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CLERK U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
LOS ANGELES

UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
January 2015 Grand Jury

UNITED STATES OF AMERICA,  
  
Plaintiff,  
  
v.  
  
SIMON HONG,  
aka "Seong Wook Hong,"  
  
Defendant.

CR No. **CR16-0038**  
  
I N D I C T M E N T  
  
[18 U.S.C. § 1347: Health Care Fraud; 42 U.S.C. § 1320a-7b(b)(1)(A): Illegal Remunerations for Health Care Referrals; 18 U.S.C. § 1028A(a)(1): Aggravated Identity Theft; 18 U.S.C. § 2(b): Causing an Act to be Done]

The Grand Jury charges:  
  
COUNTS ONE THROUGH EIGHT  
  
[18 U.S.C. §§ 1347, 2(b)]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:  
  
Defendant

1. Defendant SIMON HONG, also known as ("aka") "Seong Wook Hong" ("defendant HONG"), was a resident of Brea, California, within the Central District of California.

1           2.     Beginning in or about May 2009 and continuing through in or  
2 about November 2013, defendant HONG owned, operated, and controlled  
3 Hong's Medical Management, Inc. ("Hong's Medical"), CMH Practice  
4 Solution ("CMH Practice"), and HK Practice and Solution, Inc. ("HK  
5 Practice") (collectively, "Hong's Companies"), all California  
6 corporations, which were located at various sites in Los Angeles and  
7 Orange Counties, within the Central District of California.

8           3.     Beginning in or about May 2009 and continuing through in or  
9 about November 2013, defendant HONG leased, operated, and controlled  
10 clinics located in Walnut, California, Los Angeles, California, and  
11 Torrance, California (collectively "Hong's Clinics"), in Los Angeles  
12 and Orange Counties, within the Central District of California.

13           Co-Schemers

14           4.     Co-schemer Marlon Songco was the president of Rehab  
15 Dynamics, Inc., a California corporation ("Rehab Dynamics"), which  
16 was located at various sites in Los Angeles and Orange Counties,  
17 within the Central District of California.

18           5.     Co-schemers Joseff Sales ("Sales") and Danniell Goyena  
19 ("Goyena") owned, operated, and controlled Rehab Dynamics and RSG  
20 Rehab, Inc. ("RSG"). RSG also was a California corporation, with  
21 locations at various sites in Los Angeles County, within the Central  
22 District of California.

23           6.     A bank account for Rehab Dynamics was maintained at J.P.  
24 Morgan Chase Bank, N.A., with account number ending in 5060 (the  
25 "Rehab Dynamics Bank Account"). Bank accounts for RSG were  
26 maintained at J.P. Morgan Chase Bank, N.A., with account numbers  
27 ending in 5234, 2189, and 2698 (the "RSG Bank Accounts").  
28

1        The Medicare Program

2            7. Medicare was a health care benefit program, affecting  
3 commerce, that provided medical benefits to individuals who were over  
4 the age of 65 or disabled. Medicare was administered by the Centers  
5 for Medicare and Medicaid Services ("CMS"), a federal agency  
6 operating under the authority of the United States Department of  
7 Health and Human Services ("HHS").

8            8. Individuals who qualified for Medicare benefits were  
9 referred to as Medicare "beneficiaries." Each Medicare beneficiary  
10 was given a Health Identification Card containing a unique  
11 identification number ("HICN").

12           9. Health care providers who provided medical services that  
13 were reimbursed by Medicare were referred to as Medicare "providers."

14           10. CMS contracted with private companies to certify providers  
15 for participation in the Medicare program and monitor their  
16 compliance with Medicare standards, to process and pay claims, and to  
17 perform program safeguard functions, such as identifying and  
18 reviewing suspect claims.

19           11. To obtain reimbursement from Medicare, a provider had to  
20 apply for and obtain a provider number. By signing the provider  
21 application, the provider agreed to (a) abide by Medicare rules and  
22 regulations and (b) not submit claims to Medicare knowing they were  
23 false or fraudulent or with deliberate ignorance or reckless  
24 disregard of their truth or falsity.

