

CASH BOND
RECOMMENDED:
DEF#1 \$382,000.00
DEF#2 \$382,000.00
DEF#3 \$382,000.00
WARRANT

AGENCY#: 14HX009879/DOI

MICHAEL A. HESTRIN
DISTRICT ATTORNEY

SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE
(Riverside)

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE

SEP 12 2016

J. Rinera

AM

SEP 19 2016

THE PEOPLE OF THE STATE OF CALIFORNIA,

D.A.# 360921

Plaintiff,

CASE NO.

RIF 1604500

v.
EDWARD ALBERT G. BALBAS, ✓
DOB: 08/14/1970

FELONY COMPLAINT

JON P. BRUNELLE,
DOB: 03/13/1969

OTHER - SPS

ALEJANDRA BRUNELLE,
DOB: 04/15/1968

Defendants.

COUNT 1

The undersigned, under penalty of perjury upon information and belief, declares: That the above named defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed a violation of Penal Code section 550, subdivision (a), subsection (6), a felony, in that on or about July 27, 2011, through and including December 5, 2012, in the County of Riverside, State of California, the defendants did willfully and unlawfully and knowingly make and cause to be made a false and fraudulent claim for payment of a health care benefit, to wit, from ANTHEM BLUE CROSS, and the claim and amount at issue exceeded Nine Hundred Fifty dollars (\$950) and the aggregate amount of claims and amount at issue exceeded Nine Hundred Fifty dollars (\$950) in a 12-month consecutive period.

It is further alleged that in the commission and attempted commission of the above offense the said defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE with the intent so to do, took, damaged and destroyed property of a value exceeding \$200,000, within the meaning of Penal Code section 12022.6, subdivision (a), subsection (2).

COUNT 2

That the above named defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed a violation of Penal Code section 550, subdivision (a), subsection (6), a felony, in that on or about August 23, 2011, through and including September 11, 2012, in the County of Riverside, State of California, the defendants did willfully and unlawfully and knowingly make and cause to be made a false and fraudulent claim for payment of a health care benefit, to wit, from BLUE SHIELD, and the claim and amount at issue exceeded Nine Hundred Fifty dollars (\$950) and the aggregate amount of claims and amount at issue exceeded Nine Hundred Fifty dollars (\$950) in a 12-month consecutive period.

COUNT 3

That the above named defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed a violation of Penal Code section 550, subdivision (a), subsection (6), a felony, in that on or about May 2, 2012, through and including December 22, 2014, in the County of Riverside, State of California, the defendants did willfully and unlawfully and knowingly make and cause to be made a false and fraudulent claim for payment of a health care benefit, to wit, from CIGNA, and the claim and amount at issue exceeded Nine Hundred Fifty dollars (\$950) and the aggregate amount of claims and amount at issue exceeded Nine Hundred Fifty dollars (\$950) in a 12-month consecutive period.

COUNT 4

That the above named defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed a violation of Penal Code section 550, subdivision (a), subsection (6), a felony, in that on or about February 8, 2012, through and including April 7, 2014, in the County of Riverside, State of California, the defendants did willfully and unlawfully and knowingly make and cause to be made a false and fraudulent claim for payment of a health care benefit, to wit, from AETNA, and the claim and amount at issue exceeded Nine Hundred Fifty dollars (\$950) and the aggregate amount of claims and amount at issue exceeded Nine Hundred Fifty dollars (\$950) in a 12-month consecutive period.

COUNT 5

That the above named defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed a violation of Business and Professions Code section 655.5, subdivision (c), a felony, on or about July 27, 2011 through and including December 5, 2012, did willfully and unlawfully charge additional charges for a clinical laboratory service that were not actually rendered by the licensee to the patient and itemized in the charge, bill, and other solicitation of payments.

COUNT 6

That the above named defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed a violation of Business and Professions Code section 655.5, subdivision (c), a felony, on or about August 23, 2011, through and including September 11, 2012, did willfully and unlawfully charge additional charges for a clinical laboratory service that were not actually rendered by the licensee to the patient and itemized in the charge, bill, and other solicitation of payments.

