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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

June 2014 Grand Jury

16 CR 0131 BAS

UNITED STATES OF AMERICA

Case No.

v.

I N D I C T M E N T

FERMIN IGLESIAS (1),  
CARLOS ARGUELLO (2),  
MIGUEL MORALES (3),  
PROVIDENCE SCHEDULING, INC. (4),  
MEDEX SOLUTIONS, INC. (5),  
PRIME HOLDINGS INT., INC. (6),  
MERIDIAN MEDICAL RESOURCES, INC.,  
d.b.a. Meridian Rehab Care (7),

Title 18, U.S.C., Sec. 371 -  
Conspiracy to Commit Honest  
Services Mail and Wire Fraud,  
Mail and Wire Fraud, and Travel  
Act; Title 18, U.S.C., Secs. 1341  
and 1346 - Honest Services Mail  
Fraud; Title 18, U.S.C.,  
Sec. 2 - Aiding and Abetting;  
Title 18, U.S.C.,  
Sec. 981(a)(1)(C), and Title 28,  
U.S.C., Sec. 2461(c) - Criminal  
Forfeiture

Defendants.

The Grand Jury charges, at all times relevant:

INTRODUCTORY ALLEGATIONS

THE DEFENDANTS AND OTHER PARTICIPANTS

1. Defendants FERMIN IGLESIAS and CARLOS ARGUELLO recruited and referred workers compensation applicants ("applicants") for legal and medical services in the Southern District of California and elsewhere. In order to effectuate this recruitment and referral scheme, both IGLESIAS and ARGUELLO controlled and operated multiple entities, including, defendants PROVIDENCE SCHEDULING, INC., MEDEX SOLUTIONS,

lan

1 INC., MERIDIAN MEDICAL RESOURCES, INC., d.b.a. Meridian Rehab Care,  
2 and PRIME HOLDINGS INT., INC.

3 2. Defendant MIGUEL MORALES ("MORALES") was an administrator  
4 for several of defendant IGLESIAS's entities, including defendants  
5 PROVIDENCE SCHEDULING, MEDEX and PRIME HOLDINGS, and Advanced  
6 Radiology.

7 3. Defendant PROVIDENCE SCHEDULING, INC. ("PROVIDENCE  
8 SCHEDULING") was a California Corporation formed in December 2009,  
9 which oversaw the scheduling of applicants recruited by defendant  
10 ARGUELLO and others, and their assignment to a primary treating  
11 physician, which included chiropractors. Defendants IGLESIAS and  
12 ARGUELLO decided which physicians were eligible to receive applicants  
13 from defendant PROVIDENCE SCHEDULING.

14 4. Defendant MEDEX SOLUTIONS, INC. ("MEDEX") was a California  
15 corporation, formed in June 2011. Defendant PRIME HOLDINGS INT., INC.  
16 ("PRIME HOLDINGS") was a California corporation, formed in May 2011.  
17 Defendant IGLESIAS was listed as the chief executive officer, chief  
18 financial officer and secretary of defendants MEDEX SOLUTIONS and  
19 PRIME HOLDINGS, both of which oversaw the scheduling of applicants for  
20 ancillary services, such as magnetic resonance imaging ("MRIs"), as  
21 referred by primary treating physicians chosen by defendant PROVIDENCE  
22 SCHEDULING.

23 5. Defendant MERIDIAN MEDICAL RESOURCES, INC., d.b.a. Meridian  
24 Rehab Care ("MERIDIAN"), was a California corporation, formed in July  
25 2010, which listed IGLESIAS as the chief executive officer and  
26 secretary of defendant MERIDIAN, which provided durable medical  
27 equipment ("DME") to applicants referred by primary treating  
28 physicians, including chiropractors.

1 6. Dr. Steven Rigler (charged elsewhere) was a chiropractor  
2 licensed to practice in California, who operated three clinics  
3 specializing in chiropractic medicine in the Southern District of  
4 California.

5 7. Julian Garcia (charged elsewhere) assisted defendants  
6 IGLESIAS and ARGUELLO by coordinating and overseeing the referral of  
7 applicants for ancillary procedures and DME. From at least 2012  
8 through 2014, Julian Garcia managed applicants assigned to Dr. Rigler  
9 by defendant PROVIDENCE SCHEDULING in order to ensure that those  
10 applicants for whom ancillary procedures and DME were recommended  
11 and/or prescribed, were referred to specific providers as directed by  
12 defendants IGLESIAS and ARGUELLO.

13 8. Physicians, including medical doctors and chiropractors,  
14 owed a fiduciary-duty to their patients, requiring physicians to act  
15 in their patients' best interests, and not for their own professional,  
16 pecuniary, or personal gain. Physicians owed a duty of honest  
17 services to their patients for decisions made relating to the care of  
18 those patients, including the informed choice as to whether to undergo  
19 ancillary procedures and receive DME and, if so, an informed choice as  
20 to the providers of such ancillary procedures and DME.

21 CALIFORNIA WORKERS' COMPENSATION SYSTEM

22 9. The California Workers' Compensation System ("CWCS")  
23 required that employers in California provide workers' compensation  
24 benefits to their employees for qualifying injuries sustained in the  
25 course of their employment. Under the CWCS, all claims for payments  
26 for services or benefits provided to the injured employee, including  
27 medical and legal fees, were billed directly to, and paid by, the  
28 insurer. Most unpaid claims for payment were permitted to be filed as

1 liens against the employee's workers' compensation claim, which accrue  
2 interest until paid in an amount ordered by the Workers' Compensation  
3 Appeals Board or an amount negotiated between the insurer and the  
4 service or benefits provider. The CWCS was regulated by the  
5 California Labor Code, the California Insurance Code, and the  
6 California Code of Regulations, and was administered by the California  
7 Department of Industrial Relations.

8 10. CWCS benefits were administered by the employer, an insurer  
9 or a third party administrator. The CWCS required claims  
10 administrators to authorize and pay for medical care that was  
11 "reasonably required to cure or relieve the injured worker from the  
12 effects of his or her injury," and includes medical, surgical,  
13 chiropractic, acupuncture, and hospital treatment.

14 11. California law, including but not limited to the California  
15 Business and Professions Code, the California Insurance Code, and the  
16 California Labor Code, prohibited the offering, delivering,  
17 soliciting, or receiving of anything of value in return for referring  
18 a patient for ancillary procedures. The California Labor Code  
19 specifically prohibited cross-referrals if one referral was dependent  
20 on the other referral occurring. Moreover, the California Labor Code  
21 voided as a matter of law any claim submitted to an insurer which had  
22 been secured in violation of the ban on bribes or kickbacks, whether  
23 in the form of monetary payment or a cross-referral scheme.

24 Count 1

25 CONSPIRACY TO COMMIT HONEST SERVICES MAIL AND WIRE FRAUD,  
26 MAIL FRAUD, WIRE FRAUD AND VIOLATE THE TRAVEL ACT, 18 USC § 371,

27 12. Paragraphs 1 through 11 of this Indictment are realleged and  
28 incorporated by reference.

1 13. Beginning on a date unknown and continuing through at least  
2 May 2015, within the Southern District of California and elsewhere,  
3 defendants FERMIN IGLESIAS, CARLOS ARGUELLO, MIGUEL MORALES,  
4 PROVIDENCE SCHEDULING, INC., MEDEX SOLUTIONS, INC., PRIME HOLDINGS  
5 INT., INC., and MERIDIAN MEDICAL RESOURCES, INC., d.b.a. Meridian  
6 Rehab Care, and others knowingly and intentionally conspired with each  
7 other to:

8 a. commit Honest Services Mail and Wire Fraud, that is,  
9 knowingly and with the intent to defraud, devise and participate in a  
10 material scheme to defraud and to deprive patients of the intangible  
11 right to Dr. Steven Rigler's honest services, and cause mailings or  
12 use of the interstate wires in furtherance of the scheme, in violation  
13 of Title 18, United States Code, Sections 1341, 1343 and 1346;

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

20 c. commit Wire Fraud, that is, knowingly and with the intent to  
21 defraud, devise a material scheme to defraud, and to obtain money and  
22 property by means of materially false and fraudulent pretenses,  
23 representations, promises, and omissions and concealments of material  
24 facts, and cause use of the wires in furtherance of the scheme, in  
25 violation of Title 18, United States Code, Section 1343; and

26 d. use and cause to be used facilities in interstate commerce  
27 with intent to promote, manage, establish, carry on, distribute the  
28 proceeds of, and facilitate the promotion, management, establishment,

1 carrying on, and distribution of the proceeds of an unlawful activity,  
2 that is, bribery in violation of California Labor Code Sections 139.3,  
3 139.32, and 3215, California Business and Professions Code  
4 Section 650, and California Insurance Code Section 750 and,  
5 thereafter, to promote and attempt to perform acts to promote, manage,  
6 establish, carry on, distribute the proceeds of, and facilitate the  
7 promotion, management, establishment, carrying on, and distribution of  
8 the proceeds of such unlawful activity, in violation of Title 18,  
9 United States Code, Section 1952(a)(1)(A) and (a)(3)(A).

