

Charges Refiled In \$150M Insurance Fraud, Patient Scam Case

By **Bonnie Eslinger**

Law360, New York (March 17, 2017, 10:00 PM EDT) -- A California judge Thursday granted Los Angeles County prosecutors' request to dismiss charges against 12 people accused of participating in a \$150 million workers' compensation insurance fraud scheme, allowing the government to quickly refile new criminal complaints to bring back counts the court had already tossed.

In September 2015, the Los Angeles County District Attorney's Office indicted orthopedic surgeon Munir Uwaydah, his attorney and a host of associates in the fraud case. Among allegations, patients of Uwaydah were operated on by a physician's assistant who never attended medical school — sometimes for unnecessary surgeries, according to the unsealed grand jury indictment.

On Thursday, Los Angeles County Superior Court Judge Kathleen Kennedy granted the prosecution's motion to dismiss the charges against 12 defendants. The indictments and charges remain against Uwaydah and his office manager, Wendee Luke, both of whom are fugitives, according to the government.

During Thursday's proceedings, Deputy District Attorney Dayan Mathai told the court that the "massive fraud conspiracy" bilked the state but also harmed victims who were "invasively cut, scarred, and suffered emotional damage, physical damage to their being," according to a court transcript. The government sought to refile with bolstered arguments some of the counts that the court had previously dismissed, including aggravated mayhem charges, before the statute of limitations passed.

An attorney for one of the defendants, Benjamin Gluck of Bird Marella Boxer Wolpert Nessim Dooks Lincenberg & Rhow PC, called the move by the government a "transparent stunt" to avoid an evidentiary hearing scheduled for March 24 on claims that the prosecution team unlawfully reviewed documents seized in the case, including protected communications between defendants and their attorneys.

"We have been dragging them kicking and screaming toward this hearing," Gluck told the court. "Four deputy D.A.'s are all under subpoena to come in here and finally, once and for all, tell us what they did."

The judge was unpersuaded.

"All those issues are still going to be there," she said during Thursday's proceedings.

In addition to refiling several counts, prosecutors divided the larger case into three smaller ones, "in an

effort to streamline the complex litigation,” according to an announcement from the district attorney’s office later in the day.

Within the complaints, the government alleges that the conspiracy included paying lawyers and marketers as much as \$10,000 a month for illegal patient referrals, known as “capping.” In addition, nearly two dozen patients allegedly were deceived into having surgeries done by a physician’s assistant that they thought would be performed by Uwaydah. Most of those patients have lasting physical scars and many needed additional surgeries to repair the original injuries, according to the district attorney’s office.

Those charged also are accused of fraudulently billing tens of millions of dollars to insurance companies for unnecessary surgeries, prescription medications, fake MRIs, falsified medical reports and office visits.

Six of the defendants each face a possible maximum sentence of life in state prison, on charges that include conspiracy, aggravated mayhem, insurance fraud, money laundering, filing a false tax return and unlawful patient referral. Those defendants are chiropractor Paul Turley, Uwaydah’s business partner; his wife, Maria Turley, Uwaydah’s director of surgery; Peter Nelson, Uwaydah’s physician’s assistant; his wife, Marisa Schermbeck-Nelson, Uwaydah’s personal assistant; Kelly Park, Uwaydah’s office manager; and Tatiana Torres Arnold, Uwaydah’s personal attorney.

Three people are charged with conspiracy, money laundering, making a false and fraudulent claim, and unlawful patient referral. Each faces up to 57 years in prison: billing manager Ronnie Case, Uwaydah’s business associate Jeffrey Stevens and office manager Leticia Alvarez Lemus.

The remaining three people charged face 15- to 26-year sentences on counts for conspiracy, money laundering, making a false and fraudulent claim, and unlawful patient referral. They are Terry Luke, who held various positions for Uwaydah’s companies; Tony Folgar, a paralegal for a law firm; and Yolanda Groscost, the owner of a marketing firm.

Arrest for all 12 defendants was continued to April 26.

The accusations center on claims that Uwaydah and his associates maintained a “vast conspiracy” surrounding his practice, Frontline Medical Associates, including faked or unjustified surgeries, unlawful prescriptions, money laundering and other criminal acts. Between November 2004 and August 2015, false bills were submitted to insurance companies from Frontline Medical Associates, Firstline Health, Golden State Pharmaceuticals, South Bay Surgical and Spine Institute, U.S. Health and Orthopedics, Controlled Health Management, Ventura County Collections and other business entities related to Uwaydah and/or Paul Turley, according to the grand jury indictment unsealed in September 2015.

Deputy District Attorneys Dayan Mathai, Catherine Chon, Karen Nishita and Kennes Ma are prosecuting the case.

Paul Turley is represented by Benjamin Gluck of Bird Marella Boxer Wolpert Nessim Dooks Lincenberg & Rhow PC. Maria Turley is represented by Vicki I. Podberesky of Nasatir Hirsch Podberesky & Khero. Peter Nelson is represented by Louis J. Shapiro of the Law Office of Louis J. Shapiro. Marisa Schermbeck-Nelson is represented by Amy Jacks of the Law Office of Amy E. Jacks. Kelly Park is represented by Mark M. Kassabian of Buehler & Kassabian. Tatiana Torres Arnold is represented by Ellyn S. Garofalo of Liner LLP. Ron Case is represented by James W. Spertus of Spertus Landes & Umhofer LLP. Jeffrey Stevens is represented by Richard A. Moss of the Law Offices of Richard A. Moss. Leticia Alvarez Lemus is

represented by Gevork Chilingaryan. Terry Luke is represented by Nina Marino of Kaplan Marino. Tony Folgar is represented by Jeff Isaacs of Isaacs Friedberg & Labaton LLP. Yolanda Groscost is represented by Joel M. Athey of Holland & Knight LLP.

The cases are The People of the State of California v., Paul Turley, number BA455469, The People of the State of California v. Ronnie Case et al., number BA455470, and The People of the State of California v. Terry Luke et al., number BA455473, all in the Superior Court of the State of California for the County of Los Angeles.

--Editing by Bruce Goldman.

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