INDEX

MLCA, Inc. & Lee Mathis

Exhibit #	Document
1	United States of America v. Lee Mathis et al (Case no. 15CR2822CAB)
2	CA Secretary of State: Statement of Information, 10/24/2008

2015 NOV -6 AM 9:28

CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BY wp DEPUTY

SEALED

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

June 2014 Grand Jury

UNITED STATES OF AMERICA, Plaintiff, v. GEORGE K. REESE (1), GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION (2), LEE MATHIS (3), FERNANDO VALDES (4), FOREMOST SHOCKWAVE SOLUTIONS (5), Defendants.	Case No. 15 CR 2822 CAB I N D I C T M E N T Title 18, U.S.C., Sec. 371 - Conspiracy; Title 18, U.S.C., Sec. 1341 and 1346 - Honest Services Mail Fraud; Title 18, U.S.C., Sec. 1952(a)(1)(A) and (a)(3)(A) - Travel Act; Title 18, U.S.C., Sec. 2 - Aiding and Abetting; Title 18, U.S.C., Sec. 981(a)(1)(C), and Title 28, U.S.C., Sec. 2461(c) - Criminal Forfeiture

The Grand Jury charges, at all times material:

INTRODUCTORY ALLEGATIONS

THE DEFENDANTS AND OTHER PARTICIPANTS

1. Defendant GEORGE K. REESE was a chiropractor who has been licensed by the State of California since 1992. REESE practiced through the George K. Reese Professional Chiropractic Corporation. REESE operated his chiropractic practice at his office located at 2859 El Cajon Boulevard, then at 2047 El Cajon Boulevard, San Diego, California, and acted as the primary treating physician for patients at his office.

//

VHC:CPH:FAS:nlv(3):San Diego
11/5/15

2. Defendant GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION was formed on August 28, 2001 and was licensed by the California Board of Chiropractic Examiners.

3. Defendant LEE MATHIS was a licensed attorney who was admitted to practice in California in 1973. MATHIS was an owner of defendant FOREMOST SHOCKWAVE SOLUTIONS ("FOREMOST"), and shares signature authority with defendant FERNANDO VALDES on two of FOREMOST'S Wells Fargo business bank accounts. MATHIS was also the full or partial owner of several other companies, including MCLA, Inc., and L&T Services, Inc. His companies and law practice were located at 7291 Garden Grove Boulevard, Suite H, in Garden Grove, California, which was also the address of record for defendant FOREMOST, and two other companies, Medical Management Network, Inc. ("MMN") and iMedical, Inc.

4. Defendant Fernando Valdes was an owner of FOREMOST and held the titles of President, CEO, and agent for service of process. VALDES was previously the President, CEO, and agent for service of process for MMN and was an employee of iMedical.

5. Defendant FOREMOST was a California Corporation which was formed in April 2005, and had an address with the California Secretary of State of 7291 Garden Grove Boulevard, Suite H, in Garden Grove, California (the same location as MMN, iMedical, MLCA, and L&T). FOREMOST provided Extracorporeal Shockwave Therapy ("shockwave") treatments to patients, as described more fully below.

6. "Dr. B" was a physician who conducted examinations and evaluations of patients in the Southern District of California, who owed a fiduciary duty to his patients. Dr. B referred patients to defendant FOREMOST for shockwave treatments, and received payments

from insurers for purportedly "supervising" FOREMOST technicians as they performed shockwave treatments on patients, as compensation for having referred the patient to FOREMOST for shockwave.

7. "Dr. C" was a therapist who operated as a medical marketer in Central and Southern California.

8. "Dr. D" was a chiropractor who operated numerous medical offices in the Central District of California, and caused patients to be referred for shockwave treatments with defendant FOREMOST.

9. "Doctors" refers to certain medical professionals (including defendant GEORGE K. REESE, Dr. B and Dr. D) and their affiliated entities (including GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION), who: practiced in the State of California, owed a fiduciary duty to their patients, referred or caused to be referred patients to FOREMOST for shockwave treatments, and were paid, either directly by FOREMOST or through Intermediaries, for supplying patients to FOREMOST for shockwave treatments.

10. "Person A" was a medical marketer in Los Angeles, Orange, and San Diego counties who brokered bribe and kickback arrangements between FOREMOST and Doctors.

11. "Intermediaries" refers to certain entities and individuals, including Person A and Dr. C, who brokered arrangements and acted as middlemen in bribe and kickback arrangements between FOREMOST and Doctors.

CALIFORNIA WORKERS' COMPENSATION PROGRAM

12. The California Workers' Compensation System ("CWCS") provided benefits including healthcare coverage to workers who are injured on the job. CWCS required employers in California to provide benefits to workers for qualifying injuries sustained in the course

of their employment. The medical benefits available to an injured worker under the CWCS included those that are reasonably required to cure or relieve them from the effects of their injury. Providers of medical services to qualifying patients sought payment for these services by mailing claims to CWCS employers and insurers.

SHOCKWAVE THERAPY

13. Shockwave, as used by FOREMOST, was a treatment modality that used low energy sound waves to initiate tissue repair of musculoskeletal conditions. The treatment was not a surgical procedure and patients were not placed under anesthesia. To administer shockwave treatments, FOREMOST'S technicians utilized a Sonocur Basic machine. The Sonocur Basic has been approved by the Federal Drug Administration only for the treatment of chronic lateral epicondylitis (tennis elbow) for which the symptoms are unresponsive to standard therapy for more than six months.