10 **FRAUDULENT PURPOSE**

11 14. It was a purpose of the conspiracy to fraudulently obtain  
12 money from CWCS insurers by submitting claims for ancillary procedures  
13 and DME that were secured through a pattern of bribes and kickbacks in  
14 the form of an illegal cross-referral scheme to Dr. Rigler, and to  
15 those acting with him and on his behalf, in exchange for the referral  
16 of patients to particular providers of ancillary procedures and DME,  
17 in violation of Dr. Rigler's fiduciary duty to his patients, and  
18 concealing from patients and insurers these bribes and kickbacks.

19 **MANNER AND MEANS**

20 15. The conspirators used the following manner and means in  
21 furtherance of the conspiracy:

22 a. Defendants IGLESIAS, ARGUELLO, MORALES, and PROVIDENCE  
23 SCHEDULING, knowing that the payment of bribes and kickbacks in the  
24 form of a cross-referral scheme was unlawful, offered to refer  
25 applicants wanting medical care to Dr. Rigler, in exchange for his  
26 agreement to refer such applicants for ancillary procedures and DME to  
27 certain co-conspirators.

1 b. Defendants IGLESIAS, ARGUELLO, MORALES, knowing that the  
2 payment of bribes and kickbacks in the form of a cross-referral scheme  
3 was unlawful, assigned a "value" to certain ancillary procedures and  
4 DME, such as \$30-\$50 per MRI referral, and informed Dr. Rigler of  
5 those values.

6 c. Defendants IGLESIAS, ARGUELLO, and MORALES set a quota for  
7 the "value" of ancillary services and DME Dr. Rigler was expected to  
8 prescribe for each applicant sent to him by PROVIDENCE SCHEDULING.

9 d. When Dr. Rigler fell behind in meeting the quota for  
10 ancillary procedures and DME, defendants IGLESIAS, ARGUELLO, MORALES,  
11 and PROVIDENCE SCHEDULING ceased to assign applicants to Dr. Rigler  
12 until he agreed to make up for the shortfall in some manner.

13 e. Defendants IGLESIAS, ARGUELLO, and MORALES only gave Dr.  
14 Rigler "credit" towards meeting his quota if Dr. Rigler used  
15 defendants MEDEX or PRIME HOLDINGS to schedule MRIs and other  
16 ancillary services; that is, Dr. Rigler was not given credit for MRIs  
17 and other ancillary procedures scheduled by Dr. Rigler and his staff  
18 directly.

19 f. Defendants IGLESIAS, ARGUELLO, MORALES, MEDEX, and PRIME  
20 HOLDINGS received kickbacks and bribes from providers of diagnostic  
21 imaging services, including Dr. Ronald Grusd (charged elsewhere) and  
22 Company A.

23 g. Defendants IGLESIAS, ARGUELLO, and MORALES only gave Dr.  
24 Steven Rigler "credit" towards meeting his quota for DME prescriptions  
25 if such were fulfilled by defendant MERIDIAN.

26 h. Defendants IGLESIAS, ARGUELLO, MORALES, PROVIDENCE  
27 SCHEDULING, MEDEX, PRIME HOLDINGS, MERIDIAN, and others obscured the  
28 true nature of their financial relationships in order to conceal their

1 corrupt cross-referral scheme designed for the referral of applicants  
2 to specific providers of ancillary procedures and DME.

3 i. Defendants IGLESIAS, ARGUELLO, MORALES, PROVIDENCE  
4 SCHEDULING, MEDEX, PRIME HOLDINGS, and MERIDIAN discussed via  
5 telephone calls, text messages, emails, and in-person meetings the  
6 applicants who had been corruptly assigned to Dr. Rigler to meet  
7 quotas of referrals for ancillary procedures and DME from specific  
8 providers.

9 j. Defendants IGLESIAS, ARGUELLO, MORALES, PROVIDENCE  
10 SCHEDULING, MEDEX, PRIME HOLDINGS, and MERIDIAN utilized interstate  
11 facilities, including cellular telephones and email, in order to  
12 coordinate and promote the corrupt cross-referral scheme designed to  
13 ensure an average quota of referrals for ancillary procedures and DME  
14 to specific providers by Dr. Rigler.

15 k. Defendants IGLESIAS, ARGUELLO, MORALES, and MERIDIAN used  
16 the mails and wires to send bills to insurers for DME provided to  
17 applicants they had procured by the corrupt cross-referral scheme  
18 entered into with Dr. Rigler.

19 l. Defendants IGLESIAS, ARGUELLO, MORALES, PROVIDENCE  
20 SCHEDULING, MEDEX, PRIME HOLDINGS, and MERIDIAN intended other  
21 providers, including Dr. Grusd and Company A, to use the mails and  
22 wires to bill insurers for ancillary procedures provided to applicants  
23 assigned to Dr. Rigler as part of the corrupt cross-referral scheme.

24 m. Defendants IGLESIAS, ARGUELLO, MORALES, PROVIDENCE  
25 SCHEDULING, MEDEX, PRIME HOLDINGS, and MERIDIAN, and co-conspirators  
26 Dr. Grusd and Company A, concealed from insurers and patients the  
27 material fact that referrals were made because of bribes and kickbacks  
28 specifically prohibited by California law.

1 16. Using the manners and means described above, defendants  
2 IGLESIAS, ARGUELLO, MORALES, PROVIDENCE SCHEDULING, MEDEX, PRIME  
3 HOLDINGS, and MERIDIAN submitted and caused to be submitted millions  
4 of dollars in claims for ancillary procedures and DME procured through  
5 the payment of bribes and kickbacks in the form of the corrupt cross-  
6 referral scheme.

7 OVERT ACTS

8 17. In furtherance of the conspiracy and in order to effect the  
9 objects thereof, the defendants and other co-conspirators caused the  
10 following overt acts in the Southern District of California and  
11 elsewhere:

12 a. Prior to August 2013, defendants IGLESIAS, ARGUELLO and  
13 PROVIDENCE SCHEDULING referred applicants to Dr. Rigler's clinics for  
14 treatment.

15 b. On or about September 4, 2013, defendants IGLESIAS and  
16 PRIME HOLDINGS emailed to Julian Garcia (charged elsewhere)  
17 spreadsheets documenting MRI referrals by Dr. Rigler's clinics from  
18 January through August 2013 for applicants who had been referred to  
19 Dr. Rigler by defendant PROVIDENCE SCHEDULING.

20 c. In or about September 2013, defendants IGLESIAS,  
21 ARGUELLO, PROVIDENCE SCHEDULING and Julian Garcia (charged elsewhere)  
22 met with Dr. Rigler and told him that applicants would only be  
23 referred to his clinics if Dr. Rigler, in turn, referred those  
24 applicants for a certain amount of ancillary procedures and DME from  
25 providers designated by defendants IGLESIAS and ARGUELLO.

26 d. In or about September 2013, defendants IGLESIAS,  
27 ARGUELLO, PROVIDENCE SCHEDULING and Julian Garcia (charged elsewhere)  
28 told Dr. Rigler that a company operated by Dr. Grusd and Company A

1 were the two entities that would provide MRI services for Dr. Rigler's  
2 applicants, and explained that Dr. Rigler would have to schedule MRIs  
3 through defendant MEDEX in order to receive corrupt payments from the  
4 conspirators.

5 e. On or about September 6, 2013, defendant IGLESIAS  
6 emailed Julian Garcia (charged elsewhere) and Dr. Rigler with  
7 spreadsheets documenting DME and nerve conduction velocity ("NCV")  
8 testing referrals by Dr. Rigler's clinics from January through August  
9 2013 for applicants that had been referred to Dr. Rigler by defendant  
10 PROVIDENCE SCHEDULING.

