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UNDER SEAL

FILED
CLERK, U.S. DISTRICT COURT, SOUTHERN DIVISION
FEB 14 2012
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

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

UNITED STATES OF AMERICA,) SA CR No. 12-23
)
Plaintiff,) I N F O R M A T I O N
)
v.) [18 U.S.C. § 371: Conspiracy to
) Commit Mail Fraud]
PAUL RICHARD RANDALL,)
) [UNDER SEAL]
Defendant.)
)
)
)
)
)

The United States Attorney alleges:

[18 U.S.C. § 371]

A. INTRODUCTION

At all times relevant to this Information:

1. The California's Workers' Compensation System ("CWCS") required that employers provide workers' compensation benefits to employees who were injured in the course of their employment. These medical benefits included physician visits, diagnostics, physical therapy, medications, and surgery. The benefits provided to the employee were administered by either a private insurance carrier or the State Compensation Insurance Fund

1 ("SCIF"), which was a state agency designed to act as the
2 "insurer of last resort." Medical claims for services were
3 required to be sent by mail or via electronic submission. The
4 CWCS prohibited a physician from receiving anything of value for
5 making a referral for evaluation, consultation, or treatment.
6 Further, any claim for medical services furnished pursuant to an
7 illegal referral (i.e., a kickback) was considered invalid.

8 2. Defendant PAUL RICHARD RANDALL was a marketer for a
9 hospital located in Orange County, California ("Hospital").
10 Further, in or around April 2010, defendant RANDALL created a
11 company called Summit Medical Group, located at 21520 Pioneer
12 Boulevard, Suite 203, Hawaiian Gardens, California ("Summit"),
13 with co-conspirator C.H.

14 B. THE OBJECT OF THE CONSPIRACY

15 3. Beginning in or around November 2009, and continuing
16 through in or around June 2011, in Orange County and Los Angeles
17 County, within the Central District of California, and elsewhere,
18 defendant RANDALL, together with C.H. and others known and
19 unknown to the United States Attorney, knowingly combined,
20 conspired, and agreed to commit the following offense against the
21 United States: mail fraud, in violation of Title 18, United
22 States Code, Section 1341.

23 C. THE MANNER AND MEANS OF THE CONSPIRACY

24 4. The object of the conspiracy was carried out, and to be
25 carried out, in substance, as follows:

26 a. Defendant RANDALL recruited chiropractors and
27 physicians to refer workers' compensation patients for spinal
28

1 surgeries at the Hospital by paying them a kickback of
2 approximately \$15,000 to \$20,000 per spinal surgery.

3 b. To facilitate the payment of the kickbacks,
4 defendant RANDALL engaged in a number of financial transactions
5 through Summit. Specifically, defendant RANDALL and C.H.:

6 i. Purchased spinal surgery hardware to be used
7 in spinal surgeries at the Hospital;

8 ii. Created invoices inflating the cost of the
9 hardware many times over the actual purchase price; and

10 iii. At the Hospital's direction and with full
11 disclosure to the Hospital, submitted the inflated invoices to
12 the Hospital.

13 c. The Hospital then submitted the inflated invoices
14 to workers' compensation insurance carriers for payment.

15 d. The Hospital took 5% of all monies reimbursed on
16 the inflated spinal surgery hardware bills before reimbursing
17 Summit.

18 e. Defendant RANDALL paid the kickbacks to the
19 chiropractors and physicians from his profits on providing the
20 spinal surgery hardware to the Hospital at the inflated cost.

21 D. OVERT ACTS

22 5. In furtherance of the conspiracy, and to accomplish its
23 object, defendant RANDALL, together with C.H. and others known
24 and unknown to the United States Attorney, committed and
25 willfully caused others to commit the following overt acts, among
26 others, in the Central District of California and elsewhere:

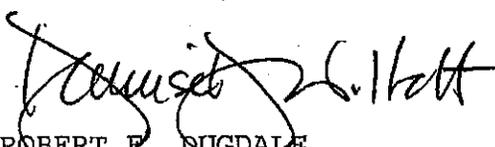
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1 Overt Act No. 1: In or around March 2010, defendant RANDALL
2 paid chiropractor A.I. \$30,000 in cash for two spinal surgeries
3 on workers' compensation patients performed at the Hospital that
4 were referred by A.I.