CALIFORNIA'S CWCS ANTI-BRIBERY LAWS

14. Multiple California laws prohibited paying or receiving fees for patient referrals. Specifically, California Labor Code § 139.3 prohibited physicians (including chiropractors) whose services were paid under the CWCS from referring any person for certain services if the physician had a financial interest in the party receiving the referral. The same law prohibited physicians from accepting or receiving consideration as compensation or inducement for a referred evaluation or consultation. Also, insurance providers were prohibited from knowingly paying for any services resulting from referrals, and faced criminal and civil penalties for engaging in such conduct. Section 139.3 also required a physician to disclose to the patient any financial interest in any

entity to which the physician referred the patient for services to be paid for under the CWCS. In addition, California Labor Code § 3215 applied the prohibition on referral fees to "any person," that is, the prohibition was not limited to physicians. That statute provided that "any person … who offers, delivers, receives, or accepts any rebate, refund, commission, preference, patronage, dividend, discount or other consideration" for referring clients or patients to perform or obtain services or benefits pursuant to the CWCS "is guilty of a crime." California Business and Professions Code § 650(a) prohibited "the offer, delivery, receipt, or acceptance" by physicians and chiropractors of "any rebate, refund, commission, preference, patronage dividend, discount, or other consideration," as compensation or inducement for referring patients to any person. And California Insurance Code § 750 prohibits the offer, delivery, receipt, or acceptance of any rebate, refund, commission, or other consideration, for the referral of clients by any person who engages in the practice of processing, presenting, or negotiating insurance claims.

DOCTORS' FIDUCIARY DUTY TO PATIENTS

15. Physicians owed a fiduciary duty to their patients. This duty required that physicians act in their patients' best interests, and not for their own professional, pecuniary, or personal gain. Under California law, a physician had a fiduciary duty to disclose all information material to the patient's decision when soliciting a patient's consent to a medical procedure; such information included personal interests unrelated to the patient's health, whether research-related or economic, that may have affected the physician's professional judgment. Accepting kickbacks, bribes, and referral

fees without the patient's consent was a breach of a physician's fiduciary duty to his patient.

Count 1

CONSPIRACY TO COMMIT HONEST SERVICES MAIL FRAUD, MAIL FRAUD, AND TO VIOLATE THE TRAVEL ACT

18 U.S.C. § 371

[ALL DEFENDANTS]

16. Paragraphs 1 through 15 of this Indictment are realleged and incorporated by reference.

17. Beginning on a date unknown and continuing up through the date of this Indictment, within the Southern District of California and elsewhere, defendants GEORGE K. REESE, GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION, LEE MATHIS, FERNANDO VALDES, and FOREMOST SHOCKWAVE SOLUTIONS did knowingly and intentionally conspire with each other, with Dr. B, Dr. C, Dr. D, MCLA, L&T Services, MMN, and iMEDICAL, and with others to:

a. commit Honest Services Mail Fraud, that is, knowingly and with the intent to defraud, devising a material scheme to defraud and to deprive patients of the intangible right to Doctors' honest services, and to cause mailings in furtherance of the scheme, in violation of Title 18, United States Code, Sections 1341 and 1346;

b. commit Mail Fraud, that is, knowingly and with the intent to defraud, devising a material scheme to defraud, and to obtain money and property, by means of materially false and fraudulent pretenses, representations, promises, and omissions and concealments of material facts, and causing mailings in furtherance of the scheme, in violation of Title 18, United States Code, Section 1341; and

c. violate the Travel Act, that is, to use and cause to be used facilities in interstate commerce with intent to promote,

manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of, an unlawful activity, that is, bribery in violation of California Labor Code §§ 139.3 and 3215, California Business and Professions Code § 650, and California Insurance Code § 750, and, thereafter, to promote and attempt to perform acts to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of such unlawful activity, in violation of Title 18, United States Code, Section 1952(a)(1)(A), and (a)(3)(A).

FRAUDULENT PURPOSE

18. It was a purpose of the conspiracy to fraudulently obtain money from CWCS insurers by submitting claims for shockwave treatments that were secured through a pattern of bribes and kickbacks to Doctors, in violation of the Doctors' fiduciary duty to their patients, concealing from patients, insurers, and employers the material fact of the bribe and kickback agreement.

MANNER AND MEANS

19. The conspirators used the following manners and means, among others, to carry out the conspiracy:

a. It was a part of the conspiracy that MATHIS, VALDES, and FOREMOST enlisted the help of Intermediaries, including Person A and Dr. C, to locate Doctors in the Central and Southern Districts of California and elsewhere in California who would be willing to refer or cause their patients to be referred to FOREMOST for shockwave treatments in exchange for bribes and kickbacks.

b. It was a part of the conspiracy that, knowing that offering and paying bribes and kickbacks to Doctors to refer patients was unlawful, MATHIS, VALDES, FOREMOST, and Intermediaries, offered and paid kickbacks and bribes to Doctors, including REESE, Dr. B, and Dr. D, to refer patients or cause patients to be referred to FOREMOST for shockwave treatments.