11 f. In or about the Spring of 2014, defendants IGLESIAS and  
12 ARGUELLO informed Dr. Rigler that MRIs would only be completed by  
13 Company A because Dr. Grud (charged elsewhere) had fallen behind in  
14 paying bribes and kickbacks for MRIs referred to his companies by  
15 defendant MEDEX.

16 g. In or about October 2014, defendant IGLESIAS instructed  
17 Dr. Rigler that he was expected to generate \$600 per patient in  
18 ancillary referrals for each applicant in order to continue receiving  
19 referrals.

20 h. On or about February 12, 2015, defendant IGLESIAS  
21 texted Dr. Rigler expressing concern at the low volume of MRI  
22 referrals.

23 i. On or about February 23, 2015, defendant IGLESIAS  
24 texted Dr. Rigler the number of applicants Dr. Rigler or his staff had  
25 referred for MRIs through defendant MEDEX.

26 //

27 //

28 //

1 j. On or about February 23, 2015, defendant IGLESIAS  
2 texted Dr. Rigler expressing concern at the low number of referrals to  
3 defendant MERIDIAN for DME and asked to meet with Dr. Rigler to  
4 discuss referrals for ancillary procedures and DME.

5 k. On or about February 23, 2015, defendants IGLESIAS and  
6 MORALES utilized email to review referrals for DME to defendant  
7 MERIDIAN by Dr. Rigler.

8 l. On or about February 24, 2015, defendants MORALES and  
9 PRIME HOLDINGS emailed a member of Dr. Rigler's staff with a list of  
10 DME referrals received from Dr. Rigler from December 2014 through  
11 February 2015.

12 m. In or about April 2015, defendants IGLESIAS, ARGUELLO,  
13 MORALES and PROVIDENCE SCHEDULING cut off the referral of applicants  
14 to Dr. Rigler's clinics.

15 n. On or about April 17, 2015, defendant MORALES texted  
16 Dr. Rigler that he intended to discuss the cutoff with defendant  
17 IGLESIAS.

18 o. On or about April 22, 2015, defendant ARGUELLO spoke  
19 with Dr. Rigler via a cellular telephone and advised that defendant  
20 IGLESIAS confirmed that the cut off of applicants by defendant  
21 PROVIDENCE SCHEDULING was due to Dr. Rigler being behind in the  
22 referral of applicants for ancillary procedures and DME.

23 p. On or about April 22, 2015, defendants IGLESIAS and  
24 MORALES met with Dr. Rigler and advised him that he was approximately  
25 \$60,000 behind in referrals for ancillary procedures and DME;  
26 defendants IGLESIAS and MORALES advised that referrals would resume if  
27 Dr. Rigler wrote a \$20,000-\$30,000 check to defendant PROVIDENCE  
28 SCHEDULING to reduce the amount owed.

1 q. On or about April 22, 2015, defendants IGLESIAS and  
2 MORALES informed Dr. Rigler that Company A was paying the defendants  
3 for each MRI referral, but only if those referrals were scheduled by  
4 defendant MEDEX.

5 r. On or about April 22, 2015, defendant MORALES  
6 instructed Dr. Rigler not to send text messages relating to the  
7 referral of applicants in order to conceal the conspirators' illegal  
8 referral scheme.

9 s. On or about April 28, 2015, defendants IGLESIAS and  
10 ARGUELLO met with Dr. Rigler and reviewed the number of applicants  
11 referred to Dr. Rigler in 2015 by defendant PROVIDENCE SCHEDULING.

12 t. On or about April 28, 2015, defendant IGLESIAS  
13 instructed Dr. Rigler not to mention IGLESIAS' name in text messages  
14 in order to conceal from authorities the defendants' illegal referral  
15 scheme.

16 u. On or about May 12, 2015, defendants IGLESIAS and  
17 ARGUELLO met with and informed Dr. Rigler that the defendants tracked  
18 the number of referrals for MRIs from Dr. Rigler's clinics to  
19 defendant MEDEX, which are completed by Company A, and Dr. Rigler only  
20 receives credit for those MRIs scheduled by MEDEX.

21 All in violation of Title 18, United States Code, Section 371.

22 Counts 2-3

23 HONEST SERVICES MAIL FRAUD, 18 U.S.C. §§ 1341, 1346 AND 2

24 18. Paragraphs 1 through 14 of the Introductory Allegations are  
25 realleged and incorporated by reference.

26 19. Beginning on a date unknown and continuing through at least  
27 April 2015, within the Southern District of California and elsewhere,  
28 defendants FERMIN IGLESIAS, CARLOS ARGUELLO, MIGUEL MORALES,

1 PROVIDENCE SCHEDULING, INC., MEDEX SOLUTIONS, INC., PRIME HOLDINGS  
 2 INT., INC., and MERIDIAN MEDICAL RESOURCES, INC., d.b.a. Meridian  
 3 Rehab Care, knowingly and with the intent to defraud, devised a  
 4 material scheme to defraud, that is, to deprive patients of their  
 5 intangible right to Dr. Steven Rigler's honest services.

6 20. Paragraphs 15 through 17 of this Indictment are realleged  
 7 and incorporated by reference as more fully describing the scheme to  
 8 defraud, that is, to deprive patients of their intangible right to Dr.  
 9 Rigler's honest services.

10 21. On or about the dates set forth below, within the Southern  
 11 District of California and elsewhere, defendants FERMIN IGLESIAS,  
 12 CARLOS ARGUELLO, MIGUEL MORALES, PROVIDENCE SCHEDULING, INC., MEDEX  
 13 SOLUTIONS, INC., PRIME HOLDINGS INT., INC., and MERIDIAN MEDICAL  
 14 RESOURCES, INC., d.b.a. Meridian Rehab Care, for the purpose of  
 15 executing and attempting to execute the above-described scheme and  
 16 artifice to defraud and deprive, knowingly caused to be delivered by  
 17 U.S. mail according to the directions thereon the following matter:

Count	Date	Mail Matter
2	October 21, 2014	lien form for reimbursement for ancillary procedures for J.C. secured through the payment of bribes and kickbacks
3	October 28, 2014	lien form for reimbursement for ancillary procedures for B.L. secured through the payment of bribes and kickbacks

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

25 //  
 26 //  
 27 //  
 28 //

FORFEITURE ALLEGATION

1  
2 22. Paragraphs 1 through 21 of this Indictment are realleged and  
3 incorporated as if fully set forth herein for the purpose of alleging  
4 forfeiture pursuant to Title 18, United States Code,  
5 Section 981(a)(1)(C), and Title 28, United States Code,  
6 Section 2461(c).

7 23. Upon conviction of the offenses of Conspiracy and Honest  
8 Services Mail Fraud as alleged in Counts 1 through 3, defendants  
9 FERMIN IGLESIAS, CARLOS ARGUELLO, MIGUEL MORALES, PROVIDENCE  
10 SCHEDULING, INC., MEDEX SOLUTIONS, INC., PRIME HOLDINGS INT., INC.,  
11 and MERIDIAN MEDICAL RESOURCES, INC., d.b.a. Meridian Rehab Care,  
12 shall forfeit to the United States all right, title, and interest in  
13 any property, real or personal, that constitutes or was derived from  
14 proceeds traceable to a violation of such offenses, a sum of money  
15 equal to the total amount of gross proceeds derived, directly or  
16 indirectly, from such offenses.

17 24. If any of the above described forfeitable property, as a  
18 result of any act or omission of defendants IGLESIAS, ARGUELLO,  
19 MORALES, PROVIDENCE SCHEDULING, MEDEX, PRIME HOLDINGS and MERIDIAN:  
20 (a) cannot be located upon the exercise of due diligence; (b) has been  
21 transferred or sold to, or deposited with, a third party; (c) has been  
22 placed beyond the jurisdiction of the Court; (d) has been  
23 substantially diminished in value; or (e) has been commingled with  
24 other property which cannot be divided without difficulty;

25 //

26 //

27 //

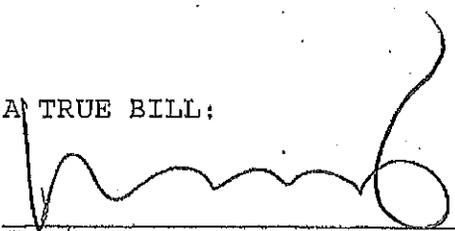
28

1 it was the intent of the United States, pursuant to Title 21, United  
2 States Code, Section 853(p) and Title 18, United States Code,  
3 Section 982(b), to seek forfeiture of any other property of defendants  
4 IGLESIAS, ARGUELLO, MORALES, PROVIDENCE SCHEDULING, MEDEX, PRIME  
5 HOLDINGS and MERIDIAN up to the value of the forfeitable property  
6 described above.

