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CENTRAL DIST. OF CALIF.
SANTA ANA

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UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

LAUREN PAPA,

Defendant.

SA CR No. 18- 00125 JLS

I N F O R M A T I O N

[18 U.S.C. § 371: Conspiracy;
18 U.S.C. § 981(a)(1)(C) and 28
U.S.C. § 2461(c): Criminal
Forfeiture]

The United States Attorney charges:

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 ("Drobot"). Along with Drobot, unindicted co-conspirator A ("UCC-A") owned and/or operated Pacific Hospital from in or around 2005 to in or around October 2010. James Canedo ("Canedo") was the Chief Financial Officer of Pacific Hospital. UCC-B was the General Counsel and Chief Compliance Officer of Pacific Hospital. UCC-C was

1 an executive and attorney who oversaw personal injury cases at
2 Pacific Hospital and also tracked referrals from multiple marketers
3 for Pacific Hospital.

4 2. UCC-D was a neurosurgeon practicing out of various medical
5 clinics located in the Central District of California, including in
6 Sherman Oaks, Garden Grove, Torrance, and Beverly Hills, California.

7 3. Defendant LAUREN PAPA ("defendant PAPA") was a chiropractor
8 with a medical clinic located at 4955 Van Nuys Boulevard, Suite 407,
9 in Sherman Oaks, California, who referred patients requiring spinal
10 surgery to UCC-D and others.

11 4. Pacific Specialty Physician Management, Inc. ("PSPM") was a
12 corporation, owned and/or controlled by Drobot and others and
13 headquartered in Newport Beach, California, that provided management
14 services for physicians' offices and entered into various contractual
15 arrangements with physicians, chiropractors, and others to steer
16 business to Pacific Hospital. UCC-E was a PSPM executive and
17 administrator who facilitated PSPM's relationships with physicians.
18 UCC-F was the Chief Financial Officer at PSPM from approximately mid-
19 2008 to late-2013.

20 5. Linda Martin ("Martin") was a former PSPM executive, who,
21 in or about September 2010, returned as a PSPM "marketer" to
22 facilitate kickback arrangements between Pacific Hospital and
23 Affiliated Entities, on the one hand, and kickback recipients, on the
24 other hand.

25 California Workers' Compensation System ("CWCS")

26 6. The California Workers' Compensation System ("CWCS") was a
27 system created by California law to provide insurance covering
28 treatment of injury or illness suffered by individuals in the course

1 of their employment. Under the CWCS, employers were required to
2 purchase workers' compensation insurance policies from insurance
3 carriers' to cover their employees. When an employee suffered a
4 covered injury or illness and received medical services, the medical
5 service provider submitted a claim for payment to the relevant
6 insurance carrier, which then paid the claim. Claims were submitted
7 to and paid by insurance carriers either by mail or electronically.
8 The CWCS was governed by various California laws and regulations.

9 7. The California State Compensation Insurance Fund ("SCIF")
10 was a non-profit insurance carrier, created by the California
11 Legislature, that provided workers' compensation insurance to
12 employees in California, including serving as the "insurer of last
13 resort" under the CWCS system for employers without any other
14 coverage.

15 Health Care Programs

16 8. SCIF and other workers' compensation insurance carriers,
17 personal injury insurers, and other public and private plans and
18 contracts, were "health care benefit programs" (as defined in 18
19 U.S.C. § 24(b)), that affected commerce.

20 Relevant California Laws Pertaining to Bribery and Kickbacks

21 9. California law, including but not limited to the California
22 Business and Professions Code, the California Insurance Code, and the
23 California Labor Code, prohibited the offering, delivering,
24 soliciting, or receiving of anything of value in return for referring
25 a patient for medical services.

26 10. California Business & Professions Code Section 650
27 prohibited the offer, delivery, receipt, or acceptance by certain
28 licensees -- specifically including physicians -- of any commission

1 or other consideration, whether in the form of money or otherwise, as
2 compensation or inducement for referring patients, clients, or
3 customers to any person.

4 11. California Insurance Code Section 750(a) prohibited anyone
5 who engaged in the practice of processing, presenting, or negotiating
6 claims -- including claims under policies of insurance -- from
7 offering, delivering, receiving, or accepting any commission or other
8 consideration, whether in the form of money or otherwise, as
9 compensation or inducement to any person for the referral or
10 procurement of clients, cases, patients, or customers.

11 Fiduciary Duties and the Physician-Patient Relationship

12 12. A "fiduciary" obligation generally existed whenever one
13 person -- a client -- placed special trust and confidence in another
14 -- the fiduciary -- in reliance that the fiduciary would exercise his
15 or her discretion and expertise with the utmost honesty and
16 forthrightness in the interests of the client, such that the client
17 could relax the care and vigilance she or he would ordinarily
18 exercise, and the fiduciary knowingly accepted that special trust and
19 confidence and thereafter undertook to act on behalf of the client
20 based on such reliance.

21 13. Physicians owed a fiduciary duty to their patients,
22 requiring physicians to act in the best interest of their patients,
23 and not for their own professional, pecuniary, or personal gain.
24 Physicians owed a duty of honest services to their patients for
25 decisions made relating to the medical care of those patients,
26 including the informed choice of whether to undergo surgery and other
27 medical procedures, as well as the selection of a provider and
28 facility for such surgeries and procedures. Patients' right to

1 honest services from physicians included the right not to have
2 physician-fiduciaries solicit or accept bribes and kickbacks
3 connected to the medical care of such patients, specifically
4 including decisions concerning patient-related referrals in
5 connection with spinal surgeries, other types of surgeries, magnetic
6 resonance imaging ("MRI"), toxicology, durable medical equipment, and
7 other services (the "Kickback Tainted Surgeries and Services").

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1 PAPA's Sherman Oaks clinic approximately one day a week or every
2 other week.

3 c. UCC-D would make only a handful of rent payments to
4 defendant PAPA for his weekly or bi-weekly use of defendant PAPA's
5 Sherman Oaks clinic, including a \$3,000 rent payment in July 2010.

6 d. To avoid paying rent to defendant PAPA, UCC-D would
7 solicit Pacific Hospital, through Drobot, UCC-B, and other co-
8 conspirators (the "Kickback Paying Hospital Executives") to "cover
9 the rent" for UCC-D.

10 e. Defendant PAPA would solicit and receive additional
11 remuneration, beyond any fair market rent-payment, from the Kickback
12 Paying Hospital Executives to induce her referral of patients
13 requiring spinal surgery to UCC-D, who would be expected to perform
14 such surgeries at Pacific Hospital based on a bogus option agreement
15 that provided for the purported "purchase [of] assets, including
16 stock and goodwill" of UCC-D's medical practice, purportedly located
17 at, what was, in fact, Papa's Sherman Oaks clinic. UCC-D's bogus
18 option agreement further provided for fixed monthly option payments
19 of \$50,000 per month, when, in reality, the option payments varied
20 from month-to-month and were calculated based on the number of spinal
21 surgeries UCC-D performed at Pacific Hospital.

22 f. Defendant PAPA's remuneration would be similarly
23 disguised under a bogus "Consulting and Business Development
24 Agreement," entered into in or about May 2011, purportedly for, among
25 other services, advising on "the creation and use of appropriate
26 marketing materials," "the creation of brochures," and
27 "advertisements in defense association publications." As part of
28 defendant PAPA's kickback and bribe arrangement with the Kickback

1 Paying Hospital Executives, starting in approximately June 2011,
2 defendant PAPA would receive monthly payments of approximately
3 \$10,000 from PSPM.

