of 24 hours per day for services. Martinez and PAMM also falsified progress notes in clients’ files to cover the billings submitted to DPW.

90. On March 24, 2000, DPW notified Martinez that he was precluded from participation in the MA program until such time as he re-enrolled in the program, but not before 2005. He was informed:

Your participation is terminated as of January 10, 2000, after which date no payments will be made to you by the Program for services rendered by you or by anyone under your supervision, whether by employment or contract, unless and until you are reenrolled in the Program by the Department. Further, the Department will not pay for any services arranged, rendered, supervised, prescribed or ordered by you for any other provider or from any other provider,

nor will the Department make payments for services through which you may receive indirect payments by any means, including ownership, salary, shared fees or contracts.

91. On May 31, 2000, the U.S. Department of Health and Human Services (“HHS”) notified Martinez that he was excluded from participation in Medicare, Medicaid, and all Federal health programs for a minimum of ten years, as a result of his Medicaid fraud conviction. The notice of exclusion informed Martinez:

The effect of this exclusion is that no program payment will be made to you for anything that you do, order, or prescribe, or to any employer for anything that you do, order, or prescribe to program patients . . . during the period you are excluded. This exclusion is global, regardless of your job or location. It applies in all States and in all programs. * * * *

Any service you provide is a non-covered service. Therefore, you cannot submit claims or cause claims to be submitted for payment under any Federal health care program.

92. On July 10, 2000, DPW notified Martinez that, as a result of his 10-year exclusion by HHS, his preclusion from the MA program was extended until June 20, 2010, or until such time as he was again eligible to participate in Medicare.

93. On November 30, 2010, Martinez applied to HHS for reinstatement. He swore in his application that he had not been associated with any clinic or employed at all since his June, 2000 exclusion. See Ex. A, attached hereto. His application has not been acted upon.

94. Martinez’s exclusion from all federal health programs has been in effect continuously from 2000 and remains in effect today. All the individual defendants have been aware of this fact at all relevant times.

MARTINEZ VIOLATES THE EXCLUSION

95. During the exclusion, Martinez held himself out as owner of the clinics to clinic staff and to third parties and regularly exercised authority and made decisions that were binding upon the clinics.

96. Martinez also controlled and managed all aspects of the clinics.

97. Martinez was physically present at the clinics' headquarters in Allentown, PA, and at all of the clinics' sites.

98. Martinez knew that his activities in the clinics and on behalf of the clinics violated his exclusion.

99. Chlebowski, who continued in the role of CEO, knew what Martinez was doing in the clinics and on behalf of the clinics and knew that he was violating his exclusion. She nonetheless assisted in his efforts and hid his role from Medicare and Medicaid.

100. While Martinez managed the clinics and conducted the clinics' business with private third parties, Chlebowski was the public face of the clinics vis-à-vis local Medicaid administrators CBH and Magellan and other authorities, signatory to the clinics' contracts, and the clinics' general administrator, typically present at the clinics' headquarters.

101. During Martinez's exclusion, as a direct result of his efforts, Northeast and Lehigh Valley have grown to become the largest outpatient mental health providers in their respective communities.

102. Martinez, with Chlebowski's help, is responsible for a dramatic growth over the course of his exclusion in the clinics' patient population; the number of clinic sites and the amount of office space within those sites; and the number of therapists, psychiatrists and other staff.

103. Northeast and Lehigh Valley now each have several hundreds of employees, and as of 2012, they had over 14,000 patients combined.

104. As a result of Martinez's bringing so many therapists to work in the PA clinics during his exclusion and expanding the clinics' physical space to accommodate them, the patient population and claims to Medicaid/Medicare ballooned. This, in turn, led to an explosion in the clinics' Medicare and Medicaid billing.

105. Medicare and Medicaid paid approximately \$74.3 million to the PA clinics for the period 2009-2012. Paid Medicaid claims constituted 91% of the total; Medicare claims constituted 9%. Only a tiny fraction of the clinics' overall business is private pay.

106. During Martinez's exclusion, Martinez and Chlebowski personally and/or through their LLCs took home millions of dollars in income generated entirely or almost entirely by the clinics' Medicare and Medicaid business.

MARTINEZ IS DE FACTO OWNER OF THE CLINICS

107. During Martinez's exclusion, Martinez held himself out as the owner of the clinics, exercised control of the clinics as owner, had the authority to bind the clinics as owner, and enjoyed the financial and other benefits of ownership.

108. In addition, Chlebowski, as the clinics' CEO and owner of most or all of the clinics' corporate stock during Martinez's exclusion, facilitated Martinez's de facto ownership and control of the clinics, allowed him to act on behalf of the clinics and to bind the clinics vis-à-vis staff and third parties, and diverted to him a share of the clinics' substantial Medicaid and Medicare earnings.

109. Examples of Martinez's de facto ownership and authority to bind the clinics are set forth in paragraphs 110 to 127 below.

110. Martinez represented himself to potential lenders as co-owner of Northeast and Lehigh Valley to obtain financing for a \$1.75 million renovation of his “Baby” clinic site in Northeast. See Ex. B attached hereto.

111. Prefacing that he was the owner of the clinic, Martinez threatened an employee after the employee complained about being ordered to falsify patient treatment records.

112. Martinez sold part of the PA clinics’ business to one of the clinics’ doctors after lengthy negotiations between Martinez and the doctor.

113. Martinez offered a second Northeast psychiatrist the opportunity to buy into the clinics’ business.

114. The clinics’ financial manager and outside accountant took orders from Martinez.

115. Martinez monitored the clinics’ Medicaid and Medicare billing submissions and payments, cash flow statements, and bank reconciliation reports for payroll.

116. Martinez accessed the petty cash.

117. Martinez took a no interest loan from the clinics.

118. Martinez and Chlebowski had the PA clinics pay for extensive renovations to buildings Martinez bought or owned.

119. Martinez determined staff compensation and negotiated compensation with staff. See, e.g., Ex. C attached hereto.

120. Martinez monitored therapist and psychiatrist productivity via production reports provided to him regularly.

121. Martinez accessed billing records from the billing office.

122. Martinez negotiated clinic contracts with third parties including a clinic landlord and an electronic medical records software company, and he authorized payments to them. See, e.g., Ex. D attached hereto.

123. From time to time Martinez withheld compensation from therapists and made unauthorized deductions from their paychecks.

124. Chlebowski and Martinez brought individuals to work in the PA clinics who did not have visas to work in the clinics and/or social security numbers. They paid these individuals from the petty cash fund. When the clinics' former financial manager and outside accountant protested this practice, Martinez ordered the financial manager to pay the unauthorized workers their wages by augmenting the paychecks of the individuals' spouses who were also working in the PA clinics.

125. Martinez authorized the PA clinics to pay certain employees less than their full salary to enable them to collect public benefits or obtain reduced priced services available to lower income persons.

126. Martinez travelled and dined on the company credit card.

127. The clinics routinely paid Martinez's expenses related to his work in the clinics. For example, the clinics paid for his frequent visits to Raleigh, NC, where he managed and supervised Carolina, and for his travel to the Dominican Republic, where he recruited therapists to work in the PA clinics.

MARTINEZ MANAGES THE CLINICS

128. Martinez was in charge of every aspect of the clinics during his exclusion. Examples are set forth in paragraphs 129 to 155 below.

129. Martinez interviewed and hired personnel including therapists and psychiatrists.

130. Martinez terminated personnel.
131. Martinez transferred personnel among clinic sites.
132. Martinez determined caseloads and schedules for therapists and psychiatrists.
133. Martinez spoke with clinic staff about their roles and responsibilities. See, e.g.,

Ex. E attached hereto.

134. Martinez ordered quality assurance staff to “fix” poorly documented doctors’ notes in patient treatment charts, including signing the doctor’s name on unsigned notes. When state auditors came to review the charts, Martinez was furious that quality assurance had not altered the charts per his orders.

135. Martinez regularly exercised authority over the clinics’ leadership team (including head of HR, head of IT, head of finance, head of facilities, educational director, medical director, billing director, and outside accountant) and supervisory staff at all clinic locations.

136. Martinez was in charge of all facility related issues at all clinic sites, e.g., network cables, telephone systems, alarms, emergency systems, security, and access.

137. Martinez monitored IT department activities via management reports sent to him weekly.

138. Martinez monitored employee hours via punch clock reports sent to him regularly.

139. Martinez had video surveillance cameras installed inside and outside of all the clinic sites.

140. Martinez monitored patients and staff in real time via live data feed from the cameras transmitted to his cell phone and iPad.

141. Martinez fielded employee questions and concerns on all issues.

142. Martinez determined equipment for the clinics, e.g., computers, phones.

143. Martinez directed the implementation and troubleshooting of a new electronic medical records application and set specifications for the application's vendor. See, e.g., Ex. D.

144. Martinez monitored patient intake and volume. He would often call the front desk at a clinic site to ask how many new patients had been processed. He was emailed lists of new patients. See, e.g., Ex. F attached hereto.

145. Martinez, through Seier, hired an outside IT consultant to design a program to regularly email to Martinez a report detailing the patient count and patient demographic information for all of the PA clinic sites. See, e.g., Ex.'s G, H attached hereto.

146. Martinez instructed therapists to see more patients.

147. Martinez instructed staff on how to bill for services. See, e.g., Ex. I attached hereto.

148. Martinez held meetings with therapists on topics including requirements for billing Medicaid. See, e.g., Ex. J attached hereto.

149. Martinez delivered training sessions to therapists on topics including patient treatment, treatment documentation and billing.

150. Martinez attended meetings of clinical supervisors.

151. Martinez participated in management meetings. See, e.g., Ex. K attached hereto.

152. Martinez approved a staff evaluation project and reviewed the results of staff evaluations.

153. Seier presented Martinez with the results of a staff evaluation to assist Martinez in determining who he should consider for a new position in quality assurance. See Ex. L attached hereto.

154. Martinez led patient recruiting efforts.

155. Martinez authorized business related expenditures.

MARTINEZ RECRUITS THERAPISTS

156. Martinez and Chlebowski greatly expanded the PA clinics' business during Martinez's exclusion through Martinez's extensive recruiting efforts, including the recruitment of many individuals from his native Dominican Republic to work as therapists in the PA clinics.

157. Outside of his trips to the Dominican Republic, Martinez also recruited many individuals to work as therapists and other staff in the PA clinics and made hiring decisions with respect to such individuals.

158. The PA clinics for the most part paid their therapists on a fee for service basis. Martinez and Chlebowski paid the Dominican therapists at a significantly lower rate than the handful of American educated therapists working in the PA clinics, leading to greater profits for themselves as a result of Martinez's recruiting efforts.

159. During Martinez's exclusion, the PA clinics hired well over one hundred and fifty new therapists, many of whom Martinez recruited from the Dominican Republic and elsewhere.

160. Some or many of the therapists Martinez brought to the PA clinics lacked the requisite qualifications to treat Medicare or Medicaid patients.

161. Martinez and Chlebowski went to the Dominican Republic on several occasions during Martinez's exclusion to recruit people to work as therapists in the PA clinics. For example:

162. Less than a year or two after his Medicaid fraud conviction in 2000, Martinez was in the Dominican Republic with Chlebowski recruiting therapists to work in the PA clinics.

163. In or around 2006 or 2007, Martinez planned three recruitment seminars in high class hotels in three cities in the Dominican Republic. Many candidates attended. Martinez

attended the recruitment meetings and conducted candidate interviews. For a promising candidate, Martinez provided contact information for the clinics' immigration attorney to start the H1B visa process.

164. Starting in or around 2007, Acosta assisted Martinez with his recruiting and hiring efforts.

165. In or around 2008, Acosta organized a large recruiting fair at a Santo Domingo hotel where Martinez made a presentation about the PA clinics to approximately 600 candidates for therapist jobs in the PA clinics.

166. Acosta screened the candidates' resumes and presented a report for Martinez's review.

167. Several groups of people from the Dominican Republic came to work at the PA clinics at various times during Martinez's exclusion as a result of Martinez's efforts, assisted later on by Acosta, who helped with arrangements on the ground, and by Seier, who handled the HR aspects.

MARTINEZ RUNS COMPULSORY IN-HOUSE EDUCATIONAL PROGRAMS

168. During his exclusion, Martinez and Chlebowski diverted approximately one million dollars from Northeast and Lehigh Valley therapists' wages for mandatory, in-house educational programs set up and run by Martinez, including several iterations of a master's degree program.

169. In 2004, to address the Medicaid mandate that all therapists working with Medicaid patients in Philadelphia have a master's degree in a mental health field, Martinez established and coordinated a master's degree program in conjunction with a university in the

Dominican Republic. The program's classes were held in Philadelphia, eventually in one of the Northeast clinics.