c. It was a part of the conspiracy that, knowing that accepting bribes and kickbacks to refer patients was unlawful, Doctors accepted bribes from MATHIS, VALDES, FOREMOST and the Intermediaries to refer their patients and cause patients to be referred to FOREMOST for shockwave treatments.

d. It was a part of the conspiracy that, knowing that paying bribes and kickbacks to Doctors to refer patients was unlawful, MATHIS, VALDES, and FOREMOST agreed with the Intermediaries and Doctors to conceal the true nature of the financial and other relationships among them.

e. It was a part of the conspiracy that the conspirators concealed from patients, and caused to be concealed from patients, the kickback and bribe payments Doctors agreed to accept in exchange for referring their patients to FOREMOST for shockwave treatments, in violation of the Doctors' fiduciary duty to their patients.

f. It was a part of the conspiracy that the conspirators submitted claims to insurers and employers to collect payment for services provided to patients, and concealed the material fact that the treatments were the result of bribes and kickbacks paid to Doctors and procured in violation of the Doctors' fiduciary duty to their patients.

g. It was a part of the conspiracy that, in addition to failing to disclose the material fact that bribes and kickbacks were paid to Doctors and that Doctors had breached their fiduciary duty to patients, the conspirators made and caused to be made additional material misrepresentations on the claims mailed to insurers, including using incorrect billing codes, billing two different fees for the same treatment, and falsely claiming that a certain doctor had performed a shockwave treatment.

h. It was a part of the conspiracy that MATHIS concocted, and MATHIS, VALDES, MMN, and iMedical billed on behalf of Doctors, an impermissible "professional fee" for shockwave treatments, as a kickback to compensate the referring Doctors, including Dr. B and Dr. D, for referring their patients to FOREMOST for shockwave treatments.

i. It was a part of the conspiracy that the coconspirators employed numerous deceptive and fraudulent tactics to conceal their illegal bribe and kickback scheme, including inserting Intermediaries to facilitate payments from FOREMOST to the Doctors and proposing sham rent, lease, marketing, and management services agreements among the parties to try to make the payments appear legitimate, when in fact the corrupt payments were made in exchange for the referral of patients to FOREMOST for shockwave services.

j. It was a part of the conspiracy that the coconspirators used and caused to be used the mails in order to carry out their bribery and kickback scheme.

k. It was a further part of the conspiracy that the coconspirators utilized interstate facilities, including telephones, in order to carry out their bribery and kickback scheme.

l. Using the manners and means described above, MATHIS, VALDES, and FOREMOST generated and submitted claims totaling over $22 million dollars for FOREMOST shockwave treatments procured through bribes paid to Doctors, in violation of those Doctors' fiduciary duty to their patients and in violation of California state laws prohibiting bribes and kickbacks, all of which was material to insurers.

OVERT ACTS

20. In furtherance of the conspiracy and in order to effect the objects thereof, defendants and others committed and caused the commission of the following overt acts in the Southern District of California and elsewhere:

a. In July 2012, GEORGE K. REESE said he was "open to change" his shockwave treatment provider for patients at his office, in an effort to solicit a bribe in exchange for his referral of patients.

b. On or about August 18, 2012, LEE MATHIS offered to pay Person A $100 for each of REESE's shockwave referrals, knowing and intending that of that amount, $25 would be kept by Person A and $75 would go REESE.

c. On or about August 18, 2012, as part of a negotiation with Person A regarding the amount MATHIS was willing to pay Person A and REESE for referrals, MATHIS mentioned that he was then paying Dr. D $100 per referral.

d. On or about August 18, 2012, MATHIS directed that the $100 bribes would be disguised as a "marketing fee" to Person A, who would then disguise his/her payment to REESE as "rent" for office space at REESE's office.

e. On or about August 20, 2012, REESE agreed to accept a $6,000 per month bribe to refer patients to FOREMOST for shockwave treatments.

f. On or about August 20, 2012, MATHIS confirmed that FOREMOST would pay $100 to Person A for each of REESE's shockwave referrals, and offered Person A an additional 10% of the amounts FOREMOST or iMedical collected for the treatments, as a further inducement to secure REESE's referrals.

g. On or about September 5, 2012, FERNANDO VALDES, REESE, and Person A discussed in a phone call that FOREMOST would initially come to REESE's clinic every other week to administer the shockwave treatments, eventually increasing to weekly visits.

h. On or about September 17, 2012, REESE participated in a phone call to make arrangements to receive his first $6,000 bribe payment from Person A, specifying that the payment should be in cash.

i. Around mid-September, REESE caused staff in his office to schedule patients for shockwave treatments due to the $6,000 bribe he had received.

j. On or about September 27, 2012, MATHIS explained in a phone call that he was agreeing to have FOREMOST conduct shockwave treatments at REESE's clinic because he was "relying on the fact" that REESE had "promised at least a hundred" patient referrals.

k. In the same September 27, 2012 phone conversation, Person A told MATHIS that REESE was expecting his upfront money, and MATHIS urged Person A to give REESE the first half of the $6,000 bribe for the month of October right away if Person A had it.

l. On or about September 28, 2012, explaining why he needed Person A to front the bribe payment to REESE, MATHIS said that

he was "already paying thirty thousand dollars a month" to Dr. D for referrals, to do "300, 350 shockwaves a month," which was "a lot of money out of pocket every month" for MATHIS.