4 g. Based on these monthly payments, defendant PAPA would
5 not collect, and UCC-D would not pay, any rent in connection with
6 UCC-D's weekly or bi-weekly use of defendant PAPA's Sherman Oaks
7 clinic.

8 h. Influenced by the promise of kickbacks, defendant PAPA
9 and UCC-D would cause patients insured by various health care benefit
10 programs to have Kickback Tainted Surgeries and Services at Pacific
11 Hospital.

12 i. Pacific Hospital, defendant PAPA, and UCC-D would
13 submit claims, or cause claims to be submitted, by mail and
14 electronically, to health care benefit programs for payments related
15 to Kickback Tainted Surgeries and Services.

16 j. As Drobot, defendant PAPA, UCC-D, and others knew and
17 intended, and as was reasonably foreseeable to them, in using the
18 mails, wire communications, and facilities in interstate commerce to:
19 (i) communicate about patient referrals and underlying kickback
20 arrangements, (ii) submit claims to health care benefit programs for
21 the Kickback Tainted Surgeries and Services, and (iii) obtain payment
22 for the Kickback Tainted Surgeries and Services, Drobot, defendant
23 PAPA, UCC-D, and others would solicit, offer, receive, or pay, and/or
24 cause the solicitation, offering, receipt, and payment of kickbacks
25 and bribes that were material to patients and health care benefit
26 programs.

27 k. In soliciting and receiving concealed kickbacks and
28 bribes to induce the referral of patients to Pacific Hospital,

1 defendant PAPA and UCC-D would deprive patients of their right to
2 honest services.

3 1. Using the mails and other facilities in interstate
4 commerce, Drobot, defendant PAPA, UCC-D, and others would communicate
5 about and pay, and cause the payment of, kickbacks and bribes to
6 defendant PAPA and UCC-D, who referred and caused the referral of
7 Kickback Tainted Surgeries and Services to Pacific Hospital.

8 m. Health care benefit programs would pay Pacific
9 Hospital, defendant PAPA, and UCC-D for the Kickback Tainted
10 Surgeries and Services by mail and electronically.

11 n. Drobot and his co-conspirators would maintain, review,
12 and/or communicate about records of the number of Kickback Tainted
13 Surgeries and Services performed at Pacific Hospital due to referrals
14 from defendant PAPA and UCC-D.

15 C. EFFECTS OF THE CONSPIRACY

16 17. Had health care benefit programs and patients known the
17 true facts regarding the payment of kickbacks for the referral of
18 Kickback Tainted Surgeries and Services performed at Pacific
19 Hospital: (a) the health care benefit programs would have subjected
20 the claims to additional review, would not have paid the claims,
21 and/or would have paid a lesser amount on the claims; and (b)
22 patients would have more closely scrutinized a surgery or hospital
23 service recommendation, would have sought second opinions from
24 physicians who did not have a financial conflict of interest, would
25 not have had the surgery or service performed, and/or would have
26 insisted on a different hospital facility.

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1 D. OVERT ACTS

2 18. On or about the following dates, in furtherance of the
3 conspiracy and to accomplish the objects of the conspiracy, Drobot,
4 defendant PAPA, UCC-B, UCC-C, UCC-D, UCC-F, and other co-conspirators
5 known and unknown to the United States Attorney, committed, willfully
6 caused others to commit, and aided and abetted the commission of the
7 following overt acts, among others, within the Central District of
8 California and elsewhere:

9 Overt Act No. 1: On or about May 24, 2011, defendant PAPA
10 emailed UCC-B, a copy of a "Consulting and Business Development
11 Agreement," between defendant PAPA and Pacific Hospital, which was
12 effective May 1, 2011. Defendant PAPA wrote, in part, "Attached
13 please find the contract . . . I look forward to our mutually
14 beneficial relationship. Thank you for choosing our office."

15 Overt Act No. 2: On or about June 8, 2011, UCC-B emailed
16 Drobot, forwarding an email in which defendant PAPA was asking for
17 \$10,000. UCC-B stated, "Here is the message from [defendant PAPA],
18 the chiro who feeds cases to [UCC-D]. She is looking for \$10,000. I
19 don't know how fast we can process a check. . .", "I will get you the
20 contract and other information I have that may be necessary for a
21 check."

22 Overt Act No. 3: As part of the email chain in the preceding
23 Overt Act, UCC-B forwarded the email to Drobot and stated, "FYI, and
24 three more being authorized and scheduled."

25 Overt Act No. 4: On or about June 8, 2011, Pacific Hospital
26 issued a check (#262519) for \$10,000.00 to California Authorizations,
27 LLC.

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1 Overt Act No. 5: On or about June 21, 2011, UCC-D performed
2 surgery on patient R.M. at Pacific Hospital, based on a referral from
3 defendant PAPA.

4 Overt Act No. 6: On or about June 23, 2011, defendant PAPA
5 emailed UCC-B, stating in part, "Per Your request here are the
6 surgeries since May 2011." Defendant PAPA then listed 6 patients,
7 their dates of surgery, and a description of their surgeries. The
8 list included patient R.M.'s surgery on June 21, 2011.

9 Overt Act No. 7: On or about August 31, 2011, UCC-D and
10 defendant PAPA caused SCIF to mail check number CI0604328 to Pacific
11 Hospital in the amount of \$34,157.75 for reimbursement of the claim
12 related to the hospital-billing component for patient R.M., who
13 defendant PAPA referred to UCC-D.

14 Overt Act No. 8: On or about November 8, 2011, based on a
15 referral from defendant PAPA, UCC-D performed surgery on patient C.P.
16 at Pacific Hospital.

17 Overt Act No. 9: On or about June 6, 2012, defendant PAPA
18 emailed UCC-C and copied others including UCC-D. In the email,
19 defendant PAPA provided a list of approved surgeries. The list
20 included five patients whose names were in bold, with type of surgery
21 and dates listed for four of the names. Patient I.G. was included in
22 this list. In addition, three other names were listed that were not
23 bold, one of which stated "Attorney took him away" and the other two
24 stated "Declined wants to wait" and "Declined."

25 Overt Act No. 10: On or about June 7, 2012, based on a
26 referral from defendant PAPA, UCC-D performed surgery on patient I.G.
27 at Pacific Hospital.

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1 Overt Act No. 11: On or about July 20, 2012, Travelers
2 Insurance mailed check number 82753548 to Pacific Hospital in the
3 amount of \$34,372.93, for reimbursement of the claim related to the
4 hospital-billing component for patient I.G., who defendant PAPA
5 referred to UCC-D for surgery.

6 Overt Act No. 12: On or about June 20, 2012, defendant PAPA
7 emailed UCC-C, copying UCC-D, and stated, in part, "This is what I
8 have: 18 procedures were performed between May 30, 2011 and present.
9 7 were authorized but declined. 2 are set to be scheduled this
10 Thursday when they see [UCC-D]. This doesn't count the procedures
11 between January and June of 2011." Defendant PAPA then listed the
12 names, personal identifiers, dates of surgery and procedures for
13 multiple patients. The list included patients R.M. and I.G.

14 Overt Act No. 13: On or about August 14, 2012, based on a
15 referral from defendant PAPA, UCC-D performed surgery on patient F.V.
16 at Pacific Hospital.

