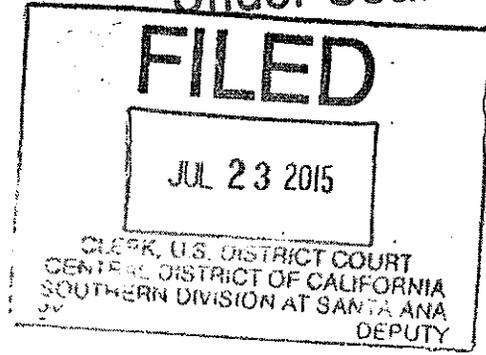


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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

SACR15-00077

UNITED STATES OF AMERICA,
Plaintiff,
v.
JAMES L. CANEDO,
Defendant.

SA CR 16-15
I N F O R M A T I O N
[18 U.S.C. § 371: Conspiracy]

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SANTA ANA
BY

The United States Attorney charges:

[18 U.S.C. § 371]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

1. Healthsmart Pacific Inc., doing business as Pacific Hospital of Long Beach ("Pacific Hospital"), was a hospital located in Long Beach, California, specializing in surgeries, particularly spinal and orthopedic surgeries. From at least in or around 1997 to October 2013, Pacific Hospital was owned and/or operated by Michael D. Drobot and Co-Conspirator A.

1 From 1999 to at least October 2013, defendant JAMES L. CANEDO
2 was the Chief Financial Officer of Pacific Hospital.

3 2. International Implants LLC ("I2") was a limited
4 liability company owned and operated by Drobot, that was located
5 in Newport Beach, California. I2 purchased implantable medical
6 devices ("hardware") for use in spinal surgeries from original
7 manufacturers and sold them to hospitals, particularly Pacific
8 Hospital. I2 was registered with the United States Food and
9 Drug Administration as a repackager/relabeler, but was not
10 registered as a manufacturer, and in fact did not manufacture
11 medical devices.

12 3. The California Workers' Compensation System ("CWCS")
13 was a system created by California law to provide insurance
14 covering treatment of injury or illness suffered by individuals
15 in the course of their employment. Under the CWCS, employers
16 were required to purchase workers' compensation insurance
17 policies from insurance carriers to cover their employees. When
18 an employee suffered a covered injury or illness and received
19 medical services, the medical service provider submitted a claim
20 for payment to the relevant insurance carrier, which then paid
21 the claim. Claims were submitted to and paid by the insurance
22 carriers either by mail or electronically. The CWCS was
23 governed by various California laws and regulations.

24 4. The California State Compensation Insurance Fund
25 ("SCIF") was a non-profit insurance carrier, created by the
26 California Legislature, which provided workers' compensation
27 insurance to employees in California, including serving as the

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1 "insurer of last resort" under the CWCS system for employees
2 without any other coverage.

3 5. California law, including but not limited to the
4 California Business and Professions Code, the California
5 Insurance Code, and the California Labor Code, prohibited the
6 offering, delivering, soliciting, or receiving of anything of
7 value in return for referring a patient for medical services.

8 6. Before January 2013, California law allowed a hospital
9 to bill the cost of medical hardware separately from the other
10 costs of a surgery, such as the hospital's and surgeon's
11 services, the reimbursement rates of which were set by a fee
12 schedule. The hardware was considered a "pass-through" cost and
13 billing was limited to \$250 over what the hospital paid for the
14 hardware.

15 7. The Federal Employees' Compensation Act ("FECA")
16 provided benefits to civilian employees of the United States,
17 including United States Postal Service employees, for medical
18 expenses and wage-loss disability due to a traumatic injury or
19 occupational disease sustained while working as a federal
20 employee. Benefits available to injured employees included
21 rehabilitation, medical, surgical, hospital, pharmaceutical, and
22 supplies for treatment of an injury. The Department of Labor
23 ("DOL") - Office of Workers' Compensation Programs ("OWCP") was
24 the governmental body responsible for administering the FECA.
25 When a federal employee suffered a covered injury or illness and
26 received medical services, the medical service provider
27 submitted a claim for payment by mail or electronically to

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1 Affiliated Computer Services ("ACS"), located in London,
2 Kentucky, which was contracted with the DOL to handle such
3 claims. Upon approval of the claim, ACS sent payment by mail or
4 electronic funds transfer from the U.S. Treasury in
5 Philadelphia, Pennsylvania, to the medical service provider.

6 8. Federal law prohibited the offering, delivering,
7 soliciting, or receiving of anything of value in return for
8 referring a patient for medical services paid for by a federal
9 health care benefit program.

10 B. OBJECTS OF THE CONSPIRACY

11 9. Beginning in or around 1999, and continuing to in or
12 around October 2013, in Orange and Los Angeles Counties, within
13 the Central District of California, and elsewhere, defendant
14 CANEDO, together with others known and unknown to the United
15 States Attorney, combined, conspired, and agreed to knowingly
16 and intentionally commit the following offenses against the
17 United States:

18 a. Mail Fraud and Honest Services Mail Fraud, in
19 violation of Title 18, United States Code, Sections 1341 and
20 1346;

21 b. Interstate Travel in Aid of a Racketeering
22 Enterprise, in violation of Title 18, United States Code,
23 Section 1952(a)(3);

24 c. Monetary Transactions in Property Derived from
25 Specified Unlawful Activity, in violation of Title 18, United
26 States Code, Section 1957; and

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1 d. Payment or Receipt of Kickbacks in Connection
2 with a Federal Health Care Program, in violation of Title 42,
3 United States Code, Section 1320a-7b(b) (2) (A).

4 C. MANNER AND MEANS OF THE CONSPIRACY

5 10. The objects of the conspiracy were to be carried out,
6 and were carried out, in substance, as follows:

7 a. Drobot and other co-conspirators offered to pay
8 kickbacks to doctors, chiropractors, workers' compensation and
9 personal injury attorneys, marketers, and others for their
10 referring workers' compensation patients to Pacific Hospital for
11 spinal surgeries and other medical services, to be paid
12 primarily through the CWCS and the FECA. For spinal surgeries,
13 typically, Drobot offered to pay a kickback of \$15,000 per
14 lumbar fusion surgery and lower amount per cervical fusion
15 surgery.

16 b. Influenced by the promise of kickbacks, doctors,
17 chiropractors, workers' compensation and personal injury
18 attorneys, marketers, and others referred patients insured
19 through the CWCS and the FECA to Pacific Hospital for spinal
20 surgeries, other types of surgeries, and other medical services.
21 The workers' compensation patients were not informed that the
22 medical professionals had been offered kickbacks to induce them
23 to refer the surgeries and other medical services to Pacific
24 Hospital.

25 c. The surgeries and other medical services were
26 performed on the referred workers' compensation patients at
27 Pacific Hospital.

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1 d. I2, or another distributor who was a co-
2 conspirator, purchased medical hardware from a manufacturer and
3 sold it to Pacific Hospital for use in spinal surgeries.
4 Typically, the price I2 or the co-conspirator distributor
5 charged for the hardware was inflated, from four times to as
6 much as ten times the price at which I2 or the other distributor
7 had purchased the device from the manufacturer. On I2's
8 invoices, I2 included a stamp falsely stating that I2 was an
9 "FDA Registered Manufacturer."

10 e. Pacific Hospital submitted claims, by mail and
11 electronically, to SCIF and other workers' compensation
12 insurance carriers for payment of the costs of the surgeries and
13 other medical services. Included with the claims for spinal
14 surgeries were the inflated hardware invoices from I2 or the co-
15 conspirator distributor.

16 f. As defendant CANEDO and the other co-conspirators
17 knew and intended, and as was reasonably foreseeable to them, in
18 submitting claims for payment, Pacific Hospital made materially
19 false and misleading statements to, and concealed material
20 information from, SCIF and other workers' compensation insurance
21 carriers, including that: (1) Pacific Hospital did not disclose
22 to the insurance carriers that it had offered or paid kickbacks
23 for the referral of the surgeries and other medical services for
24 which it was submitting claims; and (2) the hardware invoices
25 were fraudulently inflated.

26 g. The insurance carriers paid Pacific Hospital's
27 claims, by mail or electronically.

1 h. Defendant CANEDO and other co-conspirators paid,
2 and caused others to pay kickbacks to the doctors,
3 chiropractors, workers' compensation and personal injury
4 attorneys, marketers, and others who had referred patients to
5 Pacific Hospital for surgeries and other medical services. The
6 kickback recipients included, among others, various surgeons,
7 other doctors, chiropractors, marketers, and attorneys.

8 i. To conceal the nature of the kickback payments
9 from both workers' compensation insurance carriers and patients,
10 Drobot, through one of the companies he owned and/or operated,
11 entered into bogus contracts with the doctors, chiropractors,
12 workers' compensation and personal injury attorneys, marketers,
13 and others. The services discussed in those contracts were, in
14 fact, generally not provided or were provided at highly inflated
15 prices. Rather, the compensation paid was based on the number
16 and type of surgeries and other medical services referred to
17 Pacific Hospital. Drobot and his co-conspirators entered into
18 the following bogus contracts, among others, in order to hide
19 kickback payments: collection agreements, option agreements,
20 research and development agreements, lease and rental
21 agreements, consulting agreements, marketing agreements, and
22 management agreements.

23 j. For example, the collection agreements provided
24 that doctors who signed them would assist Pacific Hospital in
25 collecting its fees for spinal surgeries from insurance
26 carriers, and that in return Pacific Hospital would pay the
27 doctors a percentage of the total amount collected, often

1 fifteen percent. In reality, however, the collection was done
2 by Pacific Hospital staff under defendant CANEDO's supervision,
3 without assistance from the doctors. The payments to the
4 doctors were thus purely a reward for referrals. Defendant
5 CANEDO often had to inform the doctors of the status of the
6 hospital's collections, so that they would know when and how
7 much they would be paid for their referrals. Moreover,
8 defendant CANEDO and others expressly told doctors that they
9 would be paid under the collection agreements only for surgeries
10 or other services that those doctors had referred to Pacific
11 Hospital; in some cases, defendant CANEDO had to mediate among
12 different doctors who claimed a right to receive kickback
13 payments for the referral of the same patient and surgery.

14 k. Similarly, the collection agreement that Pacific
15 Hospital signed with Marketer A's company provided that Marketer
16 A would assist Pacific Hospital in collecting its fees for
17 spinal surgeries and other services from the Department of Labor
18 under the FECA, and that in return Pacific Hospital would pay
19 Marketer A's company a percentage of the total amount collected,
20 which ranged from 25 to 30 percent; the payment amount was later
21 changed to a flat monthly fee of from \$55,000 to \$75,000 per
22 month. In reality, however, the collection was often done
23 primarily by Pacific Hospital staff under defendant CANEDO's
24 supervision, with Marketer A's company providing little
25 assistance. In some cases, Marketer A's company provided more
26 extensive collection services. In all cases, the payments that
27 Pacific Hospital made to Marketer A's company were far above the

1 fair market value of the services provided. The payments to
2 Marketer A were thus primarily a reward for Marketer A's
3 referral of patients to Pacific Hospital.

4 1. Defendant CANEDO and other co-conspirators kept
5 records of the number of surgeries and other medical services
6 performed at Pacific Hospital due to referrals from the kickback
7 recipients, as well amounts paid to the kickback recipients for
8 those referrals. Periodically, Drobot and other co-conspirators
9 amended the bogus contracts with the kickback recipients to
10 increase or decrease the amount of agreed compensation described
11 in the contracts, in order to match the amount of kickbacks paid
12 or promised in return for referrals.

13 D. EFFECTS OF THE CONSPIRACY

14 11. Had SCIF and the other workers' compensation insurance
15 carriers known the true facts regarding (1) the payment of
16 kickbacks for the referral of workers' compensation patients for
17 surgeries and other medical services performed at Pacific
18 Hospital and (2) the fraudulent inflation of the cost of medical
19 hardware used in spinal surgeries, they would not have paid the
20 claims or would have paid a lesser amount.

21 12. From in or around 2008 to in or around April 2013,
22 Pacific Hospital billed workers' compensation insurance carriers
23 approximately \$500 million in claims for spinal surgeries that
24 were the result of the payment of a kickback, and defendant
25 CANEDO and other co-conspirators paid kickback recipients
26 between approximately \$20 million and \$50 million in kickbacks
27 relating to those claims.

1 E. OVERT ACTS

2 13. In furtherance of the conspiracy, and to accomplish
3 its objects, defendant CANEDO, together with others known and
4 unknown to the United States Attorney, committed the following
5 overt acts, among others, within the Central District of
6 California, and elsewhere:

7 Overt Act No. 1: On or about November 10, 2009, defendant
8 CANEDO caused a check in the amount of \$43,650.00 from SCIF to
9 be sent by mail to Pacific Hospital in reimbursement for a claim
10 for spine surgery on Patient A performed by Surgeon A, which
11 claim was induced by the payment of a kickback to Chiropractor
12 A.