170. Forty to 50 enrollees participated in the 2004 program, including Martinez himself. Almost all were Northeast therapists, including many individuals Martinez had recruited during his exclusion. The Northeast therapists were required to pay the clinics \$10,000-\$11,000 for the master's degree program.

171. Therapists in the program took out loans from Northeast for the entire tuition amount at the outset of the program. Martinez interviewed the therapists before granting the loan. The therapists paid back the loans with interest via payroll deductions over time.

172. Martinez charged the therapists other fees in connection with the master's program, on top of the tuition; for example, he charged them for computers he purchased and resold to the therapists and for graduation ceremonies. Northeast deducted these additional charges from therapists' paychecks.

173. Martinez coordinated a second master's program in 2008-2010. Approximately 37 employees participated from Northeast along with 34 from Lehigh Valley. The PA clinic employees were required to pay \$6000 for the program through payroll deductions.

174. All of the courses in the 2008-2010 program were taught by two clinic employees, Acosta and a clinical supervisor in Northeast.

175. Since the 2008-2010 program, Martinez has implemented additional master's programs in both Northeast and Lehigh Valley. Martinez has been a student in all iterations of the master's program, although he does not have to pay for them.

176. Martinez also utilized several of the PA clinics' staff members as administrators for the master's degree programs.

177. The clinics also paid expenses in relation to his master's degree program, e.g., for travel.

178. Martinez led a team, which included Acosta and Seier, responsible for collecting documents from various Dominican institutions pertaining to individual Lehigh Valley and Northeast therapists. These documents were maintained in clinic files which were subject to periodic credentialing audits by CBH and Magellan.

179. Per Martinez and Chlebowski, participation in and payment for the clinics' master's degree program were mandatory for all therapists or aspiring therapists working in the PA clinics, even therapists who already held a master's degree in a mental health field. Acosta helped enforce the requirement.

180. For some PA clinic employees in the master's program who were not already working as therapists, upon completing a portion of the program, they consulted with Martinez about becoming a therapist in the clinic.

181. The clinics paid Chlebowski the money the clinics collected from the Martinez-run master's programs.

MARTINEZ EXPANDS THE CLINICS & PROFITS HIMSELF

182. During Martinez's exclusion, the PA clinics also greatly expanded their physical space to house the many new therapists Martinez was recruiting. Martinez bought additional properties during his exclusion, which he leased to the clinics, to fuel the clinics' rapid expansion and to profit himself.

183. As of today, there are four clinic sites in Northeast: (1) Susquehanna, (2) "Baby," (3) Main I, and (4) Main II. There are five in Lehigh Valley: (1) Bethlehem, (2) Ridge Avenue (Allentown), (3) 7th Street (Allentown), (4) 6th Street (Allentown), and (5) Easton.

184. Martinez owned two of the Northeast clinic sites at the time of his exclusion (Susquehanna and “Baby”) and one in the Lehigh Valley (Bethlehem).

185. During his exclusion Martinez or his company MM Consultants purchased three additional properties – Ridge Avenue and 7th Street in Allentown and a former church with parking lot across the street from the Bethlehem clinic.

186. In 2005, Martinez purchased the Ridge Avenue site from one of Lehigh Valley’s doctors and signed a 10-year lease with Chlebowski to house a Lehigh Valley clinic.

187. In 2010, Martinez, through MM Consultants, bought the 7th Street, Allentown, property for \$450,000 in cash. Lehigh Valley, per Chlebowski’s instruction, paid about half of the purchase price and gave Martinez a \$50,000 no interest loan (via a check made out to Chlebowski) to help pay for his half of the purchase price. Martinez then used the 7th Street property as collateral to obtain a \$600,000 bank loan.

188. During his exclusion, Martinez or his company leased to Northeast the Susquehanna and “Baby” clinic sites and leased to Lehigh Valley the Bethlehem/Bethlehem church clinic site, and the Ridge Avenue (Allentown) and 7th Street (Allentown) clinic sites.

189. Since at least 2005, Martinez (on behalf of himself or his company MM Consultants) and Chlebowski (on behalf of Northeast or Lehigh Valley) have countersigned several leases for the various clinic sites Martinez or his company owns or owned.

190. During his exclusion, Martinez has extracted over \$35,000 per month in rental payments for the properties that he owns and leases to the PA clinics.⁷

191. In addition, the PA clinics have paid for all of the repairs and renovations to the Martinez-owned clinic sites, thereby enriching Martinez.

⁷ Attached hereto as Exhibit M are charts detailing the ownership, rental arrangements, and expansion information for the Northeast and Lehigh Valley clinic sites.

192. For example, in 2010, Lehigh Valley paid \$200,000 to fully renovate Martinez's newly purchased 7th Street (Allentown) clinic site.

193. In 2012, Lehigh Valley paid \$700,000 to fully renovate Martinez's Bethlehem clinic site and to add more rooms for therapists; and Northeast paid \$50,000 to expand Martinez's "Baby" clinic site to add more rooms for therapists.

194. Martinez also expanded the clinics through his dealings with third parties. For example, in 2005, Martinez, on behalf of Northeast, negotiated a lease for the clinic site known as Main I. Several years later, he negotiated with Main I's landlord to expand the clinic's space.

MARTINEZ STARTS UP AND RUNS CAROLINA

195. In 2009, Martinez and Chlebowski opened up Carolina in Raleigh, NC. They chose Raleigh because Chlebowski's brother, Jeffrey Chlebowski and his wife Sandra Chlebowski lived there.

196. Initially Martinez and Chlebowski led Jeffrey, who was aware of Martinez's criminal history, to believe that Jeffrey and Sandra would run Carolina, with support from the clinics' headquarters.

197. However, Martinez dominated the entire process from the outset. He negotiated Jeffrey and Sandra's salaries, chose the clinic site, brought men down from Pennsylvania to renovate the clinic site, and hired Carolina's personnel.

198. Martinez came to Carolina frequently, undercutting Jeffrey's attempt at leadership, as Martinez was regarded by staff and third parties as the owner and boss of the clinics. For example, on one occasion when Martinez came to Carolina with Acosta, Martinez took over a meeting of therapists Jeffrey was trying to run concerning how many clients therapists were expected to see and "units" of billing for therapy sessions.

199. Less than a year after Carolina opened, Martinez called Jeffrey and told him he had to lay off his wife Sandra, which Jeffrey did. Two weeks later Jeffrey quit. After that, Martinez began spending even more time at Carolina.

MARTINEZ & CHLEBOWSKI COLLECT PROHIBITED PAYMENTS

200. As a result of Martinez's violation of his exclusion, Medicare and Medicaid paid for Martinez to provide administrative and management services of all manner that were a necessary component of Northeast, Lehigh Valley and Carolina's provision of services to Medicare and Medicaid patients.

201. During his exclusion, the clinics, through Chlebowski, transferred millions of dollars to Martinez via, among other things, rental payments, partial payments for and improvements to his buildings, favorable loan terms, payment of his travel and other expenses, and potentially excessive payments nominally made to his wife.

THE INDIVIDUAL DEFENDANTS CONCEAL MARTINEZ'S ROLE IN THE CLINICS

202. Martinez was aware at all relevant times that he was an excluded provider and therefore not allowed to be involved in the clinics' operations.

203. Martinez actively concealed his role in the clinics from the government. He falsely stated in his 2010 application to HHS for reinstatement that he had not been associated with any clinic or employed at all during his exclusion.

204. Martinez also avoided leaving a paper trail disclosing his management and control of the clinics. For example:

205. Martinez rarely sent email, although he frequently received emails from clinic employees and vendors and had an email address on the clinics' servers.

206. Martinez did not sign contracts on behalf of the clinics, although he decided the terms of and negotiated large contracts on behalf of the clinics.

207. Rental payments for facilities owned by Martinez or his company MM Consultants and payments related to the master's degree program run by Martinez were made to Chlebowski.

208. Martinez was not present for audits by CBH or Magellan, and he did not deal directly with Medicaid administrators or authorities.

209. Chlebowski, Acosta, Seier and Eroh were at all relevant times aware that Martinez was an excluded provider and therefore not allowed to be involved in the clinics' operations. Chlebowski, Acosta, Seier, and Eroh hid Martinez's role in the clinics from the government.

210. It was common knowledge amongst the clinics' employees that Martinez was prohibited from being in the clinics as a result of his criminal history. Nonetheless, most or almost all of the clinics' employees regarded Martinez as the owner and boss of the clinics and recognized his authority as such.

211. Martinez and Chlebowski used their power and authority over prospective, current, and former clinic employees to intimidate them into remaining silent about Martinez and Chlebowski's fraudulent schemes.

212. Many employees in the PA clinics (including several that Martinez had recruited) were beholden to Martinez and Chlebowski for more than just their jobs.

213. Martinez and Chlebowski controlled the immigration status of their many non-citizen employees, in that the employees could remain in the United States under their H1B visas only as long as they were employed by the clinics.

214. Almost all Northeast and Lehigh Valley therapists were thousands of dollars in debt to the PA clinics as a result of their participation in the clinics' compulsory master's degree and other educational programs.

215. In several cases, Martinez withheld master's degree diplomas from therapists who had completed the program requirements.

216. During Martinez's exclusion, Martinez and Chlebowski threatened clinic employees who challenged fraudulent and/or illegal practices, telling one to "watch your back" and reminding another that the clinic controlled the individual's immigration status.

217. Acosta and Seier assisted in Martinez's and Chlebowski's efforts to keep clinic employees from revealing the fraudulent scheme to authorities.

218. Acosta and Seier told prospective, current and/or former clinic employees to lie to government officials about Martinez's involvement in the clinics or never to mention Martinez's name.

219. Both Acosta and Seier made multiple false and misleading statements denying Martinez's involvement in the clinics in depositions conducted in this matter.

220. Eroh, in spite of her knowledge of Martinez's exclusion and his managerial role in the clinics, submitted or supervised the submission of all of the clinics' billing to Medicare and Medicaid, from 2001 to present.

221. At no time did Eroh notify Medicare or Medicaid that an excluded provider was involved in the clinics' management and/or operations.

CHLEBOWSKI MAKES FALSE STATEMENTS TO MEDICARE AND MEDICAID

222. At all relevant times, Chlebowski knew of Martinez's exclusion and knew that he was violating it by managing the clinics.

223. Notwithstanding, Chlebowski falsely certified to Medicare and Medicaid on many occasions that no excluded person or person convicted of a felony was an operator, director, manager, agent, consultant, or owner of the clinics.

224. In 2003 and 2005, Chlebowski submitted Medicare Enrollment Applications for clinic locations in Lehigh Valley which did not disclose Martinez's management role or exclusion. In 2008, she again certified to Medicare that no excluded person was a manager of Lehigh Valley.

225. On the 2009 Medicare Enrollment Application for Carolina, Chlebowski did not disclose Martinez's management role in the clinic or his exclusion, even though she identified Jeffrey and Sandra Chlebowski – over whom Martinez exercised authority – as managers.

226. Chlebowski also did not disclose Martinez's involvement in Carolina or his exclusion in 2009 provider enrollment documents filed with the Medicaid program in North Carolina, even though, again, she identified Jeffrey and Sandra Chlebowski.

227. Chlebowski also made several false certifications to obtain PA Medicaid payments through the PA Department of Public Welfare, in violation of 55 Pa. Code § 1101.75(a)(13) which prohibits providers from making a false statement in enrollment or reenrollment applications, and 5 Pa. Code § 1101.75(a)(2) which prohibits providers from knowingly submitting false information to obtain authorization to furnish services under Medicaid.

228. In 2007, she certified on a Medicaid provider reimbursement application for Northeast that no manager, consultant, agent or volunteer of the clinic had ever been excluded or convicted of Medicaid fraud or health care fraud. She further certified that Northeast agreed to participate in the MA program subject to its obligation to comply with the disclosure

requirements specified in 42 CFR Part 455, Subpart B, which required Northeast to disclose to the Medicaid agency the identity of any person who “[h]as ownership or control interest in the provider, or is an agent or managing employee of the provider” and had been convicted of a criminal offense related to that person’s involvement in any Medicare or Medicaid program.⁸

229. Chlebowski made the same false certifications on Medicaid provider reimbursement applications that she signed in 2005, 2007, 2008, and 2010 for the Lehigh Valley clinics.

230. Upon information and belief, Chlebowski also never notified Medicare or Medicaid of any change of information or update regarding Martinez’s role in the clinics at any time during his exclusion.

231. In addition, Magellan representatives questioned Chlebowski as to Martinez’s involvement in Lehigh Valley. She denied that he had any affiliation or day-to-day involvement with the clinic.

PA CLINICS SUBMIT FALSE CLAIMS FOR MEDICATION MANAGEMENT VISITS

232. Pennsylvania Medicaid providers are bound by the Pennsylvania Code, including the following provisions.

233. Providers may not submit a claim which misrepresents the description of the service provided. 55 Pa. Code § 1101.75(a)(8).