17 Overt Act No. 14: On or about October 3, 2012, UCC-C sent an
18 email to defendant PAPA and stated, in part, "Were there any
19 surgeries for [UCC-D] for September."

20 Overt Act No. 15: On or about November 21, 2012, based on a
21 referral from defendant PAPA, UCC-D performed surgery on patient J.A.
22 at Pacific Hospital.

23 Overt Act No. 16: On or about January 29, 2014, defendant PAPA
24 and UCC-D caused SCIF to mail a check (number CT-365625) to Pacific
25 Hospital in the amount of \$73,833.27 for reimbursement of the claim
26 related to the hospital-billing component for patient J.A., who
27 defendant Papa referred to UCC-D.

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FORFEITURE ALLEGATION

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

19. Pursuant to Rule 32.2(a), Fed. R. Crim. P., notice is hereby given to defendant LAUREN PAPA ("defendant") that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of defendant's conviction under Count One of this Information.

20. Defendant shall forfeit to the United States the following property:

a. all right, title, and interest in any and all property, real or personal, that constitutes or is derived, directly or indirectly, from the proceeds traceable to the commission of any offense set forth in Count One of this Information; and

b. a sum of money equal to the total value of the property described in subparagraph a.

23. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), defendant shall forfeit substitute property, up to the total value of the property described in the preceding paragraph if, as a result of any act or omission of defendant, the property described in the preceding paragraph, or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to or deposited with a third party; (c) has been placed beyond the

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1 jurisdiction of the Court; (d) has been substantially diminished in
2 value; or (e) has been commingled with other property that cannot be
3 divided without difficulty.

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TRACY L. WILKISON
Attorney for the United States,
Acting Under Authority Conferred
by 28 U.S.C. § 515



LAWRENCE S. MIDDLETON
Assistant United States Attorney
Chief, Criminal Division

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

JOSEPH T. MCNALLY
Assistant United States Attorney
Deputy Chief, Santa Ana Branch Office

ASHWIN JANAKIRAM
Assistant United States Attorney
Major Frauds Section

SCOTT D. TENLEY
Assistant United States Attorney
Santa Ana Branch Office

1 TRACY L. WILKISON
 2 Attorney for the United States,
 Acting Under Authority Conferred
 by 28 U.S.C. § 515
 3 LAWRENCE S. MIDDLETON
 Assistant United States Attorney
 4 Chief, Criminal Division
 JOSEPH T. MCNALLY (Cal. Bar No. 250289)
 5 ASHWIN JANAKIRAM (Cal. Bar No. 277513)
 SCOTT D. TENLEY (Cal. Bar No. 298911)
 6 Assistant United States Attorneys
 United States Courthouse
 7 411 West Fourth Street
 Santa Ana, California 92701
 8 Telephone: (213) 894-2875
 Facsimile: (714) 338-3561
 9 Email: ashwin.janakiram@usdoj.gov

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10 Attorneys for Plaintiff
 UNITED STATES OF AMERICA

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

14 UNITED STATES OF AMERICA,
 15 Plaintiff,
 16 v.
 17 LAUREN M. PAPA,
 18 Defendant.

No. SACR 18-00125 JLS
PLEA AGREEMENT FOR DEFENDANT
LAUREN M. PAPA

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

26 DEFENDANT'S OBLIGATIONS

27 2. Defendant agrees to:
 28 a. At the earliest opportunity requested by the USAO and

1 provided by the Court, appear and plead guilty to a single-count
2 information in the form attached to this agreement as Exhibit A or a
3 substantially similar form (the "information"), which charges
4 defendant with Conspiracy, in violation of 18 U.S.C. § 371.

5 b. Not contest facts agreed to in this agreement.

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

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

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

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

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

21 h. Not seek the discharge of any restitution obligation,
22 in whole or in part, in any present or future bankruptcy proceeding.

23 i. Defendant understands and acknowledges that as a
24 result of pleading guilty pursuant to this agreement, defendant will
25 be excluded from Medicare, Medicaid, and all Federal health care
26 programs. Defendant agrees to complete and execute all necessary
27 documents provided by the United States Department of Health and
28 Human Services, or any other department or agency of the federal

1 government, to effectuate this exclusion within 60 days of receiving
2 the documents. This exclusion will not affect defendant's right to
3 apply for and receive benefits as a beneficiary under any Federal
4 health care program, including Medicare and Medicaid.

5 3. Defendant further agrees:

6 a. To forfeit the sum of \$265,000.00 (the "Forfeitable
7 Property"), which Forfeitable Property defendant agrees
8 (1) constitutes or is derived from proceeds traceable to violations
9 of 18 U.S.C. §§ 371, 1341, and 1343, and (2) shall, at the sole
10 election of the United States of America, be criminally forfeited or
11 civilly forfeited, administratively or judicially, pursuant to 18
12 U.S.C. § 981, 28 U.S.C. § 2461 or otherwise.

13 b. To the entry, as part of defendant's guilty plea and
14 in a form acceptable to the USA, of a personal money judgment of
15 forfeiture against defendant in the amount of two hundred sixty five
16 thousand dollars (\$265,000.00), which sum defendant admits defendant
17 obtained, received and possessed as a result of violations of 18
18 U.S.C. §§ 371, 1341, and 1343.

19 c. To refrain from contesting the forfeiture (by filing a
20 claim, statement of interest, petition for an ancillary proceeding,
21 petition for remission or otherwise) of the Forfeitable Property in
22 any administrative or judicial proceeding, or assisting any other
23 person or entity in falsely contesting the forfeiture of the
24 Forfeitable Property in any administrative or judicial proceeding.

25 d. To the Court's entry of an order of forfeiture at or
26 before sentencing with respect to the Forfeitable Property.

27 Defendant knowingly and voluntarily waives (i) the requirements of
28 Federal Rules of Criminal Procedure 32.2 and 43(a) regarding notice

1 of the forfeiture in the charging instrument, announcement of the
2 forfeiture at sentencing, and incorporation of the forfeiture in the
3 judgment; (ii) all constitutional and statutory challenges in any
4 manner (including by direct appeal, habeas corpus, or any other
5 means) to any forfeiture carried out in accordance with this
6 agreement on any grounds; and (iii) all constitutional, legal and
7 equitable defenses to the forfeiture of the Forfeitable Property in
8 any proceeding on any grounds including, without limitation, that the
9 forfeiture constitutes an excessive fine or punishment. Defendant
10 also acknowledges and understands that the forfeiture of the
11 Forfeitable Property is part of the sentence that may be imposed in
12 this case and waives any failure by the Court to advise defendant of
13 this, pursuant to Rule 11(b)(1)(J), at the time defendant's guilty
14 plea is accepted.

15 e. That defendant shall receive a credit towards the
16 payment of any restitution obligation the Court may impose in the
17 amount of any property actually recovered in satisfaction of the
18 personal money judgment of forfeiture.

19 4. Defendant further agrees to cooperate fully with the USAO,
20 Federal Bureau of Investigation, United States Postal Service-Office
21 of Inspector General ("USPS-OIG"), IRS-Criminal Investigation, and
22 California Department of Insurance, and, as directed by the USAO, any
23 other federal, state, local, or foreign prosecuting, enforcement,
24 administrative, or regulatory authority. This cooperation requires
25 defendant to:

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

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

4 c. Produce voluntarily all documents, records, or other
5 tangible evidence relating to matters about which the USAO, or its
6 designee, inquires.