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

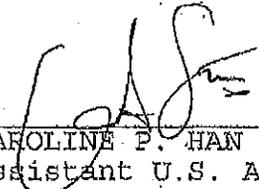
9 DATED: January 21, 2016.

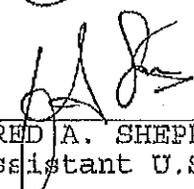
10 A TRUE BILL:

11   
12 \_\_\_\_\_  
13 Foreperson

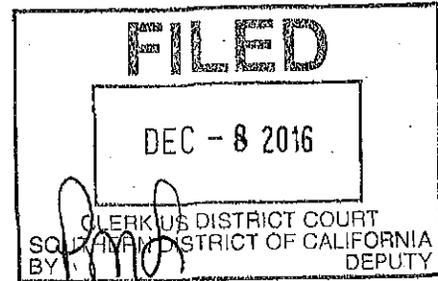
14 LAURA E. DUFFY  
15 United States Attorney

16 By:   
17 VALERIE H. CHU  
18 Assistant U.S. Attorney

19 By:   
20 CAROLINE P. HAN  
21 Assistant U.S. Attorney

22 By:   
23 FRED A. SHEPPARD  
24 Assistant U.S. Attorney  
25  
26  
27  
28

1 LAURA E. DUFFY  
United States Attorney  
2 FRED SHEPPARD  
Assistant United States Attorney  
3 California Bar No. 250781  
VALERIE H. CHU  
4 Assistant United States Attorney  
California Bar No. 241709  
5 CAROLINE P. HAN  
Assistant United States Attorney  
6 California Bar No. 250301  
Federal Office Building  
7 880 Front Street, Room 6293  
San Diego, California 92101-8893



8 Attorneys for United States of America

9  
10 **UNITED STATES DISTRICT COURT**  
11 **SOUTHERN DISTRICT OF CALIFORNIA**

12 UNITED STATES OF AMERICA,

Case No. 16CR0131-BAS

13 Plaintiff,

14 v.

PLEA AGREEMENT

15 FERMIN IGLESIAS (1),  
16 MEDEX SOLUTIONS, INC. (5),  
17 MERIDIAN MEDICAL RESOURCES, INC.  
18 d.b.a. Meridian Rehab Care (7),

19 Defendants.

20 IT IS HEREBY AGREED between the plaintiff, UNITED STATES OF AMERICA,  
21 through its counsel, Laura E. Duffy, United States Attorney, and Fred Sheppard, Valerie H.  
22 Chu and Caroline P. Han, Assistant United States Attorneys, and defendants FERMIN  
23 IGLESIAS ("Iglesias"), MEDEX SOLUTIONS, INC. ("MedEx"), and MERIDIAN  
24 MEDICAL RESOURCES, INC. dba MERIDIAN REHAB CARE ("Meridian"), with the  
25 advice and consent of Michael Attanasio, counsel for Defendants, as follows:  
26  
27  
28

Plea Agreement

Def. Initials

FA

I

THE PLEA

Defendants agree to waive Indictment and plead guilty to a Superseding Information charging Conspiracy to Commit Honest Services Mail Fraud and Health Care Fraud, in violation of 18 U.S.C. § 1349. Defendant Iglesias consents to the forfeiture allegations in the Information and agrees to entry of a money judgment against him in favor of the United States in the amount of \$1,005,000.

In exchange, the United States agrees to (1) not bring any additional criminal charges against Defendants for conduct outlined in the "Factual Basis" section of this plea agreement and (2) move to dismiss the Indictment filed in this matter without prejudice when Defendants are sentenced unless a Defendant breaches the plea agreement or any of the guilty pleas entered pursuant to this plea agreement are set aside for any reason. If any Defendant breaches this agreement or any of the guilty pleas are set aside, section XII below shall apply.

Defendants expressly waive all constitutional and statutory defenses to the initiation of any charges that the United States did not bring pursuant to this agreement.

II

NATURE OF THE OFFENSE

A. ELEMENTS EXPLAINED

Defendants understand that the offense to which Defendants are pleading guilty have the following elements:

Conspiracy [18 U.S.C. § 1349]

1. There was an agreement between two or more persons to commit Honest Services Mail Fraud and Health Care Fraud; and
2. The defendant entered into the agreement knowing of at least one of its objects and intending to help accomplish it.

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Honest Services Mail Fraud [18 U.S.C. § 1341 and 1346]

1. The defendant devised or knowingly participated in a scheme to deprive a victim of his or her right to a doctor's honest services;
2. The scheme was an unlawful cross-referral scheme, that is, defendants supplied patients to doctors and required the doctors to refer those patients to certain providers of ancillary medical goods and services; and the defendants received money from the providers or from healthcare insurers as part of the scheme;
3. The doctor, as a healthcare professional, owed a fiduciary duty to the patient, i.e., the victim;
4. The defendant acted with the intent to defraud by depriving the victim of his or her right to the doctor's honest services;
5. The defendant's act was material; that is, it had a natural tendency to influence, or was capable of influencing, a person's acts; and
6. The defendant used, or caused someone to use, the mails to carry out or to attempt to carry out the scheme or plan.

Health Care Fraud [18 U.S.C. § 1347]

1. The defendant knowingly executed, or attempted to execute, a scheme or artifice to defraud a health-care benefit program, or to obtain money or property owned by, or under the custody or control of, a health-care benefit program by means of false or fraudulent pretenses, representations, or promises.
2. The false or fraudulent pretenses, representations, or promises related to a material fact.
3. The defendant acted willfully and intended to defraud.
4. The defendant did so in connection with the delivery of or payment for health-care benefits, items, or services.

Corporate Criminal Liability

1  
2 As to MedEx and Meridian, a corporation is responsible for the acts of its agents or  
3 employees, done within the scope of their authority. Additionally, the acts of a  
4 corporation's agent or employee are within the scope of his or her authority if those acts are  
5 done on the corporation's behalf or for its benefit in the performance of the agent's general  
6 duties.

7 B. ELEMENTS UNDERSTOOD AND ADMITTED

8 Defendants have fully discussed the facts of this case with defense counsel and agree  
9 that they have committed each of the elements of the crime charged. Defendants further  
10 admit that there is a factual basis for their guilty pleas. Specifically, Defendants admit:

- 11 1. Carlos Arguello and defendant Fermin Iglesias ("Iglesias") recruited  
12 and/or facilitated the recruitment of workers' compensation applicants  
13 ("applicants") for legal and medical services in the Southern District of  
14 California and elsewhere.
- 15 2. The California Workers' Compensation System ("CWCS") required  
16 that employers in California provide workers' compensation benefits to  
17 their employees for qualifying injuries sustained in the course of their  
18 employment. The CWCS required claims administrators to authorize  
19 and pay for medical care which was "reasonably required to cure or  
20 relieve the injured worker from the effects of his or her injury," and  
21 included medical, surgical, chiropractic, and pharmaceuticals. CWCS  
22 insurers were private plans, affecting commerce, under which medical  
23 benefits, items and services were provided to individuals, and therefore  
24 were "health care benefit programs" under 18 U.S.C. § 24(b).
- 25 3. From at least 2013 through at least May 2015, within the Southern  
26 District of California and elsewhere, Defendants Iglesias, MedEx, Prime  
27 Holdings International, Inc., Meridian, Carlos Arguello, Miguel  
28 Morales, and Providence Scheduling, Inc., did knowingly and

1 intentionally conspire with and others to: commit Honest Services Mail  
2 Fraud, in violation of 18 U.S.C. § 1341 and 1346, and Health Care  
3 Fraud, in violation of 18 U.S.C. § 1347.

4 4. A purpose of the conspiracy was to fraudulently obtain money from  
5 CWCS insurers by submitting claims for medical goods and services  
6 that were secured through an unlawful cross-referral scheme in which  
7 defendants supplied patients to doctors and required the doctors to refer  
8 those patients to certain providers of ancillary medical goods and  
9 services, and the defendants received money from the providers or from  
10 healthcare insurers as part of the scheme, in violation of the doctors'  
11 fiduciary duty to their patients, and concealing from insurers and  
12 patients the bribes and kickbacks that rendered the claims unpayable  
13 under California law.

