



# Department of Justice

**United States Attorney Melinda Haag  
Northern District of California**

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## **PHARMACY OWNER AND HIS EMPLOYEE CHARGED WITH MULTIPLE COUNTS OF HEALTH CARE FRAUD**

SAN JOSE - A federal grand jury in San Jose indicted Edward G. Kluj of Knightsen, California, and Gurinder Kiren Mand of San Jose, California, with conspiracy to commit health care fraud and multiple counts of health care fraud. Gurinder Kiren Mand was additionally charged with two counts of obstruction of a criminal investigation of health care fraud, United States Attorney Melinda Haag announced.

Mr. Kluj was the owner and pharmacist at EZ Step, Inc., a pharmacy and durable equipment supplier once located in San Jose, California. Ms. Mand was an employee at EZ Step, Inc. The pharmacy is no longer in business.

According to the indictment, Mr. Kluj, 50 years old, and Ms. Mand, 28 years old, defrauded Medicare, Medi-Cal, and privately sponsored health care benefit programs by submitting claims that falsely represented that EZ Step, Inc. provided pharmaceutical items and services to beneficiaries pursuant to valid orders and prescriptions by physicians and other health care providers. The 43-count indictment alleges that between 2005 and 2007, Mr. Kluj and Ms. Mand made false claims in a variety of ways, including seeking reimbursement by forging physician's signatures, fabricating prescriptions and durable equipment orders, altering valid prescriptions and forging patient signatures on delivery forms to misrepresent that EZ

Step, Inc. had delivered prescription medications and durable equipment (such as power wheelchairs) to patients when in fact it had not.

The defendants are also alleged to have failed to maintain proper records, as required by Medicare and Medi-Cal. Mr. Kluj is further alleged to have threatened and intimidated his employees to coerce them to participate in the false billing and to prevent them from reporting the false billing to regulatory and law enforcement authorities - including verbally accusing his employees of theft and brandishing weapons in the presence of employees.

Ms. Mand was arrested on July 7, 2011, at her residence in San Jose, California. She made her initial appearance in federal district court the same day. Her next scheduled appearance is on August 24, 2011, before the Honorable Judge Lucy Koh. Mr. Kluj was arrested on July 7, 2011, in Naples, Florida. He will make his initial appearance in federal court in the Middle District of Florida on July 8, 2011, and a later status hearing for him is expected to be scheduled before the Honorable Judge Lucy Koh.

The maximum statutory penalty for conspiracy to commit health care fraud, in violation of Title 18, United States Code, Section 1349, and for each count of health care fraud, in violation of Title 18, United States Code, Section 1347, is 10 years' imprisonment and a fine of \$250,000, plus approximately \$1.9 million in restitution. The maximum statutory penalty for obstruction of a criminal investigation of health care fraud is five years' imprisonment and a \$250,000 fine. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Eumi Choi is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Nina Burney Williams. The prosecution is the result of a four-year investigation by the Federal Bureau of Investigation and the U.S. Department of Health and Human Services, Office of Inspector General.

*Please note, an indictment contains only allegations against an individual and, as with all defendants, Mr. Kluj and Ms. Mand must be presumed innocent unless and until proven guilty.*

**Further Information:**

Case #: 11-00422 LHK.

A copy of this press release may be found on the U.S. Attorney's Office's Web site at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's Web site at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

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