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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

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UNITED STATES OF AMERICA : Mag. No. 16-3554  
 :  
 v. : Hon. Mark Falk  
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 OSMARO JESUS RUIZ and : **CRIMINAL COMPLAINT**  
 EDUARDO ARANGO CHONG :  
 :

I, Anthony Gonzalez, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Postal Inspector with the United States Postal Inspection and that this Complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.



Anthony Gonzalez, Postal Inspector  
United States Postal Inspection Service

Sworn to before me and subscribed in my presence,  
on April 26, 2016, at Essex County, New Jersey



HONORABLE MARK FALK  
UNITED STATES MAGISTRATE JUDGE

**ATTACHMENT A**

From at least as early as on or about September 2014 through June 26, 2015, in Union County, in the District of New Jersey, and elsewhere,  
defendants

**OSMARO JESUS RUIZ** and  
**EDUARDO ARANGO CHONG**

knowingly and willfully conspired and agreed with each other and others to execute a scheme and artifice to defraud Horizon Blue Cross Blue Shield and United Healthcare, health care benefit programs as defined under Title 18, United States Code, Section 24(b), and to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of said health care benefit programs, in connection with the delivery of and payment for health care benefits, items, and services, contrary to Title 18, United States Code, Section 1347.

In violation of Title 18, United States Code, Section 1349.

## **ATTACHMENT B**

I, Anthony Gonzalez, am a Postal Inspector with the United States Postal Inspection Service. I have knowledge of the following facts based upon both my investigation and discussions with other law enforcement personnel and others. Because this affidavit is being submitted for the sole purpose of establishing probable cause to support the issuance of a complaint, I have not included each and every fact known to the government concerning this matter. Where statements of others are set forth herein, these statements are related in substance and in part. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

### **Introduction**

1. Beginning at least as early as September 2014 through on or about June 26, 2015, Defendant **Osmaro Jesus Ruiz** ("**Ruiz**"), Defendant **Eduardo Arango Chong** ("**Chong**"), Raymel Betancourt ("Betancourt")<sup>1</sup>, and others known and unknown (collectively, the "coconspirators"), conspired to commit healthcare fraud. The coconspirators established fictitious health service providers (the "Phantom Providers"), which repeatedly submitted false claims to one or more insurance companies for medical services, including injections and physical therapy services, that were never actually performed. The coconspirators submitted claims for more than six million dollars, and the insurance companies paid at least hundreds of thousands of dollars to the Phantom Providers resulting from these claims.

2. One method by which the coconspirators were able to carry out their scheme was by approaching and recruiting individuals who had legitimate health insurance with insurance companies. In these instances, the Phantom Providers offered a sum of money to these individuals in exchange for allowing the Phantom Providers to use this information in furtherance of the scheme. In other instances, the Phantom Providers obtained and used health insurance information for individuals who were not aware that fraudulent claims were being submitted on their behalf (collectively, the "insureds"). For example, one or more of the coconspirators logged onto an electronic healthcare network utilized by medical practices to check patient insurance coverage. Once logged into this system, the coconspirators used member IDs they knew to be valid, then typed in a series of consecutive potential member IDs until one of the

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<sup>1</sup> Betancourt was charged with health care fraud in June 2015, Mag. No. 15-3194 ("Betancourt Complaint").

numbers was accepted, *i.e.*, it was linked to an individual who had a health insurance plan.

3. Once the coconspirators identified usable health insurance information, the coconspirators submitted fraudulent electronic claims to insurance companies on behalf of the insureds. The insurance companies processed the claims and mailed checks to the insureds (who then passed them along to the coconspirators) and/or Phantom Providers.

4. The coconspirators rented offices of less than 600 square feet in the same neighborhood, which purported to be the locations of the Phantom Providers. In reality, however, they were not used for medical services, and instead provided a physical address for the Insurance Companies to deliver checks to, and from which the coconspirators could retrieve checks from the insurance companies.

5. Checks and proceeds from the insurance companies were then cashed or deposited into bank accounts established by the coconspirators. The conspirators then used such proceeds for their own benefit.

### **Relevant Entities**

6. At all times relevant to this Complaint:
  - a. Horizon Blue Cross Blue Shield (“HBCBS”) and UnitedHealth Group (“United”) (collectively, the “Insurance Companies”) were insurance corporations in the business of providing health care insurance to individuals and entities under various insurance policies, pursuant to which HBCBS and United paid for health care services performed for the insureds. HBCBS and United were health care benefit programs as defined under Title 18, United States Code, Section 24(b).
  - b. Life Medical Center, Inc. (“Life Medical”) was a Phantom Provider registered to **Ruiz**, which rented a suite at 1139 East Jersey Street, Elizabeth, New Jersey (the “Jersey Street Property”). **Ruiz** opened a Citibank checking account ending in “5472” in the name of Life Medical (the “Life Medical Account”). On at least one occasion, **Chong** paid the rent for the Jersey Street Property.
  - c. Best Professional Facility Corp (“Best Professional”) was a Phantom Provider registered to Betancourt, which rented a suite at the Jersey

Street Property. Betancourt opened a Wells Fargo checking account ending in “3542” in the name of Best Professional (the “Best Professional Account”). On at least one occasion, **Chong** paid the rent for the Jersey Street Property.