m. On or about September 28, 2012, explaining why he, and not VALDES, would be the one to front the bribe payment to REESE, MATHIS said that "Fernando has no money...This is a flash to you, I know, but any money Fernando gets is for me. It's my money. Everything is my money. Everything in this office runs on my money."

n. On or about September 28, 2012, VALDES told Person A that splitting REESE's $6,000 bribe into two separate $3,000 payments should be acceptable to REESE and encouraged Person A to pay the first $3,000 quickly.

o. On or about September 29, 2012, REESE accepted a $6,000 cash bribe in a gift bag from Person A, pursuant to the bribe agreement with Person A, MATHIS, VALDES, and FOREMOST, in the parking lot of a Jolly Roger restaurant in Oceanside, California.

p. On or about September 29, 2012, after receiving the $6,000, REESE agreed that the payment could be adjusted if he did not make 100 referrals per month, but reassured Person A that they "wouldn't have any trouble with the numbers."

q. On or about September 29, 2012, Person A informed MATHIS that Person A had met with REESE and "took care of everything," referring to the $6,000 payment, and MATHIS said that FOREMOST was ready and had hired someone just to do the treatments at REESE's office.

r. Prior to October 2, 2012, MATHIS, VALDES, and FOREMOST caused REESE to refer patients to FOREMOST for shockwave treatments

on October 2, 2012, and to conceal from those patients the bribe REESE had received for making those referrals.

s. On or about October 2, 2012, MATHIS, VALDES, and FOREMOST sent a shockwave technician to conduct shockwave treatments on 5 patients supplied by REESE as a result of the bribery agreement and the $6,000 bribe for the month of October.

t. On or about October 3, 2012, MATHIS told Person A that REESE "need[ed]" to schedule additional patients for shockwave treatments to "catch up" on the number of patients expected for the month of October in exchange for the $6,000 bribe payment.

u. Prior to October 16, 2012, MATHIS, VALDES, and FOREMOST caused REESE to refer patients to FOREMOST for shockwave treatments on October 16, 2012, and to conceal from those patients the bribe REESE had received for making those referrals.

v. On or about October 16, 2012, VALDES confirmed in a phone call with an employee at REESE's office that 31 patients were scheduled for shockwave treatments that day.

w. On or about October 16, 2012 MATHIS, VALDES, and FOREMOST sent a shockwave technician to conduct shockwave treatments on 17 patients supplied by REESE as a result of the bribery and kickback agreement.

x. Around mid-October, REESE caused staff in his office to schedule patients for shockwave treatments on October 30 due to the $6,000 bribe he received for that month.

y. On or about October 19, 2012, with VALDES present, MATHIS explained the structure he used to secretly pay bribes and kickbacks for referrals - that is, MATHIS arranged for an Intermediary to "lease" FOREMOST to perform shockwave treatments and

acquire the receivables, and then required the Intermediary to contract with iMedical to collect on the receivables. MATHIS said he also arranged for the Intermediary to pay the bribes and kickbacks to Doctors through an untraceable "management company," but warned that these "kickback things" violated the law.

z. On or about October 25, 2012, VALDES agreed to try to persuade MATHIS to give Person A some of the upfront bribe money to be paid to REESE.

aa. On or about October 25, 2012, VALDES provided to Person A a list showing that FOREMOST had submitted claims for 5 of REESE's patients from October 2, and 17 patients from October 16.

bb. On or about October 25, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $4,200 to be mailed to the employer of REESE's patient L.S., in the Southern District of California, for shockwave treatments for L.S. on October 2 and 16, 2012, which was billed under the wrong code, falsely and fraudulently reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

cc. On or about October 25, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $4,200 to be mailed to a CWCS insurer for shockwave treatment for REESE's patient M.F. on October 2 and 16, 2012, which was billed under the wrong code, falsely and fraudulently reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

dd. On or about October 26, 2012, when Person A told MATHIS and VALDES that REESE wanted his money for November, MATHIS

complained that REESE was not "keeping up with his numbers," but agreed to continue with the treatments scheduled for October 30, 2012 because REESE had already been paid for October.

ee. On or about October 26, 2012, REESE accepted $3,000 in cash from Person A at a restaurant in Del Mar, pursuant to the bribe agreement with Person A, MATHIS, VALDES, and FOREMOST, as partial payment of the November monthly bribe.

ff. Prior to October 30, 2012, MATHIS, VALDES, and FOREMOST caused REESE to refer patients to FOREMOST for shockwave treatments on October 30, 2012, and to conceal from those patients the bribe REESE had received for making those referrals.

gg. On or about October 30, 2012, MATHIS, VALDES, and FOREMOST sent a shockwave technician to conduct shockwave treatments on 19 patients referred by REESE as a result of the bribery agreement and the $6,000 bribe for the month of October.

hh. On or about October 30, 2012, MATHIS gave Person A $500 to be given to REESE in partial payment of the bribe for November.

ii. On or about November 1, 2012, REESE accepted a $500 bribe from Person A and FOREMOST, pursuant to the bribe agreement with Person A, MATHIS, VALDES, and FOREMOST, and committed to finding more of his patients to refer to FOREMOST for shockwave treatments in exchange for bribes and kickbacks.

