



Department of Justice

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Northern District of California**

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UNITED STATES SETTLES FALSE CLAIMS ACT ALLEGATIONS AGAINST SIX CLIENTS OF A BILLING MANAGER

San Francisco – After intervening in a whistleblower suit filed in the Northern District of California, the United States has settled with certain defendants for \$3.15 million and has filed a complaint under the False Claims Act against the remaining defendants – a local billing manager, her billing company, and her administrative director, U.S. Attorney Melinda Haag and the Justice Department announced today. The settling defendants are six health care providers – Advanced Physical Medicine & Rehab Group Inc. (located in Oakland, Calif. and Rhonert Park, Calif.), Advanced Occupational Rehabilitation, Inc. (located in Oklahoma), Advanced Medicine and Rehabilitation of Texas, Inc. (located in Texas), Advanced Medicine and Rehabilitation of Texas, P.A. (located in Texas), and the two physicians located in Oakland who own these Advanced clinics. These settling defendants have agreed to pay \$3.15 million to resolve civil false claims allegations against them.

The United States alleges that during the period from 2005 through 2008, the settling defendants knowingly caused or recklessly disregarded the submission of false claims for payment to Department of Labor, Office of Workers' Compensation Programs (DOL-OWCP) for supplies and services not provided, not supported by medical documentation and/or not medically necessary, which resulted in damages to the United States. The majority of the patients at issue were United States Postal Service (USPS) employees claiming work-related injuries, and each of them was located near large USPS facilities in California, Oklahoma, and Texas. For further information regarding the complaint, please see www.pacer.gov, United States District Court, Northern District of California Case No. cv 08-3411 WHA.

“The Department of Justice is committed to safeguarding the federal health care programs from fraud and false claims,” U.S. Attorney Haag said. “This settlement is part of the government’s commitment to combating health care fraud. One of the most powerful tools in that effort is the False Claims Act, which the Justice Department has used to recover billions of dollars in cases involving fraud against federal health care programs.”

A physician who formerly worked at the clinic in Texas filed a *qui tam* action in the Northern District of California, pursuant to the False Claims Act. The False Claims Act allows for private persons to file whistleblower suits to provide the government information about wrongdoing. Under the statute, if it is established that a person has submitted or caused others to submit false or fraudulent claims to the United States, the government can recover treble damages and \$5,500 to \$11,000 for each false or fraudulent claims filed. If the government is successful in resolving or litigating its claims, the whistleblower who initiated the action can receive a share of between 15 percent to 25 percent of the amount recovered.

The settlement resolves the *qui tam* action against the settling defendants. The United States intervened in the action on Oct. 31, 2011. The *qui tam* relator will receive \$598,000 as her share of the government's recovery.

Assistant U.S. Attorney Julie Arbuckle handled the matter on behalf of the U.S. Attorney's Office for the Northern District of California, with assistance from Auditor Michael Zehr, and Legal Assistants Kathy Terry and Malissa Thomas. The investigation and settlement of these matters were jointly handled by the U.S. Attorney for the Northern District of California and the Department of Justice's Civil Division, with assistance from DOL-OWCP and the United States Postal Service Office of Inspector General.

Further Information:

Case #: CV 08-3411 WHA

A copy of this press release may be found on the U.S. Attorney's Office's website at 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 website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by e-mail at Jack.Gillund@usdoj.gov.

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