25           12. If Medicare approved a provider's application, Medicare  
26 assigned the provider a Medicare provider number, which enabled the  
27 provider to submit claims to Medicare for services rendered to  
28 Medicare beneficiaries.

1 13. Medicare reimbursed providers only for services, including  
2 physical therapy, that were medically necessary to the treatment of a  
3 beneficiary's illness or injury, were prescribed by a beneficiary's  
4 physician or a qualified physician's assistant acting under the  
5 supervision of a physician, and were provided in accordance with  
6 Medicare regulations and guidelines that governed whether a  
7 particular service or product would be reimbursed by Medicare.

8 14. Medicare required that physical therapy services be  
9 performed by (a) a physician, (b) a physical therapist ("PT"), or  
10 (c) a physical therapy assistant ("PTA") acting under the direct  
11 supervision of a physician or PT. "Direct supervision" required that  
12 the doctor or PT be physically present in the same office suite and  
13 immediately available to provide assistance and direction throughout  
14 the time the PTA was performing physical therapy services. Physical  
15 therapy services provided by aides or physical therapy students were  
16 not reimbursable by Medicare, regardless of the level of supervision.

17 15. Medicare did not cover acupuncture or reimburse providers  
18 for acupuncture services. Medicare did not cover massages unless  
19 they were therapeutic massages provided by a licensed therapist as  
20 part of the beneficiary's plan of care.

21 B. THE SCHEME TO DEFRAUD

22 16. Beginning in or about May 2009, and continuing until at  
23 least in or about November 2013, in Los Angeles and Orange Counties,  
24 within the Central District of California and elsewhere, defendant  
25 HONG, and co-schemers Sales, Goyena, and Songco, together with others  
26 known and unknown to the Grand Jury, knowingly, willfully, and with  
27 the intent to defraud, executed and attempted to execute a scheme and  
28 artifice: (1) to defraud a health care benefit program, namely,

1 Medicare, as to material matters in connection with the delivery of  
2 and payment for health care benefits, items, and services; and (2) to  
3 obtain, by means of material false and fraudulent pretenses and  
4 representations and the concealment of material facts, in connection  
5 with the delivery of and payment for health care benefits, items, and  
6 services, money under the custody and control of Medicare.

7 17. The fraudulent scheme operated, in substance, in the  
8 following manner:

9 a. Co-schemers Sales, Goyena, and Songco paid Hong's  
10 Companies for defendant HONG's referrals of Medicare beneficiaries to  
11 Rehab Dynamics and RSG.

12 b. Defendant HONG recruited Medicare beneficiaries to  
13 Hong's Clinics, which were funded and controlled by Hong's Companies.  
14 The Medicare beneficiaries supplied their Medicare cards, HICNs, and  
15 patient information to Hong's Clinics, and defendant HONG  
16 subsequently provided this information to co-schemers Sales, Goyena,  
17 and Songco at Rehab Dynamics and RSG.

18 c. As defendant HONG knew, co-schemers Sales, Goyena, and  
19 Songco hired licensed PTs, many of whom worked full-time elsewhere,  
20 to perform only patient evaluations, without any follow-up treatment,  
21 for Medicare beneficiaries at Hong's Clinics. As defendant HONG  
22 knew, those PTs evaluated some, but not all, of these beneficiaries  
23 and created plans of physical therapy treatment for them, even though  
24 many of these beneficiaries never received any physical therapy  
25 services.

26 d. While at Hong's Clinics, Medicare beneficiaries often  
27 received only massages and acupuncture (services defendant HONG knew  
28

1 were not covered by Medicare) from individuals not licensed to  
2 perform physical therapy.