14 5. It was a part of the conspiracy that Iglesias, MedEx, Prime Holdings  
15 International, Inc., Meridian, Carlos Arguello, Miguel Morales, and  
16 Providence Scheduling, knowing that the payment of bribes and  
17 kickbacks in the form of a cross-referral scheme was unlawful, offered  
18 to refer applicants wanting medical care to certain doctors, in exchange  
19 for agreement by those doctors to refer such applicants for goods and  
20 services to certain co-conspirators.

21 6. It was a part of the conspiracy that Iglesias, Carlos Arguello, Miguel  
22 Morales, and Providence Scheduling, knowing that the payment of  
23 bribes and kickbacks in the form of a cross-referral scheme was  
24 unlawful, assigned a "value" to certain ancillary procedures, such as  
25 \$30-50 per MRI referral, and informed the doctors of those values.

26 7. It was a part of the conspiracy that Iglesias, Carlos Arguello, and Miguel  
27 Morales set a quota for the "value" of services the doctors were expected  
28 to prescribe for each applicant sent to them by Providence Scheduling.

- 1 8. If a doctor fell behind in meeting the quota, it was a part of the  
2 conspiracy that Iglesias, Carlos Arguello, Miguel Morales and  
3 Providence Scheduling ceased to assign applicants to those doctors until  
4 they agreed to make up for the shortfall in some manner.
- 5 9. It was a part of the conspiracy that Iglesias, Carlos Arguello, Miguel  
6 Morales, and Providence Scheduling only gave doctors "credit" towards  
7 meeting their quotas if the doctors used MedEx or other entities under  
8 the control of the defendants to schedule MRIs and other ancillary  
9 services.
- 10 10. It was a part of the conspiracy that Defendants Iglesias, MedEx, Prime  
11 Holdings International, Inc., as well as Carlos Arguello and Miguel  
12 Morales, received kickbacks and bribes in the form of a cross-referral  
13 scheme from providers of diagnostic imaging services, including Dr.  
14 Ronald Grusd (charged elsewhere) and others.
- 15 11. It was a part of the conspiracy that Iglesias, Prime Holdings  
16 International, Inc., Meridian, Carlos Arguello and Miguel Morales only  
17 gave doctors "credit" towards meeting their quotas for Durable Medical  
18 Equipment ("DME") referrals if those referrals were made to and filled  
19 by Meridian.
- 20 12. It was a part of the conspiracy that Iglesias, MedEx, Prime Holdings  
21 International, Inc., Meridian, Carlos Arguello, Miguel Morales,  
22 Providence Scheduling, and others obscured the true nature of their  
23 financial relationships in order to conceal their corrupt cross-referral  
24 scheme.
- 25 13. It was a part of the conspiracy that Iglesias, MedEx, Prime Holdings  
26 International, Inc., Meridian, Carlos Arguello, Miguel Morales, and  
27 Providence Scheduling discussed via telephone calls, text messages,  
28

1 emails, and in-person meetings the applicants who had been corruptly  
2 assigned to doctors to meet quotas for referrals to specific providers.

3 14. It was a part of the conspiracy that Iglesias, MedEx, Prime Holdings  
4 International, Inc., Meridian, Carlos Arguello, Miguel Morales, and  
5 Providence Scheduling utilized interstate facilities, including cellular  
6 telephones and email, in order to coordinate and promote the corrupt  
7 cross-referral scheme.

8 15. It was a part of the conspiracy that Iglesias, MedEx, Prime Holdings  
9 International, Inc., Meridian, Carlos Arguello, Miguel Morales, and  
10 Providence Scheduling used or caused to be used the mails and wires to  
11 send bills to insurers for DME provided to applicants procured via their  
12 corrupt cross-referral scheme.

13 16. It was a part of the conspiracy that Iglesias, MedEx, Prime Holdings  
14 International, Inc., Meridian, Carlos Arguello, Miguel Morales, and  
15 Providence Scheduling intended other providers, including Dr. Grusd  
16 and others, to use the mails and wires to bill insurers for procedures  
17 provided to applicants procured via their corrupt cross-referral scheme.

18 17. It was a part of the conspiracy that Iglesias, MedEx, Prime Holdings  
19 International, Inc., Meridian, Carlos Arguello, Miguel Morales, and  
20 Providence Scheduling, co-conspirator Dr. Grusd and others, concealed  
21 from insurers and patients the material fact that referrals were made  
22 because of bribes and kickbacks specifically prohibited by California  
23 law.

24 18. Iglesias, MedEx, Prime Holdings International, Inc., and Meridian  
25 further admit the truth of each paragraph in the introductory allegations,  
26 overt acts and manner and means sections of the indictment in this  
27 matter, filed January 21, 2016, or that the Government can prove each  
28 paragraph in that indictment beyond a reasonable doubt.

1 19. Iglesias, MedEx, Prime Holdings International, Inc., and Meridian  
2 further admit that Iglesias was acting in his role as an officer and  
3 executive of MedEx, Meridian and Prime Holdings International, Inc.  
4 when he directed that action be taken by one of those entities related to  
5 the corrupt cross-referral scheme related herein.

6 20. MedEx, Meridian and Prime Holdings International, Inc., acknowledge  
7 that a corporation is responsible for the acts of its agents or employees,  
8 done within the scope of their authority. MedEx, Meridian and Prime  
9 Holdings International, Inc., further acknowledge that the acts of a  
10 corporation's agent or employee are within the scope of his or her  
11 authority if those acts are done on the corporation's behalf or for its  
12 benefit in the performance of the agent's general duties. As to the  
13 scheme outline in this factual basis and set forth in the indictment filed  
14 January 21, 2016, MedEx, Meridian and Prime Holdings International,  
15 Inc., admit that Iglesias was acting within the scope of his employment  
16 and for the benefit of MedEx, Meridian and Prime Holdings  
17 International, Inc.

18 21. Iglesias, MedEx, Prime Holdings International, Inc., and Meridian  
19 further admit that their scheme involved multiple doctors, including but  
20 not limited to Dr. Steven Rigler, Dr. D.K. and Dr. J.C.

21 22. In addition, Iglesias, MedEx, Prime Holdings International, Inc., and  
22 Meridian agree and admit that the intended loss encompassed by them  
23 and their conspirators' total criminal conduct exceeded \$9.5 million in  
24 claims to healthcare insurance providers. Iglesias, MedEx, Prime  
25 Holdings International, Inc., and Meridian further agree that the gross  
26 income derived from this corrupt cross-referral scheme exceeded \$5  
27 million.  
28

1 23. Iglesias admits that over the course of the scheme, he received  
2 approximately \$1,005,000 from Medex Solutions, Medex Funding  
3 Solutions, and Prime Holdings International, Inc., and agrees that this  
4 amount is forfeitable as proceeds of his unlawful conduct.

5 **III**

6 **PENALTIES**

7 Defendant Iglesias understands that the crime to which he is pleading guilty carries  
8 the following penalties:

- 9 A. a maximum 20 years in prison;
- 10 B. a maximum \$250,000 fine, or twice the gross gain or loss derived from the  
11 offense;
- 12 C. a mandatory special assessment of \$100 per count; and
- 13 D. a term of supervised release of 3 years. Defendant understands that failure to  
14 comply with any of the conditions of supervised release may result in  
15 revocation of supervised release, requiring defendant to serve in prison, upon  
16 any such revocation, all or part of the statutory maximum term of supervised  
17 release for the offense that resulted in such term of supervised release.
- 18 E. an order from the Court pursuant to 18 U.S.C. § 3663A that Defendant make  
19 mandatory restitution to the victims of the offense of conviction, or the  
20 estate(s) of the victims(s). Defendant understands that the Court shall also  
21 order, if agreed to by the parties in this plea agreement, restitution to persons  
22 other than the victims of the offense of conviction.
- 23 F. an order of forfeiture of any property, real or personal, which constitutes or is  
24 derived from proceeds traceable to the offense.