5 Overt Act No. 2: In or around August 2010, defendant
6 RANDALL submitted to the Hospital, to be billed by the Hospital
7 to workers' compensation insurance, an invoice for spinal surgery
8 hardware used in a spinal surgery at the Hospital on workers'
9 compensation patient R.G., which listed the cost of the hardware
10 as \$42,467 when the actual cost of the hardware purchased by
11 Summit was \$13,641, and which was submitted by the Hospital to
12 workers' compensation insurance for payment.

13
14 ANDRÉ BIROTTE JR.
 United States Attorney

15
16 
17 ROBERT E. DUGDALE
18 Assistant United States Attorney
19 Chief, Criminal Division

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

23 JEANNIE M. JOSEPH
24 Assistant United States Attorney

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UNDER SEAL

1 ANDRÉ BIROTTE JR.
 United States Attorney
 2 DENNISE D. WILLETT
 Assistant United States Attorney
 3 Chief, Santa Ana Branch Office
 JEANNIE M. JOSEPH (Cal. State Bar No.: 180399)
 4 Assistant United States Attorney
 Ronald Reagan Federal Bldg. & U.S. Dist. Courthouse
 5 411 W. 4th St., Suite 8000
 Santa Ana, California 92701
 6 Telephone: (714) 338-3576
 Facsimile: (714) 338-3708
 7 E-mail: jeannie.joseph@usdoj.gov

8 Attorneys for Plaintiff
 UNITED STATES OF AMERICA
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FEB 14 2012
 CENTRAL DISTRICT OF CALIFORNIA
 BY DEPUTY

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

13 UNITED STATES OF AMERICA,) SA CR No. 12-23
 14)
 Plaintiff,) PLEA AGREEMENT FOR DEFENDANT
 15) PAUL RICHARD RANDALL
 v.)
 16) **[UNDER SEAL]**
 PAUL RICHARD RANDALL,)
 17)
 Defendant.)
 18)
 19)

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

DEFENDANT'S OBLIGATIONS

27 2. Defendant agrees to:

28 / / /

1 a) Give up the right to indictment by a grand jury and,
2 at the earliest opportunity requested by the USAO and provided by
3 the Court, appear and plead guilty to a one-count information in
4 the form attached to this agreement as Exhibit A or a similar
5 form, which charges defendant with conspiracy to commit mail
6 fraud, in violation 18 U.S.C. § 371.

7 b) Not contest facts agreed to in this agreement.

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

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

13 e) Not commit any crime; however, offenses that would
14 be excluded for sentencing purposes under United States
15 Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines")
16 § 4A1.2(c) are not within the scope of this agreement.

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

19 g) Pay the applicable special assessment at or before
20 the time of sentencing unless defendant lacks the ability to pay
21 and submits a completed financial statement (form OBD-500) to the
22 USAO prior to sentencing.

23 h) Not seek the discharge of any restitution
24 obligation, in whole or in part, in any present or future
25 bankruptcy proceeding.

26 3. Defendant further agrees to cooperate fully with the
27 USAO, the Federal Bureau of Investigation, the California
28

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

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

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

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

14 d) If requested to do so by the USAO, act in an
15 undercover capacity to the best of defendant's ability in
16 connection with criminal investigations by federal, state, local,
17 or foreign law enforcement authorities, in accordance with the
18 express instructions of those law enforcement authorities.
19 Defendant agrees not to act in an undercover capacity, tape
20 record any conversations, or gather any evidence except after a
21 request by the USAO and in accordance with express instructions
22 of federal, state, local, or foreign law enforcement authorities.

23 4. For purposes of this agreement: (1) "Cooperation
24 Information" shall mean any statements made, or documents,
25 records, tangible evidence, or other information provided, by
26 defendant pursuant to defendant's cooperation under this
27 agreement or pursuant to the letter agreement previously entered
28 into by the parties dated June 23, 2011 ("the Letter Agreement");

1 and (2) "Plea Information" shall mean any statements made by
2 defendant, under oath, at the guilty plea hearing and the agreed
3 to factual basis statement in this agreement.