13 Overt Act No. 2: On or about April 14, 2010, defendant
14 CANEDO caused a check in the amount of \$90,467.80 from SCIF to
15 be sent by mail to Pacific Hospital in reimbursement for a claim
16 for spine surgery on Patient B performed by Surgeon B, which
17 claim was induced by the payment of a kickback to Surgeon C.

18 Overt Act No. 3: On or about March 31, 2011, defendant
19 CANEDO caused a check in the amount of \$23,531.23 from Vanliner
20 to be sent by mail to Pacific Hospital in reimbursement for a
21 claim for spine surgery on Patient C performed by Surgeon D,
22 which claim was induced by the payment of a kickback to Surgeon
23 D.

24 Overt Act No. 4: On or about June 29, 2012, defendant
25 CANEDO caused a kickback in the amount of \$100,000 to be paid to
26 Surgeon D for the referral of lumbar and cervical spinal
27

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1 surgeries performed at Pacific Hospital, including on patients
2 covered by the FECA.

3 Overt Act No. 5: On or about January 18, 2013, defendant
4 CANEDO caused a check in the amount of \$51,115.44 from
5 Traveler's Insurance to be sent by mail to Pacific Hospital in
6 reimbursement for a claim for spine surgery on Patient D
7 performed by Surgeon E, which claim was induced by the payment
8 of a kickback to Surgeon E.

9 Overt Act No. 6: On or about January 24, 2013, defendant
10 CANEDO caused a check in the amount of \$117,142.36 from Vanliner
11 to be sent by mail to Pacific Hospital in reimbursement for a
12 claim for spine surgery on Patient E performed by Surgeon F,
13 which claim was induced by the payment of a kickback to Surgeon
14 F.

15 Overt Act No. 7: On or about April 24, 2013, defendant
16 CANEDO caused a check in the amount of \$24,209.90 from ICW to be
17 sent by mail to Pacific Hospital in reimbursement for a claim
18 for spine surgery on Patient F performed by Surgeon G, which
19 claim was induced by the payment of a kickback to Surgeon G.

20 Overt Act No. 8: On or about November 27, 2013, defendant
21 CANEDO caused a check in the amount of \$50,903.76 from
22 Traveler's Insurance to be sent by mail to Pacific Hospital in

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1 reimbursement for a claim for spine surgery on Patient G
2 performed by Surgeon G, which claim resulted from the payment of
3 a kickback to Chiropractor B.

4
5 EILEEN M. DECKER
United States Attorney

6 *Joe McNally* *FOR*
7 ROBERT E. DUGDALE
8 Assistant United States Attorney
Chief, Criminal Division

9 DENNISE D. WILLETT
10 Assistant United States Attorney
Chief, Santa Ana Branch Office

11 JOSHUA M. ROBBINS
12 Assistant United States Attorney

13 SCOTT D. TENLEY
Assistant United States Attorney

14 ASHWIN JANAKIRAM
15 Special Assistant United States
Attorney

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 SOUTHERN DIVISION AT SANTA ANA
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10 Attorneys for Plaintiff
 11 UNITED STATES OF AMERICA

12 UNITED STATES DISTRICT COURT
 13 FOR THE CENTRAL DISTRICT OF CALIFORNIA

14 SOUTHERN DIVISION

SACR15-00077

15 UNITED STATES OF AMERICA,

No. SA CR 15-

16 Plaintiff,

PLEA AGREEMENT FOR DEFENDANT
JAMES L. CANEDO

17 v.

18 BY
 19 JAMES L. CANEDO,

[UNDER SEAL]

20 Defendant.

21
 22 1. This constitutes the plea agreement between JAMES L.
 23 CANEDO ("defendant") and the United States Attorney's Office for the
 24 Central District of California ("the USAO") in the above-captioned
 25 case. This agreement is limited to the USAO and cannot bind any
 26 other federal, state, local, or foreign prosecuting, enforcement,
 27 administrative, or regulatory authorities.

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 CENTRAL DIST. OF CALIF.
 SANTA ANA

DEFENDANT'S OBLIGATIONS

2. Defendant agrees to:

a) Give up the right to indictment by a grand jury and, at the earliest opportunity requested by the USAO and provided by the Court, appear and plead guilty to a one-count criminal Information in the form attached to this agreement as Exhibit A or a substantially similar form, which charges defendant with Conspiracy in violation of 18 U.S.C. § 371.

b) Not contest facts agreed to in this agreement.

c) Abide by all agreements regarding sentencing contained in this agreement.

d) Appear for all court appearances, surrender as ordered for service of sentence, obey all conditions of any bond, and obey any other ongoing court order in this matter.

e) Not commit any crime; however, offenses that would be excluded for sentencing purposes under United States Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines") § 4A1.2(c) are not within the scope of this agreement.

f) Be truthful at all times with Pretrial Services, the United States Probation Office, and the Court.

g) Pay the applicable special assessments at or before the time of sentencing unless defendant lacks the ability to pay and prior to sentencing submits a completed financial statement on a form to be provided by the USAO.

3. Defendant further agrees:

a) Truthfully to disclose to law enforcement officials, at a date and time to be set by the USAO, the location of, defendant's ownership interest in, and all other information known

1 to defendant about, all monies, properties, and/or assets of any
2 kind, derived from or acquired as a result of, or used to facilitate
3 the commission of, defendant's illegal activities, and to forfeit
4 all right, title, and interest in and to such items.

5 b) To the Court's entry of an order of forfeiture at or
6 before sentencing with respect to these assets and to the forfeiture
7 of the assets.

8 c) To take whatever steps are necessary to pass to the
9 United States clear title to the assets described above, including,
10 without limitation, the execution of a consent decree of forfeiture
11 and the completing of any other legal documents required for the
12 transfer of title to the United States.

13 d) Not to contest any administrative forfeiture
14 proceedings or civil judicial proceedings commenced by the United
15 States of America against these properties.

16 e) Not to assist any other individual in any effort
17 falsely to contest the forfeiture of the assets described above.

18 f) Not to claim that reasonable cause to seize the
19 assets was lacking.

20 g) To prevent the transfer, sale, destruction, or loss
21 of any and all assets described above to the extent defendant has
22 the ability to do so.

23 h) To fill out and deliver to the USAO a completed
24 financial statement listing defendant's assets on a form provided by
25 the USAO.

26 4. Defendant further agrees to cooperate fully with the USAO,
27 the Federal Bureau of Investigation, the United States Postal
28 Service - Office of Inspector General, the Internal Revenue Service,

1 and, as directed by the USAO, any other federal, state, local, or
2 foreign prosecuting, enforcement, administrative, or regulatory
3 authority. This cooperation requires defendant to:

4 a) Respond truthfully and completely to all questions
5 that may be put to defendant, whether in interviews, before a grand
6 jury, or at any trial or other court proceeding.

7 b) Attend all meetings, grand jury sessions, trials or
8 other proceedings at which defendant's presence is requested by the
9 USAO or compelled by subpoena or court order.

10 c) Produce voluntarily all documents, records, or other
11 tangible evidence relating to matters about which the USAO, or its
12 designee, inquires.

13 5. For purposes of this agreement: (1) "Cooperation
14 Information" shall mean any statements made, or documents, records,
15 tangible evidence, or other information provided, by defendant
16 pursuant to defendant's cooperation under this agreement; and
17 (2) "Plea Information" shall mean any statements made by defendant,
18 under oath, at the guilty plea hearing and the agreed to factual
19 basis statement in this agreement.

20 THE USAO'S OBLIGATIONS

21 6. The USAO agrees to:

22 a) Not contest facts agreed to in this agreement.

23 b) Abide by all agreements regarding sentencing
24 contained in this agreement.

25 c) At the time of sentencing, provided that defendant
26 demonstrates an acceptance of responsibility for the offense up to
27 and including the time of sentencing, recommend a two-level
28 reduction in the applicable Sentencing Guidelines offense level,

1 pursuant to U.S.S.G. § 3E1.1, and recommend and, if necessary, move
2 for an additional one-level reduction if available under that
3 section.

4 d) Except for criminal tax violations (including
5 conspiracy to commit such violations chargeable under 18 U.S.C.
6 § 371), not further criminally prosecute defendant for violations
7 arising out of defendant's conduct described in the agreed-to
8 factual basis set forth in paragraph 19 below. Defendant
9 understands that the USAO is free to criminally prosecute defendant
10 for any other unlawful past conduct or any unlawful conduct that
11 occurs after the date of this agreement. Defendant agrees that at
12 the time of sentencing the Court may consider the uncharged conduct
13 in determining the applicable Sentencing Guidelines range, the
14 propriety and extent of any departure from that range, and the
15 sentence to be imposed after consideration of the Sentencing
16 Guidelines and all other relevant factors under 18 U.S.C. § 3553(a).

17 7. The USAO further agrees:

18 a) Not to offer as evidence in its case-in-chief in the
19 above-captioned case or any other criminal prosecution that may be
20 brought against defendant by the USAO, or in connection with any
21 sentencing proceeding in any criminal case that may be brought
22 against defendant by the USAO, any Cooperation Information.
23 Defendant agrees, however, that the USAO may use both Cooperation
24 Information and Plea Information: (1) to obtain and pursue leads to
25 other evidence, which evidence may be used for any purpose,
26 including any criminal prosecution of defendant; (2) to cross-
27 examine defendant should defendant testify, or to rebut any evidence
28 offered, or argument or representation made, by defendant,

1 defendant's counsel, or a witness called by defendant in any trial,
2 sentencing hearing, or other court proceeding; and (3) in any
3 criminal prosecution of defendant for false statement, obstruction
4 of justice, or perjury.

5 b) Not to use Cooperation Information against defendant
6 at sentencing for the purpose of determining the applicable
7 guideline range, including the appropriateness of an upward
8 departure, or the sentence to be imposed, and to recommend to the
9 Court that Cooperation Information not be used in determining the
10 applicable guideline range or the sentence to be imposed. Defendant
11 understands, however, that Cooperation Information will be disclosed
12 to the probation office and the Court, and that the Court may use
13 Cooperation Information for the purposes set forth in U.S.S.G
14 § 1B1.8(b) and for determining the sentence to be imposed.

15 c) In connection with defendant's sentencing, to bring
16 to the Court's attention the nature and extent of defendant's
17 cooperation.

18 d) If the USAO determines, in its exclusive judgment,
19 that defendant has both complied with defendant's obligations under
20 paragraphs 2 through 4 above and provided substantial assistance to
21 law enforcement in the prosecution or investigation of another
22 ("substantial assistance"), to move the Court pursuant to U.S.S.G.
23 § 5K1.1, to fix an offense level and corresponding guideline range
24 below that otherwise dictated by the sentencing guidelines, and to
25 recommend a term of imprisonment within this reduced range.

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1 DEFENDANT'S UNDERSTANDINGS REGARDING COOPERATION

2 8. Defendant understands the following:

3 a) Any knowingly false or misleading statement by
4 defendant will subject defendant to prosecution for false statement,
5 obstruction of justice, and perjury and will constitute a breach by
6 defendant of this agreement.

7 b) Nothing in this agreement requires the USAO or any
8 other prosecuting, enforcement, administrative, or regulatory
9 authority to accept any cooperation or assistance that defendant may
10 offer, or to use it in any particular way.

11 c) Defendant cannot withdraw defendant's guilty plea if
12 the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1 for a
13 reduced guideline range or if the USAO makes such a motion and the
14 Court does not grant it or if the Court grants such a USAO motion
15 but elects to sentence above the reduced range.

16 d) At this time the USAO makes no agreement or
17 representation as to whether any cooperation that defendant has
18 provided or intends to provide constitutes or will constitute
19 substantial assistance. The decision whether defendant has provided
20 substantial assistance will rest solely within the exclusive
21 judgment of the USAO.

22 e) The USAO's determination whether defendant has
23 provided substantial assistance will not depend in any way on
24 whether the government prevails at any trial or court hearing in
25 which defendant testifies or in which the government otherwise
26 presents information resulting from defendant's cooperation.

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1 NATURE OF THE OFFENSE

2 9. Defendant understands that for defendant to be guilty of
3 the crime charged in count one of the Information, that is,
4 Conspiracy, in violation of Title 18, United States Code, Section
5 371, the following must be true: (1) Beginning in or around 1999
6 and continuing through in or around October 2013, there was an
7 agreement between two or more persons to commit a violation of Title
8 18, United States Code, Sections 1341 and 1346 (Mail Fraud and
9 Honest Services Mail Fraud); Title 18, United States Code, Section
10 1952(a)(3) (Interstate Travel in Aid of a Racketeering Enterprise);
11 Title 18, United States Code, Section 1957 (Monetary Transactions in
12 Property Derived from Specified Unlawful Activity); and Title 42,
13 United States Code, Section 1320a-7b(b)(2)(A) (Payment or Receipt of
14 Kickbacks in Connection with a Federal Health Care Program); (2)
15 defendant became a member of the conspiracy knowing of at least one
16 of its objects and intending to help accomplish it; and (3) one of
17 the members of the conspiracy performed at least one overt act for
18 the purpose of carrying out the conspiracy.