25 Defendants Medex Solutions, Inc. and Meridian Medical Resources, Inc., understand  
26 that the crime to which they are pleading guilty carries the following penalties:

- 27 A. a maximum 5 years of probation, and a minimum of 1 year of probation;
- 28

- 1 B. a maximum fine of \$500,000, or twice the gross gain or loss derived from  
2 the offense;
- 3 C. a mandatory special assessment of \$400 per count;
- 4 D. an order from the Court pursuant to 18 U.S.C. § 3663A that defendant make  
5 restitution to the victim(s) of the offense of conviction, or the estate(s) of the  
6 victims(s); and
- 7 E. forfeiture of all property that constitutes or is derived from proceeds  
8 traceable to the offense to which Defendant is pleading guilty (18 U.S.C.  
9 § 981(a)(1)(C) and 28 U.S.C. § 2461(c)).
- 10 F. Defendant understands that the Court may also order, if agreed to by the  
11 parties in this plea agreement, restitution to persons other than the victim(s)  
12 of the offense of conviction.

13 IV

14 **DEFENDANTS' WAIVER OF TRIAL RIGHTS**

15 The defendants understand that this guilty plea waives the right to:

- 16 A. Continue to plead not guilty and require the Government to prove the  
17 elements of the crime beyond a reasonable doubt;
- 18 B. A speedy and public trial by jury;
- 19 C. The assistance of counsel at all stages of trial;
- 20 D. Confront and cross-examine adverse witnesses;
- 21 E. Testify and present evidence and to have witnesses testify on behalf of  
22 defendant; and,
- 23 F. Not testify or have any adverse inferences drawn from the failure to testify.

24 The defendants knowingly and voluntarily waive any rights and defenses the  
25 defendants may have under the Excessive Fines Clause of the Eighth Amendment to the  
26 United States Constitution to the forfeiture of property in this proceeding or any related civil  
27 proceeding.

V

**DEFENDANTS ACKNOWLEDGE NO PRETRIAL RIGHT TO BE PROVIDED WITH IMPEACHMENT AND AFFIRMATIVE DEFENSE INFORMATION**

The Government represents that any information establishing the factual innocence of defendant known to the undersigned prosecutor in this case has been turned over to defendant. The Government will continue to provide such information establishing the factual innocence of Defendants.

Defendants understand that if this case proceeded to trial, the Government would be required to provide impeachment information relating to any informants or other witnesses. In addition, if Defendants raised an affirmative defense, the Government would be required to provide information in its possession that supports such a defense. Defendants acknowledge, however, that by pleading guilty defendants will not be provided this information, if any, and Defendants also waive the right to this information. Finally, defendants agree not to attempt to withdraw the guilty plea or to file a collateral attack based on the existence of this information.

VI

**DEFENDANTS' REPRESENTATION THAT GUILTY PLEA IS KNOWING AND VOLUNTARY**

Each defendant represents that:

- A. Defendant has had a full opportunity to discuss all the facts and circumstances of this case with defense counsel and has a clear understanding of the charges and the consequences of this plea. Defendant understands that, by pleading guilty, defendant may be giving up, and rendered ineligible to receive, valuable government benefits and civic rights, such as the right to vote, the right to possess a firearm, the right to hold office, and the right to serve on a jury. Defendant further understands that the conviction in this case may subject defendant to various collateral consequences, including but not limited to deportation, removal or other adverse immigration consequences; revocation of probation, parole, or supervised release in another case; debarment from government contracting; and suspension or revocation of a professional license, as well as civil and administrative liability, none of which will serve as grounds to withdraw defendant's guilty plea.

1 B. No one has made any promises or offered any rewards in return for this  
2 guilty plea, other than those contained in this agreement or otherwise  
3 disclosed to the Court.

4 C. No one has threatened defendant or defendant's family to induce this guilty  
5 plea.

6 D. Defendant is pleading guilty because in truth and in fact defendant is guilty  
7 and for no other reason.

8 **VII**

9 **AGREEMENT LIMITED TO U.S. ATTORNEY'S OFFICE**  
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 This plea agreement is limited to the United States Attorney's Office for the Southern  
12 District of California, and cannot bind any other federal, state or local prosecuting,  
13 administrative, or regulatory authorities, although the Government will bring this plea  
14 agreement to the attention of other authorities if requested by Defendants.

15 **VIII**

16 **APPLICABILITY OF SENTENCING GUIDELINES**

17 Defendants understand the sentence imposed will be based on the factors set forth  
18 in 18 U.S.C. § 3553(a). Defendants understand further that in imposing the sentence, the  
19 sentencing judge must consult the United States Sentencing Guidelines (Guidelines) and  
20 take them into account. Defendants have discussed the Guidelines with defense counsel  
21 and understand that the Guidelines are only advisory, not mandatory, and the Court may  
22 impose a sentence more severe or less severe than otherwise applicable under the  
23 Guidelines, up to the maximum in the statute of conviction. Defendants understand further  
24 that their sentences cannot be determined until a presentence report has been prepared for  
25 each defendant by the U.S. Probation Office and both defense counsel and the Government  
26 have had an opportunity to review and challenge the presentence report. Nothing in this  
27 plea agreement shall be construed as limiting the Government's duty to provide complete  
28 and accurate facts to the district court and the U.S. Probation Office.

## IX

**SENTENCE IS WITHIN SOLE DISCRETION OF JUDGE**

This plea agreement is made pursuant to Federal Rule of Criminal Procedure 11(c)(1)(B). Defendants understand that the sentence is within the sole discretion of the sentencing judge. The Government has not made and will not make any representation as to what sentence Defendants will receive. Defendants understand that the sentencing judge may impose the maximum sentence provided by statute, and is also aware that any estimate of the probable sentence by defense counsel is a prediction, not a promise, and is not binding on the Court. Likewise, the recommendation made by the Government is not binding on the Court, and it is uncertain at this time what Defendants' sentences will be. Defendants also have been advised and understand that if the sentencing judge does not follow any of the parties' sentencing recommendations, Defendants nevertheless have no right to withdraw their pleas.

## X

**PARTIES' SENTENCING RECOMMENDATIONS**A. **SENTENCING GUIDELINE CALCULATIONS**

Although the parties understand that the Guidelines are only advisory and just one of the factors the Court will consider under 18 U.S.C. § 3553(a) in imposing a sentence, the United States and Defendant Iglesias will jointly recommend the following Base Offense Level, Specific Offense Characteristics, Adjustments and Departures:

- |    |   |     |
|----|---|-----|
| 1. | Base Offense Level [§ 2B1.1]                                | 7   |
| 2. | Intended loss more than \$9.5 million<br>[§ 2B1.1(b)(1)(K)] | +20 |
| 3. | Sophisticated Means [§ 2B1.1(b)(10)(C)]                     | +2  |
| 4. | Aggravated Role [§ 3B1.1(a)]                                | +4  |
| 5. | Abuse of Position of Trust [§ 3B1.3]                        | +2  |
| 6. | Acceptance of Responsibility [§ 3E1.1]                      | -3  |

1 Although the parties understand that the Guidelines are only advisory and just one  
 2 of the factors the Court will consider under 18 U.S.C. § 3553(a) in imposing a sentence,  
 3 the United States and Defendants Medex Solutions, Inc. and Meridian Medical Resources,  
 4 Inc., will jointly recommend the following Base Offense Level, Specific Offense  
 5 Characteristics, Adjustments and Departures. Moreover, Defendants Iglesias, Medex  
 6 Solutions, Inc. and Meridian Medical Resources, Inc., agree that the conduct of Defendant  
 7 Prime Holdings International, Inc., or any company in which Defendant Prime Holdings  
 8 International, Inc. has an interest, may be considered in determining the applicable fine:

- |    |    |                                       |               |
|----|----|---------------------------------------|---------------|
| 9  | 1. | Base Offense Level [§ 2B1.1]          | 7             |
| 10 | 2. | Intended loss more than \$9.5 million | +20           |
| 11 |    | [USSG §2B1.1(b)(1)(I)]                |               |
| 12 | 3. | Base Fine – Offense Level 27          | \$8.5 million |
| 13 |    | [USSG §8C2.4(d)]                      |               |
| 14 | 4. | Culpability Score                     | 5             |
| 15 |    | [USSG §§8C2.5(a)]                     |               |
| 16 | 5. | Multiplier [USSG §8C2.6 ]             | 1-2           |

17 Guideline Fine Range [USSG §8C2.7]: \$8.5 million - \$17 million

18 B. ACCEPTANCE OF RESPONSIBILITY

19 Notwithstanding paragraph A.6 above, the USAO will not be obligated to  
 20 recommend any adjustment for Acceptance of Responsibility under U.S.S.G. §§ 3E1.1 or  
 21 8C2.5 if any Defendants engage in conduct inconsistent with acceptance of responsibility  
 22 including, but not limited to, the following:

- 23 1. Fails to truthfully admit a complete factual basis as stated in the plea  
 24 at the time the plea is entered, or falsely denies, or makes a statement  
 25 inconsistent with, the factual basis set forth in this agreement;
- 26 2. Falsely denies prior criminal conduct or convictions;
- 27 3. Is untruthful with the Government, the Court or probation officer;
- 28 4. Materially breaches this plea agreement in any way; or

1 5. Contests or assists any third party in contesting the forfeiture of  
2 property(ies) seized in connection with this case, and any  
3 property(ies) to which the defendant has agreed to forfeit as set forth  
4 in the attached forfeiture addendum.