7 d. If requested to do so by the USAO, act in an
8 undercover capacity to the best of defendant's ability in connection
9 with criminal investigations by federal, state, local, or foreign law
10 enforcement authorities, in accordance with the express instructions
11 of those law enforcement authorities. Defendant agrees not to act in
12 an undercover capacity, tape record any conversations, or gather any
13 evidence except after a request by the USAO and in accordance with
14 express instructions of federal, state, local, or foreign law
15 enforcement authorities.

16 5. For purposes of this agreement "Cooperation Information"
17 shall mean any statements made, or documents, records, tangible
18 evidence, or other information provided, by defendant pursuant to
19 defendant's cooperation under this agreement. As set forth in the
20 factual basis in the attached Exhibit B, defendant breached the
21 letter agreement previously entered into by the parties, dated on or
22 about June 27, 2016, as extended for subsequent proffer sessions (the
23 "Letter Agreement") by making certain material and intentional
24 omissions. Accordingly, "Cooperation Information" shall not include
25 any statements made, or documents, records, tangible evidence, or
26 other information provided pursuant to the Letter Agreement.

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1 of community confinement or home detention as a result of the offense
2 level falling within Zone B or Zone C of the Sentencing Table.

3 e. Subject to paragraph 20, at the time of sentencing,
4 provided that defendant demonstrates an acceptance of responsibility
5 for the offense up to and including the time of sentencing, recommend
6 a two-level reduction in the applicable Sentencing Guidelines offense
7 level, pursuant to U.S.S.G. § 3E1.1, and recommend and, if necessary,
8 move for an additional one-level reduction if available under that
9 section.

10 8. The USAO further agrees:

11 a. Not to offer as evidence in its case-in-chief in the
12 above-captioned case or any other criminal prosecution that may be
13 brought against defendant by the USAO, or in connection with any
14 sentencing proceeding in any criminal case that may be brought
15 against defendant by the USAO, any Cooperation Information.
16 Defendant agrees, however, that the USAO may use both Cooperation
17 Information and Plea Information: (1) to obtain and pursue leads to
18 other evidence, which evidence may be used for any purpose, including
19 any criminal prosecution of defendant; (2) to cross-examine defendant
20 should defendant testify, or to rebut any evidence offered, or
21 argument or representation made, by defendant, defendant's counsel,
22 or a witness called by defendant in any trial, sentencing hearing, or
23 other court proceeding; and (3) in any criminal prosecution of
24 defendant for false statement, obstruction of justice, or perjury.

25 b. Not to use Cooperation Information against defendant
26 at sentencing for the purpose of determining the applicable guideline
27 range, including the appropriateness of an upward departure, or the
28 sentence to be imposed, and to recommend to the Court that

1 Cooperation Information not be used in determining the applicable
2 guideline range or the sentence to be imposed. Defendant
3 understands, however, that Cooperation Information will be disclosed
4 to the probation office and the Court, and that the Court may use
5 Cooperation Information for the purposes set forth in U.S.S.G.
6 § 1B1.8(b) and for determining the sentence to be imposed.

7 c. In connection with defendant's sentencing, to bring to
8 the Court's attention the nature and extent of defendant's
9 cooperation.

10 d. If the USAO determines, in its exclusive judgment,
11 that defendant has both complied with defendant's obligations under
12 paragraphs 2 through 4 above and provided substantial assistance to
13 law enforcement in the prosecution or investigation of another
14 ("substantial assistance"), to move the Court pursuant to U.S.S.G.
15 § 5K1.1 to fix an offense level and corresponding guideline range
16 below that otherwise dictated by the sentencing guidelines, and to
17 recommend a term of imprisonment within this reduced range.

18 DEFENDANT'S UNDERSTANDINGS REGARDING COOPERATION

19 9. Defendant understands the following:

20 a. Any knowingly false or misleading statement by
21 defendant will subject defendant to prosecution for false statement,
22 obstruction of justice, and perjury and will constitute a breach by
23 defendant of this agreement.

24 b. Nothing in this agreement requires the USAO or any
25 other prosecuting, enforcement, administrative, or regulatory
26 authority to accept any cooperation or assistance that defendant may
27 offer, or to use it in any particular way.

28

1 c. Defendant cannot withdraw defendant's guilty plea if:
2 (the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1 for a
3 reduced guideline range or if the USAO makes such a motion and the
4 Court does not grant it or if the Court grants such a USAO motion but
5 elects to sentence above the reduced range.

6 d. The USAO's determination whether defendant has
7 provided substantial assistance will not depend in any way on whether
8 the government prevails at any trial or court hearing in which
9 defendant testifies or in which the government otherwise presents
10 information resulting from defendant's cooperation.

11 NATURE OF THE OFFENSE

12 10. Defendant understands that for defendant to be guilty of
13 the crime charged in count one of the information, that is,
14 conspiracy, in violation of Title 18, United States Code, Section
15 371, the following must be true: (1) between in or about 2011 and in
16 or about 2013, there was an agreement between two or more persons to
17 commit violations of Title 18, United States Code, Sections 1341 and
18 1346 (Honest Services Mail Fraud); Title 18, United States Code,
19 Sections 1343 and 1346 (Honest Services Wire Fraud); and Title 18,
20 United States Code, Section 1952(a)(3) (Interstate Travel in Aid of
21 Bribery); (2) the defendant became a member of the conspiracy knowing
22 of at least one of its objects and intending to help accomplish it;
23 and (3) one of the members of the conspiracy performed at least one
24 overt act for the purpose of carrying out the conspiracy.

25 11. Defendant understands that Honest Services Mail and Wire
26 Fraud, in violation of Title 18, United States Code, Sections 1341
27 and 1346, and 1343 and 1346, each an object of the conspiracy charged
28 in the information, has the following elements: (1) the defendant

1 devised or participated in a scheme or plan to deprive a patient of
2 his or her right to honest services; (2) the scheme or plan included
3 payments of bribes and kickbacks to medical professionals in exchange
4 for medical services or items; (3) the medical professionals owed a
5 fiduciary duty to the patients; (4) the defendant acted with the
6 intent to defraud by depriving the patients of their right of honest
7 services of the medical professionals; (5) the defendant's act was
8 material, that is, it had a natural tendency to influence, or was
9 capable of influencing, a patient's acts; and (6) the defendant used,
10 or caused someone to use, the mails and a wire communication to carry
11 out or attempt to carry out the scheme or plan.

12 12. Defendant understands that Interstate Travel in Aid of
13 Bribery, in violation of Title 18, United States Code, Section
14 1952(a)(3), one of the objects of the conspiracy charged in the
15 information, has the following elements: (1) defendant used the mail
16 or a facility of interstate commerce with the intent to promote,
17 manage, establish, or carry on, or facilitate the promotion,
18 management, establishment, or carrying on, of unlawful activity,
19 specifically payment and receipt of kickbacks in violation of
20 California Business & Professions Code § 650 and California Insurance
21 Code § 750; and (2) after doing so, defendant performed or attempted
22 to perform an act to promote, manage, establish, or carry on, or
23 facilitate the promotion, management, establishment, or carrying on,
24 of such unlawful activity.

25 PENALTIES AND RESTITUTION

26 13. Defendant understands that the statutory maximum sentence
27 that the Court can impose for a violation of Title 18, United States
28 Code, Section 371, as charged in the information, is: five years'

1 imprisonment, a three-year period of supervised release; a fine of
2 \$250,000 or twice the gross gain or gross loss resulting from the
3 offense, whichever is greater; and a mandatory special assessment of
4 \$100.