19 10. Defendant understands that Mail Fraud, in violation of
20 Title 18, United States Code, Section 1341, has the following
21 elements: (1) the defendant knowingly devised or participated in a
22 scheme or plan to defraud, or a scheme or plan for obtaining money
23 or property by means of false or fraudulent pretenses,
24 representations or promises; (2) the statements made or facts
25 omitted as part of the scheme were material, that is, they had a
26 natural tendency to influence, or were capable of influencing, a
27 person to part with money or property; (3) the defendant acted with
28 the intent to defraud; and (4) the defendant used, or caused to be

1 used, the mails to carry out or attempt to carry out an essential
2 part of the scheme. Defendant further understands that Honest
3 Services Mail Fraud, in violation of Title 18, United States Code,
4 Section 1346, has the following elements: (1) the defendant devised
5 or participated in a scheme or plan to deprive a patient of his or
6 her right to honest services; (2) the scheme or plan consisted of a
7 bribe or kickback in exchange for medical services; (3) a medical
8 professional person owed a fiduciary duty to the patient; (4) the
9 defendant acted with the intent to defraud by depriving the patient
10 of his or her right of honest services; (5) the defendant's act was
11 material, that is, it had a natural tendency to influence, or was
12 capable of influencing, a person's acts; and (6) the defendant used,
13 or caused someone to use, the mails to carry out or attempt to carry
14 out the scheme or plan.

15 11. Defendant understands that Interstate Travel in Aid of a
16 Racketeering Enterprise, in violation of Title 18, United States
17 Code, Section 1952(a)(3), has the following elements: (1) defendant
18 used the mail or a facility of interstate commerce with the intent
19 to promote, manage, establish, or carry on, or facilitate the
20 promotion, management, establishment, or carrying on, of unlawful
21 activity, specifically payment and receipt of kickbacks in violation
22 of California Business & Professions Code § 650, California
23 Insurance Code § 750, and California Labor Code § 3215; and (2)
24 after doing so, defendant performed or attempted to perform an act
25 to promote, manage, establish, or carry on, or facilitate the
26 promotion, management, establishment, or carrying on, of such
27 unlawful activity.

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1 understands that if defendant violates one or more of the conditions
2 of any supervised release imposed, defendant may be returned to
3 prison for all or part of the term of supervised release authorized
4 by statute for the offense that resulted in the term of supervised
5 release, which could result in defendant serving a total term of
6 imprisonment greater than the statutory maximum stated above.

7 16. Defendant understands that, by pleading guilty, defendant
8 may be giving up valuable government benefits and valuable civic
9 rights, such as the right to vote, the right to possess a firearm,
10 the right to hold office, and the right to serve on a jury.

11 Defendant understands that once the court accepts defendant's guilty
12 plea, it will be a federal felony for defendant to possess a firearm
13 or ammunition. Defendant understands that the convictions in this
14 case may also subject defendant to various other collateral
15 consequences, including but not limited to revocation of probation,
16 parole, or supervised release in another case and suspension or
17 revocation of a professional license. Defendant understands that
18 unanticipated collateral consequences will not serve as grounds to
19 withdraw defendant's guilty plea.

20 17. Defendant understands that, if defendant is not a United
21 States citizen, the felony convictions in this case may subject
22 defendant to: removal, also known as deportation, which may, under
23 some circumstances, be mandatory; denial of citizenship; and denial
24 of admission to the United States in the future. The court cannot,
25 and defendant's attorney also may not be able to, advise defendant
26 fully regarding the immigration consequences of the felony
27 convictions in this case. Defendant understands that unexpected
28

1 immigration consequences will not serve as grounds to withdraw
2 defendant's guilty plea.

3 18. Defendant understands that defendant will be required to
4 pay full restitution to the victims of the offense to which
5 defendant is pleading guilty. Defendant agrees that, in return for
6 the USAO's compliance with its obligations under this agreement, the
7 Court may order restitution to persons other than the victims of the
8 offense to which defendant is pleading guilty and in amounts greater
9 than those alleged in the count to which defendant is pleading
10 guilty. In particular, defendant agrees that the Court may order
11 restitution to any victim of any of the following for any losses
12 suffered by that victim as a result: (a) any relevant conduct, as
13 defined in U.S.S.G. § 1B1.3, in connection with the offense to which
14 defendant is pleading guilty; and (b) any charges not prosecuted
15 pursuant to this agreement as well as all relevant conduct, as
16 defined in U.S.S.G. § 1B1.3, in connection with those counts and
17 charges. The parties have not come to an agreement on the amount of
18 restitution.

19 FACTUAL BASIS

20 19. Defendant admits that defendant is, in fact, guilty of the
21 offense to which defendant is agreeing to plead guilty. Defendant
22 and the USAO agree to the statement of facts provided below and
23 agree that this statement of facts is sufficient to support a plea
24 of guilty to the charges described in this agreement and to
25 establish the Sentencing Guidelines factors set forth in paragraph
26 21 below, but is not meant to be a complete recitation of all facts
27 relevant to the underlying criminal conduct or all facts known to
28 either party that relate to that conduct.

1 Healthsmart Pacific Inc., doing business as Pacific Hospital of
2 Long Beach ("Pacific Hospital") was a hospital located in Long
3 Beach, California, specializing in surgeries, particularly spinal
4 and orthopedic surgeries. From at least in or around 1997 to
5 October 2013, Pacific Hospital was owned and/or operated by Michael
6 D. Drobot and Co-Conspirator A. From 1999 to at least October 2013,
7 defendant was the Chief Financial Officer of Pacific Hospital, and
8 was responsible for overseeing its financial affairs, including the
9 collection of payments from workers' compensation insurance carriers
10 and other health insurance carriers, as well as the issuance of
11 payments to vendors and others for goods and services.

12 Beginning in or around 1999 and continuing to in or around
13 October 2013, in Orange and Los Angeles Counties, within the Central
14 District of California, and elsewhere, defendant CANEDO, together
15 with other co-conspirators known and unknown to the United States
16 Attorney, knowingly combined, conspired, and agreed to commit the
17 following offenses against the United States: Mail Fraud and Honest
18 Services Mail Fraud, in violation of Title 18, United States Code,
19 Sections 1341 and 1346; Interstate Travel in Aid of a Racketeering
20 Enterprise, in violation of Title 18, United States Code, Section
21 1952(a)(3); Monetary Transactions in Property Derived from Specified
22 Unlawful Activity, in violation of Title 18, United States Code,
23 Section 1957; and Payment or Receipt of Kickbacks in Connection with
24 a Federal Health Care Program, in violation of Title 42, United
25 States Code, Section 1320a-7b(b)(2)(A).

26 Specifically, beginning in or around 1999 and continuing
27 through in or around October 2013, defendant conspired with Drobot,
28 Co-Conspirator A, other hospital employees, and dozens of doctors,

1 chiropractors, marketers, and others to pay kickbacks in return for
2 the referral of thousands of patients to Pacific Hospital for spinal
3 surgeries and other medical services paid for primarily through the
4 California Workers' Compensation System ("CWCS"), and by 2004
5 through the Federal Employees' Compensation Act ("FECA") as well.
6 To channel the kickback payments, the co-conspirators used Drobot's
7 company Pacific Specialty Physician Management, Inc. ("PSPM"). In
8 addition, as defendant learned in or about 2008, to help generate
9 the monies for the kickback payments, the co-conspirators used a co-
10 schemer's company or Drobot's own company International Implants
11 ("I2"), located in Newport Beach, California, to fraudulently
12 inflate the price of medical hardware purchased by Pacific Hospital
13 to be used in the spinal surgeries; defendant and his co-
14 conspirators knew that, under California law, medical hardware was
15 considered a "pass-through" cost that could be billed at no more
16 than \$250 over what Pacific Hospital paid for the hardware. In
17 paying the kickbacks, inflating the medical hardware costs, and
18 submitting the resulting claims for spinal surgeries and medical
19 services, defendant and his co-conspirators acted with the intent to
20 defraud workers' compensation insurance carriers and to deprive the
21 patients of their right of honest services.

22 The hospital kickback scheme operated as follows: defendant's
23 co-conspirators offered to pay kickbacks to doctors, chiropractors,
24 marketers, and others (the "kickback recipients") in return for
25 their referring workers' compensation patients to Pacific Hospital
26 for spinal surgeries, other types of surgeries, toxicology, and
27 other services, to be paid through FECA and the CWCS. For spinal
28 surgeries, typically, the co-conspirators offered to pay a kickback

1 of \$15,000 per lumbar fusion surgery and a lower amount per cervical
2 fusion surgery provided that the surgeon used in the surgery
3 hardware supplied by a specified distributor. Beginning in
4 approximately 2008, Drobot's company I2 was typically the
5 distributor.

6 Influenced by the promise of kickbacks, kickback recipients
7 referred patients insured through the CWCS and the FECA to Pacific
8 Hospital for spinal surgeries, other types of surgeries, and other
9 medical services. In some cases, the patients lived dozens or
10 hundreds of miles from Pacific Hospital, and closer to other
11 qualified medical facilities. The workers' compensation patients
12 were not informed that the medical professionals had been offered
13 kickbacks to induce them to refer the surgeries to Pacific Hospital.

14 Pursuant to the kickback agreements, kickback recipients
15 referred patients to Pacific Hospital. In the case of spinal
16 surgeries, as part of the kickback agreements, surgeons usually used
17 I2 as the distributor. Typically, for surgeries covered by the
18 CWCS, the price I2 charged for the hardware was inflated by a
19 multiple of the price at which I2 had purchased the device from the
20 manufacturer.

21 Pacific Hospital submitted claims, by mail and electronically,
22 to workers' compensation insurance carriers for payment for the
23 surgeries and other medical services. For a spinal surgery, Pacific
24 Hospital typically submitted a claim for the hospital's services and
25 the medical hardware used in the surgery. For surgeries covered by
26 the CWCS, Pacific Hospital submitted the inflated invoice for the
27 hardware from I2, plus an additional \$250. Thus, the purported
28 "pass-through" cost submitted in the claims for medical hardware was

1 thousands of dollars -- and sometimes tens of thousands of dollars -
2 - higher than what the manufacturer actually charged and what I2
3 actually paid for the hardware.

4 As defendant and his co-conspirators knew, federal and
5 California law prohibited paying or receiving the aforementioned
6 kickbacks for the referral of patients for medical services.
7 Defendant and his co-conspirators also knew that the insurance
8 carriers would be unwilling to pay claims for medical services that
9 were obtained through such illegal kickbacks. Moreover, defendant
10 and his co-conspirators knew that the insurance carriers would be
11 unwilling to pay claims for spinal surgery hardware that were
12 artificially inflated and substantially above the manufacturer's
13 price. However, defendant's co-conspirators deliberately did not
14 disclose to the insurance carriers the kickbacks, the inflation of
15 the medical hardware, or the fact that I2 was owned and controlled
16 by Drobot and was not a manufacturer of such hardware. Rather, at
17 some point, defendant's co-conspirators included on I2's invoices
18 stamps falsely stating that I2 was an "FDA Registered Manufacturer."

19 Further, to conceal the illegal kickback payments from the
20 workers' compensation insurance carriers and patients, defendant's
21 co-conspirators entered into bogus contracts with the kickback
22 recipients under which the kickback recipients purported to provide
23 services to Drobot's companies to justify the kickback payments.
24 The services and other items of value discussed in those contracts
25 were, in fact, generally not provided to Pacific Hospital or were
26 provided at highly inflated prices. The compensation to the
27 kickback recipients was actually based on the number and type of
28 surgeries they referred to the hospital. These contracts included,

1 among others, the following: collection agreements, option
2 agreements, research and development agreements, lease and rental
3 agreements, consulting agreements, marketing agreements, and
4 management agreements.

5 For example, the collection agreements provided that doctors
6 who signed them would assist Pacific Hospital in collecting its fees
7 for spinal surgeries from insurance carriers, and that in return
8 Pacific Hospital would pay the doctors a percentage of the total
9 amount collected, often fifteen percent. In reality, however, the
10 collection was done by Pacific Hospital staff under defendant's
11 supervision, without assistance from the doctors. The payments to
12 the doctors were thus purely a reward for referrals. Defendant
13 often had to inform the doctors of the status of the hospital's
14 collections, so that they would know when and how much they would be
15 paid for their referrals. Moreover, defendant and others expressly
16 told doctors that they would be paid under the collection agreements
17 only for surgeries or other services that those doctors had referred
18 to Pacific Hospital; in some cases, defendant had to mediate among
19 different doctors who claimed a right to receive kickback payments
20 for the referral of the same patient and surgery.

