INDEX

Mindwaves Psychological Services, Inc. & John Thomas Terrence

Exhibit #	Document
1	United States of America v. John Thomas Terrence et al (Case no. 15CR00179)
2	CA Secretary of State: Statement of Information, 04/06/2015

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SEALED

FILED
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CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
BY
DEPUTY CLERK

IN THE UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, Plaintiff, v. BAHAR GHARIB-DANESH, D.C. aka BAHAR GHARIB aka BAHAR DANESH aka BAHAR DANESH-GHARIB aka BAHAR DANESH GHARIB NA YOUNG EOH, D.C. and JOHN THOMAS TERRENCE, PsyD, Ph.D Defendants.	CASE NO. 1: 15 CR 00179 LJO SKO VIOLATIONS: 18 U.S.C. § 1349 – Conspiracy to Commit Health Care Fraud; 18 U.S.C. § 1347 – Health Care Fraud (15 counts); 18 U.S.C. §§ 981(a)(1)(c), 982(a)(1), 982(a)(7), and 28 U.S.C. § 2461(c) – Criminal Forfeiture

INDICTMENT

COUNTS ONE: [18 U.S.C. § 1349 – Conspiracy to Commit Health Care Fraud]

The Grand Jury charges:

BAHAR GHARIB-DANESH, D.C.,
NA YOUNG EOH, D.C.
and JOHN THOMAS TERRENCE, PsyD, Ph.D,

defendants herein, as follows:

I. INTRODUCTION

At all times relevant to this indictment:

A. Defendants, Relevant Entities and Related Persons

1. Defendant BAHAR GHARIB-DANESH D.C., ("GHARIB") was a chiropractor licensed to practice by the California Board of Chiropractic Examiners, with her principal place of business at 6944 Reseda Boulevard, Reseda, California 91335.

2. Defendant NA YOUNG EOH, D.C. ("EOH") was a chiropractor licensed to practice by the California Board of Chiropractic Examiners, with her principal place of business at 2920 F Street, #C5, Bakersfield, California 93312.

3. Defendant JOHN THOMAS TERRENCE, PsyD, Ph.D ("TERRENCE") was a clinical psychologist licensed to practice psychology by the California Board of Psychology, with his principal place of business at 13900 Panay Way, #DS-35, Marina Del Ray, California 90292 .

4. Mindwaves Psychological Services, Inc. ("Mindwaves") was a California professional corporation located at 4712 Admiralty Way, Suite 476, Marina Del Rey, California 90292. Mindwaves was owned and controlled by defendant TERRENCE.

5. Pain Relief Health Center, LLC ("PRHC") was a California Limited Liability Company located at 6944 Reseda Boulevard, Reseda, California 91335. PRHC was owned and controlled by defendant GHARIB.

6. PRHC operated seven medical clinics throughout central and southern California, including at the following addresses in the Eastern District of California:

a. 2920 F St. #C5, Bakersfield, California 93301 ("Bakersfield Clinic");

b. 2325 W. Caldwell Ave., Visalia, California 93277 ("Visalia Clinic"); and

c. 5339 N. Fresno St., Fresno, California 93710 ("Fresno Clinic").

7. Pain Free Diagnostic was a California corporation doing business as Pain Free Management Company ("PFMC"). PFMC was located at 6944 Reseda Boulevard, Reseda, California 91335. PFMC leased space at PHRC clinics to TERRENCE and provided TERRENCE with management and billing services. PFMC was owned and controlled by defendant GHARIB.

B. Workers Compensation Insurance

8. In California, an employer pays for medical care for a work-related injury or illness, either through a workers' compensation insurance policy, by being self-insured or through the State

Compensation Insurance Fund ("SCIF"). The SCIF was established in 1914, and is now the largest provider of workers' compensation coverage in California. SCIF is a division of the California Department of Industrial Relations ("DCIR") and is considered to be a California state agency. SCIF's mission is to provide an available market for workers' compensation insurance at fair rates, and to serve as a model for all workers' compensation carriers.