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

19 15. Defendant understands that supervised release is a period
20 of time following imprisonment during which defendant will be subject
21 to various restrictions and requirements. Defendant understands that
22 if defendant violates one or more of the conditions of any supervised
23 release imposed, defendant may be returned to prison for all or part
24 of the term of supervised release authorized by statute for the
25 offense that resulted in the term of supervised release, which could
26 result in defendant serving a total term of imprisonment greater than
27 the statutory maximum stated above.

28

1 and the USAO agree to the statement of facts provided in the attached
2 Exhibit B and agree that this statement of facts is sufficient to
3 support a plea of guilty to the charge described in this agreement,
4 and establish the Sentencing Guidelines factors set forth in
5 paragraph 20 below, but is not meant to be a complete recitation of
6 all facts relevant to the underlying criminal conduct or all facts
7 known to either party that relate to that conduct.

8 SENTENCING FACTORS

9 19. Defendant understands that in determining defendant's
10 sentence the Court is required to calculate the applicable Sentencing
11 Guidelines range and to consider that range, possible departures
12 under the Sentencing Guidelines, and the other sentencing factors set
13 forth in 18 U.S.C. § 3553(a). Defendant understands that the
14 Sentencing Guidelines are advisory only, that defendant cannot have
15 any expectation of receiving a sentence within the calculated
16 Sentencing Guidelines range, and that after considering the
17 Sentencing Guidelines and the other § 3553(a) factors, the Court will
18 be free to exercise its discretion to impose any sentence it finds
19 appropriate up to the maximum set by statute for the offenses of
20 conviction.

21 20. Defendant and the USAO stipulate and agree to the following
22 applicable Sentencing Guidelines factors:

23	Base Offense Level:	8	[U.S.S.G. § 2B4.1(a)(2)]
24	Specific Offense 25 Characteristics		
26	Value of Improper Benefit 27 Conferred to Pacific Hospital (greater than \$550K):	+14	[U.S.S.G. § 2B4.1(b)(1)(B)]
28	Abuse of Position of Trust:	+2	[U.S.S.G. § 3B1.3]

1 Acceptance of Responsibility: -3 [U.S.S.G. § 3E1.1(a)]

2 The USAO will agree to a two-level downward adjustment for acceptance
3 of responsibility (and, if applicable, move for an additional one-
4 level downward adjustment under U.S.S.G. § 3E1.1(b)) only if the
5 conditions set forth in paragraphs 2 through 4 are met and if
6 defendant has not committed, and refrains from committing, acts
7 constituting obstruction of justice within the meaning of U.S.S.G. §
8 3C1.1, as discussed below. Subject to paragraph 34 below, defendant
9 and the USAO agree not to seek, argue, or suggest in any way, either
10 orally or in writing, that any other specific offense
11 characteristics, adjustments, or departures relating to the offense
12 level be imposed. Defendant agrees, however, that if, after signing
13 this agreement but prior to sentencing, defendant were to commit an
14 act, or the USAO were to discover a previously undiscovered act
15 committed by defendant prior to signing this agreement, which act, in
16 the judgment of the USAO, constituted obstruction of justice within
17 the meaning of U.S.S.G. § 3C1.1, the USAO would be free to seek the
18 enhancement set forth in that section and to argue that defendant is
19 not entitled to a downward adjustment for acceptance of
20 responsibility under U.S.S.G. § 3E1.1.

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

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

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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 defenses,
8 Fourth Amendment or Fifth Amendment claims, and other pretrial
9 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 involuntary,
13 by pleading guilty defendant is waiving and giving up any right to
14 appeal defendant's conviction on the offense to which defendant is
15 pleading guilty.

16 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

17 26. Defendant agrees that, provided the Court imposes a term of
18 imprisonment on the count of conviction at or below the range
19 corresponding to an offense level of 21 and the criminal history
20 category calculated by the Court, defendant gives up the right to
21 appeal all of the following: (a) the procedures and calculations used
22 to determine and impose any portion of the sentence; (b) the term of
23 imprisonment imposed by the Court; (c) the fine imposed by the court,
24 provided it is within the statutory maximum; (d) the amount and terms
25 of any restitution order; (e) the term of probation or supervised
26 release imposed by the Court, provided it is within the statutory
27 maximum; and (f) any of the following conditions of probation or
28 supervised release imposed by the Court: the conditions set forth in

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

5 27. Defendant also gives up any right to bring a post-
6 conviction collateral attack on the convictions or sentence,
7 including any order of restitution, except a post-conviction
8 collateral attack based on a claim of ineffective assistance of
9 counsel, a claim of newly discovered evidence, or an explicitly
10 retroactive change in the applicable Sentencing Guidelines,
11 sentencing statutes, or statutes of conviction.

12 28. The USAO agrees that, provided all portions of the sentence
13 are at or below the statutory maximum specified above, the USAO gives
14 up its right to appeal any portion of the sentence.

15 RESULT OF WITHDRAWAL OF GUILTY PLEA

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

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

11 EFFECTIVE DATE OF AGREEMENT

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

15 BREACH OF AGREEMENT

16 31. Defendant agrees that if defendant, at any time after the
17 effective date of this agreement, knowingly violates or fails to
18 perform any of defendant's obligations under this agreement ("a
19 breach"), the USAO may declare this agreement breached. For example,
20 if defendant knowingly, in an interview, before a grand jury, or at
21 trial, 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 under
7 this agreement; in particular, the USAO: (i) will no longer be bound
8 by any agreements concerning sentencing and will be free to seek any
9 sentence up to the statutory maximum for the crime to which defendant
10 has pleaded guilty; and (ii) will no longer be bound by any agreement
11 regarding the use of Cooperation Information and will be free to use
12 any Cooperation Information in any way in any investigation, criminal
13 prosecution, or civil, administrative, or regulatory action.

14 c. The USAO will be free to criminally prosecute
15 defendant for false statement, obstruction of justice, and perjury
16 based on any knowingly false or misleading statement by defendant.

17 d. In any investigation, criminal prosecution, or civil,
18 administrative, or regulatory action: (i) defendant will not assert,
19 and hereby waives and gives up, any claim that any Cooperation
20 Information was obtained in violation of the Fifth Amendment
21 privilege against compelled self-incrimination; and (ii) defendant
22 agrees that any Cooperation Information and any Plea Information, as
23 well as any evidence derived from any Cooperation Information or any
24 Plea Information, shall be admissible against defendant, and
25 defendant will not assert, and hereby waives and gives up, any claim
26 under the United States Constitution, any statute, Rule 410 of the
27 Federal Rules of Evidence, Rule 11(f) of the Federal Rules of
28 Criminal Procedure, or any other federal rule, that any Cooperation

1 Information, any Plea Information, or any evidence derived from any
2 Cooperation Information or any Plea Information should be suppressed
3 or is inadmissible.

4 32. Following the Court's finding of a knowing breach of this
5 agreement by defendant, should the USAO choose to pursue any charge
6 that was not filed as a result of this agreement, then:

7 a. Defendant agrees that any applicable statute of
8 limitations is tolled between the date of defendant's signing of this
9 agreement and the filing commencing any such action.

10 b. Defendant waives and gives up all defenses based on
11 the statute of limitations, any claim of pre-indictment delay, or any
12 speedy trial claim with respect to any such action, except to the
13 extent that such defenses existed as of the date of defendant's
14 signing this agreement.