21 Similarly, the collection agreement that Pacific Hospital
22 signed with Marketer A's company provided that Marketer A would
23 assist Pacific Hospital in collecting its fees for spinal surgeries
24 and other services from the Department of Labor under the FECA, and
25 that in return Pacific Hospital would pay Marketer A's company a
26 percentage of the total amount collected, which ranged from 25 to 30
27 percent; the payment amount was later changed to a flat monthly fee
28 of from \$55,000 to \$75,000 per month. In reality, however, the

1 collection was often done primarily by Pacific Hospital staff under
2 defendant's supervision, with Marketer A's company providing little
3 assistance. In some cases, Marketer A's company provided more
4 extensive collection services. In all cases, the payments that
5 Pacific Hospital made to Marketer A's company were far above the
6 fair market value of the services provided. The payments to
7 Marketer A were thus primarily a reward for Marketer A's referral of
8 patients to Pacific Hospital.

9 Defendant and his co-conspirators kept records of the number of
10 surgeries and other medical services performed at Pacific Hospital
11 due to referrals from kickback recipients, the amounts collected
12 from insurance carriers for those services, and the amounts paid to
13 kickback recipients for those referrals. Periodically, defendant's
14 co-conspirators amended the bogus contracts with the kickback
15 recipients to increase or decrease the amount of agreed compensation
16 described in the contracts, in order to match the amount of
17 kickbacks paid or promised in return for referrals.

18 From in or around 2008 to in or around April 2013, Pacific
19 Hospital billed workers' compensation insurance carriers
20 approximately \$500 million in claims for several thousand spinal
21 surgeries that were the result of the payment of kickbacks; and
22 defendant and other co-conspirators paid kickback recipients between
23 approximately \$20 million and \$50 million in kickbacks relating to
24 those claims.

25 In furtherance of the conspiracy and to accomplish the objects
26 of the conspiracy, defendant and other co-conspirators committed
27 various overt acts within the Central District of California,
28 including but not limited to the following:

1 Overt Act No. 1

2 On or about November 10, 2009, defendant caused a check in the
3 amount of \$43,650.00 from SCIF to be sent by mail to Pacific
4 Hospital in reimbursement for a claim for spine surgery on Patient A
5 performed by Surgeon A, which claim was induced by the payment of a
6 kickback to Chiropractor A.

7 Overt Act No. 2

8 On or about April 14, 2010, defendant caused a check in the
9 amount of \$90,467.80 from SCIF to be sent by mail to Pacific
10 Hospital in reimbursement for a claim for spine surgery on Patient B
11 performed by Surgeon B, which claim was induced by the payment of a
12 kickback to Surgeon C.

13 Overt Act No. 3

14 On or about March 31, 2011, defendant caused a check in the
15 amount of \$23,531.23 from Vanliner to be sent by mail to Pacific
16 Hospital in reimbursement for a claim for spine surgery on Patient C
17 performed by Surgeon D, which claim was induced by the payment of a
18 kickback to Surgeon D.

19 Overt Act No. 4

20 On or about June 29, 2012, defendant caused a kickback in the
21 amount of \$100,000 to be paid to Surgeon D for the referral of
22 lumbar and cervical spinal surgeries performed at Pacific Hospital,
23 including on patients covered by the FECA.

24 Overt Act No. 5

25 On or about January 18, 2013, defendant caused a check in the
26 amount of \$51,115.44 from Traveler's Insurance to be sent by mail to
27 Pacific Hospital in reimbursement for a claim for spine surgery on
28

1 Patient D performed by Surgeon E, which claim was induced by the
2 payment of a kickback to Surgeon E.

3 Overt Act No. 6

4 On or about January 24, 2013, defendant caused a check in the
5 amount of \$117,142.36 from Vanliner to be sent by mail to Pacific
6 Hospital in reimbursement for a claim for spine surgery on Patient E
7 performed by Surgeon F, which claim was induced by the payment of a
8 kickback to Surgeon F.

9 Overt Act No. 7

10 On or about April 24, 2013, defendant caused a check in the
11 amount of \$24,209.90 from ICW to be sent by mail to Pacific Hospital
12 in reimbursement for a claim for spine surgery on Patient F
13 performed by Surgeon G, which claim was induced by the payment of a
14 kickback to Surgeon G.

15 Overt Act No. 8

16 On or about November 27, 2013, defendant caused a check in the
17 amount of \$50,903.76 from Traveler's Insurance to be sent by mail to
18 Pacific Hospital in reimbursement for a claim for spine surgery on
19 Patient G performed by Surgeon G, which claim resulted from the
20 payment of a kickback to Chiropractor B.

21 SENTENCING FACTORS

22 20. Defendant understands that in determining defendant's
23 sentence the Court is required to calculate the applicable
24 Sentencing Guidelines range and to consider that range, possible
25 departures under the Sentencing Guidelines, and the other sentencing
26 factors set forth in 18 U.S.C. § 3553(a). Defendant understands
27 that the Sentencing Guidelines are advisory only, that defendant
28 cannot have any expectation of receiving a sentence within the

1 calculated Sentencing Guidelines range, and that after considering
2 the Sentencing Guidelines and the other § 3553(a) factors, the Court
3 will be free to exercise its discretion to impose any sentence it
4 finds appropriate up to the maximum set by statute for the crimes of
5 conviction.

6 21. Defendant and the USAO agree to the following applicable
7 Sentencing Guidelines factors:

8	<u>Base Offense Level:</u>	6	[U.S.S.G. § 2B1.1(a)(2)]
9	<u>Specific Offense</u>		
10	<u>Characteristics</u>		
11	Loss between \$20M to \$50M:	+22	[U.S.S.G. § 2B1.1(b)(1)(L)]
12	More than 50 victims:	+4	[U.S.S.G. § 2B1.1(b)(2)(B)]
13	Federal health care offense with gov't program loss of 14 between \$1M-\$7M:	+2	[U.S.S.G. § 2B1.1(b)(7)]
15			
16	<u>Adjustments</u>		
17	Acceptance of 18 Responsibility:	-3	[U.S.S.G. § 3E1.1]
19	<u>Total:</u>	31	

20 The USAO will agree to a two-level downward adjustment for
21 acceptance of responsibility (and, if applicable, move for an
22 additional one-level downward adjustment under U.S.S.G. § 3E1.1(b))
23 only if the conditions set forth in paragraph 6(c) are met.
24 Subject to paragraph 7 above and paragraph 33 below, defendant and
25 the USAO agree not to seek, argue, or suggest in any way, either
26 orally or in writing, that any other specific offense
27 characteristics, adjustments, or departures relating to the offense
28 level be imposed. Defendant agrees, however, that if, after signing

1 this agreement but prior to sentencing, defendant were to commit an
2 act, or the USAO were to discover a previously undiscovered act
3 committed by defendant prior to signing this agreement, which act,
4 in the judgment of the USAO, constituted obstruction of justice
5 within the meaning of U.S.S.G. § 3C1.1, the USAO would be free to
6 seek the enhancement set forth in that section.

7 22. Defendant understands that there is no agreement as to
8 defendant's criminal history or criminal history category.

9 23. Defendant and the USAO reserve the right to argue for a
10 sentence outside the sentencing range established by the Sentencing
11 Guidelines based on the factors set forth in 18 U.S.C. § 3553(a)(1),
12 (a)(2), (a)(3), (a)(6), and (a)(7).

13 WAIVER OF CONSTITUTIONAL RIGHTS

14 24. Defendant understands that by pleading guilty, defendant
15 gives up the following rights:

16 a) The right to persist in a plea of not guilty.

17 b) The right to a speedy and public trial by jury.

18 c) The right to be represented by counsel - and if
19 necessary have the court appoint counsel - at trial. Defendant
20 understands, however, that, defendant retains the right to be
21 represented by counsel - and if necessary have the court appoint
22 counsel - at every other stage of the proceeding.

23 d) The right to be presumed innocent and to have the
24 burden of proof placed on the government to prove defendant guilty
25 beyond a reasonable doubt.

26 e) The right to confront and cross-examine witnesses
27 against defendant.

28

1 f) The right to testify and to present evidence in
2 opposition to the charges, including the right to compel the
3 attendance of witnesses to testify.

4 g) The right not to be compelled to testify, and, if
5 defendant chose not to testify or present evidence, to have that
6 choice not be used against defendant.

7 h) Any and all rights to pursue any affirmative
8 defenses, Fourth Amendment or Fifth Amendment claims, and other
9 pretrial motions that have been filed or could be filed.

10 WAIVER OF APPEAL OF CONVICTION

11 25. Defendant understands that, with the exception of an
12 appeal based on a claim that defendant's guilty plea was
13 involuntary, by pleading guilty defendant is waiving and giving up
14 any right to appeal defendant's convictions on the offense to which
15 defendant is pleading guilty.

16 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

17 26. Defendant agrees that, provided the Court imposes a total
18 term of imprisonment on the single count of conviction of no more
19 than the statutory maximum, defendant gives up the right to appeal
20 all of the following: (a) the procedures and calculations used to
21 determine and impose any portion of the sentence; (b) the term of
22 imprisonment imposed by the Court, provided it is within the
23 statutory maximum; (c) the fine imposed by the court, provided it is
24 within the statutory maximum; (d) the amount and terms of any
25 restitution order, provided it requires payment of no more than
26 \$20,000,000; (e) the term of probation or supervised release imposed
27 by the Court, provided it is within the statutory maximum; and
28 (f) any of the following conditions of probation or supervised

1 release imposed by the Court: the conditions set forth in General
2 Orders 318, 01-05, and/or 05-02 of this Court; the drug testing
3 conditions mandated by 18 U.S.C. §§ 3563(a)(5) and 3583(d); and the
4 alcohol and drug use conditions authorized by 18 U.S.C.
5 § 3563(b)(7).

6 27. The USAO agrees that, provided (a) all portions of the
7 sentence are at or below the statutory maximum specified above and
8 (b) the Court imposes a term of imprisonment of no less than the
9 statutory maximum, the USAO gives up its right to appeal any portion
10 of the sentence, with the exception that the USAO reserves the right
11 to appeal the following: the amount of restitution ordered, if that
12 amount is less than \$20,000,000.

13 RESULT OF WITHDRAWAL OF GUILTY PLEA

14 28: Defendant agrees that if, after entering a guilty plea
15 pursuant to this agreement, defendant seeks to withdraw and succeeds
16 in withdrawing defendant's guilty plea on any basis other than a
17 claim and finding that entry into this plea agreement was
18 involuntary, then (a) the USAO will be relieved of all of its
19 obligations under this agreement, including in particular its
20 obligations regarding the use of Cooperation Information; (b) in any
21 investigation, criminal prosecution, or civil, administrative, or
22 regulatory action, defendant agrees that any Cooperation Information
23 and any evidence derived from any Cooperation Information shall be
24 admissible against defendant, and defendant will not assert, and
25 hereby waives and gives up, any claim under the United States
26 Constitution, any statute, or any federal rule, that any Cooperation
27 Information or any evidence derived from any Cooperation Information
28 should be suppressed or is inadmissible; and (c) should the USAO

1 choose to pursue any charge that was not filed as a result of this
2 agreement, then (i) any applicable statute of limitations will be
3 tolled between the date of defendant's signing of this agreement and
4 the filing commencing any such action; and (ii) defendant waives and
5 gives up all defenses based on the statute of limitations, any claim
6 of pre-indictment delay, or any speedy trial claim with respect to
7 any such action, except to the extent that such defenses existed as
8 of the date of defendant's signing this agreement.

9 EFFECTIVE DATE OF AGREEMENT

10 29. This agreement is effective upon signature and execution
11 of all required certifications by defendant, defendant's counsel,
12 and an Assistant United States Attorney.

13 BREACH OF AGREEMENT

14 30. Defendant agrees that if defendant, at any time after the
15 signature of this agreement and execution of all required
16 certifications by defendant, defendant's counsel, and an Assistant
17 United States Attorney, knowingly violates or fails to perform any
18 of defendant's obligations under this agreement ("a breach"), the
19 USAO may declare this agreement breached. For example, if defendant
20 knowingly, in an interview, before a grand jury, or at trial,
21 falsely accuses another person of criminal conduct or falsely
22 minimizes defendant's own role, or the role of another, in criminal
23 conduct, defendant will have breached this agreement. All of
24 defendant's obligations are material, a single breach of this
25 agreement is sufficient for the USAO to declare a breach, and
26 defendant shall not be deemed to have cured a breach without the
27 express agreement of the USAO in writing. If the USAO declares this
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1 agreement breached, and the Court finds such a breach to have
2 occurred, then:

3 a) If defendant has previously entered a guilty plea
4 pursuant to this agreement, defendant will not be able to withdraw
5 the guilty plea.

6 b) The USAO will be relieved of all its obligations
7 under this agreement; in particular, the USAO: (i) will no longer be
8 bound by any agreements concerning sentencing and will be free to
9 seek any sentence up to the statutory maximum for the crime to which
10 defendant has pleaded guilty; (ii) will no longer be bound by any
11 agreements regarding criminal prosecution, and will be free to
12 criminally prosecute defendant for any crime, including charges that
13 the USAO would otherwise have been obligated not to criminally
14 prosecute pursuant to this agreement; and (iii) will no longer be
15 bound by any agreement regarding the use of Cooperation Information
16 and will be free to use any Cooperation Information in any way in
17 any investigation, criminal prosecution, or civil, administrative,
18 or regulatory action by the United States.

