

FILED BY *[Signature]* D.C.
SEP 19 2019
ANGELA E. NOBLE
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S. D. OF FLA. - MIAMI

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. **19-80169**

CR-ROSENBERG

Reinhart

18 U.S.C. § 1349
18 U.S.C. § 1343
18 U.S.C. § 1957(a)
18 U.S.C. § 2
18 U.S.C. § 982

UNITED STATES OF AMERICA

v.

**STEVEN KAHN and
PAMELA EDWIN,**

Defendants.

_____ /

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times material to this Indictment:

The Medicare Program

1. The Medicare Program (“Medicare”) was a federally funded program that provided free or below-cost health care benefits to certain individuals, primarily the elderly, blind, and disabled. The benefits available under Medicare were governed by federal statutes and regulations. The United States Department of Health and Human Services, through its agency, the Centers for Medicare and Medicaid Services (“CMS”), oversaw and administered Medicare. Individuals who received benefits under Medicare were commonly referred to as Medicare “beneficiaries.”

2. Medicare was subdivided into multiple program “parts.” Medicare Part A covered

health services provided by hospitals, skilled nursing facilities, hospices, and home health agencies. Medicare Part B covered physician services and outpatient care, including an individual's access to durable medical equipment ("DME"), such as orthotic devices and wheelchairs. Medicare Part C, also known as the "Medicare Advantage" Program, provided Medicare beneficiaries with the option to receive their Medicare benefits through private managed care plans, including health maintenance organizations and preferred provider organizations.

3. Medicare and Medicare Advantage were "health care benefit program[s]," as defined by Title 18, United States Code, Section 24(b).

Durable Medical Equipment

4. Orthotic devices were a type of durable medical equipment ("DME") that included rigid and semi-rigid devices, such as knee braces, back braces, shoulder braces, and wrist braces (collectively, "braces").

5. DME companies, physicians, and other healthcare providers that provided services to Medicare beneficiaries were referred to as Medicare "providers." To participate in Medicare, providers were required to submit an application in which the providers agreed to comply with all Medicare-related laws and regulations. If Medicare approved a provider's application, Medicare assigned the provider a Medicare "provider number." A healthcare provider with a Medicare provider number could file claims with Medicare to obtain reimbursement for services rendered to beneficiaries.

6. Enrolled Medicare providers agreed to abide by the policies and procedures, rules, and regulations governing reimbursement. To receive Medicare funds, enrolled providers were required to abide by the Anti-Kickback Statute and other laws and regulations. Providers were given access to Medicare manuals and service bulletins describing billing procedures, rules, and

regulations.

7. Providers submitted claims to Medicare electronically. To receive Medicare funds, providers submitted to Medicare an electronic funds transfer (“EFT”) authorization. Medicare made payments to providers through EFT.

8. Medicare reimbursed DME providers and other healthcare providers for items and services rendered to beneficiaries. To receive payment from Medicare, providers submitted or caused the submission of claims to Medicare, either directly or through a billing company.

9. A Medicare claim for DME reimbursement was required to set forth, among other things, the beneficiary’s name and unique Medicare identification number, the equipment provided to the beneficiary, the date the equipment was provided, the cost of the equipment, and the name and unique physician identification number of the physician who prescribed or ordered the equipment.

10. A claim for DME submitted to Medicare qualified for reimbursement only if it was medically necessary to the treatment of the beneficiary’s illness or injury and prescribed by a licensed medical professional.

The Defendants, Related Entities, and Other Individuals

11. Sunrise Medical, Inc. (“Sunrise”) was a Florida business entity that did business in the Southern District of Florida.

12. RAS Marketing Services, Inc. (“RAS”) was a Florida business entity that did business in the Southern District of Florida.

13. STK Marketing, Inc. (“STK”) was a Florida business entity that did business in the Southern District of Florida.

14. Nationwide Call Centers, Inc. d/b/a Luxury Lifestyles (“Nationwide”) was a Florida

business entity that did business in the Southern District of Florida.

15. Luxury Lifestyles Management, Inc. (“Luxury Lifestyles”) was a Florida business entity that did business in the Southern District of Florida

16. Sunrise Medical Marketing, Inc. (“Sunrise Marketing”) was a Florida business entity that did business in the Southern District of Florida.

17. Defendant **STEVEN KAHN**, a resident of Palm Beach County, co-owned and controlled Sunrise, RAS, STK, Nationwide, Luxury Lifestyles, and Sunrise Marketing (collectively, the “Sunrise Entities”).

18. Defendant **PAMELA EDWIN**, a resident of Broward County, was the office manager of the Sunrise Entities.

19. Co-Owner A, a resident of Palm Beach County, was an operator and listed co-owner of the Sunrise Entities.

20. Person A was the founder, part-owner, and manager of Company A and Company B, which operated international call centers.

21. Physician A was a telemedicine physician employed by the Sunrise Entities.

COUNT 1
Conspiracy to Commit Healthcare Fraud and Wire Fraud
(18 U.S.C. § 1349)

1. The General Allegations section of this Indictment is re-alleged and incorporated by reference as though fully set forth herein.