jj. On or about November 1, 2012, REESE asked Person A to supply an employee to help review REESE's patient files to identify candidates whom REESE could refer to FOREMOST for shockwave treatments in exchange for bribes.

kk. On or about November 2, 2012, when Person A told MATHIS that Person A did not have the funds to pay REESE the rest of the $6,000 for November, MATHIS responded that since REESE had already been paid for half of November, they should continue for the time being, and suggested that MATHIS might find someone else who could help "invest" in the deal with REESE.

ll. On or about November 2, 2012, when Person A told MATHIS that REESE wanted the entire payment for November before scheduling more patients for shockwave, MATHIS said he would cancel the FOREMOST technician's planned trip to REESE's clinic.

mm. On or about November 5, 2012, REESE accepted a $2,500 check, wrapped inside a newspaper, representing the rest of the bribe payment for the month of November.

nn. Around early November, REESE caused staff in his office to schedule patients for shockwave treatments on November 17 due to the $6,000 in bribes he received for that month.

oo. On or about November 9, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $2,100 to be mailed to the patient's employer in the Southern District of California, for shockwave treatment for REESE's patient L.S. on October 30, 2012, which was billed under the wrong code, falsely and fraudulently reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

pp. After REESE had provided only about 41 patient referrals for the month of October, on about November 9, 2012, MATHIS said that he would continue the deal only if REESE "could get close to doing one hundred" patient referrals per month.

qq. On or about November 11, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $2,100 to be mailed to a CWCS insurer for shockwave treatment for REESE's patient A.P. on October 30, 2012, which was billed under the wrong code, falsely and fraudulently reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

rr. On or about November 13, 2012, MATHIS, VALDES, and FOREMOST sent a shockwave technician to conduct shockwave treatments on patients supplied by REESE as a result of the bribery agreement.

ss. On or about November 13, 2012, REESE, MATHIS, VALDES, and FOREMOST concealed from REESE's patients that REESE had referred them to FOREMOST for shockwave treatments as a result of a bribery agreement.

tt. Around mid-November, REESE caused staff in his office to schedule patients for shockwave treatments on November 27 due to the $6,000 bribe he received for that month.

uu. On or about November 27, 2012, MATHIS, VALDES, and FOREMOST sent a shockwave technician to conduct shockwave treatments on patients supplied by REESE as a result of the bribery agreement.

vv. On or about November 27, 2012, REESE, MATHIS, VALDES, and FOREMOST concealed from REESE's patients that REESE had referred them to FOREMOST for shockwave treatments as a result of a bribery agreement.

ww. On or about November 28, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $2,100 to be mailed to a CWCS insurer for shockwave treatment for REESE's patient G.A. on November 13, 2012, which was billed under the wrong code, falsely and fraudulently

reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

xx. On or about November 28, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $2,100 to be mailed to a CWCS insurer for shockwave treatment for REESE's patient S.M. on November 13, 2012, which was billed under the wrong code, falsely and fraudulently reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

yy. On or about December 4, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $2,100 to be mailed to a CWCS insurer for shockwave treatment for REESE's patient A.V. on November 13, 2012, which was billed under the wrong code, falsely and fraudulently reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

zz. On or about December 11, 2012, in a text message, REESE told Person A that REESE had canceled shockwave treatments for his patients because REESE had not received any bribe payment for December.

aaa. On or about December 18, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $2,100 to be mailed to a CWCS insurer for shockwave treatment for REESE's patient M.M. on November 27, 2012, which was billed under the wrong code, falsely and fraudulently reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

bbb. On or about December 18, 2012, REESE, MATHIS, VALDES, and FOREMOST caused a claim for $2,100 to be mailed to the patient's employer in the Southern District of California, for shockwave treatment for REESE's patient A.M. on November 27, 2012, which was billed under the wrong code, falsely and fraudulently reported that REESE was the provider for the shockwave treatments, and which omitted the material information that the claim had been procured as a result of a bribe paid to REESE.

ccc. On or about April 2, 2015, REESE, MATHIS, VALDES, and FOREMOST mailed and caused to be mailed a California Workers' Compensation Appeals Board form to an attorney in the Southern District of California in an effort to collect payment for the shockwave treatment for REESE's patient M.M. on November 27, 2012. All in violation of Title 18, United States Code, Section 371.

Counts 2-5
HONEST SERVICES MAIL FRAUD
[18 U.S.C. §§ 1341, 1346, & 2]
[ALL DEFENDANTS]

21. Paragraphs 1 through 15 of this Indictment are realleged and incorporated by reference.

22. Beginning on an unknown date and continuing through the date of this Indictment, within the Southern District of California and elsewhere, defendants GEORGE K. REESE, GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION, LEE MATHIS, FERNANDO VALDES, FOREMOST SHOCKWAVE SOLUTIONS and others, knowingly and with the intent to defraud, devised and intended to devise a material scheme to defraud, that is, to deprive patients of their intangible right to Doctors' honest services.

23. Paragraphs 18 through 20 of this Indictment are realleged and incorporated by reference as further describing the scheme to defraud.