19 c) The USAO will be free to criminally prosecute
20 defendant for false statement, obstruction of justice, and perjury
21 based on any knowingly false or misleading statement by defendant.

22 d) In any investigation, criminal prosecution, or civil,
23 administrative, or regulatory action by the United States:

24 (i) defendant will not assert, and hereby waives and gives up, any
25 claim that any Cooperation Information was obtained in violation of
26 the Fifth Amendment privilege against compelled self-incrimination;
27 and (ii) defendant agrees that any Cooperation Information and any
28 Plea Information, as well as any evidence derived from any

1 Cooperation Information or any Plea Information, shall be admissible
2 against defendant, and defendant will not assert, and hereby waives
3 and gives up, any claim under the United States Constitution, any
4 statute, Rule 410 of the Federal Rules of Evidence, Rule 11(f) of
5 the Federal Rules of Criminal Procedure, or any other federal rule,
6 that any Cooperation Information, any Plea Information, or any
7 evidence derived from any Cooperation Information or any Plea
8 Information should be suppressed or is inadmissible.

9 31. Following the Court's finding of a knowing breach of this
10 agreement by defendant, should the USAO choose to pursue any charge
11 that was not filed as a result of this agreement, then:

12 a) Defendant agrees that any applicable statute of
13 limitations is tolled between the date of defendant's signing of
14 this agreement and the filing commencing any such action.

15 b) Defendant waives and gives up all defenses based on
16 the statute of limitations, any claim of pre-indictment delay, or
17 any speedy trial claim with respect to any such action, except to
18 the extent that such defenses existed as of the date of defendant's
19 signing this agreement.

20 COURT AND PROBATION OFFICE NOT PARTIES

21 32. Defendant understands that the Court and the United States
22 Probation Office are not parties to this agreement and need not
23 accept any of the USAO's sentencing recommendations or the parties'
24 agreements to facts or sentencing factors.

25 33. Defendant understands that both defendant and the USAO are
26 free to: (a) supplement the facts by supplying relevant information
27 to the United States Probation Office and the Court, (b) correct any
28 and all factual misstatements relating to the Court's Sentencing

1 Guidelines calculations and determination of sentence, and (c) argue
2 on appeal and collateral review that the Court's Sentencing
3 Guidelines calculations and the sentence it chooses to impose are
4 not error, although each party agrees to maintain its view that the
5 calculations in paragraph 21 are consistent with the facts of this
6 case. While this paragraph permits both the USAO and defendant to
7 submit full and complete factual information to the United States
8 Probation Office and the Court, even if that factual information may
9 be viewed as inconsistent with the facts agreed to in this
10 agreement, this paragraph does not affect defendant's and the USAO's
11 obligations not to contest the facts agreed to in this agreement.

12 34. Defendant understands that even if the Court ignores any
13 sentencing recommendation, finds facts or reaches conclusions
14 different from those agreed to, and/or imposes any sentence up to
15 the maximum established by statute, defendant cannot, for that
16 reason, withdraw defendant's guilty plea, and defendant will remain
17 bound to fulfill all defendant's obligations under this agreement.
18 Defendant understands that no one -- not the prosecutor, defendant's
19 attorney, or the Court -- can make a binding prediction or promise
20 regarding the sentence defendant will receive, except that it will
21 be within the statutory maximum.

22 NO ADDITIONAL AGREEMENTS

23 35. Defendant understands that, except as set forth herein,
24 there are no promises, understandings, or agreements between the
25 USAO and defendant or defendant's attorney, and that no additional
26 promise, understanding, or agreement may be entered into unless in a
27 writing signed by all parties or on the record in court.

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PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

36. The parties agree that this agreement will be considered part of the record of defendant's guilty plea hearing as if the entire agreement had been read into the record of the proceeding.

AGREED AND ACCEPTED

UNITED STATES ATTORNEY'S OFFICE
FOR THE CENTRAL DISTRICT OF CALIFORNIA

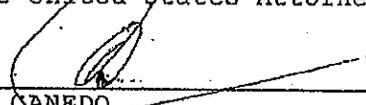
EILEEN M. DECKER
United States Attorney



7/17/15

JOSHUA M. ROBBINS
Assistant United States Attorney

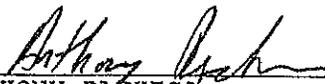
Date



7/16/15

JAMES L. CANEDO
Defendant

Date



ANTHONY PACHECO
Attorney for Defendant
James L. Canedo

7/17/15

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CERTIFICATION OF DEFENDANT

I have read this agreement in its entirety. I have had enough time to review and consider this agreement, and I have carefully and thoroughly discussed every part of it with my attorneys. I understand the terms of this agreement, and I voluntarily agree to those terms. I have discussed the evidence with my attorneys, and my attorneys have advised me of my rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. No promises, inducements, or representations of any kind have been made to me other than those contained in this agreement. No one has threatened or forced me in any way to enter into this agreement. I am satisfied with the representation of my attorneys in this matter, and I am pleading guilty because I am guilty of the charges and wish to take advantage of the promises set forth in this agreement, and not for any other reason.



JAMES L. CANEDO
Defendant

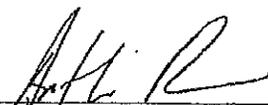
7/16/15

Date

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CERTIFICATION OF DEFENDANT'S ATTORNEY

I am James L. Canedo's attorney. I have carefully and thoroughly discussed every part of this agreement with my client. Further, I have fully advised my client of his rights, of possible pretrial motions that might be filed, of possible defenses that might be asserted either prior to or at trial, of the sentencing factors set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines provisions, and of the consequences of entering into this agreement. To my knowledge: no promises, inducements, or representations of any kind have been made to my client other than those contained in this agreement; no one has threatened or forced my client in any way to enter into this agreement; my client's decision to enter into this agreement is an informed and voluntary one; and the factual basis set forth in this agreement is sufficient to support my client's entry of guilty plea pursuant to this agreement.



ANTHONY PACHECO
Attorney for Defendant
James L. Canedo

7/17/15
Date

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

UNITED STATES OF AMERICA,
Plaintiff,
v.
JAMES L. CANEDO,
Defendant.

SA CR No. 15-
I N F O R M A T I O N
[18 U.S.C. § 371: Conspiracy]

The United States Attorney charges:

[18 U.S.C. § 371]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

1. Healthsmart Pacific Inc., doing business as Pacific Hospital of Long Beach ("Pacific Hospital"), was a hospital located in Long Beach, California, specializing in surgeries, particularly spinal and orthopedic surgeries. From at least in or around 1997 to October 2013, Pacific Hospital was owned and/or operated by Michael D. Drobot and Co-Conspirator A.

EXHIBIT
A

1 From 1999 to at least October 2013, defendant JAMES L. CANEDO
2 was the Chief Financial Officer of Pacific Hospital.

3 2. International Implants LLC ("I2") was a limited
4 liability company owned and operated by Drobot, that was located
5 in Newport Beach, California. I2 purchased implantable medical
6 devices ("hardware") for use in spinal surgeries from original
7 manufacturers and sold them to hospitals, particularly Pacific
8 Hospital. I2 was registered with the United States Food and
9 Drug Administration as a repackager/relabeler, but was not
10 registered as a manufacturer, and in fact did not manufacture
11 medical devices.

12 3. The California Workers' Compensation System ("CWCS")
13 was a system created by California law to provide insurance
14 covering treatment of injury or illness suffered by individuals
15 in the course of their employment. Under the CWCS, employers
16 were required to purchase workers' compensation insurance
17 policies from insurance carriers to cover their employees. When
18 an employee suffered a covered injury or illness and received
19 medical services, the medical service provider submitted a claim
20 for payment to the relevant insurance carrier, which then paid
21 the claim. Claims were submitted to and paid by the insurance
22 carriers either by mail or electronically. The CWCS was
23 governed by various California laws and regulations.

24 4. The California State Compensation Insurance Fund
25 ("SCIF") was a non-profit insurance carrier, created by the
26 California Legislature, which provided workers' compensation
27 insurance to employees in California, including serving as the

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1 "insurer of last resort" under the CWCS system for employees
2 without any other coverage.

3 5. California law, including but not limited to the
4 California Business and Professions Code, the California
5 Insurance Code, and the California Labor Code, prohibited the
6 offering, delivering, soliciting, or receiving of anything of
7 value in return for referring a patient for medical services.

8 6. Before January 2013, California law allowed a hospital
9 to bill the cost of medical hardware separately from the other
10 costs of a surgery, such as the hospital's and surgeon's
11 services, the reimbursement rates of which were set by a fee
12 schedule. The hardware was considered a "pass-through" cost and
13 billing was limited to \$250 over what the hospital paid for the
14 hardware.

15 7. The Federal Employees' Compensation Act ("FECA")
16 provided benefits to civilian employees of the United States,
17 including United States Postal Service employees, for medical
18 expenses and wage-loss disability due to a traumatic injury or
19 occupational disease sustained while working as a federal
20 employee. Benefits available to injured employees included
21 rehabilitation, medical, surgical, hospital, pharmaceutical, and
22 supplies for treatment of an injury. The Department of Labor
23 ("DOL") - Office of Workers' Compensation Programs ("OWCP") was
24 the governmental body responsible for administering the FECA.
25 When a federal employee suffered a covered injury or illness and
26 received medical services, the medical service provider
27 submitted a claim for payment by mail or electronically to

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1 Affiliated Computer Services ("ACS"), located in London,
2 Kentucky, which was contracted with the DOL to handle such
3 claims. Upon approval of the claim, ACS sent payment by mail or
4 electronic funds transfer from the U.S. Treasury in
5 Philadelphia, Pennsylvania, to the medical service provider.

6 8. Federal law prohibited the offering, delivering,
7 soliciting, or receiving of anything of value in return for
8 referring a patient for medical services paid for by a federal
9 health care benefit program.

10 B. OBJECTS OF THE CONSPIRACY

11 9. Beginning in or around 1999, and continuing to in or
12 around October 2013, in Orange and Los Angeles Counties, within
13 the Central District of California, and elsewhere, defendant
14 CANEDO, together with others known and unknown to the United
15 States Attorney, combined, conspired, and agreed to knowingly
16 and intentionally commit the following offenses against the
17 United States:

18 a. Mail Fraud and Honest Services Mail Fraud, in
19 violation of Title 18, United States Code, Sections 1341 and
20 1346;

21 b. Interstate Travel in Aid of a Racketeering
22 Enterprise, in violation of Title 18, United States Code,
23 Section 1952(a)(3);

24 c. Monetary Transactions in Property Derived from
25 Specified Unlawful Activity, in violation of Title 18, United
26 States Code, Section 1957; and

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1 d. I2, or another distributor who was a co-
2 conspirator, purchased medical hardware from a manufacturer and
3 sold it to Pacific Hospital for use in spinal surgeries.
4 Typically, the price I2 or the co-conspirator distributor
5 charged for the hardware was inflated, from four times to as
6 much as ten times the price at which I2 or the other distributor
7 had purchased the device from the manufacturer. On I2's
8 invoices, I2 included a stamp falsely stating that I2 was an
9 "FDA Registered Manufacturer."

10 e. Pacific Hospital submitted claims, by mail and
11 electronically, to SCIF and other workers' compensation
12 insurance carriers for payment of the costs of the surgeries and
13 other medical services. Included with the claims for spinal
14 surgeries were the inflated hardware invoices from I2 or the co-
15 conspirator distributor.

16 f. As defendant CANEDO and the other co-conspirators
17 knew and intended, and as was reasonably foreseeable to them, in
18 submitting claims for payment, Pacific Hospital made materially
19 false and misleading statements to, and concealed material
20 information from, SCIF and other workers' compensation insurance
21 carriers, including that: (1) Pacific Hospital did not disclose
22 to the insurance carriers that it had offered or paid kickbacks
23 for the referral of the surgeries and other medical services for
24 which it was submitting claims; and (2) the hardware invoices
25 were fraudulently inflated.

26 g. The insurance carriers paid Pacific Hospital's
27 claims, by mail or electronically.

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1 h. Defendant CANEDO and other co-conspirators paid,
2 and caused others to pay kickbacks to the doctors,
3 chiropractors, workers' compensation and personal injury
4 attorneys, marketers, and others who had referred patients to
5 Pacific Hospital for surgeries and other medical services. The
6 kickback recipients included, among others, various surgeons,
7 other doctors, chiropractors, marketers, and attorneys.

8 i. To conceal the nature of the kickback payments
9 from both workers' compensation insurance carriers and patients,
10 Drobot, through one of the companies he owned and/or operated,
11 entered into bogus contracts with the doctors, chiropractors,
12 workers' compensation and personal injury attorneys, marketers,
13 and others. The services discussed in those contracts were, in
14 fact, generally not provided or were provided at highly inflated
15 prices. Rather, the compensation paid was based on the number
16 and type of surgeries and other medical services referred to
17 Pacific Hospital. Drobot and his co-conspirators entered into
18 the following bogus contracts, among others, in order to hide
19 kickback payments: collection agreements, option agreements,
20 research and development agreements, lease and rental
21 agreements, consulting agreements, marketing agreements, and
22 management agreements.