4 THE USAO'S OBLIGATIONS

5 5. The USAO agrees to:

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

7 b) Abide by all agreements regarding sentencing
8 contained in this agreement.

9 c) At the time of sentencing, provided that defendant
10 demonstrates an acceptance of responsibility for the offense up
11 to and including the time of sentencing, recommend a two-level
12 reduction in the applicable Sentencing Guidelines offense level,
13 pursuant to U.S.S.G. § 3E1.1, and recommend and, if necessary,
14 move for an additional one-level reduction if available under
15 that section.

16 d) Recommend that defendant be sentenced to a term of
17 imprisonment no higher than the low end of the applicable
18 Sentencing Guidelines range, provided that the offense level used
19 by the Court to determine that range is 21 or higher prior to any
20 departure downward in offense level pursuant to U.S.S.G. § 5K1.1
21 and provided that the Court does not depart downward in criminal
22 history category or offense level except to the extent requested
23 by the USAO pursuant to U.S.S.G. § 5K1.1. For purposes of this
24 agreement, the low end of the Sentencing Guidelines range is that
25 defined by the Sentencing Table in U.S.S.G. Chapter 5, Part A,
26 without regard to reductions in the term of imprisonment that may
27 be permissible through the substitution of community confinement
28 or home detention as a result of the offense level falling within

1 Zone B or Zone C of the Sentencing Table.

2 e) Except for criminal tax violations (including
3 conspiracy to commit such violations chargeable under 18 U.S.C.
4 § 371), not to further criminally prosecute defendant for
5 violations of federal law arising out of defendant's marketing
6 activities in connection with the workers' compensation system
7 that are known to the government. Defendant understands that the
8 USAO is free to criminally prosecute defendant for any other
9 unlawful past conduct or any unlawful conduct that occurs after
10 the date of this agreement. Defendant agrees that at the time of
11 sentencing the Court may consider the uncharged conduct in
12 determining the applicable Sentencing Guidelines range, the
13 propriety and extent of any departure from that range, and the
14 sentence to be imposed after consideration of the Sentencing
15 Guidelines and all other relevant factors under 18 U.S.C.
16 § 3553(a).

17 6. The USAO further agrees:

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

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

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

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

19 d) If the USAO determines, in its exclusive judgment,
20 that defendant has both complied with defendant's obligations
21 under paragraphs 2 and 3 above and provided substantial
22 assistance to law enforcement in the prosecution or investigation
23 of another ("substantial assistance"), to move the Court pursuant
24 to U.S.S.G. § 5K1.1 to fix an offense level and corresponding
25 guideline range below that otherwise dictated by the sentencing
26 guidelines, and to recommend a term of imprisonment within this
27 reduced range.

28 / / /

1 DEFENDANT'S UNDERSTANDINGS REGARDING COOPERATION

2 7. Defendant understands the following:

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

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

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

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

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

27 / / /

28 / / /

1 relevant conduct in connection with that count and those charges.

2 11. Defendant understands that supervised release is a
3 period of time following imprisonment during which defendant will
4 be subject to various restrictions and requirements. Defendant
5 understands that if defendant violates one or more of the
6 conditions of any supervised release imposed, defendant may be
7 returned to prison for all or part of the term of supervised
8 release authorized by statute for the offense that resulted in
9 the term of supervised release, which could result in defendant
10 serving a total term of imprisonment greater than the statutory
11 maximum stated above.

12 12. Defendant understands that, by pleading guilty,
13 defendant may be giving up valuable government benefits and
14 valuable civic rights, such as the right to vote, the right to
15 possess a firearm, the right to hold office, and the right to
16 serve on a jury. Defendant understands that once the court
17 accepts defendant's guilty plea, it will be a federal felony for
18 defendant to possess a firearm or ammunition. Defendant
19 understands that the conviction in this case may also subject
20 defendant to various other collateral consequences, including but
21 not limited to revocation of probation, parole, or supervised
22 release in another case and suspension or revocation of a
23 professional license. Defendant understands that unanticipated
24 collateral consequences will not serve as grounds to withdraw
25 defendant's guilty plea.

