

March 25, 2010 - U.S. Department of Justice

Owner of Los Angeles-Area Company Sentenced to Nine Years in Prison for Medicare Fraud

WASHINGTON—A federal court issued an order yesterday sentencing the owner and operator of a Los Angeles-area durable medical equipment (DME) company to prison in connection with an approximately \$1 million power wheelchair fraud scheme, announced Assistant Attorney General Lanny A. Breuer of the Criminal Division; U.S. Attorney André Birotte Jr., for the Central District of California; Tony Sidley, Assistant Chief of the California Department of Justice, Bureau of Medi-Cal Fraud and Elder Abuse (Cal DOJ); Glenn R. Ferry, Special Agent-in-Charge for the Los Angeles Region of the Office of Inspector General (OIG) for the Department of Health and Human Services (HHS); and Steven Martinez, Assistant Director in Charge of the FBI's Los Angeles Field Office.

Leonard Nwafor, 44, was sentenced in absentia by U.S. District Judge John F. Walter of the Central District of California to nine years in prison. In addition, Nwafor was ordered to serve three years of supervised release following his prison term, pay \$526,243 in restitution and \$25,000 in fines, and forfeit more than \$526,000 in stolen Medicare funds to the U.S. government.

Nwafor was convicted at trial in September 2008 of conspiracy to commit health care fraud and health care fraud. After his conviction, Nwafor fled the jurisdiction and is considered a fugitive.

At trial, evidence established that Nwafor, through his company, Pacific City Group Inc., aka Pacific City Medical Equipment, submitted \$1,109,438 in fraudulent claims to Medicare. As a result of the fraudulent claims, Nwafor received \$526,243 in payments from Medicare. The evidence presented at trial showed that almost all the claims Nwafor submitted to Medicare were for expensive, high-end power wheelchairs and wheelchair accessories that were not needed by the beneficiaries.

At trial, elderly and disabled Medicare beneficiaries testified that individuals known as “marketers” approached them on the street, at home or in church and encouraged the beneficiaries to give the marketers their Medicare numbers and other personal information in exchange for free power wheelchairs. Evidence presented at trial established that Nwafor billed Medicare for power wheelchairs on behalf of more than 170 beneficiaries, none of whom actually needed the wheelchairs. The power wheelchairs Nwafor claimed Pacific City provided to the beneficiaries can be billed to Medicare for up to \$7,000 each.

The evidence also showed that Nwafor supplied power wheelchairs to beneficiaries who were not able to use the chairs. One beneficiary, who was blind, testified that he could not see to operate the wheelchair and never used it. The same beneficiary also testified that a delivery driver working for Nwafor and the delivery driver's girlfriend paid him \$200 to refer them to other Medicare beneficiaries.

Another beneficiary testified about the aggressive techniques marketers used to recruit her and her husband into the fraudulent scheme. This beneficiary testified that an individual purporting to be from Medicare, but who was actually associated with Nwafor and his co-conspirators, threatened to terminate the Medicare benefits of the beneficiary and her husband unless they accepted two power wheelchairs that the beneficiary and her husband did not need.

The evidence at trial included testimony from Los Angeles-area physicians whose names appeared on prescriptions Nwafor used to support his false claims to Medicare. One of these physicians, a psychiatrist, testified that he does not prescribe power wheelchairs as part of his practice, and had never written a prescription for one. Other physicians testified that the prescriptions bearing their names were phony and that their handwriting was not on any of the prescriptions.

After his conviction, Nwafor admitted in documents he filed with the court that he purchased the prescriptions and documents he used to support his false claims to Medicare from a co-conspirator for approximately \$1,300 per prescription. One of Nwafor's co-conspirators, Ajibola Sadiqr, admitted that he purchased fraudulent prescriptions and documents from Nwafor to perpetrate his own fraudulent power wheelchair Medicare fraud scheme. Sadiqr pleaded guilty and is scheduled to be sentenced on April 12, 2010.

The case was prosecuted by Trial Attorney Jonathan Baum, former Special Trial Attorney Spencer Turnbull and Assistant Chief John S. (Jay) Darden of the Criminal Division's Fraud Section, with the investigative assistance of the Cal DOJ and HHS-OIG. The case was brought as part of the Medicare Fraud Strike Force, supervised by the Criminal Division's Fraud Section and the U.S. Attorney's Office for the Central District of California.

Since their inception in March 2007, Strike Force operations in seven districts have obtained indictments of more than 500 individuals who collectively have falsely billed the Medicare program for more than \$1.1 billion. In addition, HHS's Centers for Medicare and Medicaid Services, working in conjunction with the HHS-OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.