⁸ An “agent” means “any person who has been delegated the authority to obligate or act on behalf of a provider.” 42 C.F.R. § 455.101. “Managing employee” means “a general manager, business manager, administrator, director, or other individual who exercises operational or managerial control over, or who directly or indirectly conducts the day-to-day operation of an institution, organization, or agency.” *Id.* “Ownership interest” means the possession of equity in the capital, the stock, or the profits of the disclosing entity. *Id.*

234. Providers may not knowingly or intentionally present false claims for services or submit false information, for the purpose of obtaining greater compensation than that to which they are entitled. 55 Pa. Code § 1101.75(a)(1).

235. Providers may not submit a claim for services which are not documented in the record in the prescribed manner and are of little or no benefit to the recipient, or are below accepted medical treatment standards. 55 Pa. Code § 1101.75(a)(7).

236. During the exclusion period, Northeast and Lehigh Valley, through their billing office run by Eroh, submitted false claims to Medicaid for medication management visits (also known as “med checks”) by at least six of the PA clinics’ psychiatrists.

237. The purpose of the medication management visit is for the psychiatrist to monitor and evaluate the effectiveness of psychotropic medications used in the treatment of mental illness and emotional disturbance. The visit may include a change/adjustment to a prescription or writing of a new prescription and the provision of supportive psychotherapy and medication education.

238. To qualify for payment by Medicaid, the medication management visit must be a minimum 15 minute face-to-face session involving the psychiatrist and the patient.

239. One “unit of service” for a medication management visit for Medicaid patients in Northeast and Lehigh Valley is 15 minutes.

240. The 15 minute medication management requirement is a condition of payment for Medicaid patients in Northeast and Lehigh Valley, as enforced by CBH and Magellan, respectively.

241. CBH and Magellan do not pay for a med check that is not a minimum of 15 minutes.

242. Beginning in 2004, all of the fee schedules attached to CBH's annual contracts with Northeast have stated that a "medication management" visit is a 15 minute timed service, and that one unit of measure for billing purposes is 15 minutes.

243. CBH's reimbursement rate for Northeast for one 15 minute unit of medication management was \$36.50 in 2008-2010, and \$42 for adults and \$45.75 for children in 2010-2013.

244. Magellan paid Lehigh Valley an average of \$46-47 per one 15 minute unit of med check from 2009 through 2012. For some or all of 2013, Magellan paid Lehigh Valley \$56.65 per one unit of med check.

245. In addition, mental health providers must document in the patient's record the actual clock time spent providing the medication management service, i.e., 8:00 a.m. to 8:15 a.m.

246. Documentation of patient time in and out is a condition of payment for Medicaid patients in Northeast and Lehigh Valley, as enforced by CBH and Magellan, respectively.

247. CBH and Magellan do not pay for med checks not supported by documentation of patient time in and time out in the patient's chart.

248. CBH's 2009 and 2012 compliance audits found that Northeast psychiatrists had failed to document "clock times" in and out for several paid medication management claims. CBH recouped overpayments based on the limited sample of records reviewed.

249. CBH met with Chlebowski in 2011 to discuss adding start and end times to patients' chart notes for medication management; however, Chlebowski did not implement the requirement.

250. Similarly, in 2012, Magellan informed Chlebowski that its audit of the Lehigh Valley clinics had found that psychiatrists' documentation contained no start or end time or session length; as a result, Magellan assessed an overpayment. Magellan also reminded

Chlebowski that “medication management” appointments were required to be a minimum of 15 minutes.

251. In spite of long-standing MA program requirements and repeated interventions by CBH and Magellan, Martinez and Chlebowski failed to require Northeast and Lehigh Valley psychiatrists to document the actual clock times they were seeing patients for medication management.

252. As a result, most or all of the clinical documentation for med checks performed in the PA clinics from 2009 or earlier to present does not include clock times in and out.

253. For example, at least three doctors in the PA clinics never documented patient time in and out.

254. By failing to require psychiatrists to document patient time in and out, Martinez and Chlebowski concealed from CBH and Magellan the fact that, for many years during Martinez’s exclusion, the PA clinics were submitting bills to Medicaid for medication management visits of less than ten minutes, and very often less than five minutes, by at least six of the PA clinics’ psychiatrists.

255. The PA clinics nonetheless billed Medicaid for whole single “units” of medication management, thereby falsely representing that the patient had been seen for the requisite 15 minutes.

256. From 2009 through 2012, on many dates, the PA clinics billed and were paid by Medicaid for 50 or more medication management visits with a single psychiatrist in a single day, sometimes on days when the doctor travelled an hour and a half between Lehigh Valley and

Northeast (Philadelphia) clinic sites.⁹ On some dates, the PA clinics billed Medicaid for over 100 medication management visits by a single doctor.¹⁰

257. Patricia Eroh, as head of Northeast and Lehigh Valley's billing department, personally submitted or supervised the submission of claims to CBH and Magellan for medication management visits.

258. Eroh or members of the PA clinics' billing department under her supervision submitted claims for payment to CBH and Magellan for medication management visits by individual doctors working in Northeast and Lehigh Valley, respectively.

259. Eroh knew or should have known of the Medicaid rules regarding the timing of medication management visits. She also was familiar with or should have been familiar with fee schedules for services to Medicaid patients which specified that the medication management visit was 15 minutes per "unit" of service billed.

260. Eroh also knew or should have known, based on the enormous number of claims for med checks she and/or members of her billing department were submitting to CBH and/or Magellan for an individual doctor on a given day that the claims represented "impossible day" billing, *i.e.*, billing for more treatment hours than are in a work day.

261. Martinez and Chlebowski also knew or should have known based on their review of psychiatrists' production reports and their knowledge of how much the PA clinics were paying their fee-for-service psychiatrists – between half a million and a million dollars annually for the

⁹ Assuming an 8 hour uninterrupted day only seeing patients for medication management visits, the doctor would average 9.6 minutes per patient on a day when he saw 50 patients.

¹⁰ After Magellan's 2012 intervention, Lehigh Valley stopped submitting claims for med checks under the NPI numbers of individual physicians and began submitting claims for med checks under Lehigh Valley's NPI number, thereby hindering Magellan's ability to uncover excessive and/or fraudulent billing practices. Northeast did not submit claims for med checks under the NPI numbers of individual physicians.

doctors seeing the most patients – that the PA clinics were submitting “impossible day” billing to Medicaid. Martinez himself once commented, “It’s not possible someone can see 50 patients in a day. It’s illogical.”

262. Nonetheless, the PA clinics routinely submitted bills to Medicaid for 50 or more med checks by a single doctor on a single day.

263. For example, Northeast billed Medicaid for 97 med checks and five psychiatric diagnostic interview evaluations by a single doctor on January 8, 2010.¹¹ To see each of the 97 patients for a minimum 15 minute med check, the doctor would have had to have worked over 24 hours. Based on the doctor’s actual work schedule, the estimated time per med check was three minutes.

264. Lehigh Valley billed Medicaid for 58 med checks and eight psychiatric evaluations by another doctor on November 17, 2011.¹² To see each of the 58 med check patients for 15 minutes would have taken the doctor fourteen and a half hours, before getting to the even more time consuming eleven psychiatric evaluations he performed on the same date.

265. Northeast billed Medicaid for 49 med checks by a third doctor on February 16, 2012; Lehigh Valley billed Medicaid for 52 med checks by the same doctor on the same date, for a total of 101 med checks in one day, when the doctor travelled an hour and a half between clinic

¹¹ Northeast billed Medicare for seven more med checks by the same doctor on the same date.

¹² Lehigh Valley billed Medicare for two psychiatric evaluations and billed Gateway for one psychiatric evaluation and two med checks by the same doctor on the same date; resulting in the billing of 11 evaluations and 60 med checks by a single doctor on that day.

sites.¹³ Again, the doctor would have had to have worked over 24 hours on that date to have seen each patient for a minimum 15 minute med check.

266. At least six Northeast and/or Lehigh Valley psychiatrists regularly saw patients for less than 15 minutes for medication management – in some cases for 10 minutes, for 7-8 minutes, or for as little as 2-3 minutes.

267. Notwithstanding, the PA clinics billed – and were paid by Medicaid – as if the patients had been seen for a minimum of 15 minutes.

268. These very brief medication management visits often involved Spanish speaking children with psychiatric illness being seen by psychiatrists who do not speak Spanish.

269. In many instances, Medicaid patients received medically inadequate care due to the brevity of the medication management visit.

270. In addition, the documentation for many of the med checks performed by psychiatrists in Northeast and Lehigh Valley was illegible and/or did not represent a medically appropriate encounter.

271. During Martinez's exclusion, neither Martinez nor Chlebowski required the PA clinic psychiatrists to see Medicaid patients for the requisite 15 minute medication management visit.

272. Martinez and Chlebowski monitored the scheduled appointments of the clinics' psychiatrists.

273. Martinez and Chlebowski set the schedules for the PA clinics' doctors.

¹³ Northeast billed Medicare for one med check, and Lehigh Valley billed Medicare for three med checks and Gateway for two med checks by the same doctor on the same date, resulting in a total of 106 billed med checks by that doctor on that day.

274. Martinez and Chlebowski were aware that some psychiatrists in the PA clinics were being scheduled to see an enormous number of psychiatric patients in very brief time frames.

275. For example, on May 25, 2012, a single doctor at a Lehigh Valley clinic was scheduled to see fifty patients for medication management between 1:30 p.m. and 3:20 p.m., allowing each patient just over two minutes with the doctor for the requisite 15 minute encounter.

276. Martinez's and Chlebowski's management practices during Martinez's exclusion caused chaos at the PA clinic sites where the waiting rooms overflowed with mentally ill patients, including many children, waiting hours to be seen by a psychiatrist.

277. As they rushed through the backlog of patients at the overcrowded PA clinics, several of the doctors spent inadequate time with psychiatric patients on many occasions. Meanwhile Northeast and Lehigh Valley billed Medicaid as if the patients had been seen for the full 15 minute medication management visit.

278. During Martinez's exclusion, two former medical directors of the clinics recognized that the overscheduling of patients raised patient safety and quality of care issues and addressed their concerns to Chlebowski in one case, and to Martinez and Chlebowski in the other. One of them advised Martinez specifically that psychiatrists in Northeast and Lehigh Valley should not be scheduled for more than 40 "med checks" and two psychological evaluations per day.

279. Neither Martinez nor Chlebowski took remedial action, and the PA clinics continued to schedule huge numbers of patients per day for medication management visits and to bill Medicaid as if patients were being seen for 15 minute visits.

280. As a result, Medicaid payments to the PA clinics for medication management increased more than 50% from 2009 to 2012.

281. Medicaid paid the PA clinics over \$4,000,000 from 2009 through 2012 for over 97,000 med checks that the PA clinics falsely presented to Medicaid as if the patient had been seen for at least 15 minutes.

282. Lehigh Valley's fraudulent billing for medication management continued until at least 2013 or is continuing.

283. Northeast's fraudulent billing for medication management continued until at least 2014 or is continuing.

THE PA CLINICS SUBMIT FALSE CLAIMS FOR UNQUALIFIED THERAPISTS

284. It is a condition of Medicaid payment in Philadelphia, as enforced by CBH, that only individuals with a master's degree in an appropriate mental health field, i.e., "mental health professionals" as defined by the PA Code, 55 Pa. Code § 1153.2, are permitted to provide therapy services to Medicaid patients.

285. Throughout his exclusion, Martinez and Chlebowski knowingly arranged for individuals who did not have the requisite educational qualifications to provide therapy to Medicaid patients and caused Medicaid to be billed for their services.

286. In 2004-05, CBH intervened with Northeast about its use of unqualified therapists, after CBH auditors found in 2003 that many Northeast therapists (including some Martinez had recruited and hired) did not have an appropriate master's degree.

287. Even after CBH's 2004 intervention, Northeast continued to bill Medicaid for the services of individuals who were not qualified to provide therapy to Medicaid patients.

288. CBH found through periodic spot checks of credentialing files in 2005, 2007, 2009 and 2013 that many individuals Northeast was billing for as “therapists,” including at least one clinical supervisor, lacked the requisite qualifications or verifiable credentials to perform therapy for Medicaid patients, including, but not limited to, the following individuals (identified by their initials): AB, FM, RM, LJ, AL, ER, JB, MP, ME, JF, YP, AM, AP, MP, and HR.

289. At least three individuals who were in the 2008-2010 master’s program in Northeast were already working as therapists in the clinic when they began the program (MT, AF, TN), even though they lacked the requisite education.