9. Worker's compensation insurance was sold to employers to protect them from liability in the event of on-the-job injuries resulting in employee injury, disability or death and to provide monetary relief and medical benefits to injured workers. California workers' compensation law requires claims administrators to authorize and pay for medical care that is "reasonably required to cure or relieve" the effects of the injury. This means care that follows scientifically based medical treatment guidelines.

10. Workers' compensation insurance policies are private plans and contracts, affecting commerce, under which medical benefits, items, and services are provided to an individual, and thus are "health care benefit plans" within the meaning of Title 18, United States Code, Section 24.

11. The Medical Unit is a unit within the Department of Workers Compensation that manages medical issues in workers' compensation cases. The Medical Unit appoints Qualified Medical Evaluators ("QME") who are qualified physicians (which includes psychologists licensed by California state law and acting within the scope of their practice as defined by California law) who are certified by the Medical Unit to examine injured workers to evaluate disability and write medical-legal reports. The reports are used to determine an injured worker's eligibility for worker's compensation benefits.

12. The Medical Unit issues QME panels to injured workers and claims administrators. A QME panel is a randomly generated list of QME medical providers issued when there is a question about whether an injury is work related, or if there is a medical issue that has not been resolved by the treating physician's report.

13. Reports by treating or consulting physicians are subject to the Official Medical Fee Schedule adopted pursuant to California Labor Code Section 5307.1. When a physician is selected from the QME panel to perform a medical-legal evaluation report on an unresolved treating physician's report, the physician is reimbursed pursuant to the higher Medical-Legal Expense fee schedule. ML 103 is the billing code used for complex comprehensive medical-legal evaluations which include at least

three complexity factors.

14. In order to receive payment from the insurer, a physician is required to submit a health insurance claim form to the insurer, called a Form CMS-1500. The claims may be submitted in hard copy or electronically. A narrative report accompanies the medical bill, which becomes part of the complete bill. The CMS-1500 identified the patient; the referring physician; the insurance company; who, where and what services were provided to the patient; and the charges associated with those services. The bills and reports are used by the insurance company to evaluate the proper reimbursement to the medical providers.

II. The Conspiracy

15. Beginning at a time unknown to the grand jury, but no later than in or about August 2005 and continuing through in or about November 2012, in Kern, Tulare and Fresno Counties in the State and Eastern District of California, and elsewhere, defendants BAHAR GHARIB-DANESH D.C., NA YOUN EOH, D.C., and JOHN THOMAS TERRENCE, PsyD, Ph.D., and others known and unknown to the grand jury, did unlawfully conspire, confederate and agree with each other to devise a scheme and artifice to execute, and attempt to execute, a scheme and artifice to defraud a health care benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is worker's compensation insurance, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of private insurers in connection with the delivery of and payment of health care benefits, items and services, in violation of Title 18, United States Code, Section 1347.

III. Purpose of the Conspiracy

16. It was a purpose and object of the conspiracy for BAHAR GHARIB-DANESH, D.C., NA YOUNG EOH, D.C., and JOHN THOMAS TERRENCE, PsyD, Ph.D., and other co-conspirators known and unknown to the grand jury, to unlawfully enrich themselves by, among other things: (a) submitting false and fraudulent claims to worker's compensation insurance providers through PFMC for services that were medically unnecessary, that were not eligible for reimbursement, and that were never provided; (b) offering, paying, and receiving kickbacks and bribes among co-conspirators for patient referrals; (c) concealing the submission of false and fraudulent claims to worker's compensation

insurance providers, the receipt and transfer of the proceeds from the fraud, and the payment and receipt of kickbacks and bribes among co-conspirators; and (d) diverting proceeds of the fraud for the personal use and benefit of the defendants and their co-conspirators in the form of compensation and other remuneration.