23 j. For example, the collection agreements provided
24 that doctors who signed them would assist Pacific Hospital in
25 collecting its fees for spinal surgeries from insurance
26 carriers, and that in return Pacific Hospital would pay the
27 doctors a percentage of the total amount collected, often

1 fifteen percent. In reality, however, the collection was done
2 by Pacific Hospital staff under defendant CANEDO's supervision,
3 without assistance from the doctors. The payments to the
4 doctors were thus purely a reward for referrals. Defendant
5 CANEDO often had to inform the doctors of the status of the
6 hospital's collections, so that they would know when and how
7 much they would be paid for their referrals. Moreover,
8 defendant CANEDO and others expressly told doctors that they
9 would be paid under the collection agreements only for surgeries
10 or other services that those doctors had referred to Pacific
11 Hospital; in some cases, defendant CANEDO had to mediate among
12 different doctors who claimed a right to receive kickback
13 payments for the referral of the same patient and surgery.

14 k. Similarly, the collection agreement that Pacific
15 Hospital signed with Marketer A's company provided that Marketer
16 A would assist Pacific Hospital in collecting its fees for
17 spinal surgeries and other services from the Department of Labor
18 under the FECA, and that in return Pacific Hospital would pay
19 Marketer A's company a percentage of the total amount collected,
20 which ranged from 25 to 30 percent; the payment amount was later
21 changed to a flat monthly fee of from \$55,000 to \$75,000 per
22 month. In reality, however, the collection was often done
23 primarily by Pacific Hospital staff under defendant CANEDO's
24 supervision, with Marketer A's company providing little
25 assistance. In some cases, Marketer A's company provided more
26 extensive collection services. In all cases, the payments that
27 Pacific Hospital made to Marketer A's company were far above the

1 fair market value of the services provided. The payments to
2 Marketer A were thus primarily a reward for Marketer A's
3 referral of patients to Pacific Hospital.

4 1. Defendant CANEDO and other co-conspirators kept
5 records of the number of surgeries and other medical services
6 performed at Pacific Hospital due to referrals from the kickback
7 recipients, as well amounts paid to the kickback recipients for
8 those referrals. Periodically, Drobot and other co-conspirators
9 amended the bogus contracts with the kickback recipients to
10 increase or decrease the amount of agreed compensation described
11 in the contracts, in order to match the amount of kickbacks paid
12 or promised in return for referrals.

13 D. EFFECTS OF THE CONSPIRACY

14 11. Had SCIF and the other workers' compensation insurance
15 carriers known the true facts regarding (1) the payment of
16 kickbacks for the referral of workers' compensation patients for
17 surgeries and other medical services performed at Pacific
18 Hospital and (2) the fraudulent inflation of the cost of medical
19 hardware used in spinal surgeries, they would not have paid the
20 claims or would have paid a lesser amount.

21 12. From in or around 2008 to in or around April 2013,
22 Pacific Hospital billed workers' compensation insurance carriers
23 approximately \$500 million in claims for spinal surgeries that
24 were the result of the payment of a kickback, and defendant
25 CANEDO and other co-conspirators paid kickback recipients
26 between approximately \$20 million and \$50 million in kickbacks
27 relating to those claims.

1 E. OVERT ACTS

2 13. In furtherance of the conspiracy, and to accomplish
3 its objects, defendant CANEDO, together with others known and
4 unknown to the United States Attorney, committed the following
5 overt acts, among others, within the Central District of
6 California, and elsewhere:

7 Overt Act No. 1: On or about November 10, 2009, defendant
8 CANEDO caused a check in the amount of \$43,650.00 from SCIF to
9 be sent by mail to Pacific Hospital in reimbursement for a claim
10 for spine surgery on Patient A performed by Surgeon A, which
11 claim was induced by the payment of a kickback to Chiropractor
12 A.

13 Overt Act No. 2: On or about April 14, 2010, defendant
14 CANEDO caused a check in the amount of \$90,467.80 from SCIF to
15 be sent by mail to Pacific Hospital in reimbursement for a claim
16 for spine surgery on Patient B performed by Surgeon B, which
17 claim was induced by the payment of a kickback to Surgeon C.

18 Overt Act No. 3: On or about March 31, 2011, defendant
19 CANEDO caused a check in the amount of \$23,531.23 from Vanliner
20 to be sent by mail to Pacific Hospital in reimbursement for a
21 claim for spine surgery on Patient C performed by Surgeon D,
22 which claim was induced by the payment of a kickback to Surgeon
23 D.

24 Overt Act No. 4: On or about June 29, 2012, defendant
25 CANEDO caused a kickback in the amount of \$100,000 to be paid to
26 Surgeon D for the referral of lumbar and cervical spinal
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1 surgeries performed at Pacific Hospital, including on patients
2 covered by the FECA.

3 Overt Act No. 5: On or about January 18, 2013, defendant
4 CANEDO caused a check in the amount of \$51,115.44 from
5 Traveler's Insurance to be sent by mail to Pacific Hospital in
6 reimbursement for a claim for spine surgery on Patient D
7 performed by Surgeon E, which claim was induced by the payment
8 of a kickback to Surgeon E.

9 Overt Act No. 6: On or about January 24, 2013, defendant
10 CANEDO caused a check in the amount of \$117,142.36 from Vanliner
11 to be sent by mail to Pacific Hospital in reimbursement for a
12 claim for spine surgery on Patient E performed by Surgeon F,
13 which claim was induced by the payment of a kickback to Surgeon
14 F.

15 Overt Act No. 7: On or about April 24, 2013, defendant
16 CANEDO caused a check in the amount of \$24,209.90 from ICW to be
17 sent by mail to Pacific Hospital in reimbursement for a claim
18 for spine surgery on Patient F performed by Surgeon G, which
19 claim was induced by the payment of a kickback to Surgeon G.

20 Overt Act No. 8: On or about November 27, 2013, defendant
21 CANEDO caused a check in the amount of \$50,903.76 from
22 Traveler's Insurance to be sent by mail to Pacific Hospital in

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1 reimbursement for a claim for spine surgery on Patient G
2 performed by Surgeon G, which claim resulted from the payment of
3 a kickback to Chiropractor B.

4
5 EILEEN M. DECKER
United States Attorney

6 *Jo McNally FOR*
7 ROBERT E. DUGDALE
8 Assistant United States Attorney
Chief, Criminal Division

9 DENNISE D. WILLETT
10 Assistant United States Attorney
Chief, Santa Ana Branch Office

11 JOSHUA M. ROBBINS
12 Assistant United States Attorney

13 SCOTT D. TENLEY
Assistant United States Attorney

14 ASHWIN JANAKIRAM
15 Special Assistant United States
Attorney

United States District Court
Central District of California

UNITED STATES OF AMERICA vs.

Docket No. SACR 15-00077-JLS

Defendant JAMES L. CANEDO
James Luis Canedo (true name), Jaime Luis
akas: Canedo, Jim Luis Canedo

Social Security No. █ █ █ █
(Last 4 digits)

JUDGMENT AND PROBATION/COMMITMENT ORDER

In the presence of the attorney for the government, the defendant appeared in person on this date.

MONTH	DAY	YEAR
02	02	2018

COUNSEL Anthony Pacheco, Retained Counsel
(Name of Counsel)

PLEA **GUILTY**, and the court being satisfied that there is a factual basis for the plea. **NOLO** **NOT**
CONTENDERE **GUILTY**

FINDING There being a finding/verdict of **GUILTY**, defendant has been convicted as charged of the offense(s) of:
18 U.S.C. § Conspiracy

JUDGMENT AND PROB/COMM ORDER The Court asked whether there was any reason why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the Court, the Court adjudged the defendant guilty as charged and convicted and ordered that: Pursuant to the Sentencing Reform Act of 1984, it is the judgment of the Court that the defendant is hereby committed to the custody of the Bureau of Prisons to be imprisoned for a term of:

It is ordered that the defendant shall pay to the United States a special assessment of \$100, which is due immediately. Any unpaid balance shall be due during the period of imprisonment, at the rate of not less than \$25 per quarter, and pursuant to the Bureau of Prisons' Inmate Financial Responsibility Program.

The Court has entered a money judgment of forfeiture against the defendant, which is hereby incorporated by reference into this judgment and is final.

All fines are waived in light of the amount of the money judgment of forfeiture that the Court has entered. The Court finds the defendant does not have the ability to pay the fines in addition to the order of forfeiture and the anticipated restitution.

Pursuant to 18 U.S.C. § 3664(d)(5), the determination of restitution is deferred until **May 11, 2018 at 10:30 a.m.** An amended judgment will be entered after such determination.

The defendant shall comply with General Order No. 01-05.

Pursuant to the Sentencing Reform Act of 1984, it is the judgment of the Court that the defendant, James L. Canedo, is hereby committed on Count 1 of the Information to the custody of the Bureau of Prisons for a term of twelve months and one day.

Upon release from imprisonment, the defendant shall be placed on supervised release for a term of three years under the following terms and conditions:

USA vs. **JAMES L. CANEDO**

Docket No.: **SACR 15-00077-JLS**

1. The defendant shall comply with the rules and regulations of the U.S. Probation Office and General Order 05-02. Further, the defendant shall comply with the rules and regulations of General Order 01-05, including the three special conditions delineated therein.
2. During the period of community supervision the defendant shall pay the special assessment and fine in accordance with this judgment's orders pertaining to such payment.
3. The defendant shall cooperate in the collection of a DNA sample from the defendant.
4. The defendant shall notify the California State Board of Accounting of the defendant's conviction within 30 days of this judgment and thereafter comply with any orders, including any professional, employment, or business restrictions. Further, the defendant shall show proof to the Probation Officer of compliance with this order.
5. The defendant shall apply all monies received from income tax refunds lottery winnings, inheritance, judgments and any anticipated or unexpected financial gains to the outstanding Court-ordered financial obligation.

The drug testing condition mandated by statute is suspended based on the Court's determination that the defendant poses a low risk of future substance abuse.

It is further ordered that the defendant surrender himself to the institution designated by the Bureau of Prisons on or before 12 noon, on **August 6, 2018**. In the absence of such designation, the defendant shall report on or before the same date and time to the United States Marshal located at the United States Court House, 411 West Fourth Street, Suite 4170, Santa Ana, California 92701-4516.

It is recommended that the Bureau of Prisons designate confinement of defendant to the Lompoc, California facility.

Defendant is informed of the right to appeal.

It is ordered that the bond is exonerated upon surrender and not before, with pretrial services conditions to remain in effect.

USA vs. JAMES L. CANEDO

Docket No.: SACR 15-00077-JLS

In addition to the special conditions of supervision imposed above, it is hereby ordered that the Standard Conditions of Probation and Supervised Release within this judgment be imposed. The Court may change the conditions of supervision, reduce or extend the period of supervision, and at any time during the supervision period or within the maximum period permitted by law, may issue a warrant and revoke supervision for a violation occurring during the supervision period.

February 6, 2018

Date



U. S. District Judge

It is ordered that the Clerk deliver a copy of this Judgment and Probation/Commitment Order to the U.S. Marshal or other qualified officer.

Clerk, U.S. District Court

February 6, 2018

Filed Date

By Terry Guerrero

Deputy Clerk

The defendant shall comply with the standard conditions that have been adopted by this court (set forth below).

STANDARD CONDITIONS OF PROBATION AND SUPERVISED RELEASE

While the defendant is on probation or supervised release pursuant to this judgment:

1. The defendant shall not commit another Federal, state or local crime;
2. the defendant shall not leave the judicial district without the written permission of the court or probation officer;
3. the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
4. the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
5. the defendant shall support his or her dependents and meet other family responsibilities;
6. the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons;
7. the defendant shall notify the probation officer at least 10 days prior to any change in residence or employment;
8. the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by a physician;
9. the defendant shall not frequent places where controlled substances are illegally sold, used, distributed or administered;
10. the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
11. the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
12. the defendant shall notify the probation officer within 72 hours of being arrested or questioned by a law enforcement officer;
13. the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
14. as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to conform the defendant's compliance with such notification requirement;
15. the defendant shall, upon release from any period of custody, report to the probation officer within 72 hours;
16. and, for felony cases only: not possess a firearm, destructive device, or any other dangerous weapon.

USA vs. JAMES L. CANEDO

Docket No.: SACR 15-00077-JLS

The defendant will also comply with the following special conditions pursuant to General Order 01-05 (set forth below).

STATUTORY PROVISIONS PERTAINING TO PAYMENT AND COLLECTION OF FINANCIAL SANCTIONS

The defendant shall pay interest on a fine or restitution of more than \$2,500, unless the court waives interest or unless the fine or restitution is paid in full before the fifteenth (15th) day after the date of the judgment pursuant to 18 U.S.C. §3612(f)(1). Payments may be subject to penalties for default and delinquency pursuant to 18 U.S.C. §3612(g). Interest and penalties pertaining to restitution, however, are not applicable for offenses completed prior to April 24, 1996.