290. The documentation Northeast provided to CBH as part of CBH’s credentialing audit further obscured the educational and work history of several Northeast therapists.¹⁴

291. A 2012 staff roster that Northeast provided to CBH represented that all Northeast therapists had a master’s degree in a mental health field.

292. However, Northeast materially misrepresented to CBH the date of hire of many therapists, making it appear that the therapists had not been working in the clinics for as long as they actually have (e.g., RC, DR, IR, LF, AM, GT, MD, LA, LD, AF, RR, SA, MB, EG, OM, MP, RD, MF, PM, MR).

293. Further, many individuals were working in Northeast as therapists for months or even years before they obtained their mental health degree from Martinez’s master’s degree program (e.g., IA, JF, LF, EM, NY, JV, LA, EF, AF, RG, EM, TN, FR, EM, CA, CA, EB, MD, OD, DD, RD, AF, MF, JG, RL, AL, PM, AP, EP, AP, AR, RS, MT, LV). In the interim, Northeast billed Medicaid for their services as if they were fully credentialed therapists.

294. In addition, several individuals whom Martinez recruited to the PA clinics were hired in a training capacity. They did not have the requisite documentation, e.g., immigration

¹⁴ Starting in or around 2008, Seier was in charge of maintaining the clinics’ credentialing files.

forms, to work. Martinez paid them from petty cash and/or by adding their salaries to a family member's paycheck.

**PA CLINICS SUBMIT FALSE CLAIMS TO MEDICARE FOR
"THERAPY" SESSIONS BY UNQUALIFIED AND UNSUPERVISED PERSONS**

295. Medicare Part B pays for the services of physicians, licensed clinical psychologists with a doctorate, licensed clinical social workers with a master's or doctorate and two years of post-graduate supervised clinical social work experience, physician's assistants, nurse practitioners, and clinical nurse specialists. 42 C.F.R. §§ 410.70, 410.71, 410.73, 410.74, 410.75, 410.76.

296. Part B also pays for services of "auxiliary personnel" that are furnished "incident to the service of a physician." 42 C.F.R. § 410.26.

297. A condition of Medicare payment is that "incident to" services performed by auxiliary personnel must be furnished "under the direct supervision of the physician." 42 C.F.R. § 410.26(b)(5).

298. "Direct supervision" means that the physician is present in the office suite and immediately available to provide assistance and direction throughout the time the auxiliary personnel is performing the service. 42 C.F.R. § 410.32(b)(3)(ii); Medicare Benefit Policy Manual Direct, Chapter 15, Section 60.

299. The availability of the physician by telephone and the presence of the physician somewhere in the institution does not constitute direct supervision. Medicare Benefit Policy Manual Direct, Chapter 15, Section 60.

300. Thus, a mental health clinic may only bill Medicare for the services of a physician, clinical psychologist or social worker, physician's assistant or nurse, or for the services of auxiliary personnel working under the direct, onsite supervision of the physician.

301. Chlebowski, Martinez, and Eroh knew or should have known of these Medicare rules.

302. Notwithstanding, Martinez and Chlebowski failed to staff the PA clinic sites with professionals qualified to treat Medicare patients or with an onsite psychiatrist all day, every day to provide the requisite direct supervision of personnel who were otherwise unqualified to independently provide psychotherapy to Medicare patients.

303. Eroh also knew that the PA clinics were not staffed all day, every day with an onsite psychiatrist.

304. The PA clinics, through Eroh's billing department, submitted bills to Medicare for psychotherapy (code 90896) under the NPI numbers of the PA clinics' psychiatrists, thereby representing that a psychiatrist had personally performed the service or had been present onsite to supervise the provision of the service by auxiliary personnel.

305. Neither, in fact, was true. Rather, individuals who were not qualified under Medicare rules – they were not physicians, clinical psychologists or social workers, physician's assistants or nurses – provided therapy to Medicare patients at the PA clinics.

306. These unqualified persons provided psychotherapy to Medicare patients at the PA clinics without direct supervision by an onsite psychiatrist.

307. The PA clinics then billed and were paid by Medicare for these sessions as if a psychiatrist had performed the service or been present onsite to supervise it.

308. For example, for dates of service May 25, May 31, and June 23, 2012, Lehigh Valley submitted 95 claims to Medicare for psychotherapy (code 90806) under the NPI numbers of seven of Lehigh Valley's psychiatrists.

309. Medicare paid these claims pursuant to the Medicare physician's fee schedule rate, as if the physician had himself performed the service.

310. Most or all of these therapy sessions were provided by auxiliary personnel who were not qualified to independently see Medicare patients.

311. Twenty-four out of the 95 paid claims were for therapy sessions conducted by auxiliary personnel when no psychiatrist was present at the clinic site to supervise.

312. Similarly, in Northeast, on Tuesdays in 2011 and 2012 there were only two physicians who worked all day and one who worked half days. One of the two full day physicians has opted out of seeing Medicare patients. Thus, there were only two physicians – one of whom was half day only – to supervise auxiliary personnel seeing Medicare patients at the four Northeast clinic sites.

313. Notwithstanding, Northeast billed and was paid by Medicare for therapy sessions billed under physicians' NPI numbers at the physicians' Medicare fee schedule rate. Northeast thus falsely represented that a physician had performed the service or been present onsite to supervise it, even though that was impossible given the doctors' schedules.

314. In addition, most or all of the individuals providing unsupervised therapy were not qualified to independently provide psychotherapy to Medicare patients.

COUNT I – ALL DEFENDANTS
Violation of False Claims Act, 31 U.S.C. §§ 3729(a)(1)(A), (C) – Excluded Provider

315. Paragraphs 1 through 314 are incorporated by reference as though fully set forth herein.

316. During Martinez's exclusion, the defendants, due to Martinez's participation in and management of the clinics while he was excluded from federal health care programs, knowingly submitted or caused to be submitted, or conspired to submit or cause to be submitted

false claims for payment to Medicaid and Medicare.

317. As a result of these false claims, Medicare and Medicaid paid for claims submitted by Northeast, Lehigh Valley and Carolina that they should not have paid.

318. The United States has suffered damages and is entitled to treble damages under the False Claims Act, to be determined at trial, plus a civil penalty of \$5,500 to \$11,000 for each violation.

**COUNT II – CHLEBOWSKI, MARTINEZ, NORTHEAST, LEHIGH VALLEY,
CAROLINA, MM CONSULTANTS, MCM BETHLEHEM
Violation of False Claims Act, 31 U.S.C. § 3729(a)(1)(A) –
Excluded Provider**

319. Paragraphs 1 through 318 are incorporated by reference as though fully set forth herein.

320. During Martinez's exclusion, the defendants, due to Martinez's or his company's receipt of prohibited direct or indirect payments from Medicare and/or Medicaid through the clinics and/or Chlebowski, knowingly submitted or caused to be submitted false claims for payment to Medicaid and Medicare.

321. As a result of these false claims, Medicare and Medicaid paid for claims submitted by Northeast, Lehigh Valley and Carolina that they should not have paid.

322. The United States has suffered damages and is entitled to treble damages under the False Claims Act, to be determined at trial, plus a civil penalty of \$5,500 to \$11,000 for each violation.

**COUNT III – CHLEBOWSKI, MARTINEZ,
NORTHEAST, LEHIGH VALLEY, CAROLINA
Violation of False Claims Act, 31 U.S.C. § 3729(a)(1)(B) – False Statements**

323. Paragraphs 1 through 322 are incorporated by reference as though fully set forth herein.

324. During Martinez's exclusion, Chlebowski, on behalf of Northeast, Lehigh Valley, and Carolina, knowingly made false statements and certifications to Medicare and Medicaid that were material to false claims submitted by the clinics.

325. Martinez made false statements in his application to HHS for reinstatement that were material to false claims submitted by the clinics.

326. As a result of these false statements, Medicare and Medicaid paid for claims submitted by Northeast, Lehigh Valley and Carolina that they should not have paid.

327. As a result of these false statements and certifications, the United States suffered damages and is entitled to treble damages under the False Claims Act, to be determined at trial, plus a civil penalty of \$5,500 to \$11,000 for each violation.

**COUNT IV – MARTINEZ, CHLEBOWSKI, EROH, NORTHEAST, LEHIGH VALLEY
Violation of False Claims Act, 31 U.S.C. § 3729(a)(1)(A) – Med Checks**

328. Paragraphs 1 through 327 are incorporated by reference as though fully set forth herein.

329. The defendants knowingly submitted or caused to be submitted false claims for payment to the PA Medicaid program for medication management visits by six psychiatrists in the PA clinics.

330. The claims submitted to Medicaid for payment falsely represented that patients had been seen for a 15 minute "unit" of medication management when, in fact, the patients were seen for less than 15 minutes, and, in some cases, as little as 2 or 3 minutes.

331. As a result of these false claims, the Medicaid program paid for medication management visits that it should not have.

332. The United States has suffered damages and is entitled to treble damages under the False Claims Act, to be determined at trial, plus a civil penalty of \$5,500 to \$11,000 for each

violation.

**COUNT V – MARTINEZ, CHLEBOWSKI, NORTHEAST, LEHIGH VALLEY
Violation of False Claims Act, 31 U.S.C. § 3729(a)(1)(A) – Med Checks**

333. Paragraphs 1 through 332 are incorporated by reference as though fully set forth herein.

334. The defendants knowingly submitted or caused to be submitted false claims for payment to the Pennsylvania Medicaid program for medication management visits by psychiatrists in the PA clinics.

335. The treatment documentation for medication management visits in Northeast and Lehigh Valley failed to include the actual clock time in and out that Medicaid patients were seen.

336. As a result of these false claims, the Medicaid program paid for medication management visits that it should not have.

337. The United States has suffered damages and is entitled to treble damages under the False Claims Act, to be determined at trial, plus a civil penalty of \$5,500 to \$11,000 for each violation.

**COUNT VI – ALL DEFENDANTS, EXCEPT FOR CAROLINA
Violation of False Claims Act, 31 U.S.C. §§ 3729(a)(1)(A), (C) – Unqualified Personnel**

338. Paragraphs 1 through 337 are incorporated by reference as though fully set forth herein.

339. During Martinez's exclusion, the defendants knowingly submitted or caused to be submitted false claims for payment to the PA Medicaid program and to Medicare for the services of persons who were not qualified and/or authorized to provide such services.

340. The defendants also conspired to submit or cause to be submitted false claims for payment to the PA Medicaid program and to Medicare.

341. As a result of these false claims, Medicaid and Medicare paid for claims submitted by Northeast and Lehigh Valley that they should not have paid.

342. The United States has suffered damages and is entitled to treble damages under the False Claims Act, to be determined at trial, plus a civil penalty of \$5,500 to \$11,000 for each violation.

**COUNT VII – MARTINEZ, CHLEBOWSKI, EROH, NORTHEAST, LEHIGH VALLEY
Violation of False Claims Act, 31 U.S.C. § 3729(a)(1)(A) – Unsupervised Therapy**

343. Paragraphs 1 through 342 are incorporated by reference as though fully set forth herein.

344. The defendants knowingly submitted or caused to be submitted false claims for payment to Medicare for the services of unsupervised therapists at Northeast and Lehigh Valley, in violation of “incident to” Medicare billing rules. 42 C.F.R. § 410.26(b)(5).

345. The defendants presented claims to Medicare for psychotherapy sessions (code 90806) under the NPI number of various psychiatrists, thereby falsely representing that a psychiatrist actually provided the service or was physically present and immediately available to supervise the individual who was providing the service, when, in fact, no psychiatrist was present.

346. As a result of these false claims, Medicare paid for claims submitted by Northeast and Lehigh Valley that it should not have. The United States has suffered damages and is entitled to treble damages under the False Claims Act, to be determined at trial, plus a civil penalty of \$5,500 to \$11,000 for each violation.

**COUNT VIII – MARTINEZ, CHLEBOWSKI, EROH, NORTHEAST, LEHIGH VALLEY
Violation of FCA, 31 U.S.C. § 3729(a)(1)(G) – Avoidance of Repayment Obligation**

347. Paragraphs 1 through 346 are incorporated by reference as though fully set forth

herein.

348. The defendants knowingly concealed or knowingly and improperly avoided or decreased their obligation to repay money owed to Medicare and Medicaid.

349. Upon information and belief, Lehigh Valley and/or Northeast repaid Medicare for some or all claims in 2013 that were paid as “incident to” a physician’s NPI number, because no physician was present onsite at the time the services were rendered.

350. Upon information and belief, the PA clinics failed to alert Medicare that there were other dates during and prior to 2013 for which Medicare paid for services billed “incident to” a physician’s NPI number when no physician was present at the clinic site, even though the defendants were aware of such payments.

351. CBH alerted Northeast in 2009 and 2012 after audits of a small sample of patient charts that Northeast had improperly billed Medicaid for med checks without documenting patient time in and time out. CBH recouped an overpayment based on the limited sample of records reviewed.