IV. Manner and Means of the Conspiracy

The manner and means by which the defendants and their co-conspirators sought to accomplish the object and purpose of the conspiracy included, among others, the following:

17. GHARIB formed PHRC as a Limited Liability Company registered in the State of California, concealing GHARIB's ownership interest.

18. GHARIB acted as the manager of PHRC and directed the medical staff, including medical doctors, chiropractors, and psychologists. Patients would be recruited to come into PHRC by runners/cappers who would solicit and find workers who claimed to have an injury. For patients who came into the clinics, GHARIB instructed her staff to add as many injured body parts for treatment as possible, to generate higher billings. The treatment plan generally included shock wave therapy, electro stimulation therapy, myo-facial release/massage, physical therapy, chiropractic manipulation, compound creams, and psychological evaluation. Nearly every patient was scheduled for the same treatments, and the maximum amount of treatments allowed by law was generally billed to the insurance company. GHARIB specifically directed her staff to add psychological examinations for as many patients as possible.

19. If the insurance company accepted the claim of injury, bills for treatment would be sent and paid by the insurance company. If the claim of injury was denied by the insurance company, a lien would be filed, and the claims would either be litigated before the California Worker's Compensation Appeals Board or be settled by negotiations through the parties. Lien settlements for less than the full amount of the claim were made palatable to GHARIB by the high volume of patients recruited throughout the Central San Joaquin Valley and the Los Angeles Basin, and by the large amount of medical fees generated by the multiple referrals for unnecessary medical tests, exams and other services.

20. GHARIB formed PFMC as a vehicle through which to benefit PHRC and GHARIB by charging rent and monthly management fees to physicians in order to conceal the payment of kickbacks

and bribes for the referral of patients, when in truth there was no distinction between the leadership and management of PHRC and PFMC.

21. On or about September 1, 2009, PFMC entered into a contract with TERRENCE to lease space located at PRHC clinics and to operate TERRENCE's clinical psychology practice to the extent it was conducted on the premises, including maintenance of patient medical records, and billing and collection of professional fees. In return, TERRENCE agreed to pay PFMC a "management fee" equal to fifty percent (50%) of all money actually received and derived directly or indirectly by reason of any medical or health care related services provided by TERRENCE.

22. Prior to January 2013, EOH was the primary source of billings and referrals involving employee from the Central San Joaquin Valley. EOH operated out of the Bakersfield Clinic, the Visalia Clinic, and the Fresno Clinic. As the primary treating physician, EOH was required by California law to manage the care of the employee, examine the employee at least once for the purpose of rendering and prescribing treatment, and monitor the effects of treatment thereafter. A secondary treating physician was any physician other than the primary treating physician who examined and provided treatment to the employee, such as a psychologist. EOH was also required to obtain all reports of secondary physicians and, unless good cause is shown, within 20 days of receipt of each report incorporate, or comment upon, the findings and opinions of the other physicians in the primary treating physician's report and submit all of the reports to the claims administrator.

23. After the staff of PRHC determined the treatment plan according to GHARIB's direction, EOH would sign the treatment plans and referral forms. Patients who were designated to receive psychological services would be referred by EOH to TERRENCE for examination.

24. TERRENCE would submit bills for services rendered to employees under his name, John Terrence PhD, as well as through his corporation, Mindwaves Psychological Services, Inc., to PFMC, which would then prepare the CMS-1500 for submission for payment. TERRENCE's authorized signature would be affixed to the CMS-1500, and he would also sign the narrative report submitted with each CMS-1500. Copies of the narrative report were required by California law also to be submitted to the EOH as the primary treating physician.

25. TERRENCE routinely submitted bills and reports that were the same for each and every

patient, including the time spent in examination and testing, and for the exact same dollar amount, regardless of the age, sex, geographic location of the patient, or the type and seriousness of the patient's injury. The narrative reports stated almost the same information word-for-word for every patient, other than identifying information such as the name, sex, and some details about how the patient was injured.