If all or any portion of a fine or restitution ordered remains unpaid after the termination of supervision, the defendant shall pay the balance as directed by the United States Attorney's Office. 18 U.S.C. §3613.

The defendant shall notify the United States Attorney within thirty (30) days of any change in the defendant's mailing address or residence until all fines, restitution, costs, and special assessments are paid in full. 18 U.S.C. §3612(b)(1)(F).

The defendant shall notify the Court through the Probation Office, and notify the United States Attorney of any material change in the defendant's economic circumstances that might affect the defendant's ability to pay a fine or restitution, as required by 18 U.S.C. §3664(k). The Court may also accept such notification from the government or the victim, and may, on its own motion or that of a party or the victim, adjust the manner of payment of a fine or restitution-pursuant to 18 U.S.C. §3664(k). See also 18 U.S.C. §3572(d)(3) and for probation 18 U.S.C. §3563(a)(7).

Payments shall be applied in the following order:

1. Special assessments pursuant to 18 U.S.C. §3013;
2. Restitution, in this sequence (pursuant to 18 U.S.C. § 3664(i), all non-federal victims must be paid before the United States is paid):
 - Non-federal victims (individual and corporate),
 - Providers of compensation to non-federal victims,
 - The United States as victim;
3. Fine;
4. Community restitution, pursuant to 18 U.S.C. §3663(c); and
5. Other penalties and costs.

SPECIAL CONDITIONS FOR PROBATION AND SUPERVISED RELEASE

As directed by the Probation Officer, the defendant shall provide to the Probation Officer: (1) a signed release authorizing credit report inquiries; (2) federal and state income tax returns or a signed release authorizing their disclosure; and (3) an accurate financial statement, with supporting documentation as to all assets, income and expenses of the defendant. In addition, the defendant shall not apply for any loan or open any line of credit without prior approval of the Probation Officer.

The defendant shall maintain one personal checking account. All of defendant's income, "monetary gains," or other pecuniary proceeds shall be deposited into this account, which shall be used for payment of all personal expenses. Records of all other bank accounts, including any business accounts, shall be disclosed to the Probation Officer upon request.

The defendant shall not transfer, sell, give away, or otherwise convey any asset with a fair market value in excess of \$500 without approval of the Probation Officer until all financial obligations imposed by the Court have been satisfied in full.

These conditions are in addition to any other conditions imposed by this judgment.

USA vs. JAMES L. CANEDO

Docket No.: SACR 15-00077-JLS

RETURN

I have executed the within Judgment and Commitment as follows:

Defendant delivered on _____ to _____

Defendant noted on appeal on _____

Defendant released on _____

Mandate issued on _____

Defendant's appeal determined on _____

Defendant delivered on _____ to _____

at _____

the institution designated by the Bureau of Prisons, with a certified copy of the within Judgment and Commitment.

United States Marshal

By _____

_____ Date

Deputy Marshal

CERTIFICATE

I hereby attest and certify this date that the foregoing document is a full, true and correct copy of the original on file in my office, and in my legal custody.

Clerk, U.S. District Court

By _____

_____ Filed Date

Deputy Clerk

FOR U.S. PROBATION OFFICE USE ONLY

Upon a finding of violation of probation or supervised release, I understand that the court may (1) revoke supervision, (2) extend the term of supervision, and/or (3) modify the conditions of supervision.

These conditions have been read to me. I fully understand the conditions and have been provided a copy of them.

(Signed) _____
Defendant

_____ Date

_____ U. S. Probation Officer/Designated Witness

_____ Date

CLOSED,RELATED-G

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA (Southern Division - Santa Ana)
CRIMINAL DOCKET FOR CASE #: 8:15-cr-00077-JLS-1**

Case title: USA v. Canedo
Other court case number: SACR12-00023-JLS

Date Filed: 07/23/2015
Date Terminated: 02/06/2018

Assigned to: Judge Josephine L. Staton

Defendant (1)

James L Canedo
TERMINATED: 02/06/2018

represented by **Anthony Pacheco**
Jeffer Mangels Butler and Mitchell LLP
1900 Avenue of the Stars 7th Floor
Los Angeles, CA 90067
310-203-8080
Fax: 310-203-0567
Email: pacheco@jmbm.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
Designation: Retained

Pending Counts

18:371 CONSPIRACY
(1)

Disposition

Committed on Count 1 of the Information to the custody of the Bureau of Prisons for a term of twelve months and one day. Pay \$100 special assessment. All fines are waived. Placed on supervised release for a term of 3 years under terms and conditions of US Probation Office and General Orders 05-02 and 01-05.

Highest Offense Level (Opening)

Felony

Terminated Counts

None

Disposition

Highest Offense Level (Terminated)

None

Complaints

None

Disposition**Plaintiff**

USA

represented by **Ashwin Janakiram**
SAUSA - Office of the US Attorney
312 North Spring Street Suite 1100
Los Angeles, CA 90012
213-894-2875
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Email: ashwin.janakiram@usdoj.gov
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
Designation: Assistant US Attorney

Scott D Tenley
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Date Filed	#	Docket Text
07/23/2015	<u>1</u>	INFORMATION filed as to James L Canedo (1) count(s) 1. Offense occurred in LA OC. (mt) (Entered: 07/28/2015)
07/23/2015	<u>2</u>	CASE SUMMARY filed by AUSA Joshua M Robbins as to Defendant James L Canedo; defendants Year of Birth: 1952 (mt) (Entered: 07/28/2015)
07/23/2015	<u>3</u>	MEMORANDUM filed by Plaintiff USA as to Defendant James L Canedo. Re Magistrate Judge Jacqueline Chooljian, Magistrate Judge Patrick J. Walsh, Magistrate Judge Sheri Pym, Magistrate Judge Michael Wilner, Magistrate Judge Jean Rosenbluth, Magistrate Judge Alka Sagar, Magistrate Judge Douglas McCormick, Magistrate Judge Rozella A. Oliver. (mt) (Entered: 07/28/2015)
07/23/2015	<u>4</u>	MEMORANDUM filed by Plaintiff USA as to Defendant James L Canedo. Re Judge Andre Birotte, Jr., Judge Michael W. Fitzgerald. (mt) (Entered: 07/28/2015)
07/23/2015	<u>5</u>	NOTICE of Related Case(s) filed by Plaintiff USA as to Defendant James L Canedo Related Case(s): SACR 12-23-JLS, SACR 14-34-JLS (mt) (Entered: 07/28/2015)
07/23/2015	<u>6</u>	EX PARTE APPLICATION to File Document Under Seal; Declaration of Joshua M Robbins. Filed by Plaintiff USA as to Defendant James L Canedo. (mt) (Entered: 07/28/2015)
07/23/2015	<u>7</u>	ORDER by Judge David O. Carter as to James L Canedo: Granting EX PARTE APPLICATION to File Document Under Seal <u>6</u> (mt) (Entered: 07/28/2015)
07/23/2015	<u>8</u>	PLEA AGREEMENT filed under seal by Plaintiff USA as to Defendant James L Canedo (mt) (Entered: 07/28/2015)
08/03/2015	<u>10</u>	MINUTES OF POST-INDICTMENT ARRAIGNMENT: held before Magistrate Judge Douglas F. McCormick as to Defendant James L Canedo (1) Count 1. Defendant arraigned, states true name: As charged. Attorney: Anthony Pacheco for James L Canedo, Retained, present. Defendant's first appearance. Court orders bail set for James L Canedo (1) \$5,000 Unsecured Appearance Bond. Court orders defendant to report to the US Marshal's Office forthwith for processing. Defendant entered not guilty plea to all counts as charged. Case assigned to Judge Andrew J. Guilford. Jury Trial set for 9/29/2015 09:00 AM before Judge Andrew J. Guilford. Status Conference set for 9/21/2015 02:00 PM before Judge Andrew J. Guilford. Defendant and counsel are ordered to appear. Trial estimate: 5 days. The government moves to seal the transcript/recording of these proceedings. So Ordered. A Notice of Related Case was filed as to SACR12-23-JLS and SACR14-34-JLS. Court Smart: CS 8/3/15. (mt) (Main Document 10 replaced on 8/5/2015) (ts). (Entered: 08/04/2015)
08/03/2015	<u>11</u>	WAIVER OF INDICTMENT by Defendant James L Canedo before Magistrate Judge Douglas F. McCormick (mt) (Entered: 08/04/2015)

08/03/2015	<u>12</u>	STATEMENT OF CONSTITUTIONAL RIGHTS filed by Defendant James L Canedo (mt) (Entered: 08/04/2015)
08/03/2015	<u>13</u>	DESIGNATION AND APPEARANCE OF COUNSEL; filed by Anthony Pacheco appearing for James L Canedo (mt) (Entered: 08/04/2015)
08/03/2015	<u>14</u>	BOND AND CONDITIONS OF RELEASE filed as to Defendant James L Canedo conditions of release: \$5,000 Unsecured Appearance Bond approved by Magistrate Judge Douglas F. McCormick. (mt) (Entered: 08/04/2015)
08/04/2015	<u>9</u>	ORDER RE TRANSFER PURSUANT TO GENERAL ORDER 14-03 Related Case filed. Related Case No: SACR12-00023-JLS. Case as to Defendant James L Canedo, transferred from Judge Andrew J. Guilford to Judge Josephine L. Staton for all further proceedings. The case number will now reflect the initials of the transferee Judge SACR15-00077-JLS. Signed by Judge Josephine L. Staton (lbe) (Entered: 08/04/2015)
08/12/2015	<u>15</u>	NOTICE OF APPEARANCE BY MANUAL FILING filed by Plaintiff USA as to Defendant James L Canedo. (dg) (Entered: 08/14/2015)
08/17/2015	<u>16</u>	GOVERNMENT'S NOTICE OF APPEARANCE BY MANUAL FILING. Ashwin Janakiram on behalf of Plaintiff USA. Filed by Plaintiff USA. (dg) (Entered: 08/18/2015)
09/04/2015	<u>17</u>	MINUTES OF Change of Plea Hearing held before Judge Josephine L. Staton as to Defendant James L Canedo. Defendant sworn, and states true name to be James Luis Canedo. Court questions defendant regarding the plea. The Defendant James L Canedo (1) pleads GUILTY to Count 1. The plea is accepted. The Court further ORDERS the Plea Agreement incorporated into this proceeding. The Court ORDERS the preparation of a Presentence Report. Sentencing set for 6/17/2016 08:30 AM before Judge Josephine L. Staton. Court Reporter: Deborah Parker. (mt) (Entered: 09/04/2015)
11/18/2015	<u>18</u>	STIPULATION to Unseal Case and Related Records, filed by Plaintiff USA as to Defendant James L Canedo(mba) (Entered: 11/23/2015)
11/20/2015	<u>19</u>	ORDER TO UNSEAL CASE AND RELATED DOCUMENTS by Judge Josephine L. Staton as to Defendant James L Canedo, re : Stipulation for Order <u>18</u> . Having considered the stipulation of the parties, it is HEREBY FOUND AND ORDERED that the above-referenced case, as well as all documents filed in the case, including the information and plea agreement, shall be unsealed on November 23, 2015. (dv) (Entered: 11/23/2015)
04/11/2016	<u>20</u>	NOTICE OF APPEARANCE OR REASSIGNMENT of AUSA Joseph Timothy McNally on behalf of Plaintiff USA. Filed by Plaintiff USA. (Attorney Joseph Timothy McNally added to party USA(pty:pla))(McNally, Joseph) (Entered: 04/11/2016)
04/25/2016	<u>21</u>	STIPULATION to Continue Sentencing Hearing from June 17, 2016 to February 10, 2017 filed by Plaintiff USA as to Defendant James L Canedo (Attachments: # <u>1</u> Proposed Order Continuing Sentencing Hearing from June 17, 2016 to February 10, 2017)(Tenley, Scott) (Entered: 04/25/2016)
04/26/2016	<u>22</u>	