352. CBH alerted Northeast several times between 2003 and the present that CBH’s credentialing audits showed Northeast had improperly billed Medicaid for the services of unqualified therapists.

353. Magellan alerted Lehigh Valley in 2012 that Lehigh Valley had submitted claims for Medicaid payment of med checks that violated both the time in and out documentation requirement and the 15 minute requirement. Magellan recouped an overpayment based upon med checks Lehigh Valley improperly documented and/or billed in 2012 and/or early 2013.

354. As a result of these interventions by Medicare, CBH and Magellan, defendants knew they owed more money to Medicare and Medicaid, beyond the limited repayments the PA

clinics made.

355. The defendants knowingly concealed that they owed this money.

356. The defendants thereby knowingly and improperly avoided or decreased their obligation to repay money owed to Medicare and Medicaid.

357. As a result, Medicare and Medicaid paid for claims submitted by Northeast and Lehigh Valley that they should not have. The United States has suffered damages and is entitled to treble damages under the False Claims Act, to be determined at trial, plus a civil penalty of \$5,500 to \$11,000 for each violation.

**COUNT IX – MARTINEZ, CHLEBOWSKI, NORTHEAST,
LEHIGH VALLEY, CAROLINA, MM CONSULTANTS, MCM BETHLEHEM
Payment by Mistake of Fact**

358. Paragraphs 1 through 357 are incorporated by reference as though fully set forth herein.

359. This is a claim for the recovery of Medicaid and Medicare funds paid to Northeast, Lehigh Valley and Carolina under mistake of fact.

360. Medicare and Medicaid made payments on the claims that the clinics submitted under the erroneous belief that the claims were proper, *i.e.*, no excluded provider was managing the clinics, the therapists had the required qualifications and supervision, and psychiatrists saw patients for the required amount of time and documented same.

361. This erroneous belief was material to the payments that Medicare and Medicaid made to the clinics.

362. Because of these mistakes of fact, the clinics, and in turn Chlebowski and Martinez and their respective LLCs, received monies to which they are not entitled.

363. By reason of the payments described above, the United States is entitled to

damages in an amount to be determined by a trier of fact.

**COUNT X – MARTINEZ, CHLEBOWSKI, NORTHEAST,
LEHIGH VALLEY, CAROLINA, MM CONSULTANTS, MCM BETHLEHEM
Unjust Enrichment**

364. Paragraphs 1 through 363 are incorporated by reference as though fully set forth herein.

365. This is a claim for the recovery of monies that the defendants obtained through unjust enrichment.

366. The defendants' conduct described above unjustly enriched them with Medicare and Medicaid funds that in good conscience they should not be allowed to retain.

367. The defendants have been unjustly enriched to the detriment of the United States.

368. By reason of the payments described above, the United States is entitled to damages in an amount to be determined by a trier of fact.

**COUNT XI – ALL DEFENDANTS
Common Law Fraud**

369. Paragraphs 1 through 368 are incorporated by reference as though fully set forth herein.

370. The defendants made or caused to be made material and false representations in the clinics' submission of claims to Medicaid and Medicare, with knowledge of their falsity, with the intention that Medicaid and Medicare programs act upon the misrepresentations to their detriment.

371. Medicaid and Medicare programs acted in reliance upon the defendants' false representations and as a result paid the clinics' false claims.

372. Had the true facts been known, Medicaid and Medicare would not and could not have paid the clinics' false claims.


373. By reason of these payments, the United States has been damaged in an amount to be determined at trial.

CLAIM FOR RELIEF

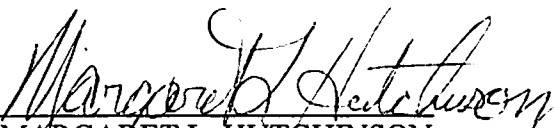
WHEREFORE, the United States of America demands judgment against defendants as follows:

- a. On the False Claims Act counts, judgment against defendants, jointly and severally, for treble the damages sustained, plus civil penalties assessed against defendants of between \$5,500.00 and \$11,000.00 per violation, and post-judgment interest, costs, and other proper relief;
- b. On the common law counts, judgment against defendants, jointly and severally, for the damages sustained, to be determined at trial, plus post-judgment interest, costs, and other proper relief;
- c. For such other and further relief as the Court deems just and equitable.


Respectfully submitted,




ZANE DAVID MEMEGER
United States Attorney



MARGARET L. HUTCHINSON
Assistant United States Attorney
Chief, Civil Division



CHARLENE K. FULLMER
Assistant United States Attorney
Deputy Chief, Civil Division



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Attorneys for the United States of America

Dated: July 20, 2015

EXHIBIT A

AUTHORIZATION FOR INDIVIDUAL

I, Melchor Martinez

Name

Address

City

State

Zip Code

hereby authorize representatives of the Department of Health and Human Services, Office of Inspector General, access to any and all information contained in your files pertaining to me. This authorization, which may be presented to any person or organization, public or private, absolves you and your employer of any liability for release of such information.

THIS APPLICATION CANNOT BE REPRODUCED, ALTERED OR MODIFIED IN ANY WAY.

Signature

Witness Signature (Notary)

Date (MM/DD/YYYY)

Date (MM/DD/YYYY)

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Philip Stanley Jenny, Notary Public
City of Allentown, Lehigh County
My Commission Expires May 21, 2014
Member, Pennsylvania Association of Notaries

My Commission Expires:

SEAL

STATEMENT

I, Melchor Martinez

affirm that to the best of my knowledge, my responses to the following statements are true. All initials must be handwritten and not typed.

1. If the statement applies to me, I have handwritten my initials at the end of the statement in the specified area.
2. If the statement does not apply to me, I have checked the "N/A" block AND handwritten my initials at the end of the statement in the specified area.
3. If the statement requires additional clarification and/or I wish to provide information, I have done so in the space provided AND handwritten my initials at the end of the statement in the specified area. (Attach additional sheets if necessary for clarifications.)

ALL STATEMENTS MUST BE INITIALED

Failure to provide the required information will result in:

1. The application being returned;
2. Will necessitate the completion of a new application; and
3. Will delay the reinstatement process.

I affirm that:

1. I am not the subject of any investigation, either criminal or civil, being conducted by any authority of a local, State or Federal Government.

CM
Initials N/A

Clarification:

2. I have not been convicted of any crime during the period of the suspension/exclusion.

CM
Initials N/A

Clarification:

3. I have met or am meeting all the terms and conditions of any court ordered probation.

CM
Initials N/A

Clarification:

4. I have paid or am paying all court ordered fines and restitutions in accordance with the agreed upon terms and conditions.

CM
Initials N/A

Clarification:

5. I am not under any sanctions imposed by any licensing authority, nor am I under investigation by such authority. This does not include probation.

CHM
Initials N/A

Clarification:

6. I am not under any sanctions imposed by any Federal or State agency nor am I under investigation by such authority. (This does not include exclusion by the Office of Inspector General or the Office of Personnel Management.)

CHM
Initials N/A

Clarification:

7. All penalties, monetary or otherwise, or any other conditions imposed under any civil authorities, (e.g., Civil Monetary Penalty Law, Program Fraud Civil Remedies Act) or under any settlement agreement have been or are being met in accordance with the agreed upon terms and conditions.

CHM
Initials N/A

Clarification:

8. All overpayments identified by any Federal or State agency have been repaid or are being repaid in accordance with the agreed upon terms and conditions.

CHM
Initials N/A

Clarification:

9. All repayment of loans under the Health Education Assistance Loan (HEAL) Program or the terms of the contract entered into under the National Health Service Corps Scholarship Program or the Physician Shortage Area Scholarship Program have been or are being met in accordance with the agreed upon terms and conditions.

CHM
Initials N/A

Clarification:

10. I certify that the circumstances which led to my suspension/exclusion from the Medicare, Medicaid, and any Federal or State health care program will not recur.

CHM
Initials N/A

Clarification:

11. I have notified all my employers, partners, hospitals, HMOs, pharmacies, labs, clinics, nursing homes, DME companies, etc., of my suspension/exclusion and its effect at the time the action occurred or thereafter.

CHM
Initials N/A

Clarification:

12. Listed below is my complete employment history from the effective date of my suspension/exclusion to the present. It includes all health care employment, non-health care employment, self-employment and any periods of unemployment. (Attach additional sheets if necessary.)

CSM
Initials N/A

SEE ATTACHED

<i>Employment Date (MM/YYYY - MM/YYYY)</i>	<i>Place of Employment</i>	
<i>Employer's Address</i>	<i>Employer's Area code and Telephone</i>	<i>Contact Person</i>
<i>Your Job Title/Responsibilities</i>		
<i>Employment Date (MM/YYYY - MM/YYYY)</i>	<i>Place of Employment</i>	
<i>Employer's Address</i>	<i>Employer's Area Code and Telephone</i>	<i>Contact Person</i>
<i>Your Job Title/Responsibilities</i>		
<i>Employment Date (MM/YYYY - MM/YYYY)</i>	<i>Place of Employment</i>	
<i>Employer's Address</i>	<i>Employer's Area Code and Telephone</i>	<i>Contact Person</i>
<i>Your Job Title/Responsibilities</i>		
<i>Employment Date (MM/YYYY - MM/YYYY)</i>	<i>Place of Employment</i>	
<i>Employer's Address</i>	<i>Employer's Area Code and Telephone</i>	<i>Contact Person</i>
<i>Your Job Title/Responsibilities</i>		
<i>Employment Date (MM/YYYY - MM/YYYY)</i>	<i>Place of Employment</i>	
<i>Employer's Address</i>	<i>Employer's Area Code and Telephone</i>	<i>Contact Person</i>
<i>Your Job Title/Responsibilities</i>		
<i>Employment Date (MM/YYYY - MM/YYYY)</i>	<i>Place of Employment</i>	
<i>Employer's Address</i>	<i>Employer's Area Code and Telephone</i>	<i>Contact Person</i>
<i>Your Job Title/Responsibilities</i>		
<i>Employment Date (MM/YYYY - MM/YYYY)</i>	<i>Place of Employment</i>	
<i>Employer's Address</i>	<i>Employer's Area Code and Telephone</i>	<i>Contact Person</i>
<i>Your Job Title/Responsibilities</i>		

12. Listed below is my complete employment history from the effective date of my suspension/exclusion to the present. It includes all health care employment, non-health care employment, self-employment and any periods of unemployment. (Attach additional sheets if necessary,)

Since my exclusion in June 2000, I have not been employed or self-employed. Instead, I have concentrated on furthering my education as indicated in Question 22. Additionally, I have functioned, on a volunteer basis, with the Dominican Republic government, of which I am a citizen, as a liaison/ambassador to enhance non-health care business relationships with businesses located in the United States and the Dominican Republic. Finally, I have also volunteered to assist two Dominican Republic universities (the Dominican Adventist University and the Autonomous University of Santo Domingo) to establish long distance graduate programs for citizens of the Dominican Republic residing in the United States.

13. I have/had hospital privileges at the following facility/ies during the period of my suspension/exclusion: (Attach additional sheets if necessary.)

CSJ X
Initials N/A

Name of Facility	Address	City, State, Zip
Your Position/Title	From (MM/YYYY - MM/YYYY)	Contact Person
		Area Code and Telephone

Name of Facility	Address	City, State, Zip
Your Position/Title	From (MM/YYYY - MM/YYYY)	Contact Person
		Area Code and Telephone

14. I have/had long-term care patients at, or I did/do business during the period of my suspension/exclusion with the following nursing homes or health care entities: (Attach additional sheets if necessary.)

CSJ X
Initials N/A

Name of Facility	Address	City, State, Zip
Your Position/Title	From (MM/YYYY to MM/YYYY)	Contact Person
		Area Code and Telephone

Name of Facility	Address	City, State, Zip
Your Position/Title	From (MM/YYYY to MM/YYYY)	Contact Person
		Area Code and Telephone

15. I am/have been associated as a partner, member, employee, etc., with the following person, group, clinic, HMO(s), etc. during my suspension/exclusion period: (Attach additional sheets if necessary.)

CSJ X
Initials N/A

Full Name of Person, Group, Clinic, HMOs, etc	Address	City, State, Zip
Contact Person	Area Code and Telephone	Dates of Association (MM/YYYY to MM/YYYY)

Full Name of Person, Group, Clinic, HMOs, etc	Address	City, State, Zip
Contact Person	Area Code and Telephone	Dates of Association (MM/YYYY to MM/YYYY)

16. I have used/am using the following UPIN(s) (CMS-assigned numbers): (Attach additional sheets if necessary.)

CSJ X
Initials N/A

Name (First, Middle, Last)	UPIN
Name (First, Middle, Last)	UPIN

17. Listed below are my UPIN number(s) and all the UPIN number(s) of any group(s), clinic(s), HMO(s), etc., and individual(s) I have been employed by or associated with in any manner during the period of my suspension/exclusion: (Attach additional sheets if necessary.)