26. TERRENCE routinely billed using the code ML 103 for medical-legal evaluations, identifying himself in the narrative report as a QME. He would also state in his narrative report that he was requested to conduct a medical-legal evaluation by the patient or by the primary treating physician, EOH. This allowed him to bill using the higher Medical-Legal Expense fee schedule. These bills were all false and fraudulent because TERRENCE had not been appointed a QME to perform medical-legal evaluations for these patients nor was there a documented dispute between the employer and the injured worker. In addition, TERRENCE submitted bills where he claimed he acted as a QME during a period of time when he had allowed his QME certification to lapse.

27. When submitting bills to insurers, TERRENCE would claim to see up to a dozen patients per day. For each patient, TERRENCE's bill would submit that he provided each patient with approximately 20.8 hours of psychological evaluations in a single day. On one day, TERRENCE billed a total of 291.2 hours for treating fourteen patients. In one period of two weeks, TERRENCE billed approximately 1,123.2 hours treating patients and writing reports.

28. Between on or about August 2005 and on or about November 2012, TERRENCE submitted claims for psychological services in worker's compensation cases totaling in excess of $5.6 million.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO THROUGH SIXTEEN: [18 U.S.C. § 1347 – Health Care Fraud]

The Grand Jury further charges:

BAHAR GHARIB-DANESH, D.C.,
NA YOUNG EOH, D.C.
and JOHN THOMAS TERRENCE, PsyD, Ph.D

defendants herein, as follows:

29. Paragraphs 1 through 28, inclusive of Count One of this Indictment, are re-alleged and incorporated by reference as if fully set forth herein.

30. Defendant TERRENCE was qualified as a QME between December 2, 2004 and November 15, 2010. He was inactive as a QME between November 16, 2010 and November 15, 2011.

31. Defendant TERRENCE, aided and abetted by defendants GHARIB and EOH, submitted claims to private insurance companies for services rendered between November 16, 2010 and November 16, 2011 for medical-legal evaluations, billing code ML 103. These claims were false and fraudulent because, among other things: (1) he had not been appointed a QME to perform medical-legal evaluations for these patients, (2) his QME certification had lapsed during this period of time; (3) he billed for services that he had not performed; (4) he concealed the payment of bribes and kickbacks to his co-conspirators.

32. On or about the dates set forth below, in Kern County, State and Eastern District of California, and elsewhere, defendant TERRENCE, aided and abetted by defendants GHARIB and EOH, in connection with the delivery of and payment for health care benefits, items, and services, did knowingly and willfully execute, and attempt to execute, a scheme and artifice to defraud a health care benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is worker's compensation insurance, and obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of the private insurers named below, in connection with the delivery of and payment of health care benefits, items and services, to wit, psychological evaluations:

Count	Beneficiary	Insurer	Approx. Service Date	Amount Billed
2	H.S.	Zenith	2/15/11	$3,132.50
3	P.Z.	Zenith	3/15/11	$3,132.50
4	I.M.	Travelers	3/16/11	$3,132.50
5	M.A.	St. Paul Travelers	6/14/11	$3,132.50
6	H.J.	St. Paul Travelers	6/14/11	$3,132.50

7	J.S.	Tristar Risk	7/15/11	$3,132.50
8	J.E.	Zenith	7/25/11	$3,132.50
9	P.Z.	Zenith	7/25/11	$3,132.50
10	G.Y.	Zenith	8/1/11	$3,132.50
11	P.Z.	Zenith	8/1/11	$3,132.50
12	S.C.	Zenith	8/5/11	$3,132.50
13	R.A.	St. Paul Travelers	8/5/11	$3,132.50
14	H.S.	Zenith	11/4/11	$3,132.50
15	J.O.	Zenith	11/4/11	$3,132.50
16	R.A.	St. Paul Travelers	11/28/11	$3,132.50

All in violation of Title 18, United States Code, Section 1347.

FORFEITURE ALLEGATION: [18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), 982(a)(7), and 28 U.S.C. § 2461(c) - Criminal Forfeiture]

37. Upon conviction of the offense alleged in Count One of this Indictment, the defendants shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to such violations or is involved in such offense, or any property traceable to such property.