COUNT 7

That the above named defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed a violation of Business and Professions Code section 655.5, subdivision (c), a felony, on or about May 2, 2012 through and including December 22, 2014, did willfully and unlawfully charge additional charges for a clinical laboratory service that were not actually rendered by the licensee to the patient and itemized in the charge, bill, and other solicitation of payments.

COUNT 8

That the above named defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed a violation of Business and Professions Code section 655.5, subdivision (c), a felony, on or about February 8, 2012 through and including April 7, 2014, did willfully and unlawfully charge additional charges for a clinical laboratory service that were not actually rendered by the licensee to the patient and itemized in the charge, bill, and other solicitation of payments.

AGGRAVATED WHITE COLLAR CRIME ENHANCEMENT

It is further alleged that the said defendants, EDWARD ALBERT G. BALBAS, JON P. BRUNELLE and ALEJANDRA BRUNELLE, committed two or more related felonies, a material element of which was fraud or embezzlement, which involved a pattern of related felony conduct, and this pattern of related felony conduct involved the taking of more than one hundred thousand dollars (\$100,000.00), within the meaning of Penal Code section 186.11, subdivision (a), subsection (1).

ZAMORA ALLEGATION

ANTHEM BLUE CROSS

It is further alleged that the above offenses were not discovered by victim Anthem Blue Cross until September 13, 2012, when Anthem Blue Cross sent a letter inquiring into the billing practices regarding CPT code 83516 to Corona Physical Medicine including Edward Balbas, Jon Brunelle and Alejandra Brunelle.

In April 2011, Investigator Jizmejian began investigating another provider and discovered an issue with the billing of CPT code 83516. A general search of Blue Cross records revealed 25-30 providers billing for the code in the state of California. In the ensuing months, Investigator Jizmejian began researching the code, and learned of the ALCAT test, what it was and how it was being billed.

In September 2012, Jizmejian discovered the potentially fraudulent activity during an investigative review of bills submitted by Corona Physical Medicine including Edward Balbas, Jon Brunelle that exhibited a pattern of billing including a high volume of billing for CPT 83516. He sent a letter to Corona Physical Medicine including Edward Balbas, Jon Brunelle, explaining the issues Anthem had discovered, requesting clarification and further supporting documentation. The earliest date of service identified by Anthem Blue Cross during its initial investigation was for Lika Hefferan, date of service July 27, 2011. The last date of service identified by Blue Shield during its investigation was for Robert Mesa, date of service December 5, 2012.

On November 13, 2014, Anthem Blue Cross Insurance referred their findings to the California Department of Insurance via an FD-1 form. Further investigation uncovered the same pattern of billing spanning multiple insurance carriers. The scheme was not discovered prior to Blue Cross opening their investigation although Corona Physical Medicine consistently billed using the same scheme, they also under separate billing line items and varying location identifiers, thereby masking the pattern of conduct.

BLUE SHIELD

It is further alleged that the above offenses were not discovered by victim Blue Shield Insurance until October 3, 2013, when the SIU for Blue Shield discovered Corona Physical Medicine (CPM) including Edward Balbas, Jon Brunelle and Alejandra Brunelle had submitted billing regarding CPT code 83516.

Blue Shield Insurance became aware of issues regarding food allergy testing on September 13, 2012, during a webinar run by the National Healthcare Anti-Fraud Association. On October 3, 2012, the SIU received an email on ALCAT billing and data from Blue Cross Blue Shield Association SIU on Federal Employee Program (FEP) billings under CPT 83516. CPM was listed on the attached FEP claims list.

In January 2014, Blue Shield discovered that CPM had bills submitted for the ALCAT test. The earliest date of service identified by Blue Shield during its initial investigation was for Denise Bellinger, date of service August 23, 2011. The last date of service identified by Blue Shield during its investigation was for Elvia Acuña, date of service September 4, 2012.

On April 29, 2014, Blue Shield Insurance referred their findings to the California Department of Insurance Fraud Division via an FD-1 form. Further investigation uncovered the same pattern of billing spanning multiple insurance carriers. The scheme was not discovered prior to Blue Shield opening their investigation because although Corona Physical Medicine consistently billed using the same scheme, they also under separate billing line items and varying location identifiers, thereby masking the pattern of conduct.