26 13. Defendant understands that, if defendant is not a
27 United States citizen, the felony conviction in this case may
28 subject defendant to removal, also known as deportation, which

1 may, under some circumstances, be mandatory. The court cannot,
2 and defendant's attorney also may not be able to, advise
3 defendant fully regarding the immigration consequences of the
4 felony conviction in this case. Defendant understands that
5 unexpected immigration consequences will not serve as grounds to
6 withdraw defendant's guilty plea.

7 FACTUAL BASIS

8 14. Defendant and the USAO agree to the statement of facts
9 provided below. Defendant and the USAO agree that this statement
10 of facts is sufficient to support a plea of guilty to the charge
11 described in this agreement and to establish the Sentencing
12 Guidelines factors set forth in paragraph 16 below but is not
13 meant to be a complete recitation of all facts relevant to the
14 underlying criminal conduct or all facts known to either party
15 that relate to that conduct.

16 Beginning in or around November 2009 and continuing through
17 in or around June 2011, defendant knowingly conspired with
18 hospitals, chiropractors, physicians, and others to pay illegal
19 kickbacks for the referral of workers' compensation patients and
20 to submit to workers' compensation insurance carriers for payment
21 medical bills associated with the services thereby rendered,
22 while concealing the fact that the services were the result of a
23 kickback arrangement. Specifically, defendant was a marketer for
24 Tri-City Regional Medical Center, located at 21530 S.
25 Pioneer Boulevard, Hawaiian Gardens, California ("Tri-City"). As
26 a marketer for Tri-City, defendant conspired with the operators
27 of Tri-City, chiropractors, and physicians to pay kickbacks to
28 obtain referrals of workers' compensation patients to Tri-City

1 for spinal surgeries. Defendant recruited chiropractors and
2 physicians to refer workers' compensation patients for spinal
3 surgeries at Tri-city by paying them a kickback of approximately
4 \$15,000 to \$20,000 per spinal surgery. Tri-City's claims for
5 spinal surgeries (for workers' compensation patients referred
6 through defendant) were submitted to workers' compensation
7 insurance carriers by mail and wire. Defendant and his co-
8 conspirators did not disclose to the workers' compensation
9 insurance carriers the existence of the kickbacks. Defendant
10 knew that it was illegal to pay these kickbacks to the
11 chiropractors and physicians. Defendant also knew that, if the
12 workers' compensation insurance carriers had known that the
13 workers' compensation patients' spinal surgeries at Tri-City were
14 a result of defendant's payment of illegal kickbacks to
15 chiropractors and physicians, those workers' compensation
16 insurance carriers would not have paid the claims.

17 Further, in or around April 2010, defendant created a
18 company called Summit Medical Group, located at 21520 Pioneer
19 Boulevard, Suite 203, Hawaiian Gardens, California ("Summit"),
20 with co-conspirator Christina Hernandez. Through Summit,
21 defendant and Hernandez purchased spinal surgery hardware to be
22 used in the spine surgeries at Tri-City, created invoices
23 inflating the cost of the hardware many times over the actual
24 purchase price, and then - at the hospital's direction and with
25 full disclosure to the hospital - submitted the inflated invoices
26 to Tri-City. Tri-City, knowing that the cost of the spinal
27 surgery hardware was inflated in this manner, submitted the
28 inflated invoices to workers' compensation insurance carriers for

1 payment. Tri-City took 5% of all monies reimbursed on the
2 inflated spinal surgery hardware bills before reimbursing Summit.
3 Defendant was to pay the kickbacks to the chiropractors and
4 physicians from his profits on providing the spinal surgery
5 hardware to Tri-City at the inflated cost.

6 Also, in or around October 2010, defendant and Hernandez
7 created a company called Platinum Medical, located at 21520
8 Pioneer Boulevard, Suite 203, Hawaiian Gardens, California
9 ("Platinum"). Platinum paid kickbacks to physicians for
10 referring workers' compensation patients for toxicology tests.
11 Specifically, Platinum paid physicians \$150 to \$200 for each test
12 performed, which was in addition to the professional component of
13 the test that the physician would bill to workers' compensation
14 insurance. Platinum hid this kickback by purchasing accounts
15 receivables from the physicians for worthless toxicology claims.

16 Losses to workers' compensation insurance carriers total
17 approximately \$2.5 million to \$7 million. This number includes
18 actual and intended loss, as defined by Sentencing Guidelines
19 Section 2B1.1, Application Note 3.