38. Upon conviction of the offenses alleged in Counts Two through Sixteen of this Indictment, the defendants shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 982(a)(1) and 982(a)(7), any property, real or personal, involved in such offense, or any property traceable to such property, and property that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense

39. If any of the property described above, as a result of any act or omission of the

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,

the United States of America shall be entitled to forfeiture of any other property of the defendants, up to the value of the property subject to forfeiture, including but not limited to a personal forfeiture money judgment, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), and Title 28, United States Code, Section 2461(c).

A TRUE BILL.
/s/ Signature on file w/AUSA

FOREPERSON

BENJAMIN B. WAGNER
United States Attorney

By Mark E. Cullers
MARK E. CULLERS
Assistant U.S. Attorney
Chief, Fresno Office

State of California
Secretary of State

S

Statement of Information
(Domestic Stock and Agricultural Cooperative Corporations)
FEES (Filing and Disclosure): $25.00.
If this is an amendment, see instructions.
IMPORTANT – READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

F524430

FILED

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

APR-06 2015

This Space for Filing Use Only

1. **CORPORATE NAME**
MINDWAVES PSYCHOLOGICAL SERVICES, INC.

2. **CALIFORNIA CORPORATE NUMBER**
C3312610

No Change Statement (Not applicable if agent address of record is a P.O. Box address. See instructions.)

3. **If there have been any changes to the information contained in the last Statement of Information filed with the California Secretary of State, or no statement of information has been previously filed, this form must be completed in its entirety.**
☐ If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed **to Item 17**.

Complete Addresses for the Following (Do not abbreviate the name of the city. Items 4 and 5 cannot be P.O. Boxes.)

	STREET ADDRESS	CITY	STATE	ZIP CODE
4. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE	4712 ADMIRALTY WAY, SUITE 476, MARINA DEL REY, CA 90292			
5. STREET ADDRESS OF PRINCIPAL BUSINESS OFFICE IN CALIFORNIA, IF ANY	4712 ADMIRALTY WAY, SUITE 476, MARINA DEL REY, CA 90292			
6. MAILING ADDRESS OF CORPORATION, IF DIFFERENT THAN ITEM 4				

Names and Complete Addresses of the Following Officers (The corporation must list 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
7. CHIEF EXECUTIVE OFFICER/ JOHN TERRENCE	4712 ADMIRALTY WAY, SUITE 476, MARINA DEL REY, CA 90292			
8. SECRETARY JOHN TERRENCE	4712 ADMIRALTY WAY, SUITE 476, MARINA DEL REY, CA 90292			
9. CHIEF FINANCIAL OFFICER/ JOHN TERRENCE	4712 ADMIRALTY WAY, SUITE 476, MARINA DEL REY, CA 90292			

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
10. NAME JOHN TERRENCE	4712 ADMIRALTY WAY, SUITE 476, MARINA DEL REY, CA 90292			
11. NAME				
12. NAME				

13. NUMBER OF VACANCIES ON THE BOARD OF DIRECTORS, IF ANY:

Agent for Service of Process If the agent is an individual, the agent must reside in California and Item 15 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 California Corporations Code section 1505 and Item 15 must be left blank.

14. NAME OF AGENT FOR SERVICE OF PROCESS [Note: The person designated as the corporation's agent MUST have agreed to act in that capacity prior to the designation.]
PETER POTENTE

15. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, **IF AN INDIVIDUAL** CITY STATE ZIP CODE
7924 IVANHOE AVENUE, SUITE #2, LA JOLLA, CA 92037

Type of Business

16. DESCRIBE THE TYPE OF BUSINESS OF THE CORPORATION
PSYCHOLOGICAL SERVICES

17. 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.

DATE	TYPE/PRINT NAME OF PERSON COMPLETING FORM	TITLE	SIGNATURE
04/06/2015	PETER POTENTE	CORP ATTORNEY	