15 COURT AND PROBATION OFFICE NOT PARTIES

16 33. Defendant understands that the Court and the United States
17 Probation Office are not parties to this agreement and need not
18 accept any of the USAO's sentencing recommendations or the parties'
19 agreements to facts or sentencing factors.

20 34. Defendant understands that both defendant and the USAO are
21 free to: (a) supplement the facts by supplying relevant information
22 to the United States Probation Office and the Court, (b) correct any
23 and all factual misstatements relating to the Court's Sentencing
24 Guidelines calculations and determination of sentence, and (c) argue
25 on appeal and collateral review that the Court's Sentencing
26 Guidelines calculations and the sentence it chooses to impose are not
27 error, although each party agrees to maintain its view that the
28 calculations in paragraph 20 above are consistent with the facts of

1 this case. While this agreement permits both the USAO and defendant
2 to submit full and complete factual information to the United States
3 Probation Office and the Court, even if that factual information may
4 be viewed as inconsistent with the facts agreed to in this agreement,
5 this agreement does not affect defendant's and the USAO's obligations
6 not to contest the facts agreed to in this agreement.

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

17 NO ADDITIONAL AGREEMENTS

18 36. Defendant understands that, except as set forth in this
19 agreement, there are no promises, understandings, or agreements
20 between the USAO and defendant or defendant's attorney, and that no
21 additional promise, understanding, or agreement may be entered into
22 unless in a writing signed by all parties or on the record in court.

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PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

37. 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

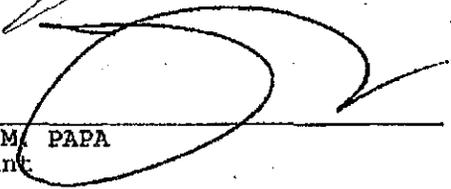
TRACY L. WILKISON
Attorney for the United States,
Acting Under Authority Conferred
by 28 U.S.C. § 515



ASHWIN JANAKIRAM
Assistant United States Attorney

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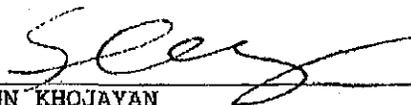
Date



LAUREN M. PAPA
Defendant

6/26/2018

Date



SHAUN KHOJAYAN
Attorney for Defendant
LAUREN M. PAPA

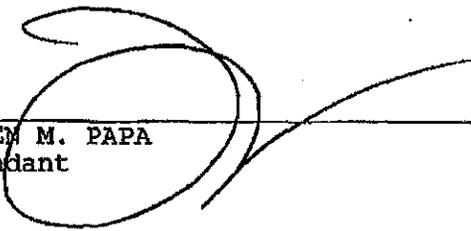
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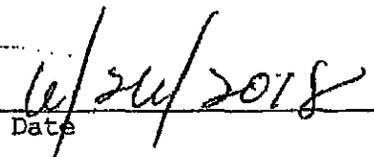
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CERTIFICATION OF DEFENDANT

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 attorney. I understand the terms of this agreement, and I voluntarily agree to those terms. I have discussed the evidence with my attorney, and my attorney has 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 attorney 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.

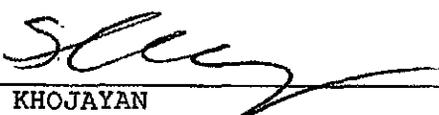

LAUREN M. PAPA
Defendant


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CERTIFICATION OF DEFENDANT'S ATTORNEY

I am LAUREN M. PAPA's attorney. I have carefully and thoroughly discussed every part of this agreement with my client. Further, I have fully advised my client of her 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 pleas pursuant to this agreement.



SHAUN KHOJAYAN
Attorney for Defendant
LAUREN M. PAPA

6/26/18

Date

1
2 **EXHIBIT B**

3 **STATEMENT OF FACTS**

4 Relevant Entities and Individuals

5 Hospital A was a 49-bed, long term acute care hospital located
6 in Monrovia, California. Medical Group A was a medical practice in
7 Long Beach, California. UCC-G was the Chairman of the Board of
8 Hospital A and the Treasurer of Medical Group A.

9 Hospital B was a hospital located in the Silver Lake
10 neighborhood of Los Angeles, California. UCC-H was an executive and
11 "marketer" at Hospital B.

12 UCC-I was a "marketer" who paid defendant kickbacks to refer
13 surgery consults to designated surgeons.

14 Healthsmart Pacific Inc., doing business as Pacific Hospital of
15 Long Beach ("Pacific Hospital" or "PHLB"), was a hospital located in
16 Long Beach, California, specializing in surgeries, particularly
17 spinal and orthopedic surgeries. Michael D. Drobot ("Drobot") owned
18 and/or operated Pacific Hospital at all relevant times. Pacific
19 Specialty Physician Management, Inc. ("PSPM") was a corporation
20 headquartered in Newport Beach, California, which provided
21 administrative and management services for physicians' offices, and
22 was unofficially affiliated with Pacific Hospital.

23 UCC-D was a neurosurgeon who practiced out of various medical
24 clinics located in the Central District of California, including in
25 Sherman Oaks, Garden Grove, Torrance, and Beverly Hills, California.

26 Defendant was a chiropractor with a medical clinic located at
27 4955 Van Nuys Boulevard, Suite 407, in Sherman Oaks, California, who
28 referred patients requiring spinal surgery to UCC-D and others.

1 The Kickback Arrangements

2 Beginning in or around 2010 and continuing through at least
3 2013, defendant, along with UCC-D, Drobot, and others, agreed to
4 participate and did, in fact, participate in an illegal arrangement
5 to pay and receive kickbacks and bribes in exchange for referring
6 surgeries and other patient-related services to Hospital A and
7 Pacific Hospital.

8 Defendant would refer patients requiring spinal surgery consults
9 to UCC-D, who, starting on an unknown date, but no later than April
10 2009, would examine these patients at defendant's Sherman Oaks clinic
11 approximately one day a week or every other week. To avoid paying
12 rent to defendant, UCC-D would solicit, initially, Hospital A,
13 through UCC-G, and later, Pacific Hospital, through Drobot, UCC-B,
14 and other co-conspirators, to "cover the rent" for UCC-D.

15 For the benefit of Hospital A, UCC-G would negotiate with
16 defendant a purported "rent" amount, which, in reality exceeded
17 defendant's entire monthly rent at the Sherman Oaks clinic and was
18 offered with the express understanding that defendant would refer
19 patients requiring spinal surgery to UCC-D, who would be obligated to
20 perform any such surgeries at Hospital A based on a financial
21 arrangement UCC-D would have with Hospital A. As part of defendant's
22 kickback and bribe arrangement with Hospital A and UCC-G, starting in
23 approximately August 2010, a clinic affiliated with Hospital A,
24 Medical Group A, would pay defendant approximately \$7,500 per month.

25 Starting in approximately June 2011, Pacific Hospital (through
26 PSPM) would similarly pay remuneration to induce defendant to refer
27 patients requiring spinal surgery to UCC-D, who would be expected to
28 perform these surgeries at Pacific Hospital. UCC-D was induced to

1 perform the surgeries at Pacific Hospital based on a bogus option
2 agreement that was for the "purchase [of] assets, including stock and
3 goodwill" of UCC-D's medical practice purportedly located at, what
4 was, in fact, defendant's Sherman Oaks clinic. Defendant's
5 remuneration from Pacific Hospital (through PSPM) was similarly
6 disguised under a bogus "Consulting and Business Development
7 Agreement," entered into in or about May 2011, purportedly for, among
8 other services, advising on "the creation and use of appropriate
9 marketing materials," "the creation of brochures," and
10 "advertisements in defense association publications." Defendant was
11 provided monthly kickback and bribe payments of approximately \$10,000
12 under this sham consulting agreement.