3 e. Defendant HONG and co-schemers Sales, Goyena, and  
4 Songco provided, and caused to be provided, information to Accubill  
5 Medical Billing Services ("Accubill"), including the names, HICNs,  
6 and other patient information of the Medicare beneficiaries at Hong's  
7 Clinics, as well as falsified records that made it appear as though  
8 those Medicare beneficiaries had received physical therapy treatments  
9 from specific PTs hired by Rehab Dynamics and RSG, knowing and  
10 intending that Accubill would use this falsified information to  
11 submit false and fraudulent claims to Medicare for physical therapy.

12 f. As a result of the claims submitted by Accubill, Rehab  
13 Dynamics and RSG received payment from Medicare for those false and  
14 fraudulent physical therapy claims, and the payments were deposited  
15 into the Rehab Dynamics and RSG Bank Accounts, to which co-schemers  
16 Sales, Goyena, and Songco had joint access, and over which they  
17 exercised joint control.

18 g. From the Medicare payments deposited into the Rehab  
19 Dynamics and RSG Bank Accounts, co-schemers Sales, Goyena, and Songco  
20 paid kickbacks to defendant HONG for the referral of these Medicare  
21 beneficiaries at Hong's Clinics to Rehab Dynamics and RSG. Those  
22 kickbacks were approximately 56 percent of the Medicare payments  
23 received by Rehab Dynamics and RSG from the submission of the  
24 fraudulent claims to Medicare for physical therapy.

25 h. Between in or about May 2009 and continuing until at  
26 least in or about November 2013, Rehab Dynamics and RSG obtained and  
27 received from Medicare, and deposited into the Rehab Dynamics and RSG  
28 Bank Accounts, approximately \$2,929,775 from false and fraudulent

1 claims submitted to Medicare, primarily for physical therapy, on  
2 behalf of Medicare beneficiaries at Hong's Clinics recruited by  
3 defendant HONG. Defendant HONG, through Hong's Companies, received  
4 approximately \$1,640,674 of this amount for his participation in the  
5 fraudulent scheme, including in particular for his recruiting the  
6 Medicare beneficiaries to Hong's Clinics and for his providing  
7 information to co-schemers Sales, Goyena, and Songco, for use in  
8 creating and submitting to Medicare fraudulent claims for physical  
9 therapy.

10 C. EXECUTIONS OF THE FRAUDULENT SCHEME

11 18. On or about the dates set forth below, within the Central  
12 District of California, and elsewhere, defendant HONG, together with  
13 others known and unknown to the Grand Jury, knowingly and willfully  
14 executed and attempted to execute the fraudulent scheme described  
15 above, by submitting and causing to be submitted to Medicare the  
16 following false and fraudulent claims:

17 //

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COUNT	DATE CLAIM SUBMITTED	CLAIM
ONE	4/12/2011	Claim number 551111102316380 for \$80.00 for therapeutic exercise (97110) purportedly provided on or about April 1, 2011 to beneficiary B.O. by physical therapist C.P.
TWO	6/15/2011	Claim number 551111166485060 for \$80.00 for manual physical therapy (97140) purportedly provided on or about June 3, 2011 to beneficiary S.B. by physical therapist J.W.
THREE	7/12/2011	Claim number 551111193623250 for \$45.00 for therapeutic procedure (97112) purportedly provided on or about July 1, 2011 to beneficiary B.O. by physical therapist E. Legaspi
FOUR	7/12/2011	Claim number 551111193623220 for \$40.00 for walking training (97116) purportedly provided on or about July 6, 2011 to beneficiary K.B. by physical therapist E. Legaspi
FIVE	7/19/2011	Claim number 551111200487750 for \$45.00 for therapeutic procedure (97112) purportedly provided on or about July 13, 2011 to beneficiary J.K. #1 by physical therapist E. Legaspi
SIX	10/4/2011	Claim number 551111277629230 for \$80.00 for therapeutic exercise (97110) purportedly provided on or about September 26, 2011 to beneficiary J.S. by physical therapist J.W.
SEVEN	3/14/2012	Claim number 551912074182540 for \$45.00 for therapeutic procedure (97112) purportedly provided on or about March 7, 2012 to beneficiary P.M. by physical therapist E. Legaspi
EIGHT	5/10/2012	Claim number 551812131182180 for \$40.00 for manual physical therapy (97140) purportedly provided on or about April 26, 2012 to beneficiary J.K. #2 by physical therapist E. Legaspi