5 C. FURTHER ADJUSTMENTS AND SENTENCE REDUCTIONS  
6 INCLUDING THOSE UNDER 18 U.S.C. § 3553

7 The parties agree that Defendants may request or recommend additional downward  
8 adjustments, departures, including criminal history departures under USSG § 4A1.3, or  
9 sentence reductions under 18 U.S.C. § 3553, other than those related to the adjustments set  
10 forth in Section X, paragraph A above. The Government will oppose any such downward  
11 adjustments, departures and sentence reductions not set forth in Section X, paragraph A  
12 above.

13 D. NO AGREEMENT AS TO CRIMINAL HISTORY CATEGORY

14 The parties have **no** agreement as to defendant's Criminal History Category.

15 E. "FACTUAL BASIS" AND "RELEVANT CONDUCT" INFORMATION

16 The parties agree that the facts in the "factual basis" paragraph of this agreement are  
17 true, and may be considered as "relevant conduct" under USSG § 1B1.3 and as the nature  
18 and circumstances of the offense under 18 U.S.C. § 3553(a)(1).

19 F. PARTIES' RECOMMENDATIONS REGARDING CUSTODY

20 The parties agree that the Government will recommend that Defendant Iglesias be  
21 sentenced within the advisory guideline range as calculated by the Government pursuant  
22 to this agreement.

23 G. SPECIAL ASSESSMENT/FINE/RESTITUTION/FORFEITURE

24 1. Special Assessment.

25 The parties will jointly recommend that Defendant Iglesias pay a special assessment  
26 in the amount of \$100.00 per count of conviction in the federal case to be paid forthwith at  
27 the time of sentencing. The parties will jointly recommend that Defendants Medex  
28 Solutions, Inc. and Meridian Medical Resources, Inc., pay a special assessment in the

1 amount of \$400.00 per count of conviction in the federal case to be paid forthwith at the  
2 time of sentencing. The special assessments shall be paid through the office of the Clerk of  
3 the District Court by bank or cashier's check or money order made payable to the "Clerk,  
4 United States District Court."

5 2. Fine.

6 In light of the forfeiture order as to Defendant Iglesias, the parties do not request a  
7 fine as to him. As to Defendants Medex Solutions, Inc. and Meridian Medical Resources,  
8 Inc., parties agree that the Government will recommend a fine within the range calculated  
9 above. Moreover, Defendants Iglesias, Medex Solutions, Inc. and Meridian Medical  
10 Resources, Inc., agree that Defendants Medex Solutions, Inc. and Meridian Medical  
11 Resources, Inc., are jointly and severally liable as to any fine imposed.

12 3. Restitution.

13 In this case, pursuant to 18 U.S.C. § 3663A(c)(3)(B), because determining complex  
14 issues of fact related to the cause or amount of the victims' losses would unduly burden the  
15 sentencing process, the parties agree to jointly recommend no restitution.

16 Defendants understand that, notwithstanding the parties' recommendation, victims  
17 may submit claims for restitution to the Court, and the Court may order restitution in an  
18 amount up to the total losses suffered by victims as a result of Defendants' scheme.  
19 Defendant agrees that a restitution award in an unanticipated amount is not grounds to  
20 withdraw Defendant's guilty plea.

21 Defendant further understands that victims may submit claims for restitution to the  
22 United States, which will convey them to the Court and may advocate on behalf of the  
23 victims as required by the Mandatory Victim Rights Act. The parties agree that the  
24 Government's fulfilling statutory duties to victims shall not constitute a breach of this plea  
25 agreement.

26 If restitution is ordered, the total amount of restitution shall be due immediately and  
27 shall be ordered to be paid forthwith. Any payment schedule imposed by the Court  
28 establishes only a minimum obligation. Defendants will make a good faith effort to pay

1 any restitution. Regardless of Defendants' compliance, any payment schedule does not  
2 limit the United States' ability to collect additional amounts from Defendants through all  
3 available collection remedies at any time.

4 In addition, Defendants agree to waive any claim for reimbursement for any claim  
5 submitted in their name or in the name of Prime Holdings International, Inc. (including any  
6 DBA or successor in interest of the defendants), or any entity operating on their behalf or  
7 under their control from 2013 through 2015 inclusive in connection with the cross-referral  
8 scheme outlined in the factual basis and the Indictment filed January 21, 2016.

9 4. Forfeiture

10 Defendant Iglesias consents to the forfeiture allegations of the Superseding  
11 Information. Defendant Iglesias admits that the money judgment in the amount of  
12 \$1,005,000 represents proceeds of the offense of conviction and is subject to forfeiture to  
13 the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c). Defendant  
14 Iglesias further agrees that the United States may seek to substitute other property up to the  
15 full amount of the judgment pursuant to 28 U.S.C. § 2461(c).

16 Defendant Iglesias consents and agrees to the immediate entry of an Order of  
17 forfeiture upon entry of the guilty plea. Defendant Iglesias further agrees that upon entry  
18 of the Order of forfeiture, such Order will be considered final as to Defendant Iglesias'  
19 interests. Defendant Iglesias waives the requirements of Federal Rules of Criminal  
20 Procedure 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument,  
21 announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the  
22 judgment. Defendant Iglesias understands that the forfeiture of assets is part of the  
23 sentence that may be imposed in this case and waives any failure by the Court to advise  
24 Defendant of this, pursuant to Rule 11(b)(1)(J), at the time the Court accepts the guilty  
25 plea.

26 Defendant Iglesias agrees that interest shall accrue on the judgment from the date of  
27 entry of the Order of forfeiture and shall accrue thereon in accordance with 18 U.S.C.  
28 §3612(f) and 28 U.S.C. §1961. Defendant Iglesias agrees that the United States may take

1 any and all actions available to it to collect the full amount of the judgment, including, but  
2 not limited to enforcement of the judgment against substitute assets as provided in 21  
3 U.S.C. §853(p) and actions available under the Federal Debt Collections Procedure Act.  
4 Defendant Iglesias agrees to use his best efforts to pay the judgment.

5 Defendant Iglesias further agrees that the criminal forfeiture money judgment  
6 imposed by the Court will be (i) subject to immediate enforcement, and (ii) submitted to  
7 the Treasury Offset Program so that any federal payment or transfer of returned property  
8 the Defendant Iglesias receives may be offset and applied to the outstanding balance on the  
9 forfeiture judgment.

10 Defendant Iglesias further agrees to waive all constitutional and statutory challenges  
11 in any manner (including direct appeal, habeas corpus, or any other means) to any forfeiture  
12 carried out in accordance with this agreement on any grounds, including that the forfeiture  
13 constitutes an excessive fine or punishment. Defendant Iglesias agrees to take all steps as  
14 requested by the United States to pass clear title to forfeitable assets to the United States,  
15 and to testify truthfully in any judicial forfeiture proceeding.

16 Defendant Iglesias agrees that the forfeiture provisions of this plea agreement are  
17 intended to, and will, survive Defendant Iglesias, notwithstanding the abatement of any  
18 underlying criminal conviction after the execution of this agreement. The forfeitability of  
19 any particular property pursuant to this agreement shall be determined as if Defendant  
20 Iglesias had survived, and that determination shall be binding upon Defendant Iglesias'  
21 heirs, successors and assigns until the agreed forfeiture, including any agreed money  
22 judgment amount, is collected in full.

23 The forfeiture described above shall be paid through the Office of the Clerk of the  
24 District Court by bank or cashier's check or money order made payable to the "Clerk,  
25 United States District Court." Defendant Iglesias agrees and consents, that upon execution  
26 of this plea agreement, the United States may obtain credit reports on Defendant Iglesias  
27 and share the contents with U.S. Probation and the Court.