CHH X
 Initials N/A

Name (First, Middle, Last)	UPIN
Name (First, Middle, Last)	UPIN

18. Listed below are my Medicare and Medicaid provider numbers and all the Medicare and Medicaid provider numbers of any group(s), clinic(s), HMO(s), etc., and individuals I have been employed by or associated with in any manner during my period of suspension/exclusion: (Attach additional sheets if necessary.)

CHH X
 Initials N/A

MEDICARE	Name (First, Middle, Last)	Medicare Provider Number	State	Date obtained (MM/YYYY)
	Name (First, Middle, Last)	Medicare Provider Number	State	Date obtained (MM/YYYY)
MEDICAID	Name (First, Middle, Last)	Medicaid Provider Number	State	Date obtained (MM/YYYY)
	Name (First, Middle, Last)	Medicaid Provider Number	State	Date obtained (MM/YYYY)

19. I have claimed payment or claims were submitted for services provided by me from the following insurers during the period of my suspension/exclusion: (Attach additional sheets if necessary.)

CHH X
 Initials N/A

Name of Insurer	Address
City, State, Zip	Area Code and Telephone
Name of Insurer	Address
City, State, Zip	Area Code and Telephone

20. I certify that all claims submitted or caused to be submitted to private or other Government insurers during my period of suspension/exclusion were appropriate and legal.

CHH X
 Initials N/A

Clarification:

21. I certify that I have not submitted or caused to be submitted claims for reimbursement from the Medicare, Medicaid, or any other Federal or State health care program, for services furnished, ordered, or prescribed by me during my period of suspension/exclusion.

CSH
Initials N/A

Clarification:

22. I am taking or have taken the following continuing education courses: (Attach additional sheets if necessary.)

CSH
Initials N/A

2010 - Masters in Mental Health, Autonomous University of Santo Domingo, Dominican Republic

02-03-2009 - Certificate in Cognitive-Behavioral Therapy, Dominican

Adventist University - Continued on Attached

23. I currently hold the following health care licenses. If any licenses are/were under disciplinary action, including probation, I have provided the date in which said license was reinstated as well as a copy of the board order reinstating it: (Attach additional sheets if necessary.)

CSH
Initials N/A

State	Specialty and License Number	Date Reinstated, if Applicable (MM/YYYY)

24. There are no limitations/restrictions/conditions on my license. (If yes, please describe AND attach documentation.)

CSH
Initials N/A

Clarification:

25. I am enrolled in an impaired physician/nurse program. (Please describe and attach documentation.)

CSH
Initials N/A

Clarification:

26. My SOCIAL SECURITY NUMBER is: _____

CSH
Initials N/A

27. My DATE OF BIRTH is: _____

CSH
Initials N/A

28. Listed below are all other names I have used:

CSH
Initials N/A

(Continued)

22. I am taking or have taken the following continuing education courses:

10-12-2008 - Certificate in Psychosocial Assistance, Dominican Adventist University

09-11-2008 - Certificate in Psychopathology, Dominican Adventist University

07-09-2008 - Certificate in Social Support in Clinical Psychology, Dominican Adventist University

2007 - Masters in Clinical Counseling, Autonomous University of Santo Domingo, Dominican Republic

2003 - Masters in Business Administration, Specialty in Healthcare Administration, DeSales University, Allentown, PA

WARNING: If I make a misrepresentation or omission of a material fact in this application, I may be subject to criminal prosecution under 18 V.S.C. 1001 or administrative penalties under 31 U.S.C. 3801 et seq. Additionally, by signing this Statement, I understand and agree that any material misrepresentation or omission may result in the sanction action being re-imposed pursuant to the terms and conditions set forth in the initial exclusion notice.

If I have obtained a provider number from a Medicare contractor, a State agency, or a Federal health care program prior to the completion and submission of this application, I understand that I am not eligible to participate in such program until I receive written notification from the Office of Inspector General.

I understand that my request for reinstatement would be denied if I have submitted claims or caused claims to be submitted during the period my of suspension/exclusion.

I have not reproduced, altered or modified this application in any way.

CERTIFICATION: I, having made all inquiries necessary to ascertain the truth, hereby certify that the contents of the statements made and information provided herein are true and accurate.



Signature

11/30/2010

Date (MM/DD/YYYY)

Melchor Martinez

Please PRINT Full Name

Street Address

City, State, Zip Code

Daytime Area Code and Telephone



Witness Signature (Notary)

11/30/10

Date of Signing (MM/DD/YYYY)

Date Commission Expires (MM/DD/YYYY)

SEAL

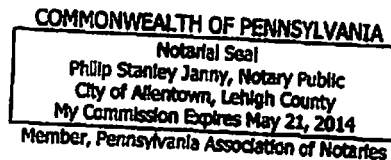


EXHIBIT B



ALLIED COMMERCIAL CAPITAL

A Division of  ALLIED MORTGAGE GROUP

**Executive Summary for Northeast Community Mental Health Center, INC.
3801-05 North 5th Street, Philadelphia, PA
www.LVCMHC.com**

Overview

The sponsors, Melchor Martinez, MD, Melissa Chlebowski, & are in the process of construction an additional location for their business at the above location. The borrowers own two virtually identical companies Northeast Community Mental Health Center, INC. (NECMHC) and Lehigh Valley Community Mental Health Center, INC. (LVCMHC). Both organizations provide mental health services to adults, adolescents and children, in a multicultural and bilingual environment, with emphasis on the Latino population that resides in the Commonwealth of Pennsylvania. This is done on an outpatient basis. Both organizations have multiple locations; LVCMHC has four locations in the Allentown, PA area and NECMHC will have three locations in Philadelphia once the subject property is completed. Both businesses have been in operation for over eight years. Martinez & Chlebowski currently own the property and have an agreement with a contractor to renovate the current building and convert it to medical offices suitable for their practice. The bulk of their business comes from referrals through Medicare & Medicaid.

Location/Neighborhood

The property is located in North Philadelphia in close proximity to Temple University Hospital and St. Christopher's Hospital for Children. The main thoroughfares of North Broad Street, Erie Ave, and Rising Sun Ave, are within blocks of the subject. The borrower purchased the property in 1996 for \$240,000. Today, the property is worth an estimated \$600,000 and it is free and clear of any liens.

Sponsors

Dr Melchor Martinez and Melissa Chlebowski (husband and wife) started LVCMHC in 1995. Overall, their credit scores are below average (Experian scores are 622 & 583 respectively), but their credit reports don't appear to be as bad as the scores would indicate. They were 30 days late a few times on a home equity line of credit (due to a clerical error) and on a few credit cards (over two years ago) as well as two tax liens (both released). Dr Melchor & Ms. Chlebowski have a combined net worth of over \$2 million that includes real estate and cash. Their 2007 tax return shows an adjusted gross income of over \$640,000.

Loan Request

The loan request is for renovating the property. The borrowers plan to spend approximately \$1,748,401 (plus a contingency of \$174,840 and interim interest of \$120,000) renovating the property and recoup the excess capital spent on the subject property (The borrower purchased the property in 1996 for \$240,000). The total costs closing costs (estimated) for the project are \$72,400. The borrowers are looking for a SBA 504 with the best terms possible.

Bank 1st mortgage: \$1,178,021

Debenture: \$942,416

Equity Injection: \$235,604

EXHIBIT C

From: Maria Balance <mbalance@first organization.com>
Sent: Friday, June 25, 2010 8:36 AM
To: Alexandra Calix <acalix@nccmhc.com>
Subject: OK

Ok, Ale, do not worry; today you can talk to Dr. Martínez about your start date of raise. He is in Carolina and he is the boss, if he says, pay.... we pay.
Have a good day.
Maria

EXHIBIT D

From: Marlon Thomas <admin@lvcmh.com>
Sent: Thursday, October 15, 2009 7:11 PM
To: Harry Manesis <hmanesis@sigmundsoftware.com>
Subject: Re: Sigmund

Harry if you could call me in the morning around 9:30 that would be great. I feel we need to have a round table discussion about the current issues that both my company and Sigmund are having at this stage of our deployment. It is not and has never been our intention to withhold any type of payment from Sigmund, but we would like to make sure that our company's needs and requirements are being met prior to releasing the next milestone payment. We feel at this point having this conversation face to face is a much better option than continuing the discussion thru e-mail. So please let me know your availability to make this meeting happen. Also please give me multiple times so that I may facilitate an appropriate time for all parties involved.

Thanks in advance,

Marlon Thomas
Information Technology Director
LVCMH \ NCMHC \ CCMHC

On Oct 14, 2009, at 5:22 PM, "Harry Manesis" <hmanesis@sigmundsoftware.com> wrote:

Marlon,

Please see my comments to your items in the attached email. We have made numerous good will deferments of the milestone payment in question. Below is summary of the events associated with this issue:

- 1) Per the contract, the payment was due six months post contract signing. Payment was due March 30th, 2009.
- 2) There is reluctance to make payment per the contract as Dr. Martinez wanted to see a system with the patient data and configuration. Although it deviated from what was agreed to in the contract we felt that we would work with you as this was a reasonable request.
- 3) On a few occasions, including June 19th, I requested payment as I felt we had made tremendous progress and delivered on what Dr. Martinez had asked for. I had not received a response to any of these communications.
- 4) I followed up on July 10th.
- 5) On July 14th you had responded that you discussed the payment with accounting and they would be releasing payment on August 13th. It seemed like you were very satisfied with the progress and that Dr. Martinez approved the payment.
- 6) I followed up on August 17th as we had not received payment.

- 7) You responded that the payment was now going to be made on August 20th.
- 8) As of August 26th we had not received payment.
- 9) Per discussion with Gene on August 26th it appeared that Dr. Martinez has changed his mind and now wants to see a complete demo of the system prior to making payment.
- 10) I was concerned about providing any additional services associated with this implementation until this payment was made but again, as a good will gesture, decided to continue to proceed with providing professional services including sending staff on site to continue with UAT assistance/Training and provided some additional services at no cost to LVCMHC.
- 11) It was agreed that once the demonstration was performed you would be sending payment.
- 12) The demonstration was performed. We added additional development to the project to further assist LVCMHCL's manual effort in the patient migration process. This will be provided at no additional cost to further express our commitment to your satisfaction.
- 13) You have now presented us with additional conditions which mostly reflect tasks that were either not communicated as part of the initial project discussions or not completed by LVCHMC during the UAT process which had been clearly communicated by Sigmund throughout the project or are the responsibility of LVCMHC to complete.

As previously communicated, I am not confident that we can expect payment on the current amounts due or future payment obligations. Considering the above, regretfully, I am reluctant to proceed with any more work until payment is made. I would be happy to discuss this with Dr. Martinez and your management team. I am out of the office tomorrow and Friday but anytime next week will work.

Warmest Regards,

Harry P. Manesis

Vice President of Client Services

Sigmund Software, LLC

(845) 279-2026 ext 117

hmanesis@sigmundsoftware.com

From: Marlon Thomas [mailto:admin@lvcmh.com]
Sent: Tuesday, October 13, 2009 3:32 PM
To: Harry Manesis
Subject: Re: Sigmund

Good afternoon Harry. We had been awaiting the new release of Sigmund to be installed on

our system to assist with a few issues we have been encountering. The upgrade for our Sigmund server was suppose to take place yesterday according to Gene. After speaking with Dr Martinez and management they have relayed a few concerns relating to our deployment. Management wants the following items completed:

1. Some Patient information is not accessible from the team assignments section.

Sigmund: This was a recent request and customization performed specifically for LVCMHC. This was not a requirement of the implementation and was completed at no cost to LVMHC as a goodwill gesture to help LVCMHC move into production.

2. All cases were supposed to be migrated over as closed but we are seeing alot of active patients in our database.

Sigmund: Many different approaches were explored for migrating patients and assigning open vs closed status. The problem was that MedicsElite was not able to send a status. As you have pointed out above, one approach was to Import all patients as closed which would have required you to manually review and change all active patients to open which would have been extremely labor intensive. We suggested a few ways to help mitigate the work and concluded with your agreement that the best approach would be to activate patients that had appointments within a reasonable date range. It was understood that this solution would require a review as some patients with appointments could actually have been discharged which would need to be manually updated. This approach would have saved you a significant amount of time. To take it one step further, as discussed on the Sigmund demonstration last week; once you create the team assignments for open patients in Sigmund we will then programmatically purge the closed patients which will save you even more time and help mitigate the performance concern we've communicated from the start of the project.

3. The company directories have not been seperated. We do not want lvcmh employees to see ncmhc information and vice versa.