CIGNA

It is further alleged that the above offenses were not discovered by victim CIGNA Insurance until January 22, 2015, when CDI Investigator Lori Ponzuelos contacted CIGNA to inquire whether they had any billings from Corona Physical Medicine including Edward Balbas, Jon Brunelle and Alejandra Brunelle, regarding CPT code 83516. Once CIGNA checked their records, several fraudulent bills were discovered.

The scheme was not discovered prior to CIGNA opening their investigation because although Corona Physical Medicine consistently billed using the same scheme, they also billed under separate billing line items and varying location identifiers, thereby masking the pattern of conduct.

AETNA

It is further alleged that the above offenses were not discovered by victim AETNA Insurance until January 22, 2015, when CDI Investigator Lori Ponzuelos contacted them to inquire whether they had any billings from Corona Physical Medicine including Edward Balbas, Jon Brunelle and Alejandra Brunelle, regarding CPT code 83516. Once AETNA checked their records, several fraudulent bills were discovered.

The scheme was not discovered prior to AETNA opening their investigation because although Corona Physical Medicine consistently billed using the same scheme, they also billed under separate billing line items and varying location identifiers, thereby masking the pattern of conduct.

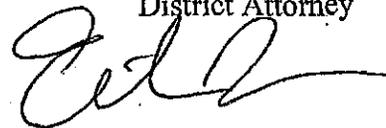
MARSY'S LAW

Information contained in the reports being distributed as discovery in this case may contain confidential information protected by Marsy's Law and the amendments to the California Constitution Section 28. Any victim(s) in any above referenced charge(s) is entitled to be free from intimidation, harassment, and abuse. It is unlawful for defendant(s), defense counsel, and any other person acting on behalf of the defendant(s) to use any information contained in the reports to locate or harass any victim(s) or the victim(s)'s family or to disclose any information that is otherwise privileged and confidential by law. Additionally, it is a misdemeanor violation of California Penal Code § 1054.2a(3) to disclose the address and telephone number of a victim or witness to a defendant, defendant's family member or anyone else. Note exceptions in California Penal Code § 1054.2a(a) and (2).

I declare under penalty of perjury upon information and belief under the laws of the State of California that the foregoing is true and correct.

Dated: September 12, 2016

Michael A. Hestrin
District Attorney



By: Erika L. Mulhere
Deputy District Attorney

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T. Koenig

SUPERIOR COURT OF CALIFORNIA, COUNTY OF RIVERSIDE
FELONY PLEA FORM

People v. Edward Balbas Case Number RIF1604500

A. ADVISEMENT OF RIGHTS:

- EB 1. I have the right to a speedy and public trial by a judge or jury.
- EB 2. At my trial, I have the right to face and cross-examine any witnesses against me.
- EB 3. I have the right to ask the court to compel witnesses to attend my trial at no expense to me, and to present evidence in my defense.
- EB 4. I have the right against self-incrimination. I cannot be forced to testify against myself, but I also have the right to testify in my own defense if I choose to do so.
- EB 5. I have the right to be represented by a lawyer throughout my trial. If I cannot afford one, the court will appoint one to represent me at no cost to me.