20 SENTENCING FACTORS

21 15. Defendant understands that in determining defendant's
22 sentence the Court is required to consider the factors set forth
23 in 18 U.S.C. § 3553(a)(1)-(7), including the kinds of sentence
24 and sentencing range established under the Sentencing Guidelines.
25 Defendant understands that the Sentencing Guidelines are advisory
26 only, that defendant cannot have any expectation of receiving a
27 sentence within the Sentencing Guidelines range, and that after
28 considering the Sentencing Guidelines and the other § 3553(a)

1 factors, the Court will be free to exercise its discretion to
2 impose any sentence it finds appropriate up to the maximum set by
3 statute for the crime of conviction.

4 16. Defendant and the USAO agree to the following
5 applicable Sentencing Guidelines factors:

6 Base Offense Level : 6 [U.S.S.G. § 2B1.1(a)]

7 Specific Offense
8 Characteristics

8 Loss between : +18 [U.S.S.G.
9 \$2.5M-\$7M § 2B1.1(b) (1) (J)]

10 Adjustments

10 Acceptance of : -3 [U.S.S.G. § 3E1.1]
11 responsibility

12 The USAO will agree to a two-level downward adjustment for
13 acceptance of responsibility (and, if applicable, move for an
14 additional one-level downward adjustment under U.S.S.G.
15 § 3E1.1(b)) only if the conditions set forth in paragraph 6(c)
16 are met. Subject to paragraph 28 below, defendant and the USAO
17 agree not to seek, argue, or suggest in any way, either orally or
18 in writing, that any other specific offense characteristics,
19 adjustments, or departures, other than a downward departure
20 pursuant to § 5K1.1, relating to the offense level be imposed.
21 Defendant agrees, however, that if, after signing this agreement
22 but prior to sentencing, defendant were to commit an act, or the
23 USAO were to discover a previously undiscovered act committed by
24 defendant prior to signing this agreement, which act, in the
25 judgment of the USAO, constituted obstruction of justice within
26 the meaning of U.S.S.G. § 3C1.1, the USAO would be free to seek
27 the enhancement set forth in that section.

28 / / /

1 17. Defendant understands that there is no agreement as to
2 defendant's criminal history or criminal history category.

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

7 WAIVER OF CONSTITUTIONAL RIGHTS

8 19. Defendant understands that by pleading guilty,
9 defendant gives up the following rights:

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

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

12 c) The right to the assistance of an attorney at trial,

13 including the right to have the Court appoint an attorney to

14 represent defendant at trial. Defendant understands, however,

15 that, despite defendant's guilty plea, defendant retains the

16 right to be represented by an attorney -- and, if necessary, to

17 have the Court appoint an attorney if defendant cannot afford one

18 -- at every other stage of the proceeding.

19 d) The right to be presumed innocent and to have the

20 burden of proof placed on the government to prove defendant

21 guilty beyond a reasonable doubt.

22 e) The right to confront and cross-examine witnesses

23 against defendant.

24 f) The right to testify on defendant's own behalf and

25 present evidence in opposition to the charges, including calling

26 witnesses and subpoenaing those witnesses to testify.

27 g) The right not to be compelled to testify, and, if

28 defendant chose not to testify or present evidence, to have that

1 choice not be used against defendant.

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

5 WAIVER OF APPEAL OF CONVICTION

6 20. Defendant understands that, with the exception of an
7 appeal based on a claim that defendant's guilty plea was
8 involuntary, by pleading guilty defendant is waiving and giving
9 up any right to appeal defendant's conviction on the offense to
10 which defendant is pleading guilty.