## COUNTS NINE THROUGH SEVENTEEN

[42 U.S.C. § 1320a-7b(b) (1) (A)]

19. The Grand Jury hereby repeats and realleges paragraphs 1 through 15 and 17 of this Indictment as if fully set forth herein.

20. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendant HONG, together with others known and unknown to the Grand Jury, knowingly and willfully solicited and received remuneration, namely, checks payable in the approximate amounts set forth below, drawn on the Rehab Dynamics Bank Account and the RSG Bank Accounts, in return for referring individuals to Rehab Dynamics and RSG for physical therapy-related services, for which payment could be made in whole and in part under a Federal health care program, namely, Medicare:

COUNT	DATE	CHECK
NINE	3/15/2011	Check number 1308, drawn on the RSG Bank Accounts, in the amount of \$3,659.17, payable to Hong's Medical
TEN	4/26/2011	Check number 1647, drawn on the Rehab Dynamics Bank Account, in the amount of \$10,074.68, payable to Hong's Medical
ELEVEN	5/11/2011	Check number 1318, drawn on the RSG Bank Accounts, in the amount of \$2,184.25, payable to Hong's Medical
TWELVE	7/26/2011	Check number 1725, drawn on the Rehab Dynamics Bank Account, in the amount of \$9,972.83, payable to Hong's Medical
THIRTEEN	10/10/2011	Check number 1786, drawn on the Rehab Dynamics Bank Account, in the amount of \$10,119.84, payable to Hong's Medical

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FOURTEEN	1/24/2012	Check number 1879, drawn on the Rehab Dynamics Bank Account, in the amount of \$13,139.73, payable to HK Practice
FIFTEEN	5/24/2012	Check number 1982, drawn on the Rehab Dynamics Bank Account, in the amount of \$4,708.43, payable to HK Practice
SIXTEEN	10/3/2012	Check number 2082, drawn on the Rehab Dynamics Bank Account, in the amount of \$12,393.71, payable to HK Practice
SEVENTEEN	6/11/2013	Check number 2549, drawn on the Rehab Dynamics Bank Account, in the amount of \$6,560.10, payable to HK Practice

COUNTS EIGHTEEN AND NINETEEN

[18 U.S.C. §§ 1028A(a)(1), 2(b)]

21. The Grand Jury hereby repeats and realleges paragraphs 1 through 15 and 17 of this Indictment as if fully set forth herein.

22. On or about the dates set forth below, in Los Angeles County, within the Central District of California, defendant HONG, together with others known and unknown to the Grand Jury, knowingly transferred, possessed, and used, and willfully caused to be transferred, possessed, and used, without lawful authority, means of identification of other persons, namely, the names and HICNs of the Medicare beneficiaries identified below, during and in relation to felony violations of Title 18, United States Code, Section 1347, as charged in the related counts of the Indictment identified below.

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COUNT	DATE	BENEFICIARY (HICN)	RELATED COUNT OF INDICTMENT
EIGHTEEN	4/12/2011	B.O. (xxxxx8957B)	COUNT ONE
NINETEEN	5/10/2012	J.K.#2 (xxxxx4168A)	COUNT EIGHT

A TRUE BILL

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Foreperson

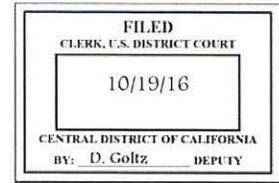
EILEEN M. DECKER  
United States Attorney

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

GEORGE S. CARDONA  
Assistant United States Attorney  
Chief, Major Frauds Section

STEPHEN A. CAZARES  
Assistant United States Attorney  
Deputy Chief, Major Frauds Section

BYRON J. MCLAIN  
Assistant United States Attorney  
Major Frauds Section



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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff(s),

v

SIMON HONG,

Defendant(s)

CASE NO. CR 16-0038-DOC

**REDACTED VERDICT FORM**

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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

SIMON HONG,  
Aka "Seong Wook Hong"

Defendant.