1 In addition, Iglesias, MedEx, and Meridian agree that not later than 30 days after  
2 pleading guilty, Iglesias, MedEx, and Meridian shall provide to the United States, under  
3 penalty of perjury, a financial disclosure form listing all assets and financial interests  
4 valued at more than \$1,000. Defendants understand that these assets and financial interests  
5 include all assets and financial interests in which Iglesias, MedEx, and Meridian have an  
6 interest, direct or indirect, whether held in their own name or in the name of another person  
7 or corporate entity, in any property, real or personal. Iglesias, MedEx, and Meridian shall  
8 also identify all assets valued at more than \$5,000, which have been transferred to third  
9 parties since January 26, 2016, including the location of the assets and the identity of the  
10 third parties. Iglesias shall provide the same disclosure outlined in this paragraph on behalf  
11 of Prime Holdings International, Inc., not later than 30 days after Iglesias has pled guilty.

#### 12 H. SUPERVISED RELEASE

13 If the Court imposes a term of supervised release, Defendant Iglesias agrees that he  
14 will not later seek to reduce or terminate early the term of supervised release until he has  
15 served at least 2/3 of his term of supervised release and has fully paid and satisfied any  
16 special assessments, fine, criminal forfeiture judgment and restitution judgment.

#### 17 XI

#### 18 DEFENDANT WAIVES APPEAL AND COLLATERAL ATTACK

19 Defendants waive (give up) all rights to appeal and to collaterally attack every aspect  
20 of the convictions and sentences, including any restitution order unless the Court imposes  
21 a custodial sentence above the high end of the guideline range as calculated in paragraphs  
22 X.A and X.B above, without consideration of any other adjustments or departures. If the  
23 custodial sentence is greater than the high end of that range, Defendant may appeal the  
24 sentence only, but the United States will be free to support on appeal the sentence actually  
25 imposed.

26 Defendants waive, to the full extent of the law, any right to collaterally attack the  
27 convictions and/or sentences, except for a post-conviction collateral attack based on a claim  
28 of ineffective assistance of counsel.

1 If Defendants appeal, the United States may support on appeal the sentence or  
2 restitution order actually imposed.

3 **XII**

4 **BREACH OF THE PLEA AGREEMENT**

5 **A. MATERIAL BREACH OF PLEA AGREEMENT**

6 Defendants acknowledge, understand, and agree that if Defendants violate or fail to  
7 perform any of Defendants' obligations under this agreement, such violation or failure to  
8 perform will constitute a material breach of this agreement.

9 Defendants acknowledge, understand, and agree further that the following non-  
10 exhaustive list of conduct by Defendants unquestionably constitutes a material breach of  
11 this plea agreement:

- 12 1. Failing to plead guilty pursuant to this agreement;
- 13 2. Withdrawing the guilty plea or attempting to withdraw the guilty plea;
- 14 3. Failing to fully accept responsibility as established in Section X,  
15 paragraph B, above;
- 16 4. Failing to appear in court;
- 17 5. Failing to abide by any lawful court order related to this case;
- 18 6. Appealing or collaterally attacking the sentence or conviction in  
19 violation of Section XI of this plea agreement; or
- 20 7. Engaging in additional criminal conduct from the time of arrest until  
21 the time of sentencing.

22  
23 //  
24 //  
25

26 **B. CONSEQUENCES OF BREACH**

1 In the event of Defendants' material breach of this plea agreement, Defendants will  
 2 not be able to enforce any of its provisions, and the United States will be relieved of all its  
 3 obligations under this plea agreement. For example, the United States may pursue any  
 4 charges including those that were dismissed, promised to be dismissed, or not filed as a  
 5 result of this agreement (Defendants agree that any statute of limitations relating to such  
 6 charges is tolled as of the date of this agreement; Defendants also waive any double  
 7 jeopardy defense to such charges). In addition, the United States may move to set aside  
 8 Defendant's guilty plea. Defendants may not withdraw their guilty pleas based on the  
 9 United States' pursuit of remedies for Defendants' breach.

### XIII

#### COMPLETE WAIVER OF PLEA-DISCUSSION EXCLUSION RIGHTS

10  
 11  
 12 In exchange for the United States' concessions in this agreement, Defendants agree  
 13 that: (i) the stipulated factual basis statement in this agreement; (ii) any statements made  
 14 by Defendants, under oath, at the guilty plea hearing (before either a Magistrate Judge or a  
 15 District Judge); and (iii) any evidence derived from such statements, are admissible against  
 16 Defendants in the prosecution's case-in-chief and at any other stage of the proceedings in  
 17 any prosecution of or action against Defendants on the current charges and/or any other  
 18 charges that the United States may pursue against Defendants. Additionally, Defendants  
 19 knowingly, voluntarily, and intelligently waive any argument under the United States  
 20 Constitution, any statute, Federal Rule of Evidence 410, Federal Rule of Criminal  
 21 Procedure 11(f), and/or any other federal rule, that these statements or any evidence derived  
 22 from these statements should be suppressed or are inadmissible. Defendants' waiver of the  
 23 aforementioned rights is effective as soon as the parties sign this agreement, and is not  
 24 contingent upon the Court ultimately accepting Defendants' guilty pleas.

25 //

26 //

### XIV

#### ENTIRE AGREEMENT

1 This plea agreement embodies the entire agreement between the parties and  
2 supersedes any other agreement, written or oral.

3 **XV**

4 **MODIFICATION OF AGREEMENT MUST BE IN WRITING**

5 No modification of this plea agreement shall be effective unless in writing signed by  
6 all parties.

7 **XVI**

8 **DEFENDANT AND COUNSEL FULLY UNDERSTAND AGREEMENT**

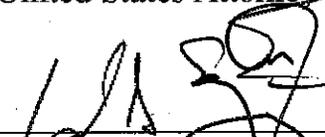
9 By signing this agreement, Defendants certify that Defendants have read it.  
10 Defendants have discussed the terms of this agreement with defense counsel and fully  
11 understands its meaning and effect.

12 **XVII**

13 **DEFENDANTS SATISFIED WITH COUNSEL**

14 Defendants have consulted with counsel and are satisfied with counsel's  
15 representation. This is Defendants' independent opinion, and their counsel did not advise  
16 them about what to say in this regard.

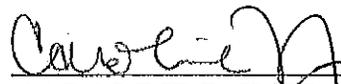
17 LAURA E. DUFFY  
18 United States Attorney

19   
20 FRED A. SHEPPARD  
21 Assistant U.S. Attorney

19 12/7/2016  
20 DATED

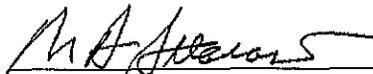
22   
23 VALERIE H. CHU  
24 Assistant U.S. Attorney

23 12/5/2016  
24 DATED

25   
26 CAROLINE P. HAN  
27 Assistant U.S. Attorney

26 12/5/16  
27 DATED

1  
2 12/05/16  
3 DATED

  
MICHAEL ATTANASIO  
Defense Counsel

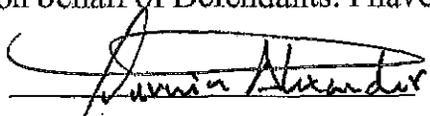
4  
5 **IN ADDITION TO THE FOREGOING PROVISIONS TO WHICH I AGREE, I**  
6 **SWEAR UNDER PENALTY OF PERJURY THAT THE FACTS IN THE**  
7 **"FACTUAL BASIS" SECTION ABOVE ARE TRUE.**

8  
9 12/04/2016  
10 DATED

  
FERMIN IGLESIAS  
Defendant

11 Defendant's Signature: As corporate representative for Defendants Medex Solutions, Inc.  
12 and Meridian Medical Resources, Inc., I have consulted with counsel for Defendants and  
13 fully understand all rights of Defendants with respect to this Plea Agreement. Further, I  
14 fully understand all rights with respect to 18 U.S.C. § 3553 and the provisions of the  
15 Sentencing Guidelines that may apply in this case. I have read this Plea Agreement and  
16 carefully reviewed every part of it with counsel for Defendants. I understand this agreement  
17 and voluntarily accept it on behalf of Defendants. I have valid authority to sign on behalf of  
18 Defendants.

17 12/04/2016  
18 DATED



19 FERMIN IGLESIAS  
20 Chief Executive Officer  
21 Defendant MEDEX SOLUTIONS, INC.

22 FERMIN IGLESIAS  
23 Chief Executive Officer  
24 Defendant MERIDIAN MEDICAL RESOURCES, INC.