11 LIMITED MUTUAL WAIVER OF APPEAL OF SENTENCE

12 21. Defendant agrees that, provided the Court imposes a
13 term of imprisonment within or below the range corresponding to
14 an offense level of 21 and the criminal history category
15 calculated by the Court, defendant gives up the right to appeal
16 all of the following: (a) the procedures and calculations used to
17 determine and impose any portion of the sentence, with the
18 exception of the Court's calculation of defendant's criminal
19 history category; (b) the term of imprisonment imposed by the
20 Court, except to the extent it depends on the Court's calculation
21 of defendant's criminal history category; (c) the fine imposed by
22 the court, provided it is within the statutory maximum; (d) the
23 amount and terms of any restitution order, provided it requires
24 payment of no more than \$7 million; (e) the term of probation or
25 supervised release imposed by the Court, provided it is within
26 the statutory maximum; and (f) any of the following conditions of
27 probation or supervised release imposed by the Court: the
28 standard conditions set forth in General Orders 318, 01-05,

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

4 22. The USAO agrees that, provided (a) all portions of the
5 sentence are at or below the statutory maximum specified above,
6 (b) the Court calculates the offense level to be used for
7 selecting a sentencing range under the Sentencing Guidelines to
8 be 21 or above prior to any departure under U.S.S.G. § 5K1.1, and
9 (c) the Court imposes a term of imprisonment within or above the
10 range corresponding to the offense level calculated after any
11 downward departure under U.S.S.G. § 5K1.1 and the criminal
12 history category calculated by the Court, the USAO gives up its
13 right to appeal any portion of the sentence, with the exception
14 that the USAO reserves the right to appeal the following: the
15 amount of restitution ordered if that amount is less than \$7
16 million.

17 RESULT OF WITHDRAWAL OF GUILTY PLEA

18 23. Defendant agrees that if, after entering a guilty plea
19 pursuant to this agreement, defendant seeks to withdraw and
20 succeeds in withdrawing defendant's guilty plea on any basis
21 other than a claim and finding that entry into this plea
22 agreement was involuntary, then (a) the USAO will be relieved of
23 all of its obligations under this agreement, including in
24 particular its obligations regarding the use of Cooperation
25 Information; (b) in any investigation, criminal prosecution, or
26 civil, administrative, or regulatory action, defendant agrees that
27 any Cooperation Information and any evidence derived from any
28 Cooperation Information shall be admissible against defendant,

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

15 EFFECTIVE DATE OF AGREEMENT

16 24. This agreement is effective upon signature and
17 execution of all required certifications by defendant,
18 defendant's counsel, and an Assistant United States Attorney.

19 BREACH OF AGREEMENT

20 25. Defendant agrees that if defendant, at any time after
21 the signature of this agreement and execution of all required
22 certifications by defendant, defendant's counsel, and an
23 Assistant United States Attorney, knowingly violates or fails to
24 perform any of defendant's obligations under this agreement ("a
25 breach"), the USAO may declare this agreement breached. For
26 example, if defendant knowingly, in an interview, before a grand
27 jury, or at trial, falsely accuses another person of criminal
28 conduct or falsely minimizes defendant's own role, or the role of

1 another, in criminal conduct, defendant will have breached this
2 agreement. All of defendant's obligations are material, a single
3 breach of this agreement is sufficient for the USAO to declare a
4 breach, and defendant shall not be deemed to have cured a breach
5 without the express agreement of the USAO in writing. If the
6 USAO declares this agreement breached, and the Court finds such a
7 breach to have occurred, then:

8 (a) If defendant has previously entered a guilty plea
9 pursuant to this agreement, defendant will not be able to
10 withdraw the guilty plea.

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

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

28 / / /

1 d) In any investigation, criminal prosecution, or
2 civil, administrative, or regulatory action: (i) defendant will
3 not assert, and hereby waives and gives up, any claim that any
4 Cooperation Information was obtained in violation of the Fifth
5 Amendment privilege against compelled self-incrimination; and
6 (ii) defendant agrees that any Cooperation Information and any
7 Plea Information, as well as any evidence derived from any
8 Cooperation Information or any Plea Information, shall be
9 admissible against defendant, and defendant will not assert, and
10 hereby waives and gives up, any claim under the United States
11 Constitution, any statute, Rule 410 of the Federal Rules of
12 Evidence, Rule 11(f) of the Federal Rules of Criminal Procedure,
13 or any other federal rule, that any Cooperation Information, any
14 Plea Information, or any evidence derived from any Cooperation
15 Information or any Plea Information should be suppressed or is
16 inadmissible.

17 26. Following the Court's finding of a knowing breach of
18 this agreement by defendant, should the USAO choose to pursue any
19 charge that was not filed as a result of this agreement, then:

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

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

28 / / /

1 binding prediction or promise regarding the sentence defendant
2 will receive, except that it will be within the statutory
3 maximum.