2. From in or around January 2017, through in or around April 2019, in Palm Beach County, in the Southern District of Florida, and elsewhere, the defendants,

STEVEN KAHN and
PAMELA EDWIN,

did willfully, that is, with the intent to further the objects of the conspiracy, and knowingly, combine, conspire, confederate and agree with each other, Co-Owner A, Person A, Physician A, and others known and unknown to the Grand Jury, to commit certain offenses against the United States, that is:

a. to knowingly and willfully execute a scheme and artifice to defraud a health care benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, Medicare, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, said health care benefit program, in connection with the delivery of and payment for health care benefits, items, and services, in violation of Title 18, United States Code, 1347; and

b. to knowingly and with the intent to defraud, devise and intend to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, knowing that the pretenses, representations, and promises were false and fraudulent when made, and for the purpose of executing such scheme and artifice, did knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, in violation of Title 18, United States Code, Section 1343.

Purpose of the Conspiracy

3. It was a purpose of the conspiracy for the defendants and their co-conspirators to unlawfully enrich themselves by, among other things: (a) offering, paying, soliciting, and receiving kickbacks and bribes in exchange for signed doctors' orders for DME; (b) submitting and causing the submission of false and fraudulent claims to Medicare and Medicare Advantage for braces that were medically unnecessary, ineligible for Medicare reimbursement, and/or not provided as

represented; (c) concealing and causing the concealment of kickbacks and bribes and false and fraudulent claims; and (d) diverting fraud proceeds for their personal use and benefit, the use and benefit of others, and to further the fraud.

Manner and Means

The manner and means by which the defendants and their co-conspirators sought to accomplish the objects and purpose of the conspiracy included, among others, the following:

4. **STEVEN KAHN** and **PAMELA EDWIN** provided the telemedicine physicians who worked for the Sunrise Entities with electronic, pre-filled doctors' orders templates, and paid, or caused the payment of, kickbacks and bribes to the telemedicine physicians in exchange for their electronic signature authorizing prescriptions for DME that were medically unnecessary and not eligible for Medicare reimbursement.

5. **STEVEN KAHN** and **PAMELA EDWIN** instructed the telemedicine physicians who worked for the Sunrise Entities to sign DME doctors' orders without regard to patient need, oftentimes ordering physicians to sign DME orders without speaking to the patients.

6. **STEVEN KAHN, PAMELA EDWIN,** and their co-conspirators paid and caused the payment of kickbacks and bribes through use of interstate wire communications to physicians, including Physician A, in return for signing doctors' orders for DME.

7. **STEVEN KAHN** and **PAMELA EDWIN** caused physicians to sign DME orders regardless of medical necessity, in the absence of a pre-existing doctor-patient relationship, without a physical examination, and/or frequently based solely on a short telephonic conversation, or without any conversation, with the Medicare beneficiary.

8. **STEVEN KAHN, PAMELA EDWIN,** Co-Owner A, their co-conspirators, and others, through the use of interstate wire communications, submitted and caused the submission of

false and fraudulent claims to Medicare for DME in an amount exceeding \$39 million that was medically unnecessary, obtained through the payment of kickbacks and bribes, and not eligible for Medicare reimbursement.

9. As a result of these false and fraudulent claims, Medicare paid approximately \$21,243,917 to companies who purchased doctors' orders from **STEVEN KAHN, PAMELA EDWIN**, and Co-Owner A in exchange for bribes and kickbacks.

All in violation of Title 18, United States Code, Section 1349.

COUNTS 2-4
Wire Fraud
(18 U.S.C. § 1343)

1. The General Allegations section of this Indictment is incorporated by reference as though fully set forth herein.

2. From in or around January 2017, through in or around April 2019, in Palm Beach County, in the Southern District of Florida, and elsewhere, the defendants,

STEVEN KAHN and
PAMELA EDWIN,

did knowingly and with intent to defraud, devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that the pretenses, representations, and promises were false and fraudulent when made, and for the purpose of executing such scheme and artifice, did knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds.

Purpose of the Scheme and Artifice

3. It was a purpose of the conspiracy for the defendants and their accomplices to unlawfully enrich themselves by, among other things: (a) offering, paying, soliciting, and receiving

kickbacks and bribes in exchange for signed doctors’ orders for DME; (b) submitting and causing the submission of false and fraudulent claims to Medicare and Medicare Advantage for braces that were medically unnecessary, ineligible for Medicare reimbursement, and/or not provided as represented; (c) concealing and causing the concealment of kickbacks and bribes and false and fraudulent claims; and (d) diverting fraud proceeds for their personal use and benefit, the use and benefit of others, and to further the fraud.

Scheme and Artifice

The Manner and Means section of Count 1 of this Indictment is incorporated by reference as though fully set forth herein as a description of the Scheme and Artifice.