MAILINGS IN FURTHERANCE OF THE SCHEME

24. On or about the dates listed below, within the Southern District of California and elsewhere, for the purpose of executing the above-described scheme to defraud, and attempting to do so, defendants GEORGE K. REESE, GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION, LEE MATHIS, FERNANDO VALDES, and FOREMOST SHOCKWAVE SOLUTIONS knowingly caused to be delivered by mail, according to the direction thereon, the following matters:

Count	Date Mailed	Patient	Item
2	October 25, 2012	L.S.	Claim for payment
3	November 9, 2012	L.S.	Claim for payment
4	December 18, 2012	A.M.	Claim for payment
5	April 2, 2015	M.M.	Workers' Comp. Appeals Board form

All in violation of Title 18, United States Code, Sections 1341, 1346 and 2.

Count 6

TRAVEL ACT

18 U.S.C. §§ 1952(a)(1)(A), (a)(3)(A), AND 2

[ALL DEFENDANTS]

25. Paragraphs 1 through 15 are realleged and incorporated by reference.

26. On or about September 5, 2012, within the Southern District of California and elsewhere, defendants GEORGE K. REESE, GEORGE K.

REESE PROFESSIONAL CHIROPRACTIC CORPORATION, LEE MATHIS, FERNANDO VALDES, and FOREMOST SHOCKWAVE SOLUTIONS, used and caused to be used a facility in interstate commerce, namely, a telephone, with the intent to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of, an unlawful activity, that is, bribery in violation of California Labor Code Sections 139.3 and 3215, California Business and Professions Code Section 650, and California Insurance Code Section 750, and, thereafter, to promote and attempt to perform acts to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of, such unlawful activity; in violation of Title 18, United States Code, Sections 1952(a)(1)(A), (a)(3)(A), and 2.

Count 7
TRAVEL ACT
18 U.S.C. §§ 1952(a)(1)(A), (a)(3)(A) AND 2
[ALL DEFENDANTS]

27. Paragraphs 1 through 15 are realleged and incorporated by reference.

28. On or about September 17, 2012, within the Southern District of California and elsewhere, defendants GEORGE K. REESE, GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION, LEE MATHIS, FERNANDO VALDES, and FOREMOST SHOCKWAVE SOLUTIONS, used and caused to be used a facility in interstate commerce, namely, a telephone, with the intent to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of, an unlawful

activity, that is, bribery in violation of California Labor Code Sections 139.3 and 3215, California Business and Professions Code Section 650, and California Insurance Code Section 750, and, thereafter, to promote and attempt to perform acts to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of, such unlawful activity; in violation of Title 18, United States Code, Sections 1952(a)(1)(A), (a)(3)(A), and 2.

Count 8
TRAVEL ACT
18 U.S.C. §§ 1952(a)(1)(A), (a)(3)(A), AND 2
[ALL DEFENDANTS]

29. Paragraphs 1 through 15 are realleged and incorporated by reference.

30. On or about September 27, 2012, within the Southern District of California and elsewhere, defendants GEORGE K. REESE, GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION, LEE MATHIS, FERNANDO VALDES, and FOREMOST SHOCKWAVE SOLUTIONS, used and caused to be used a facility in interstate commerce, namely, a telephone, with the intent to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of, an unlawful activity, that is, bribery in violation of California Labor Code Sections 139.3 and 3215, California Business and Professions Code Section 650, and California Insurance Code Section 750, and, thereafter, to promote and attempt to perform acts to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and

distribution of the proceeds of, such unlawful activity; in violation of Title 18, United States Code, Sections 1952(a)(1)(A), (a)(3)(A), and 2.

Count 9

TRAVEL ACT
18 U.S.C. §§ 1952(a)(1)(A), (a)(3)(A), AND 2
[ALL DEFENDANTS]

31. Paragraphs 1 through 15 are realleged and incorporated by reference.

32. On or about October 16, 2012, within the Southern District of California and elsewhere, defendants GEORGE K. REESE, GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION, LEE MATHIS, FERNANDO VALDES, and FOREMOST SHOCKWAVE SOLUTIONS, used and caused to be used a facility in interstate commerce, namely, a telephone, with the intent to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of, an unlawful activity, that is, bribery in violation of California Labor Code Sections 139.3 and 3215, California Business and Professions Code Section 650, and California Insurance Code Section 750, and, thereafter, to promote and attempt to perform acts to promote, manage, establish, carry on, distribute the proceeds of, and facilitate the promotion, management, establishment, carrying on, and distribution of the proceeds of, such unlawful activity; in violation of Title 18, United States Code, Sections 1952(a)(1)(A), (a)(3)(A), and 2.

//

//

//

FORFEITURE ALLEGATION

33. Paragraphs 1 through 32 of this Indictment are realleged and incorporated as if fully set forth herein for the purpose of alleging forfeiture.

34. Pursuant to Federal Rule of Criminal Procedure 32.2, notice is hereby given that upon conviction of any of the offenses of Honest Services Mail Fraud as alleged in Counts 2 through 5, or violations of the Travel Act, as alleged in Counts 6 through 9, defendants GEORGE K. REESE, GEORGE K. REESE PROFESSIONAL CHIROPRACTIC CORPORATION, LEE MATHIS, FERNANDO VALDES, and FOREMOST SHOCKWAVE SOLUTIONS, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), shall forfeit to the United States: (a) all right, title, and interest in any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of such offenses and (b) a sum of money equal to the total amount of gross proceeds derived, directly or indirectly, from such offenses.