4 NO ADDITIONAL AGREEMENTS

5 30. Defendant understands that, except as set forth herein,
6 there are no promises, understandings, or agreements between the
7 USAO and defendant or defendant's attorney, and that no
8 additional promise, understanding, or agreement may be entered
9 into unless in a writing signed by all parties or on the record
10 in court.

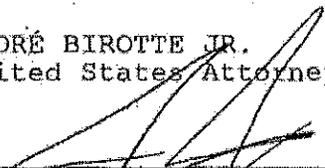
11 PLEA AGREEMENT PART OF THE GUILTY PLEA HEARING

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

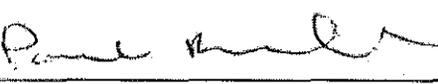
16 AGREED AND ACCEPTED

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

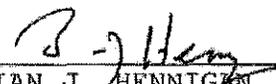
19 ANDRÉ BIROTTE JR.
United States Attorney

20 
21 JEANNIE M. JOSEPH
Assistant United States Attorney

10/7/11
Date

22 
23 PAUL RICHARD RANDALL
24 Defendant

Oct 3 2011
Date

25 
26 BRIAN J. HENNIGAN
Attorney for Defendant
27 PAUL RICHARD RANDALL

Oct 5, 2011
Date

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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 charge and wish to take advantage of the promises set forth in this agreement, and not for any other reason.

Paul Randall

PAUL RICHARD RANDALL
Defendant

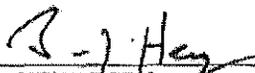
Oct 3 2011

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CERTIFICATION OF DEFENDANT'S ATTORNEY

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



BRIAN J. HENNYGAN
Attorney for Defendant
PAUL RICHARD RANDALL

Oct 5, 2011
Date

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

UNITED STATES OF AMERICA,)	SA CR No.
)	
Plaintiff,)	<u>I N F O R M A T I O N</u>
)	
v.)	[18 U.S.C. § 371: Conspiracy to
)	Commit Mail Fraud]
PAUL RICHARD RANDALL,)	
)	[UNDER SEAL]
Defendant.)	
)	
)	
)	

The United States Attorney alleges:

[18 U.S.C. § 371]

A. INTRODUCTION

At all times relevant to this Information:

1. The California's Workers' Compensation System ("CWCS") required that employers provide workers' compensation benefits to employees who were injured in the course of their employment. These medical benefits included physician visits, diagnostics, physical therapy, medications, and surgery. The benefits provided to the employee were administered by either a private insurance carrier or the State Compensation Insurance Fund

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1 ("SCIF"), which was a state agency designed to act as the
2 "insurer of last resort." Medical claims for services were
3 required to be sent by mail or via electronic submission. The
4 CWCS prohibited a physician from receiving anything of value for
5 making a referral for evaluation, consultation, or treatment.
6 Further, any claim for medical services furnished pursuant to an
7 illegal referral (i.e., a kickback) was considered invalid.

8 2. Defendant PAUL RICHARD RANDALL was a marketer for a
9 hospital located in Orange County, California ("Hospital").
10 Further, in or around April 2010, defendant RANDALL created a
11 company called Summit Medical Group, located at 21520 Pioneer
12 Boulevard, Suite 203, Hawaiian Gardens, California ("Summit"),
13 with co-conspirator C.H.

14 B. THE OBJECT OF THE CONSPIRACY

15 3. Beginning in or around November 2009, and continuing
16 through in or around June 2011, in Orange County and Los Angeles
17 County, within the Central District of California, and elsewhere,
18 defendant RANDALL, together with C.H. and others known and
19 unknown to the United States Attorney, knowingly combined,
20 conspired, and agreed to commit the following offense against the
21 United States: mail fraud, in violation of Title 18, United
22 States Code, Section 1341.

23 C. THE MANNER AND MEANS OF THE CONSPIRACY

24 4. The object of the conspiracy was carried out, and to be
25 carried out, in substance, as follows:

26 a. Defendant RANDALL recruited chiropractors and
27 physicians to refer workers' compensation patients for spinal
28

1 surgeries at the Hospital by paying them a kickback of
2 approximately \$15,000 to \$20,000 per spinal surgery.