13 In exchange for the kickback and bribe payments, defendant and
14 UCC-D caused patients insured by various health care benefit programs
15 to have Kickback Tainted Surgeries and Services at Hospital A and
16 Pacific Hospital. As a result, Hospital A, Pacific Hospital,
17 defendant PAPA, and UCC-D would submit claims, or cause claims to be
18 submitted, by mail and electronically, to health care benefit
19 programs for payments related to kickback tainted surgeries.

20 Defendant and her co-conspirators knew that the payment of
21 kickbacks and bribes for the referral of patients for medical
22 services was illegal. Defendant further understood that had she
23 stopped referring patients to UCC-D, the payments under the contracts
24 referenced above would have ended. Moreover, the payment of
25 kickbacks for the referral of Kickback Tainted Surgeries and Services
26 was material to health care benefit programs and patients. The use
27 of interstate wires and mailings to execute essential parts of the

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1 scheme was foreseeable to defendant. Moreover, interstate wires and
2 mailings were used to execute essential parts of the scheme.

3 Between 2010 and 2013, defendant referred kickback-tainted
4 surgeries to UCC-D accounting for at least approximately \$5 million
5 in claims billed to health care benefit programs, for which Pacific
6 Hospital was paid approximately \$1.9 million. In turn, Pacific
7 Hospital paid defendant approximately \$200,000 in kickbacks and
8 bribes.

9 On or about June 14, 2016, defendant was approached by USPS-OIG
10 agents and asked whether she received any kickback payments in
11 connection with her surgery referrals to Pacific Hospital. Defendant
12 responded that she did not receive kickbacks for any surgery
13 referral. During subsequent meetings with the USAO, including a
14 meeting on or about June 12, 2017, where defendant came in "to set
15 the record straight" regarding prior statements she had made to law
16 enforcement, defendant admitted that she previously lied about
17 receiving kickbacks from Pacific Hospital because she was "scared"
18 and "did not want to get into any trouble." Defendant further
19 clarified that she had received kickbacks to refer her patients to
20 Pacific Hospital and other facilities. During defendant's June 12,
21 2017 meeting with the USAO, defendant was asked to disclose all
22 individuals with whom she had a kickback arrangement. While
23 defendant disclosed that she had prior kickback arrangements with
24 Hospital A, through UCC-G, in approximately 2010 and 2011, and
25 Hospital B, through UCC-H, in approximately 2014, defendant did not
26 disclose the fact that she had an active kickback arrangement with
27 UCC-I at the time of her meeting at the USAO.

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1 During a subsequent meeting at the USAO, on or about February 6,
2 2018, defendant was confronted with a check payment to her from UCC-
3 I. Shortly thereafter, defendant admitted that various payments from
4 UCC-I were, in part, kickbacks designed to induce her to refer
5 surgeries to designated surgeons.

6 In total, defendant was provided the following kickback and
7 bribe payments to induce her surgery referrals from 2010 onwards:

- 8 • Approximately \$65,000 from Medical Group A from approximately
9 August 2010 to January 2011 for surgeries at Hospital A (through
10 UCC-D);
- 11 • Approximately \$200,000 from Pacific Hospital (through PSPM) from
12 approximately June 2011 to February 2013 for surgeries at
13 Pacific Hospital (through UCC-D);
- 14 • An unknown amount from UCC-I in approximately 2014 to induce
15 defendant to refer surgery consults to various designated
16 surgeons for surgeries at Hospital B;
- 17 • An unknown amount (approximately \$500 per month) from Orthopedic
18 Clinic A in approximately 2012 and 2013; and
- 19 • At least approximately \$200,000 from UCC-I from approximately
20 June 2015 to January 2018 to refer surgery consults to various
21 designated surgeons.

22 Overt Acts

23 In furtherance of the conspiracy and to accomplish its objects,
24 defendant and her co-conspirators committed various overt acts within
25 the Central District of California, and elsewhere, specifically
26 including, on November 21, 2012, UCC-D's surgery on patient J.A. at
27 Pacific Hospital, based on a referral form defendant PAPA.
28 Relatedly, on January 29, 2014, defendant PAPA and UCC-D caused SCIF

1 to mail a check (number CT-365625) to Pacific Hospital in the amount
2 of \$73,833.27 in reimbursement of the claim related to the hospital-
3 billing component of patient J.A.'s medical treatment.

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CRIMINAL MINUTES - GENERAL

Case No. SACR 18-00125-JLS Date September 13, 2018

Present: The Honorable JOSEPHINE L. STATON, U.S. DISTRICT JUDGE

Interpreter: None

<u>Terry Guerrero</u> <i>Deputy Clerk</i>	<u>Deborah Parker</u> <i>Court Reporter/Recorder</i>	<u>Joseph McNally</u> <i>Assistant U.S. Attorney</i>
<u>U.S.A. v. Defendant(s):</u>	<u>Present Cust. Bond</u>	<u>Attorneys for Defendants:</u>
<u>LAUREN PAPA</u>	<u>X X</u>	<u>Shaun Khojayan, CJA</u>
		<u>Present App. Ret.</u>
		<u>X X</u>

Proceedings: **CHANGE OF PLEA**

X Defendant moves to change plea to **Counts 1 of the Single-Count Information**. Waiver of Indictment previously filed; Court enters findings and accepts the Waiver as filed.

X Defendant sworn, and states true name to be Lauren Michelle Papa.

X Defendant enters new and different plea of GUILTY to **Counts 1 of the Single-Count Information**.

X The Court questions the defendant regarding plea of GUILTY and FINDS that a factual basis has been laid, and further FINDS the plea is knowledgeable and voluntarily made. The Court ORDERS the plea accepted and entered.

X The Court further ORDERS the Plea Agreement incorporated into this proceeding.

X The Court refers the defendant to the Probation Office for investigation and pre-sentencing report, and the matter is continued to **March 22, 2019, at 9:30 a.m.** for sentencing. Further, sentencing position papers are to be filed with the Court no later than two (2) weeks before the date of sentencing, including service on the assigned U.S. Probation Officer.

X The Court further ORDERS the defendant released on the same terms and conditions as previously set, pending sentencing. Defendant and counsel are ordered to appear on March 22, 2019 for sentencing.

X The Status Conference and Trial dates are ordered VACATED.