35. If any of the above described forfeitable property, as a result of any act or omission of defendants: (a) cannot be located upon the exercise of due diligence; (b) has been transferred or sold to, or deposited with, a third party; (c) has been placed beyond the jurisdiction of the Court; (d) has been substantially diminished in value; or (e) has been commingled with other property which cannot be divided without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) and Title 18, United States Code, Section 982(b), to seek forfeiture of

any other property of defendants up to the value of the forfeitable property described above.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

DATED: November 5, 2015.

A TRUE BILL:

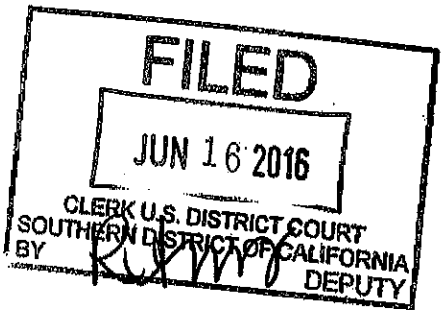
Foreperson

LAURA E. DUFFY
United States Attorney

By: VALERIE H. CHU
Assistant U.S. Attorney

By: CAROLINE HAN for
Assistant U.S. Attorney

By: FRED A. SHEPPARD
Assistant U.S. Attorney



UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, Plaintiff, v. George K. Reese Professional Chiropractic Corp. , Defendant.	Case No.: 15cr2822-CAB FINDINGS AND RECOMMENDATION OF THE MAGISTRATE JUDGE UPON A PLEA OF GUILTY

Upon Defendant's request to enter a guilty plea to Count 1 of the Indictment pursuant to Rule 11 of the Federal Rules of Criminal Procedure, this matter was referred to the Magistrate Judge by the District Judge, with the written consents of the Defendant, counsel for the Defendant, and counsel for the United States.

Thereafter, the matter came on for a hearing on Defendant's guilty plea, in full compliance with Rule 11, Federal Rules of Criminal Procedure, before the Magistrate Judge, in open court and on the record.

In consideration of that hearing and the allocution made by the Defendant under oath on the record and in the presence of counsel, and the remarks of the Assistant United States Attorney,

I make the following FINDINGS - that the Defendant understands:

1. The government's right, in a prosecution for perjury or false statement, to use against the defendant any statement that the defendant gives under oath;
2. The right to persist in a plea of "not guilty";
3. The right to a speedy and public trial;
4. The right to trial by jury, or the ability to waive that right and have a judge try the case without a jury;
5. The right to be represented by counsel-and if necessary to have the court appoint counsel-at trial and at every other stage of the proceeding;

6. The right at trial to confront and cross-examine adverse witnesses, to be protected from compelled self-incrimination, to testify and present evidence, and to compel the attendance of witnesses;
7. The defendant's waiver of these trial rights if the court accepts a guilty plea or nolo contendere;
8. The nature of each charge to which the defendant is pleading;
9. Any maximum possible penalty, including imprisonment, fine, and term of supervised release;
10. Any applicable mandatory minimum penalty;
11. Any applicable forfeiture;
12. The court's authority to order restitution;
13. The court's obligation to impose a special assessment;
14. In determining a sentence, the court's obligation to calculate the applicable sentencing guideline range and to consider that range, possible departures under the Sentencing

Guidelines, and other sentencing factors under 18 U.S.C § 3553(a);

15. The term of any plea agreement and any provision in that agreement that waives the right to appeal or to collaterally attack the conviction and sentence; and

16. That, if convicted, a defendant who is not a United States citizen may be removed from the United States, denied citizenship, and denied admission to the United States in the future.

I further find that:

17. The defendant is competent to enter a plea;

18. The defendant's guilty plea is made knowingly and voluntarily, and did not result from force, threats or promises (other than those made in a plea agreement); and

19. There is a factual basis for Defendant's plea.

I therefore RECOMMEND that the District Judge accept the Defendant's guilty plea to Count 1 of the Indictment.

The sentencing hearing will be before United States **District Judge Cathy Ann Bencivengo**, on **9/9/2016** at **9:00am.** The court excludes time from 6/16/2016 through

9/9/2016 pursuant to 18 USC § 3161(h)(1)(G) on the ground that the District Judge will be considering the proposed plea agreement.

Objections to these Findings and Recommendations are waived by the parties if not made within 14 days of this order. If the parties waive the preparation of the Presentence Report, objections are due within three days of this order.

Dated: 6/16/2016

Hon. Jan M. Adler
United States Magistrate Judge

Copies to:
Judge Cathy Ann Bencivengo
Assistant United States Attorney
Counsel for Defendant

IN THE UNITED STATES DISTRICT COURT

FOR THE SOUTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, Plaintiff, V. GEORGE K. REESE (1), Defendant.	Criminal Case No. 15CR2822-CAB ORDER

No objections having been filed, **IT IS ORDERED** that the Findings and Recommendation of the Magistrate Judge are adopted and this Court accepts Defendant's PLEA OF GUILTY to Counts(s) ONE (1) of the Information .

Dated: July 6, 2016

Cathy Ann Bencivengo
United States District Judge

CERTIFICATE OF SERVICE BY MAIL
(C.C.P. section 1013(a), 2015.5)

I am over the age of 18 years and not a party to the entitled action. My business address is 1515 Clay Street, 18th Floor, Oakland, California 94612.