3 b. To facilitate the payment of the kickbacks,
4 defendant RANDALL engaged in a number of financial transactions
5 through Summit. Specifically, defendant RANDALL and C.H.:

6 i. Purchased spinal surgery hardware to be used
7 in spinal surgeries at the Hospital;

8 ii. Created invoices inflating the cost of the
9 hardware many times over the actual purchase price; and

10 iii. At the Hospital's direction and with full
11 disclosure to the Hospital, submitted the inflated invoices to
12 the Hospital.

13 c. The Hospital then submitted the inflated invoices
14 to workers' compensation insurance carriers for payment.

15 d. The Hospital took 5% of all monies reimbursed on
16 the inflated spinal surgery hardware bills before reimbursing
17 Summit.

18 e. Defendant RANDALL paid the kickbacks to the
19 chiropractors and physicians from his profits on providing the
20 spinal surgery hardware to the Hospital at the inflated cost.

21 D. OVERT ACTS

22 5. In furtherance of the conspiracy, and to accomplish its
23 object, defendant RANDALL, together with C.H. and others known
24 and unknown to the United States Attorney, committed and
25 willfully caused others to commit the following overt acts, among
26 others, in the Central District of California and elsewhere:

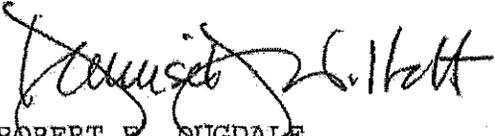
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1 Overt Act No. 1: In or around March 2010, defendant RANDALL
2 paid chiropractor A.I. \$30,000 in cash for two spinal surgeries
3 on workers' compensation patients performed at the Hospital that
4 were referred by A.I.

5 Overt Act No. 2: In or around August 2010, defendant
6 RANDALL submitted to the Hospital, to be billed by the Hospital
7 to workers' compensation insurance, an invoice for spinal surgery
8 hardware used in a spinal surgery at the Hospital on workers'
9 compensation patient R.G., which listed the cost of the hardware
10 as \$42,467 when the actual cost of the hardware purchased by
11 Summit was \$13,641, and which was submitted by the Hospital to
12 workers' compensation insurance for payment.

13
14 ANDRÉ BIROTTE JR.
15 United States Attorney

16 
17
18 ROBERT E. DUGDALE
19 Assistant United States Attorney
20 Chief, Criminal Division

21 DENNISE D. WILLET
22 Assistant United States Attorney
23 Chief, Santa Ana Branch Office

24 JEANNIE M. JOSEPH
25 Assistant United States Attorney
26
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

I HEREBY CERTIFY THAT THIS DOCUMENT WAS SERVED BY FIRST CLASS MAIL POSTAGE PREPAID, TO ALL COUNSEL (OR PARTIES) AT THEIR RESPECTIVE MOST RECENT ADDRESS OF RECORD IN THIS ACTION ON THIS DATE.

CRIMINAL MINUTES - GENERAL

DATED: APR 17 2012

Ellen Matheson
DEPUTY CLERK

Case No. SA CR 12-23-JST

Date April 16, 2012

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

Interpreter None

Ellen Matheson

Deborah Parker

Jeannie Joseph

Deputy Clerk

Court Reporter/Recorder

Assistant U.S. Attorney

U.S.A. v. Defendant(s):

Present Cust. Bond

Attorneys for Defendants:

Present App. Ret.

(1) PAUL RICHARD RANDALL

X

X

(1) Brian J. Hennigan

X

X

Proceedings: CHANGE OF PLEA

X Defendant moves to change plea to Count 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 as charged.

X Defendant enters new and different plea of GUILTY to Count 1 of the 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 refers the defendant to the Probation Office for investigation and pre-sentencing report, and the matter is continued to November 19, 2012, at 2:30 p.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 that the Status Conference set for April 30, 2012, at 11:30 a.m., and the Jury Trial scheduled for May 8, 2012, at 9:00 a.m., are VACATED.

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

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 November 19, 2012, at 2:30 p.m. for sentencing.

UNDER SEAL

Initials of Deputy Clerk

00 : 40

EM

cc: USPO-SA