Sigmund: This is something we communicated back in June (two emails dated 6/24 and 6/25) that LVCMHC would have to perform as part of the UAT process. This was communicated in the context of our significant concern that a UAT plan had not been developed by LVCMHC. We developed a recommended approach document specifically for LVCMHC which is not something we do not normally do since each client typically defines their own approach according to agency resources and process.

4. The CCMHC entity has not been created.

Sigmund: This was not included in the initial project discussions.

5. The NCMHC forms have not been created and implemented into sigmund.

Sigmund: It was understood that NCMHC was not going to be part of the initial rollout. Nonetheless, there are only a few forms that need to be completed and we will proceed with configuration.

The initial go-live date was to be Today but after speaking with Gene and management we feel that target date was unachievable with the outstanding issues at hand. The current go live date I believe is scheduled for the 1st week in December. That means we have until that week to correct and finalize the pre-production sigmund database and migrate to a production environment. If you have any questions or concerns you may request a meeting with management and myself to review this e-mail.

Thanks in advance,

Marlon Thomas

Information Technology Director

LVCMHCC\NCMHCC\CCMHCC

On Oct 12, 2009, at 12:20 PM, "Harry Manesis" <hmanesis@sigmundsoftware.com> wrote:

Marlon,

Hope all is well. Can you please provide me with a status on the payment? If you think it is appropriate I can reach out to the individual directly. Please let me know. Thanks much.

Warmest Regards,

Harry P. Manesis

Vice President of Client Services

Sigmund Software, LLC

(845) 279-2026 ext 117

hmanesis@sigmundsoftware.com

From: Harry Manesis [mailto:hmanesis@sigmundsoftware.com]
Sent: Wednesday, October 07, 2009 4:33 PM
To: 'Marlon Thomas'
Subject: RE: Sigmund

Excellent. Thank you.

Warmest Regards,

Harry P. Manesis

Vice President of Client Services

Sigmund Software, LLC

(845) 279-2026 ext 117

hmanesis@sigmundsoftware.com

From: Marlon Thomas [mailto:admin@lvcmh.com]
Sent: Wednesday, October 07, 2009 4:31 PM
To: Harry Manesis
Subject: Re: Sigmund

Harry I have forwarded management all of your messages. They will respond to your e-mails regarding payment shortly.

Thanks in advance,

Marlon Thomas

Information Technology Director

LVCMHC \ NCMHC \ CCMHC

On Oct 7, 2009, at 4:24 PM, "Harry Manesis"
<hmanesis@sigmundsoftware.com> wrote:

Hi Marlon,

Just a quick follow-up on the attached. Can you please let me know if we will be receiving the payment this week? Thanks much.

Warmest Regards,

Harry P. Manesis

Vice President of Client Services

Sigmund Software, LLC

(845) 279-2026 ext 117

hmanesis@sigmundsoftware.com

From: Harry Manesis [mailto:hmanesis@sigmundsoftware.com]
Sent: Tuesday, October 06, 2009 2:50 PM
To: 'Marlon Thomas'
Subject: RE: Sigmund
Importance: High

Marlon,

I hope all is well. I spoke with John Burns who informed me that the presentation went very well. I hope you feel the same. Have we satisfied the management team and are you planning on sending the milestone payment this week? It would very much help me if we received the payment prior to the end of this week. Thanks much Marlon.

Warmest Regards,

Harry P. Manesis

Vice President of Client Services

Sigmund Software, LLC

(845) 279-2026 ext 117

hmanesis@sigmundsoftware.com

From: Marlon Thomas [mailto:admin@lvcmh.com]

Sent: Wednesday, September 16, 2009 4:41 PM

To: Harry Manesis

Cc: Gene Manna

Subject: RE: Sigmund

Importance: High

Harry we are going to push back the rollout dates 2 weeks. All of management will be attending the new meeting request I just sent out. Once we have this meeting completed we should have all the answers we are looking for on both sides. We apologies for missing this weeks meeting but a clinical inspection came up that we were required to attend.

Thanks in advance,

Marlon Thomas, CCEA CCNA MCSE MCT

Information Technology Director

LVCMHC / NCMHC

Office: 484.221.9136

Fax: 484.221.9130

E-mail: admin@lvcmh.com

Website: www.lvcmh.com

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transmittal or re-transmittal by an unintended recipient of any communication is prohibited without our express approval in writing or by e-mail. Any use, distribution, transmittal or re-transmittal by persons who are not intended recipients of this e-mail may be a violation of law and is strictly prohibited. If you are not the intended recipient, please contact the sender and delete all copies. E-mail transmission cannot be guaranteed to be secure or error-free. The sender therefore does not accept liability for any errors or omissions in the contents of this transmission. All e-mails sent to or from LVCMHC / NCMHC are to be used for business purposes only.

From: Harry Manesis [mailto:hmanesis@sigmundsoftware.com]
Sent: Wednesday, September 16, 2009 3:38 PM
To: Marlon Thomas
Subject: FW: Sigmund
Importance: High

Marlon,

I understand Gene has tried to contact you as well. Please let me know where we stand at this point. With all due respect, I feel uncomfortable sending out additional resource next week without coming to closure on the milestone payment which was technically due months ago. I've been flexible with this and have accommodated all requested deferments of this payment up till now; however, at this point we've incurred much more cost than what we've collected from LVCMHC thus far. I hope you understand.

Warmest Regards,

Harry P. Manesis

Vice President of Client Services

Sigmund Software, LLC

(845) 279-2026 ext 117

hmanesis@sigmundsoftware.com

From: Harry Manesis [mailto:hmanesis@sigmundsoftware.com]
Sent: Tuesday, September 15, 2009 3:12 PM
To: 'Marlon Thomas'
Subject: FW: Sigmund

Marion,

I had not heard back from you regarding the attached, however, my team has kept me apprised of the recent activities. My understanding was that you were going to make payment after being satisfied with the results of the demo that was scheduled for today but unfortunately it was cancelled. Where do we stand at this point? Please let me know. Thanks.

Warmest Regards,

Harry P. Manesis

Vice President of Client Services

Sigmund Software, LLC

(845) 279-2026 ext 117

hmanesis@sigmundsoftware.com

From: Harry Manesis [mailto:hmanesis@sigmundsoftware.com]
Sent: Wednesday, September 02, 2009 11:17 AM
To: 'Marion Thomas'
Subject: FW: Sigmund

Marion,

I hope all is well. Have you had a chance to review this Dr. Martinez? It would be much appreciated if we could resolve this matter soon.

Warmest Regards,

Harry P. Manesis

Vice President of Client Services

EXHIBIT E

From: melisch865@aol.com
Sent: Monday, December 14, 2009 11:07 AM
To: Karen Smith <ksmith@nccmhc.com>
Subject: Re: Hi

Hi Karen - glad that the meetings went well down there. Couldn't make it myself, and will try on one on next trips. I think the role of CLinical Director will develop with time and as the clinic grows. Will send it down and then we can discuss, and see how we start to work on some of the duties. I am in Philadelphia and in meetings for the early part of the afternoon. I will get back in touch with you and we can go from there. Hope all is well with you and
Take care,

Melissa

-----Original Message-----

From: Karen Smith <ksmith@nccmhc.com>
To: melisch865@aol.com
Sent: Mon, Dec 14, 2009 10:19 am
Subject: Hi

Hi Melissa,

How are you? Just wanted to touch base about our meeting last week. We had a great meeting with Martinez. We talked briefly about my new role as Clinical Director. (I am very excited about it!) He said I could get a □job description□ from you. I have a lot of questions about this new role and I know that a lot of it will also get figured out as time goes on. Can I review my questions with you? I look forward to hearing from you.

Thank you, Karen

Karen E. Smith, LCSW
Carolina Community Mental Health Centers, Inc.
4020-102 Capital Blvd.
Raleigh, NC 27604

EXHIBIT F

From: Marlon Thomas <admin@lvcmhc.com>
Sent: Friday, January 28, 2011 4:01 PM
To: mmarti@aol.com; Melissa Chlebowski-Martinez <mchlebowski@lvcmhc.com>;
Patricia Chlebowski-Eroh <pceroh@lvcmhc.com>; Richard J. Eroh
<rjeroh@lvcmhc.com>; Nancy Seier <nseier@lvcmhc.com>
Subject: Fwd: Sigmund -7th Street Clinic patients

New patients entered into Sigmund electronically by our pre-intake staff on 7th street.

Thanks in advance,
Marlon

Begin forwarded message:

From: "Lumarys Pena" <lpena@lvcmhc.com>
Date: January 28, 2011 2:48:30 PM EST
To: "Marlon Thomas" <admin@lvcmhc.com>
Subject: Sigmund -7th Street Clinic patients

ALLENTOWN 7TH STREET
Pre-Intake patients completed in Sigmund as of today 1/28/11

DATE	RECORD	NAME
1/18/2011	60084	
1/19/2011	60087	
1/28/2011	16780	
1/28/2011	60096	
1/28/2011	16351	
1/28/2011	60020	

EXHIBIT G

From: Ysais Martinez <ysmartinez@first organization.com>
Sent: Friday, January 14, 2011 3:34 PM
To: Marlon Thomas <admin@lvcmh.com>
Subject: RE: Weekly Reports

Projects I worked on this week:

- a-) Email set up in ColdFusion Server.
- b-) Report render capability finished.
- c-) Write script to routinely email the patient sign in report to Dr Martinez.
- d-) Train ICM users with sign in application and sign in devices.
- e-) Create data sources and import existing data sources in development server.
- f-) Convert all applications from database server to production (CTXSVR).
- g-) Create error template to keep track of all errors generated by ColdFusion in CTXSVR.
- h-) I started creating a system analysis of the company to give the I.T. department some suggestions. This will also help us make some strategic decisions for our software, our workload, and make some practical projections of the lifecycle of our servers and configurations.
- i-) Write the training for the sign in application.
- j-) Configure the performance tuner in ColdFusion to monitor performance once applications are in production.
- k-) Create cross browser, cross platform JavaScripts for validations in my applications.

That's all for now.

Thanks!

Ysais.

From: Marlon Thomas
Sent: Friday, January 14, 2011 3:26 PM
To: IT Employees; Miguel Andres Martinez Gomez; Ysais Martinez
Cc: Melissa Chiebowski-Martinez; mmarti@aol.com
Subject: Weekly Reports
Importance: High

To all IT Employees:

I will need your weekly activity reports by 5:00 pm today. The weekly reports will need to be completed by Friday by 5:00 each week. The weekly activity reports should consist of your daily duties and projects that are being worked on throughout the week. This is a mandatory weekly task as management will be looking for these reports on a monthly basis.

Thanks in advance,

Marlon Thomas, CCEA CCNA MCSE MCT
Information Technology Director
LVCMH / NCMHC / CCMHC

Office: 484.221.9136
Fax: 484.221.9130
E-mail: admin@lvcmh.com

EXHIBIT H

From: Robert E. Desrosiers <rdesrosiers@first organization.com>
Sent: Friday, January 21, 2011 8:01 PM
To: Marlon Thomas <admin@lvcmh.com>
Subject: FW: Patient Count by Clinic
Attach: PatientsCountByLocations.pdf

This is what is being sent to Dr Martinez. It's not even working from what I see

From: Ysais Martinez
Sent: Friday, January 21, 2011 8:00 PM
To: Ysais Martinez; mmarti@aol.com; Robert E. Desrosiers
Subject: Patient Count by Clinic

This is the report in the beta stage of the sign-in application. See attached file please.

The pilot project consists of data that we gather from our 7th street location.

This data gathering will allow me to detect human errors, programming errors if any, and day to day issues that may occur while using the signature pad application.

As of now there have some connectivity problems which are solved by pressing Ctrl-R. I am still trying to determine if it's an IE 6 issue.