No. SA CR 16-0038-DOC

VERDICT FORM

1 **COUNT ONE**

2 We, the jury in the above-captioned case, unanimously find the  
3 defendant SIMON HONG:

4  GUILTY

5  NOT GUILTY

6 as to Count One, charging Health Care Fraud in violation of 18  
7 U.S.C. § 1347, relating to claim number ending in x6380 submitted on  
8 or about April 12, 2011.

9

10 **COUNT TWO**

11 We, the jury in the above-captioned case, unanimously find the  
12 defendant SIMON HONG,

13  GUILTY

14  NOT GUILTY

15 as to Count Two, charging Health Care Fraud in violation of 18  
16 U.S.C. § 1347, relating to claim number ending in x5060 submitted on  
17 or about June 15, 2011.

18

19 **COUNT THREE**

20 We, the jury in the above-captioned case, unanimously find the  
21 defendant SIMON HONG:

22  GUILTY

23  NOT GUILTY

24 as to Count Three, charging Health Care Fraud in violation of 18  
25 U.S.C. § 1347, relating to claim number ending in x3250 submitted on  
26 or about July 12, 2011.

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1 **COUNT FOUR**

2 We, the jury in the above-captioned case, unanimously find the  
3 defendant SIMON HONG:

4  GUILTY  
5  NOT GUILTY

6 as to Count Four, charging Health Care Fraud in violation of 18  
7 U.S.C. § 1347, relating to claim number ending in x3220 submitted on  
8 or about July 12, 2011.

9

10 **COUNT FIVE**

11 We, the jury in the above-captioned case, unanimously find the  
12 defendant SIMON HONG:

13  GUILTY  
14  NOT GUILTY

15 as to Count Five, charging Health Care Fraud in violation of 18  
16 U.S.C. § 1347, relating to claim number ending in x7750 submitted on  
17 or about July 19, 2011.

18

19 **COUNT SIX**

20 We, the jury in the above-captioned case, unanimously find the  
21 defendant SIMON HONG:

22  GUILTY  
23  NOT GUILTY

24 as to Count Six, charging Health Care Fraud in violation of 18  
25 U.S.C. § 1347, relating to claim number ending in x9230 submitted on  
26 or about October 4, 2011.

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1 **COUNT SEVEN**

2 We, the jury in the above-captioned case, unanimously find the  
3 defendant SIMON HONG:

4  GUILTY

5  NOT GUILTY

6 as to Count Seven, charging Health Care Fraud in violation of 18  
7 U.S.C. § 1347, relating to claim number ending in x2540 submitted on  
8 or about March 14, 2012.

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10 **COUNT EIGHT**

11 We, the jury in the above-captioned case, unanimously find the  
12 defendant SIMON HONG:

13  GUILTY

14  NOT GUILTY

15 as to Count Eight, charging Health Care Fraud in violation of 18  
16 U.S.C. § 1347, relating to claim number ending in x2180 submitted on  
17 or about May 10, 2012.

18  
19 **COUNT NINE**

20 We, the jury in the above-captioned case, unanimously find the  
21 defendant SIMON HONG:

22  GUILTY

23  NOT GUILTY

24 as to Count Nine, charging Receipt of Kickbacks in violation of 42  
25 U.S.C. § 1320a-7b(b) (1) (A) on or about March 15, 2011, in the amount  
26 of approximately \$3,659.17.

1 **COUNT TEN**

2 We, the jury in the above-captioned case, unanimously find the  
3 defendant SIMON HONG:

4  GUILTY

5  NOT GUILTY

6 as to Count Ten, charging Receipt of Kickbacks in violation of 42  
7 U.S.C. § 1320a-7b(b) (1) (A) on or about April 26, 2011, in the amount  
8 of approximately \$10,074.68.