I served the following documents:

- **Notice of Provider Suspension – Workers' Compensation**
- **Indictment in *United States of America v. George K. Reese* (Case No. 15 CR 2822 CAB) – U.S. District Court (Southern District of California)**
- **Findings and Recommendation of the Magistrate Judge Upon a Plea of Guilty in *United States of America v. George K. Reese* (Case No. 15 CR 2822 CAB) – U.S. District Court (Southern District of California)**
- **Order in *United States of America v. George K. Reese* (Case No. 15 CR 2822 CAB) – U.S. District Court (Southern District of California)**

on the following person(s) at the following address(es):

George K. Reese
3539 College Avenue, #145
San Diego, CA 92115

The documents were served by the following means:

[X] (**BY U.S. CERTIFIED MAIL**) I enclosed the documents in a sealed envelope or package addressed to the person(s) at the address(es) listed above and:

[X] Placed the envelope or package for collection and mailing, following our ordinary business practices. I am readily familiar with the firm's practice for collection and processing correspondence for mailing. Under that practice, on the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the U.S. Postal Service, in a sealed envelope or package with the postage fully prepaid.

I declare under penalty of perjury under the laws of State of California that the above is true and correct.

Executed on March 28, 2017, at Oakland, California.

Cathy Fujita-Lam

CATHY FUJITA-LAM

State of California
Secretary of State

E-644919

FILED

In the office of the Secretary of State of the State of California

Oct - 24 2008

This Space For Filing Use Only

STATEMENT OF INFORMATION
(Domestic Stock and Agricultural Cooperative Corporations)

FEES (Filing and Disclosure): $25.00. If amendment, see instructions.
IMPORTANT - READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

S

1. **CORPORATE NAME** (Please do not alter if name is preprinted.)

C1716537
MLCA, INC.

7291 GARDEN GROVE BLVD. #H
GARDEN GROVE CA 92841

DUE DATE:

COMPLETE ADDRESSES FOR THE FOLLOWING (Do not abbreviate the name of the city. Items 2 and 3 cannot be P.O. Boxes.)

2. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE	CITY	STATE	ZIP CODE
7291 GARDEN GROVE BLVD. #H	GARDEN GROVE	CA	92841

3. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY	CITY	STATE	ZIP CODE
7291 GARDEN GROVE BLVD #H	GARDEN GROVE	CA	92841

4. MAILING ADDRESS OF THE CORPORATION, IF DIFFERENT THAN ITEM 2	CITY	STATE	ZIP CODE
7291 GARDEN GROVE BLVD. #H	GARDEN GROVE	CA	92841

NAMES AND COMPLETE ADDRESSES OF THE FOLLOWING OFFICERS (The corporation must have these three officers. A comparable title for the specific officer may be added; however, the preprinted titles on this form must not be altered.)

	ADDRESS	CITY	STATE	ZIP CODE
5. CHIEF EXECUTIVE OFFICER/ LEE R. MATHIS	7291 GARDEN GROVE BLVD. #H	GARDEN GROVE,	CA	92841
6. SECRETARY/ TAMMY SHAW	7291 GARDEN GROVE BLVD. #H	GARDEN GROVE,	CA	92841
7. CHIEF FINANCIAL OFFICER/ TAMMY SHAW	7291 GARDEN GROVE BLVD. #H	GARDEN GROVE	CA	92841

NAMES AND COMPLETE ADDRESSES OF ALL DIRECTORS, INCLUDING DIRECTORS WHO ARE ALSO OFFICERS (The corporation must have at least one director. Attach additional pages, if necessary.)

	ADDRESS	CITY	STATE	ZIP CODE
8. NAME LEE R. MATHIS	7291 GARDEN GROVE BLVD. #H	GARDEN GROVE,	CA	92841
9. NAME TAMMY SHAW	7291 GARDEN GROVE BLVD. #H	GARDEN GROVE,	CA	92841
10. NAME	ADDRESS	CITY	STATE	ZIP CODE

11. NUMBER OF VACANCIES ON THE BOARD OF DIRECTIONS, IF ANY: 0

AGENT FOR SERVICE OF PROCESS (If the agent is an individual, the agent must reside in California and Item 13 must be completed with a California street address (a P.O.Box address is not acceptable). If the agent is another corporation, the agent must have on file with the California Secretary of State a certificate pursuant to Corporations Code section 1505 and Item 13 must be left blank.)

12. NAME OF AGENT FOR SERVICE OF PROCESS

LEE R. MATHIS

13. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, **IF AN INDIVIDUAL**	CITY	STATE	ZIP CODE
7291 GARDEN GROVE BLVD. #H	GARDEN GROVE,	CA	92841

TYPE OF BUSINESS

14. DESCRIBE THE TYPE OF BUSINESS OF THE CORPORATION

MEDICAL SERVICE/MANAGEMENT CO.

15. BY SUBMITTING THIS STATEMENT OF INFORMATION TO THE CALIFORNIA SECRETARY OF STATE, THE CORPORATION CERTIFIES THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.

10/24/2008	LEE R. MATHIS	CEO	
DATE	TYPE OR PRINT NAME OF PERSON COMPLETING THE FORM	TITLE	SIGNATURE

APPROVED BY SECRETARY OF STATE