Daily Patients Count Report by Locations

Daily Patient Count Report for ALLENTOWN

Location: ALLENTOWN
Total Patients: 1
Date: 2011/01/21

SSN	RECORD NO	DOB	NAME	SIGNATURE
	17485			FFFFFFFFFB

Daily Patient Count Report for ALLENTOWN-6th

Location: ALLENTOWN-6th
Total Patients:
Date: 2011/01/21

SSN	RECORD NO	DOB	NAME	SIGNATURE
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Daily Patient Count Report for ALLENTOWN-7th

Location: ALLENTOWN-7th
Total Patients: 12
Date: 2011/01/21

SSN	RECORD NO	DOB	NAME	SIGNATURE
	647			FFFFFFFFBD
	3902			FFFFFFFFF84
	17845			FFFFFFFFF09

3377	FFFFFFFF70
16426	FFFFFFFFE
14404	FFFFFFFFDQ
17807	FFFFFFFF94
12270	FFFFFFFF31
13321	FFFFFFFFC0
18464	FFFFFFFF71
16883	FFFFFFFF8F
17452	FFFFFFFFF0

Daily Patient Count Report for BABY

Location: BABY				
Total Patients:				
Date: 2011/01/21				

SSN	RECORD NO	DOB	NAME	SIGNATURE
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Daily Patient Count Report for BETHLEHEM

Location: BETHLEHEM				
Total Patients:				
Date: 2011/01/21				

SSN	RECORD NO	DOB	NAME	SIGNATURE
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Daily Patient Count Report for CCMHC

Location: CCMHC				
Total Patients:				
Date: 2011/01/21				

SSN	RECORD NO.	DOB	NAME	SIGNATURE
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Daily Patient Count Report for EASTON				
Location: EASTON				
Total Patients:				
Date: 2011/01/21				
SSN	RECORD NO.	DOB	NAME	SIGNATURE

Daily Patient Count Report for MAIN I				
Location: MAIN I				
Total Patients:				
Date: 2011/01/21				
SSN	RECORD NO.	DOB	NAME	SIGNATURE

Daily Patient Count Report for MAIN II				
Location: MAIN II				
Total Patients:				
Date: 2011/01/21				
SSN	RECORD NO.	DOB	NAME	SIGNATURE

Daily Patient Count Report for RIDGE				
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SSN _____ RECORD NO _____ DOB _____ NAME _____ SIGNATURE _____	
Location: SUSQUEHANA Total Patients: _____ Date: 2011/01/21	
Daily Patient Count Report for SUSQUEHANA	

SSN _____ RECORD NO _____ DOB _____ NAME _____ SIGNATURE _____	
Location: RIDGE Total Patients: _____ Date: 2011/01/21	

EXHIBIT I

From: Micaela N. Martinez <mcmartinez@first organization.com>
Sent: Friday, November 5, 2010 3:41 PM
To: Romil Santos <rsantos@lvcmh.com>; Karen Smith <ksmith@nccmh.com>;
Patricia Chlebowski-Eroh <pceroh@lvcmh.com>
Cc: Micaela N. Martinez <mcmartinez@nccmh.com>
Subject: BILLING & QUALITY.

11-5-2010

Good Afternoon Romil, Karen & Pat

After speaking with Dr. Martinez this afternoon in reference to Billing, he advised me that I can no longer sign off on the billing if there was information missing. I would to inform you of the new procedures. I will not sign off on the billing sheet if:

- 1) Information is missing [MIS]
 - a) Diagnosis code, signatures, service indication, session note, etc
- 2) Incomplete [INC]
 - a) Chart was not turned in for Quality Inspection

I will keep a log, in order to keep tract of this information. Therapists will have 24-48hrs to submit missing/incomplete information. When this information has been submitted I will make sure to notify Romil or Pat that it will be okay to bill.

I will notate [INC] if the chart was missing and [MIS] if necessary information is missing as listed above. This information will be highlighted on the billing and listed on the side near the unit location. If this is a Wake CO. patient I have an understanding that Pre-Intake [Fernanda or Eva] will have the chart to submit for authorization I will not count as INC or as MIS.

However, I am requesting a diagnosis code be listed on the billing. I would like for Pat or Karen to please email the therapist this information and copy me in the email if you don't mind. I feel a bit awkward if I did it.

Thank you.

Micaela
CCMHC Billing & Quality Dept.
919-875-3211 ext: 1102.

EXHIBIT J

**Northeast Community Mental Health Center
CEO and Therapist's Meeting**

Date: 04/26/2011

Start: 12:00 p.m.

Finish: 2:30 p.m.

Presided by: Dr. Martinez and Melissa Chlebowski, CEO

MEMO Discussion

- First, apologized for the inconveniences and misunderstanding arose for the informal way in which the memo was presented.
- **PLEASE UNDERSTAND** that the MEMO does not comes from Dr. Martinez, or Melissa C., this comes directly from CBH.
- There will always be obstacles, but we do not want o be the obstacles itself: there will be times were some will lose and some will win.
- We need to create more programs for children: had been talk the same thing for the past 10 years, we need to divide therapists for children, adults and so. Moreover, some studies and research need to be done in order to offer the best and appropriate services for children.

Bulletin Discussion: MEMOS 11-01 and 11-01A

- These memos were to deploy therapy coding: **FACE TO FACE** Psychotherapy, meaning that patient has to be seeing exactly for the coding time. If the patient is seen for 35 minutes, therapist will lose those five minutes and consecutively.
 - 9804- 30 minutes
 - 9806- 45 minutes
 - 9808- 75 minutes
- All therapist will continue to bill for 9 hours a day; is possible to bill to session of 30 minutes, but keep and mind that CBH is very strict now, and will be reviewing very carefully. If a patient is bill for an hour, therapist will have to carefully and well justify documentation of what happened in the session.
- Therapist will have to find a way to teach patients regarding this and educate them about the time for which they will be seen. Everything has to be in perfect order.
- From now on, everyone has to be aware of how things are done. Do the job, and do it well because if the company closes down, we all lose.
- Since the master program started, everyone has been told that they need to get the Master in clinical counseling and without the master someone can't apply for the License. Opportunities had been given, but some people still not convinced of it.
- Be very careful with what you do and document, do your job and doing well because if the company closes down we all lose.

PAYMENT:

- Payment won't be reducing; the payment process will work as followed:

- The total amount you earn for an hour will be divided in 4 sessions of 15 minutes.
 - E.g. If a therapist earns \$35.00 per hour, this will be divided into into four, so 15 minutes will be paid at \$7.00. Therapist will still be able to earn their \$35.00 if they bill for two sessions of 30 minutes.
- A lot of people thought that rules were being changed. Changes had been made and changes will still to continue to come. This is more than a job opportunity and everyone had work hard throughout the years to even overcome other companies.
- Everyone will still bill for 9 hours a day.

NEW BILL:

- New bill with coding time will be in effect beginning on **May 1, 2011.**
- Some confusion was developed with the informal way the memo was presented: CEO apologized for this misunderstanding.
- Everyone will continue to bill 9 hours per day; of course with the appropriate coding time and regimen.
- Need to start working on creating more programs and services.
- Be conscious and create consciousness.
- **New theme for the 2011 Medical Congress: "Health, Body and Mind"**

EXHIBIT K

SENIOR LEADERSHIP TEAM
JUNE 30, 2010
MINUTES

PRESENT: Melissa Chlebowski, Dr. Olga Infante, Dr. Martinez, Nancy Seier,
Marlon Thomas, Richard Eroh, Patricia Eroh, Michele Faust

Administration: The tentative site visit date for COA is June 27, 2011. The self-study is due to COA by April 18, 2011. In the interim, there are documents to be submitted periodically to meet the milestone requirements. As our timeline progresses, we will be contacting everyone on the SLT for information. There are also some self-guided webinars that would be advantageous for this group to view together to prepare for the process and we may use some of these meetings to do that. Melissa is scheduled for a call with our COA coordinator later this week and will begin to disseminate the information as we receive it.

As we prepare for the upcoming accreditation visit, it is a good time to review and possibly revise the Mission Statement. Dick distributed an article about how to write a mission statement and this group will devote time at a future meeting to reviewing our current statement and making recommendations to update it. There is a free online library of resources for creating and developing things such as mission, vision and values statements. It is located at: www.managementhelp.org

Melissa, Dr. Martinez, and Dr. Infante will be making visits to all the sites in the next few weeks to meet informally with clinical and support staff.

Information Technology: The I.T. department will gather information to be posted on the portal from H.R. on a weekly basis. That information will be reviewed by this group and posted after approval. There is uncertainty about how to access the portal, what types of information can be found. To help clarify, the I.T. department will hold regular Lunch and Learn sessions beginning in July. These sessions are voluntary and sign-up sheets will be posted. Marlon will present a special Lunch and Learn on accessing the portal for the SLT on Tuesday, July 6 at 12:30 p.m. in the headquarters conference room. Please be sure to mark your calendar! Additionally, Marlon will establish a workgroup of volunteers who will make suggestions and implement changes to make the portal simpler and more user-friendly.

Marlon distributed a hand-out regarding the pilot process for Sigmund. We will review this in more detail at next week's meeting.

Human Resources: The problem of unanswered phone messages needs to be addressed with staff. Someone at each clinic must be made responsible to listen to the voice mailboxes that are not staff-specific, i.e., "Front Desk" or "Record Room" and ensure that messages are delivered to the proper people. Also, staff/therapists who are not listening to messages will be notified, as well as their immediate supervisors.

The group discussed different ways we might be able to provide some "extras" for the employees without incurring large costs. One suggestion was to implement an Employee Activities Committee, which would be a voluntary committee made up of employees representing all different areas – clinical, administrative, support, etc. This group would plan activities that would be open to any interested employees – things such as bus trips to New York, outings to sports events, dinner theatre trips, etc. The company may choose to underwrite some of the cost of certain activities, but the main purpose of this group is to plan and organize events that will bring employees together in a social and collegial way.

Billing: Pat is working to resolve an issue with EVS and EPOMS.

Operations/Maintenance: Preparations on the 7th Street property are moving along well and we plan to open in mid-July.

Next Meeting: Tuesday, July 6, 1:30 p.m., Headquarters Conference Room

EXHIBIT L

From: Nancy Seier <nseier@first organization.com>
Sent: Thursday, May 12, 2011 5:57 PM
To: 'mmarti@aol.com'
Subject: FW: Resultados del personal evaluado hasta hoy
Attach: Resultados de Evaluacion de Personal.docx

Doctor, aqui nos envia Rosse Mesa los resultados de las evaluaciones del personal de Quality que ella hizo para determinar cuales podrian ser las personas a considerer para la nueva posicion de quality de contenido.

From: Rosse Mesa
Sent: Thursday, May 12, 2011 12:20 PM
To: Jorge Acosta
Cc: Nancy Seier
Subject: Resultados del personal evaluado hasta hoy

Hil These are the results of all the staff we have been evaluating. Later on, after we determine quantity of people we need on each unit: General Quality unit and Quality of content unit, we will select from this staff, according to these results.

If you have any observations or recommendations, let us know.

Thanks.

Have a blessed day,

Rosse Mesa.

EXHIBIT M

NORTHEAST CLINIC SITES

BOLD = Martinez owned clinic sites

CLINIC SITE	ADDRESS	OWNERSHIP	YEAR OPENED	LEASE	CURRENT RENT	EXPANSION
Susquehanna	2152 N. Front St.	Martinez	Prior to 2000	2006 – 20 year lease between Martinez and NE for \$3000/month	\$5,000/month to Martinez via checks to Chlebowski	
Baby	3801-05 N. 5th St.	Martinez. Martinez sold to MM Consultants in 2009.	Prior to 2000	2005 - 10 year lease between Martinez and NE for \$1500-2500/month	\$7,000/month to Martinez or MM Consultants via checks to Chlebowski	2011- NE paid \$50,000 to expand
Main I	2927-21 N. 5th St.	Third party	2005 – second floor 2010 – first floor	Martinez negotiated 2005 lease on behalf of NE.	\$10,000 for Main I and II.	Martinez negotiated with landlord in 2013 to expand space.
Main II	2922-26 N. 5th St.	Third party	2010	2010	\$10,000 for Main I and II.	

LEHIGH VALLEY CLINIC SITES

BOLD = Martinez owned clinic sites

CLINIC SITE	ADDRESS	OWNERSHIP	YEAR OPENED	LEASE	CURRENT RENT	EXPANSION
Bethlehem	865 E. 4 th St.	Martinez 1996-2013. Oct, 2013, Martinez sold to MCM Bethlehem	1996	2005 – 20 year lease between Martinez and LV for \$3000/month	\$8,000/month to Martinez via checks to Chlebowski until transfer to MCM Bethlehem in 2013	2012 – clinics paid \$600,000-\$700,000 to expand
Bethlehem Church and parking lot	902-910 E. 4 th St.	2013 MM Consultants bought church across from Bethlehem clinic	Martinez plans to lease to LV for headquarters and training.	Martinez currently leases church parking lot to LV for \$2000/month	\$2000/month	
Ridge Ave, Allentown	530 Ridge Ave.	Martinez purchased site in 2005 from LV doctor	2006	2005 – 10 year lease between Martinez and LV for \$1500/month	\$4000/month to Martinez via checks to Chlebowski	
7 th Street, Allentown	530 N. 7 th St.	MM Consultants purchased in 2010	2010	2011 – 10 year lease between MM Consultants and LV for \$9,600/month	\$9,600/month to MM Consultants	2010 – clinics paid \$200,000 to expand
6 th Street, Allentown	202-214 N. 6 th St.	Third party	1999			
Easton	226 Northampton St.	Third party	2000 (previously at 145 Northampton St.); moved to 226 Northampton in 2003			