9

10 **COUNT ELEVEN**

11 We, the jury in the above-captioned case, unanimously find the  
12 defendant SIMON HONG:

13  GUILTY

14  NOT GUILTY

15 as to Count Eleven, charging Receipt of Kickbacks in violation of 42  
16 U.S.C. § 1320a-7b(b) (1) (A), on or about May 11, 2011, in the amount  
17 of approximately \$2,184.25.

18

19 **COUNT TWELVE**

20 We, the jury in the above-captioned case, unanimously find the  
21 defendant SIMON HONG:

22  GUILTY

23  NOT GUILTY

24 as to Count Twelve, charging Receipt of Kickbacks in violation of 42  
25 U.S.C. § 1320a-7b(b) (1) (A), on or about July 26, 2011, in the amount  
26 of approximately \$9,972.83.

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1 **COUNT THIRTEEN**

2 We, the jury in the above-captioned case, unanimously find the  
3 defendant SIMON HONG:

4  GUILTY  
5  NOT GUILTY

6 as to Count Thirteen, charging Receipt of Kickbacks in violation of  
7 42 U.S.C. § 1320a-7b(b) (1) (A), on or about October 10, 2011, in the  
8 amount of approximately \$10,119.84.

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10 **COUNT FOURTEEN**

11 We, the jury in the above-captioned case, unanimously find the  
12 defendant SIMON HONG:

13  GUILTY  
14  NOT GUILTY

15 as to Count Fourteen, charging Receipt of Kickbacks in violation of  
16 42 U.S.C. § 1320a-7b(b) (1) (A), on or about January 24, 2012, in the  
17 amount of approximately \$13,139.73.

18

19 **COUNT FIFTEEN**

20 We, the jury in the above-captioned case, unanimously find the  
21 defendant SIMON HONG:

22  GUILTY  
23  NOT GUILTY

24 as to Count Fifteen, charging Receipt of Kickbacks in violation of  
25 42 U.S.C. § 1320a-7b(b) (1) (A), on or about May 24, 2012, in the  
26 amount of approximately \$4,708.43.

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1 **COUNT SIXTEEN**

2 We, the jury in the above-captioned case, unanimously find the  
3 defendant SIMON HONG:

4  GUILTY  
5  NOT GUILTY

6 as to Count Sixteen, charging Receipt of Kickbacks in violation of  
7 42 U.S.C. § 1320a-7b(b) (1) (A), on or about October 3, 2012, in the  
8 amount of approximately \$12,393.71.

9

10 **COUNT SEVENTEEN**

11 We, the jury in the above-captioned case, unanimously find the  
12 defendant SIMON HONG:

13  GUILTY  
14  NOT GUILTY

15 as to Count Seventeen, charging Receipt of Kickbacks in violation of  
16 42 U.S.C. § 1320a-7b(b) (1) (A), on or about June 11, 2013, in the  
17 amount of approximately \$6,560.10.

18

19 **COUNT EIGHTEEN**

20 We, the jury in the above-captioned case, unanimously find the  
21 defendant SIMON HONG:

22  GUILTY  
23  NOT GUILTY

24 as to Count Eighteen, charging Aggravated Identity Theft in  
25 violation of 1028A(a) (1), on or about April 12, 2011, in relation to  
26 beneficiary Bong Oh.

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1 COUNT NINETEEN

2 We, the jury in the above-captioned case, unanimously find the  
3 defendant SIMON HONG:

4  GUILTY  
5  NOT GUILTY

6 as to Count Nineteen, charging Aggravated Identity Theft in  
7 violation of 1028A(a)(1), on or about May 10, 2012, in relation to  
8 beneficiary Joung Hee Kim.

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FOREPERSON OF THE JURY

DATED: Oct, 19, 2016 at Santa Ana, California.