- d. New Life Center Inc. (“New Life”) was a phantom provider registered to Betancourt, which rented space at 208 Commerce Place, Elizabeth, New Jersey (the “208 Commerce Property”). Betancourt opened a Wells Fargo checking account ending in “2321” in the name of New Life (the “New Life Account”). The credit application for the 208 Commerce Property listed Betancourt as the applicant, but identified an email address, which the investigation has revealed was controlled by **Chong** (“Chong Email Account”), as the point of contact and listed New Life as Betancourt’s employer. The leasing specialist for 208 Commerce sent communications to the Chong Email Account, and provided closing instructions for the 208 Commerce Property. Records from a cellphone, which the investigation has revealed belongs to **Chong** (“Chong Cellphone”), was in contact with the leasing specialist several times between April 29, 2015, and May 29, 2015.

### *The Fraud*

#### *Fraudulent Claim Submissions*

7. The coconspirators submitted fraudulent electronic claims for medical benefits on behalf of the insureds, claiming that the Phantom Providers had performed medical services, such as physical therapy and injections, even though no such services had been rendered.

8. In one instance, an individual who was promised a sum of money by the coconspirators in exchange for allowing the coconspirators to use his/her insurance information in furtherance of the scheme, and is now a cooperating informant (“CI”), confessed to his/her involvement in this scheme. The CI indicated that he/she had been approached about the scheme and that **Ruiz** asked whether he/she could use the CI’s insurance information to submit fraudulent claims. The CI agreed to participate in the scheme and in exchange, **Ruiz** and others promised to pay the CI for the use of his/her insurance information. Claims submitted on behalf of Life Medical for services allegedly rendered to the CI were electronically filed. The claims listed the service provider as Life Medical, and stated that Life Medical had provided the CI with

medical services. The CI confirmed that he/she never received any medical services from Life Medical.

9. The coconspirators also used the information of Insured 1, unbeknownst to Insured 1, as part of the fraudulent scheme. Multiple claims to HBCBS for medical services allegedly rendered to Insured 1 in and around May 2015 were submitted on behalf of Best Professional. In a recorded call, Insured 1 explained to HBCBS that he/she had never received the services for which Best Professional billed.

10. Similarly, claims submitted on behalf of New Life for medical services allegedly rendered to Insured 2 in and around May 2015 were electronically filed. In a statement to agents, Insured 2 confirmed that he/she never received any medical services from New Life.

11. Both Life Medical (registered in **Ruiz's** name) and Best Professional (registered in Betancourt's name) submitted claims to the Insurance Companies using the National Provider Identifier ("NPI") of a single doctor ("Doctor 1"). Doctor 1 stated that he/she was not associated or affiliated with Life Medical or Best Professional, and that he/she never performed any services for Life Medical or Best Professional.

12. Several of the electronic claims submitted on behalf of Best Professional were submitted from an IP address associated with what was, at that time, **Chong's** home residence in Miami, Florida. Several electronic claims for Best Professional (registered to Betancourt) were also submitted from an IP address in Florida. Life Medical (registered to **Ruiz**) made at least some rent and/or mortgage payments for the address associated with this IP.

*Proceeds from the Fraudulent Claim Submissions*

13. The Insurance Companies provided physical checks to the Phantom Providers and/or insureds based on the electronic claim submissions.

14. In some cases where the insureds cooperated with the scheme, such as with the CI, physical checks were mailed to the insured and then provided to the coconspirators. For instance, the CI received checks from HBCBS after the coconspirators submitted electronic claims on his/her behalf through Life Medical. The CI then met with **Ruiz**, and provided checks that he/she had

received from HBCBS in connection with this scheme.

15. In other cases, such as where the insureds were not participating in the scheme, checks were mailed directly to the Phantom Providers. The coconspirators rented small office spaces, purportedly utilized by the Phantom Providers, where checks from the Insurance Companies could be mailed and retrieved by the coconspirators.

16. In some instances, checks mailed by the Insurance Companies were deposited by the coconspirators into the Phantom Providers' bank accounts. For instance, video surveillance shows Betancourt making deposits of HBCBS checks for services allegedly rendered to Insured 2 into the New Life Account. Video surveillance also shows **Ruiz** withdrawing cash from the Life Medical Account.

17. Proceeds from the Insurance Companies were then used for the coconspirators' own benefit and, in some instances, shared with one another. For instance, defendant **Chong** received several payments, totaling at least approximately \$37,120, drawn on the Life Medical Account. Video surveillance shows defendant **Chong** depositing at least two checks drawn on the Life Medical Account into his own personal account.

18. Cellphone records from the Chong Cellphone also show that the Chong Cellphone was in contact with phones known to belong to Ruiz ("Ruiz Cellphone") and Betancourt ("Betancourt Cellphone") on numerous occasions throughout the relevant time period. For instance, the Chong Cellphone was in contact with both the Ruiz Cellphone and Betancourt Cellphone on May 21, 2015, when Ruiz deposited a check in the amount of approximately \$68,644 from United into the Life Medical Account; on May 20, 2015, when Ruiz withdrew approximately \$9,600 from the Life Medical Account; on April 18, 2015, when Ruiz deposited a check for approximately \$10,200 from United into the Life Medical Account; on April 14, 2015, when Ruiz withdrew approximately \$9,500 from the Life Medical Account; and on April 2, 2015, when Ruiz withdrew approximately \$19,500 from the Life Medical Account. The Chong cellphone was also in repeated communication with the Betancourt Cellphone on March 3, 2015, when records indicate that Chong and Ruiz flew from Miami to New Jersey together, and on April 30, 2015, when Betancourt was meeting with a leasing specialist for one of the phantom company's offices. The Chong Cellphone was in repeated communication with the Ruiz Cellphone the day that Betancourt was arrested in Miami.