B. CONSEQUENCES OF PLEA (1 through 5 apply to everyone):

- EB 1. As a convicted felon, I will not be able to own or possess any firearm. I will be ordered to pay restitution to the victim(s) if the victim(s) suffered economic harm. I agree that the amount of victim restitution is \$57,367. If the parties do not agree, the probation department will determine the amount. If I disagree with the amount, I must promptly request a hearing.
- EB 2. Charges and/or enhancements may have been dismissed as part of this negotiated disposition with the District Attorney's Office. I agree that I will be ordered to pay restitution to the victim(s) of the dismissed charges and/or enhancements if the victim(s) suffered economic harm.
- EB 3. I will be ordered to pay a restitution fine of at least \$200 and not more than \$10,000. There are several other fines and fees that will be imposed as a result of this guilty plea.
- EB 4. If I am not a citizen of the United States, I understand that this conviction may have the consequences of deportation, exclusion from admission to the United States, or denial of naturalization pursuant to the laws of the United States.
- EB 5. If I receive a state prison term, I will be placed on parole or local community supervision after completing the term. Parole or local community supervision will be for the term specified by law. Generally, parole is for up to five years and local community supervision is for up to three years. If my term of imprisonment is life, and I am ever granted parole, it may be for life. If I violate any of the terms of parole, I could be returned to state prison for up to one year per violation. If I violate any of the terms of local community supervision, I could be incarcerated in county jail for up to 180 days per violation.
- EB 6. If I am sentenced to county jail, a portion of my term may be suspended and, upon release from jail, I may be placed on mandatory supervision. If I violate any of the terms and conditions of my mandatory supervision, I could be returned to county jail for up to the remainder of my suspended jail term.
- EB 7. I will be required to give a DNA sample.
- X 8. My driving privileges will be suspended or revoked by the Department of Motor Vehicles.
- X 9. I understand that because I am pleading guilty to a qualifying offense, I will be ordered to register with law enforcement as a(n) _____ and that if I fail to register or to keep my registration current for any reason, new criminal charges may be filed against me. I understand that registration as a sex offender is a life long requirement.
- X 10. I will be required to undergo AIDS testing.
- X 11. Being under the influence of alcohol or drugs, or both, impairs your ability to safely operate a motor vehicle. Therefore, it is extremely dangerous to human life to drive while under the influence of alcohol or drugs, or both. If I drive while under the influence of alcohol or drugs, or both, and as a result of that driving, someone is killed, I can be charged with murder.
- EB 12. Other _____

C. DEFENDANT'S STATEMENT:

- EB 1. All the promises made to me are written on this form, or stated in open court.
- EB 2. No one has made any threats to me or anyone close to me, or placed any pressure of any kind on me in order to make me plead guilty.

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People v.

Edward Balbas

Case Number

RIF1604500

EB
EB
EB
EB

- 3. I understand that if I violate any of my probation terms, I could be sentenced to the maximum custody term possible under these charges as set forth under "Plea Agreement", Item 2.
- 4. I have had adequate time to discuss with my attorney (1) my constitutional rights, (2) the consequences of any guilty plea, and (3) any defenses I may have to the charges against me.
- 5. As part of this plea, I (circle one) do do not waive any right to appeal that I may have.
- 6. Factual Basis: I agree that I did the things that are stated in the charges that I am admitting.

D. PLEA AGREEMENT:

1. I will enter a guilty plea to the following charges and enhancements:

Ct 13 PC 549 PC 186.11(a)(2)
Ct 14 PC 549

The Prosecutor will dismiss any charges and enhancements that I do not admit.

2. The maximum possible custody commitment for the admitted charges and enhancements is: 8 yr. 8 mo.

3. My guilty pleas are conditional on receiving the following considerations as to sentence:

- a) Formal probation will (circle one) be 1) denied; 2) granted; 3) decided by the court. If granted, the length of formal probation may be up to five years. If probation is granted, a suspended state prison sentence or felony county jail term (circle one) will will not be imposed. A suspended felony county jail term may include a period of mandatory supervision for up to the remainder of the suspended jail term. The following legal restrictions apply to a decision to grant probation in this case:
- b) The custody term will be 5 year FP, 180 CJ (stip)
The custody term shall not be more than _____ (top)
The custody term shall not be less than _____ (floor)
- c) Fines: _____
- d) Other: restitution \$657,367.81 (see supp plea for breakdown)
- e) Credit for time served will be _____ days actual; _____ days 4019 2933; _____ total.

E. SIGNATURES

District Attorney: The above is a correct statement of the Plea Agreement between defense and prosecution.

5/5/17 Erika Mulhene Erika Mulhene
Date Print Name Sign Name

Defendant: I have read and understand this entire document. I waive and give up all of the rights that I have initialed. I accept this Plea Agreement.

05/05/2017 EDWARD BALBAS [Signature]
Date Print Name Sign Name

Defense Attorney: I am the attorney for the defendant. I am satisfied that (1) the defendant understands his/her constitutional rights and understand that a guilty plea would be a waiver of these rights; (2) the defendant has had an adequate opportunity to discuss his/her case with me, including any defenses he/she may have to the charges; and (3) the defendant understands the consequences of his/her guilty plea. I join in the decision of the defendant to enter a guilty plea.

5/5/17 Katherine Corrigan [Signature]
Date Print Name Sign Name

Interpreter: Having been duly sworn, I have translated this form to the defendant in the _____ language. The defendant has stated that he/she fully understood the contents of the form prior to signing.

Date Print Name Sign Name