		ORDER TO CONTINUE Sentencing by Judge Josephine L. Staton as to Defendant James L Canedo. Sentencing continued to 2/10/2017 10:30 AM before Judge Josephine L. Staton. (mba) (Entered: 04/26/2016)
01/24/2017	<u>25</u>	NOTICE of Manual Filing of UNDER SEAL FILING filed by Plaintiff USA as to Defendant James L Canedo (Tenley, Scott) (Entered: 01/24/2017)
01/24/2017	<u>26</u>	SEALED DOCUMENT RE GOVERNMENT'S EX PARTE APPLICATION FOR ORDER SEALING DOCUMENT; DECLARATION OF SCOTT D TENLEY (mt) (Entered: 01/25/2017)
01/24/2017	<u>27</u>	SEALED DOCUMENT RE UNDER SEAL FILING (mt) (Entered: 01/25/2017)
01/24/2017	<u>28</u>	ORDER by Judge Josephine L. Staton as to James L Canedo: Granting EX PARTE APPLICATION Sealing Document <u>26</u> (mt) (Entered: 01/25/2017)
01/24/2017	<u>29</u>	ORDER TO CONTINUE Sentencing by Judge Josephine L. Staton as to Defendant James L Canedo. Sentencing continued to 8/18/2017 10:30 AM before Judge Josephine L. Staton. (mt) (Entered: 01/25/2017)
08/07/2017	<u>30</u>	STIPULATION to Continue SENTENCING from August 18, 2017 to February 2, 2018 filed by Plaintiff USA as to Defendant James L Canedo (Attachments: # <u>1</u> Proposed Order)(Janakiram, Ashwin) (Entered: 08/07/2017)
08/08/2017	<u>31</u>	STIPULATION to Amend/Correct Stipulation to Continue <u>30</u> filed by Plaintiff USA as to Defendant James L Canedo(Janakiram, Ashwin) (Entered: 08/08/2017)
08/11/2017	<u>32</u>	ORDER CONTINUING SENTENCING by Judge Josephine L. Staton as to Defendant James L Canedo. For the reasons set forth in the parties stipulation, IT IS ORDERED that the sentencing of defendant JAMES L. CANEDO is continued from August 18, 2017 at 10:30 a.m. to February 2, 2018 at 10:30 a.m. (dv) (Entered: 08/11/2017)
01/10/2018	<u>33</u>	NOTICE of Manual Filing of Defendant's Ex Parte Application; Declaration of Anthony Pacheco in Support of Ex Parte Application; [Proposed] Order on Ex Parte Application; Defendant's Application to File Documents Under Seal; Declaration of Anthony Pacheco in Support of Application to File Documents Under Seal filed by Defendant James L Canedo (Pacheco, Anthony) (Entered: 01/10/2018)
01/12/2018	<u>38</u>	SEALED DOCUMENT RE DEFENDANT'S APPLICATION TO FILE DOCUMENTS UNDER SEAL (mt) (Entered: 01/17/2018)
01/12/2018	<u>39</u>	SEALED DOCUMENT RE ORDER RE DEFENDANT'S APPLICATION TO FILE DOCUMENTS UNDER SEAL (mt) (Entered: 01/17/2018)
01/12/2018	<u>40</u>	SEALED DOCUMENT RE DECLARATION OF ANTHONY PACHECO IN SUPPORT OF DEFENDANT'S APPLICATION TO FILE DOCUMENTS UNDER SEAL (mt) (Entered: 01/17/2018)
01/12/2018	<u>41</u>	SEALED DOCUMENT RE DEFENDANT'S UNOPPOSED EX PARTE APPLICATION FOR AN ORDER: (1) STAYING THE IMPLEMENTATION OF ANY SENTENCE PENDING DEFENDANT'S COOPERATION WITH THE GOVERNMENT; OR, IN THE ALTERNATIVE, (2) DEFERRING THE

		REPORTING DATE FOR ANY INCARCERATION; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT (mt) (Entered: 01/17/2018)
01/12/2018	<u>42</u>	SEALED DOCUMENT RE DECLARATION OF ANTHONY PACHECO IN SUPPORT OF DEFENDANT'S UNOPPOSED EX PARTE APPLICATION FOR AN ORDER: (1) STAYING THE IMPLEMENTATION OF ANY SENTENCE PENDING DEFENDANT'S COOPERATION WITH THE GOVERNMENT; OR, IN THE ALTERNATIVE, (2) DEFERRING THE REPORTING DATE FOR ANY INCARCERATION (mt) (Entered: 01/17/2018)
01/12/2018	<u>43</u>	SEALED DOCUMENT RE DENIED ORDER DENYING DEFENDANT'S UNOPPOSED EX PARTE APPLICATION FOR AN ORDER: (1) STAYING THE IMPLEMENTATION OF ANY SENTENCE PENDING DEFENDANT'S COOPERATION WITH THE GOVERNMENT; OR, IN THE ALTERNATIVE, (2) DEFERRING THE REPORTING DATE FOR ANY INCARCERATION (mt) (Entered: 01/17/2018)
01/17/2018	<u>37</u>	PROOF OF SERVICE of DOCUMENTS FILED UNDER SEAL, served on January 16, 2018, by Defendant James L Canedo re Notice of Manual Filing (G-92), <u>33</u> , (Pacheco, Anthony) (Entered: 01/17/2018)
01/19/2018	<u>44</u>	NOTICE of Manual Filing of Sentencing Memorandum; Defendant's Application to File Documents Under Seal; Declaration of Anthony Pacheco in Support of Application to File Documents Under Seal filed by Defendant James L Canedo (Pacheco, Anthony) (Entered: 01/19/2018)
01/19/2018	<u>45</u>	NOTICE of Manual Filing of Government's Sentencing Position filed by Plaintiff USA as to Defendant James L Canedo (Janakiram, Ashwin) (Entered: 01/19/2018)
01/23/2018	<u>46</u>	SEALED DOCUMENT RE GOVERNMENT'S EX PARTE APPLICATION FOR ORDER FILING DOCUMENT UNDER SEAL; DECLARATION OF ASHWIN JANAKIRAM (mt) (Entered: 01/24/2018)
01/23/2018	<u>47</u>	SEALED DOCUMENT RE ORDER SEALING DOCUMENTS (mt) (Entered: 01/24/2018)
01/23/2018	<u>48</u>	SEALED DOCUMENT RE GOVERNMENT'S SENTENCING POSITION for Defendant James L Canedo (mt) (Entered: 01/24/2018)
01/23/2018	<u>49</u>	SEALED DOCUMENT RE DEFENDANT'S APPLICATION TO FILE DOCUMENTS UNDER SEAL (mt) (Entered: 01/24/2018)
01/23/2018	<u>50</u>	SEALED DOCUMENT RE DECLARATION OF ANTHONY PACHECO IN SUPPORT OF DEFENDANT'S APPLICATION TO FILE DOCUMENTS UNDER SEAL (mt) (Entered: 01/24/2018)
01/23/2018	<u>51</u>	SEALED DOCUMENT RE DEFENDANT JAMES L CANEDO'S SENTENCING MEMORANDUM (mt) (Entered: 01/24/2018)
01/23/2018	<u>52</u>	ORDER by Judge Josephine L. Staton as to James L Canedo: Re Defendant's APPLICATION to file Documents Under Seal <u>49</u> (mt) (Entered: 01/24/2018)
01/24/2018	<u>53</u>	

		PROOF OF SERVICE of DOCUMENTS FILED UNDER SEAL, served on January 24, 2018, by Defendant James L Canedo re Notice of Manual Filing (G-92) <u>44</u> , (Pacheco, Anthony) (Entered: 01/24/2018)
01/24/2018	<u>54</u>	EXHIBIT A-F filed by Defendant James L Canedo RE: Sentencing Memorandum <u>51</u> (Pacheco, Anthony) (Entered: 01/24/2018)
01/24/2018	<u>55</u>	NOTICE of Manual Filing of Defendant's Objections to the Presentence Report and Sentencing Recommendation; Defendant's Application to File Documents Under Seal; Declaration of Anthony Pacheco in Support of Application to File Documents Under Seal filed by Defendant James L Canedo filed by Defendant James L Canedo (Pacheco, Anthony) (Entered: 01/24/2018)
01/30/2018	<u>57</u>	OBJECTION TO PRESENTENCE INVESTIGATION REPORT filed by Defendant James L Canedo (Pacheco, Anthony) (Entered: 01/30/2018)
02/01/2018	<u>60</u>	NOTICE of Manual Filing of Supplemental Exhibit to Government's Sentencing Position filed by Plaintiff USA as to Defendant James L Canedo (Tenley, Scott) (Entered: 02/01/2018)
02/02/2018	<u>61</u>	STIPULATION for Order re Personal Money Judgment of Forfeiture filed by Plaintiff USA as to Defendant James L Canedo (Attachments: # <u>1</u> Proposed Order re Personal Money Judgment of Forfeiture)(Tenley, Scott) (Entered: 02/02/2018)
02/02/2018	<u>62</u>	SEALED DOCUMENT RE GOVERNMENT'S EX PARTE APPLICATION FOR ORDER FILING DOCUMENT UNDER SEAL; DECLARATION OF SCOTT D TENLEY. (mt) (Entered: 02/02/2018)
02/02/2018	<u>63</u>	SEALED DOCUMENT RE ORDER SEALING DOCUMENTS (mt) (Entered: 02/02/2018)
02/02/2018	<u>64</u>	SEALED DOCUMENT RE SUPPLEMENTAL EXHIBIT TO GOVERNMENT'S SENTENCING POSITION (mt) (Entered: 02/02/2018)
02/02/2018	<u>66</u>	MINUTES OF SENTENCING Hearing held before Judge Josephine L. Staton as to Defendant James L Canedo. Defendant James L Canedo (1), Count(s) 1, Committed on Count 1 of the Information to the custody of the Bureau of Prisons for a term of twelve months and one day. Pay \$100 special assessment. All fines are waived. Restitution is deferred until May 11, 2018 at 10:30 a.m. An amended judgment will be entered after such determination. Placed on supervised release for a term of 3 years under terms and conditions of US Probation Office and General Orders 05-02 and 01-05. Defendant to surrender on or before 12 noon on 8/6/2018. Bond exonerated upon surrender. Defendant advised of right to appeal. It is recommended that the Bureau of Prisons designate confinement of defendant to the Lompoc, California facility. Court Reporter: Deborah Parker. (mt) (Entered: 02/06/2018)
02/06/2018	<u>65</u>	PERSONAL MONEY JUDGMENT OF FORFEITURE by Judge Josephine L. Staton as to Defendant James L Canedo (mt) (Entered: 02/06/2018)
02/06/2018	<u>67</u>	JUDGMENT AND COMMITMENT by Judge Josephine L. Staton as to Defendant James L Canedo (1), Count(s) 1, Committed on Count 1 of the Information to the custody of the Bureau of Prisons for a term of twelve months

		and one day. Pay \$100 special assessment. All fines are waived. Placed on supervised release for a term of 3 years under terms and conditions of US Probation Office and General Orders 05-02 and 01-05. (mt) (Entered: 02/06/2018)
02/21/2018	<u>69</u>	TRANSCRIPT filed as to Defendant James L Canedo for proceedings held on 02/02/2018, 10:30 a.m. Court Reporter: Deborah D. Parker, CSR 10342, phone number transcripts@ddparker.com. Transcript may be viewed at the court public terminal or purchased through the Court Reporter before the deadline for Release of Transcript Restriction. After that date it may be obtained through DEBORAHDPARKER.COM or PACER. Notice of Intent to Redact due within 7 days of this date. Redaction Request due 3/14/2018. Redacted Transcript Deadline set for 3/26/2018. Release of Transcript Restriction set for 5/22/2018. (Parker, Deborah) (Entered: 02/21/2018)
02/21/2018	70	NOTICE OF FILING TRANSCRIPT filed as to Defendant James L Canedo for proceedings 02/02/2018, 10:30 a.m.+ re Transcript <u>69</u> THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (Parker, Deborah) TEXT ONLY ENTRY (Entered: 02/21/2018)
02/21/2018	<u>71</u>	AMENDED JUDGMENT by Judge Josephine L. Staton as to Defendant James L Canedo (1), Count(s) 1, Committed on Count 1 of the Information to the custody of the Bureau of Prisons for a term of Twelve (12) months and One (1) day. Pay \$100 special assessment. All fines are waived. Placed on supervised release for a term of 3 years under terms and conditions of US Probation Office and General Orders 05-02 and 01-05. (es) (Entered: 02/21/2018)
03/28/2018	<u>72</u>	APPLICATION to Continue Hearing to Determine Victim Losses to June 1, 2018 from May 11, 2018 to June 1, 2018. Filed by Plaintiff USA as to Defendant James L Canedo. (Attachments: # <u>1</u> Proposed Order Continuing Hearing to Determine Victim Losses to June 1, 2018) (Tenley, Scott) (Entered: 03/28/2018)
04/02/2018	<u>73</u>	ORDER GRANTING APPLICATION TO CONTINUE BRIEFING AND HEARING SCHEDULE REGARDING HEARING TO DETERMINE VICTIM LOSSES PURSUANT TO 18 U.S.C. § 3664(d)(5) by Judge Josephine L. Staton: as to James L Canedo (1). The Court has read and considered the governments unopposed application to continue the briefing and hearing schedule regarding the hearing to determine victim losses pursuant to 18 U.S.C. § 3664(d)(5), filed in this matter on March 28, 2018 <u>72</u> . FOR GOOD CAUSE SHOWING, the Court GRANTS the government's application. The Court revises the briefing and hearing schedule as follows: Government's Brief Due May 11, 2018; Defendant's Brief, If Any, Due May 18, 2018; Hearing set for June 29, 2018 at 11:30 a.m. (dv) (Entered: 04/02/2018)

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