00 : 55
Initials of Deputy Clerk tg

cc: **USPO; PSA**

SOUTHERN,PASPRT

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA (Southern Division - Santa Ana)
CRIMINAL DOCKET FOR CASE #: 8:18-cr-00125-JLS-1**

Case title: USA v. Papa

Date Filed: 06/28/2018

Assigned to: Judge Josephine L. Staton

Defendant (1)

Lauren Papa

represented by **Shaun Khojayan**
Shaun Khojayan and Associates PLC
515 South Flower Street 19th Floor
Los Angeles, CA 90071
310-274-6111
Fax: 310-274-6211
Email: shaun@khojayan.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
Designation: CJA Appointment

Pending Counts

18:371: Conspiracy
(1)

Disposition

Highest Offense Level (Opening)

Felony

Terminated Counts

None

Disposition

Highest Offense Level (Terminated)

None

Complaints

None

Disposition

Plaintiff

USA

represented by

Joseph Timothy McNally

AUSA - Office of US Attorney
 Santa Ana Division
 411 West Fourth Street 8th Floor
 Santa Ana, CA 92701
 714-338-2829
 Fax: 714-338-3561
 Email: joseph.mcnally@usdoj.gov
LEAD ATTORNEY
ATTORNEY TO BE NOTICED
Designation: Assistant US Attorney

Scott D Tenley

AUSA - Office of US Attorney
 Santa Ana Branch Office
 411 West Fourth Street 8th Floor
 Santa Ana, CA 92701
 714-338-2829
 Fax: 714-338-3561
 Email: scott.tenley@usdoj.gov
ATTORNEY TO BE NOTICED
Designation: Assistant US Attorney

Date Filed	#	Docket Text
06/28/2018	<u>1</u>	INFORMATION filed as to Lauren Papa (1) count(s) 1. (dg) (Entered: 06/29/2018)
06/28/2018	<u>2</u>	CASE SUMMARY filed by AUSA Joseph T. McNally as to Defendant Lauren Papa; defendants Year of Birth: 1965 (dg) (Entered: 06/29/2018)
06/28/2018	<u>3</u>	NOTICE of Related Case(s) filed by Plaintiff USA as to Defendant Lauren Papa Related Case(s): SACR14-00034 (dg) (Entered: 06/29/2018)
06/28/2018	<u>4</u>	PLEA AGREEMENT filed by Plaintiff USA as to Defendant Lauren Papa (dg) (Entered: 06/29/2018)
06/28/2018	<u>5</u>	MEMORANDUM filed by Plaintiff USA as to Defendant Lauren Papa. This criminal action, being filed on 6/28/18, was not pending in the U. S. Attorneys Office before the date on which Judge Andre Birotte Jr and Michael Fitzgerald began receiving criminal matters. (dg) (Entered: 06/29/2018)
06/28/2018	<u>6</u>	MEMORANDUM filed by Plaintiff USA as to Defendant Lauren Papa Re Magistrate Judges Jacqueline Chooljian, Patrick J. Walsh, Sheri Pym, Michael Wilner, Jean Rosenbluth, Alka Sagar, Douglas McCormick, Rozella Oliver, Gail Standish, Steve Kim, John Early and Shashi H. Kewalramani. (dg) (Entered: 06/29/2018)
08/27/2018	<u>10</u>	MINUTES OF POST-INDICTMENT ARRAIGNMENT: held before Magistrate Judge Douglas F. McCormick as to Defendant Lauren Papa (1) Count 1. Defendant entered not guilty plea to all counts as charged. Attorney:

		Shaun Khojayan for Lauren Papa, Appointed, present. Case assigned to Judge Josephine L. Staton. Court orders bail set for Lauren Papa (1) 10,000 AB, See attached bond for terms and conditions. Jury Trial set for 10/23/2018 09:00 AM before Judge Josephine L. Staton. Status Conference set for 10/12/2018 11:30 AM before Judge Josephine L. Staton. defendant and counsel are ordered to appear. Court Smart: CS 8/27/18. (dg) (Entered: 08/29/2018)
08/27/2018	<u>11</u>	WAIVER OF INDICTMENT by Defendant Lauren Papa before Magistrate Judge Douglas F. McCormick (dg) (Entered: 08/29/2018)
08/27/2018	<u>12</u>	STATEMENT OF CONSTITUTIONAL RIGHTS filed by Defendant Lauren Papa (dg) (Entered: 08/29/2018)
08/27/2018	<u>13</u>	FINANCIAL AFFIDAVIT filed as to Defendant Lauren Papa. (Not for Public View pursuant to the E-Government Act of 2002) (dg) (Entered: 08/29/2018)
08/27/2018	<u>14</u>	DECLARATION RE: PASSPORT filed by Defendant Lauren Papa, declaring that I have been issued a passport or other travel document(s), but they are not currently in my possession. I will surrender any passport or other travel document(s) issued to me, to the U.S. Pretrial Services Agency by the deadline imposed. I will not apply for a passport or other travel document during the pendency of this case. (dg) (Entered: 08/29/2018)
08/27/2018	<u>15</u>	PASSPORT RECEIPT from U. S. Pretrial Services as to Defendant Lauren Papa. USA passport was received on 8/27/18. (dg) (Entered: 08/29/2018)
08/27/2018	<u>16</u>	REDACTED AFFIDAVIT OF SURETIES (No Justification - Pursuant to Local Criminal Rule 46-5.2.8) in the amount of \$10,000 by surety: Lauren M. Papa Filed by Defendant Lauren Papa (dg) (Entered: 08/29/2018)
08/27/2018	<u>17</u>	UNREDACTED AFFIDAVIT OF SURETY (NO JUSTIFICATION) filed by Defendant Lauren Papa re: Affidavit of Surety (No Justification)(CR-4) <u>16</u> (dg) (Entered: 08/29/2018)
08/28/2018	<u>18</u>	BOND AND CONDITIONS OF RELEASE filed as to Defendant Lauren Papa conditions of release: \$10,000 AB approved by Magistrate Judge Douglas F. McCormick. (dg) (Entered: 08/29/2018)
08/29/2018	<u>19</u>	ORDER RE CRIMINAL PROCEEDINGS for cases assigned to Judge Josephine L. Staton. (tg) (Entered: 08/29/2018)
08/29/2018	<u>20</u>	SCHEDULING NOTICE by Judge Josephine L. Staton as to Defendant Lauren Papa. Change of Plea Hearing is set for 9/13/2018 at 10:30 a.m. Counsel and Defendant are ordered to appear. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (tg) TEXT ONLY ENTRY (Entered: 08/29/2018)
09/10/2018	<u>21</u>	SCHEDULING NOTICE by Judge Josephine L. Staton as to Defendant Lauren Papa. Change of Plea Hearing is now set for 9/13/2018 at 9:30 a.m. Counsel and Defendant are ordered to appear. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (tg) TEXT ONLY ENTRY (Entered: 09/10/2018)
09/13/2018	<u>22</u>	

		Notice of Appearance or Withdrawal of Counsel: for attorney Scott D Tenley counsel for Plaintiff USA. Adding Scott D. Tenley as counsel of record for USA for the reason indicated in the G-123 Notice. Filed by Plaintiff USA. (Attorney Scott D Tenley added to party USA(pty:pla))(Tenley, Scott) (Entered: 09/13/2018)
09/13/2018	<u>23</u>	MINUTES OF Change of Plea Hearing held before Judge Josephine L. Staton as to Defendant Lauren Papa. Defendant sworn. Court questions defendant regarding the plea. The Defendant Lauren Papa (1) pleads GUILTY to Count 1 of the single count indictment. The plea is accepted. The Court ORDERS the preparation of a Presentence Report. Sentencing set for 3/22/2019 09:30 AM before Judge Josephine L. Staton. Court Reporter: Deborah Parker. (yl) (Entered: 09/13/2018)

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09/18/2018 13:37:07			
PACER Login:	Odlegal94612:2536794:0	Client Code:	AFU
Description:	Docket Report	Search Criteria:	8:18-cr-00125-JLS End date: 9/18/2018
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