Use of the Wires

4. On or about the dates specified as to each count below, the defendants, **STEVEN KAHN** and **PAMELA EDWIN**, for the purpose of executing the aforesaid scheme and artifice to defraud, did knowingly transmit and cause to be transmitted certain wire communications in interstate and foreign commerce, from STK’s bank account at SunTrust ending in x9868, as follows:

Count	Approximate Date	Description of Wire Communication
2	9/13/2018	Wire payment of \$5,000 to Physician A
3	9/14/2018	Wire payment of \$4,996 to Physician A
4	9/18/2018	Wire Payment of \$5,000 to Physician A

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS 5-9
Money Laundering
(18 U.S.C. § 1957(a))

1. Paragraphs 1 through 17 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. On or about the dates specified as to each count below, in Palm Beach County, in the Southern District of Florida, and elsewhere, the defendant,

STEVEN KAHN,

did knowingly engage and attempt to engage in a monetary transaction by, through, and to a financial institution affecting interstate and foreign commerce in criminally derived property of a value greater than \$10,000, and such property having been derived from specified unlawful activity, knowing that the property involved in the monetary transaction was derived from some form of unlawful activity, as set forth below:

Count	Approximate Date	Approximate Amount	Description of Financial Transfer
5	9/28/2018	\$15,000	Wire transfer from STK Marketing account ending in x9869, to a bank account in the name of a relative of STEVEN KAHN
6	10/5/2018	\$15,000	Wire transfer from STK Marketing account ending in x9869, to a bank account in the name of a relative of STEVEN KAHN
7	10/12/2018	\$30,000	Wire transfer from STK Marketing account ending in x9869, to a bank account in the name of a relative of STEVEN KAHN
8	12/17/2018	\$50,000	Wire transfer from STK Marketing account ending in x9869, to a bank account in the name of a relative of STEVEN KAHN
9	12/24/2018	\$40,000	Wire transfer from STK Marketing account ending in x9869, to a bank account in the name of a relative of STEVEN KAHN

It is further alleged that the specified unlawful activity is wire fraud, health care fraud, and conspiracy to commit health care fraud, in violation of Title 18, United States Code, Sections 1343, 1347 and 1349.

In violation of Title 18, United States Code, Section 1957(a).

FORFEITURE
(18 U.S.C. §§ 982 and 853)

1. The allegations contained in this Indictment are re-alleged and incorporated by reference as though fully set forth herein for alleging criminal forfeiture to the United States of certain property in which the defendants, **STEVEN KAHN** and **PAMELA EDWIN**, have an interest.

2. Upon conviction of a federal healthcare offense, as defined by Title 18, United States Code, Section 24, as alleged in Count 1 of this Indictment, the defendant so convicted shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(7), any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of such violation.

3. Upon conviction of a violation alleged in Counts 2 through 4 of this Indictment, the defendant so convicted shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(8), any property, real or personal, constitutes or is derived from proceeds traceable to such violation.

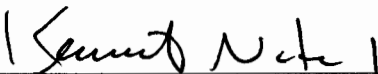
4. Upon conviction of a violation alleged in Counts 5 through 9 of this Indictment, the defendant so convicted shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, involved in the violation, or any property traceable to such property.

All pursuant to Title 18, United States Code, Section 982(a)(7), and the procedures set forth in Title 21, United States Code, Section 853, made applicable by Title 18, United States Code Section 982(b)(1).

A TRUE BILL


FOREPERSON

W



ARIANA FAJARDO ORSHAN
UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF FLORIDA

ALLAN MEDINA
ACTING DEPUTY CHIEF
CRIMINAL DIVISION, FRAUD SECTION
U.S. DEPARTMENT OF JUSTICE



SARA CLINGAN
CATHERINE WAGNER
TRIAL ATTORNEYS
CRIMINAL DIVISION, FRAUD SECTION
U.S. DEPARTMENT OF JUSTICE

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

UNITED STATES OF AMERICA

CASE NO. _____

v.

CERTIFICATE OF TRIAL ATTORNEY*

STEVEN KAHN and
PAMELA KAHN,

Defendants. **+**

Superseding Case Information:

Court Division: (Select One)

____ Miami _____ Key West
____ FTL WPB _____ FTP

New defendant(s) Yes _____ No _____
Number of new defendants _____
Total number of counts _____

- I have carefully considered the allegations of the indictment, the number of defendants, the number of probable witnesses and the legal complexities of the Indictment/Information attached hereto.
- I am aware that the information supplied on this statement will be relied upon by the Judges of this Court in setting their calendars and scheduling criminal trials under the mandate of the Speedy Trial Act, Title 28 U.S.C. Section 3161.
- Interpreter: (Yes or No) No
List language and/or dialect _____
- This case will take 7 days for the parties to try.
- Please check appropriate category and type of offense listed below:

(Check only one)

(Check only one)

I 0 to 5 days _____
 II 6 to 10 days _____
 III 11 to 20 days _____
 IV 21 to 60 days _____
 V 61 days and over _____

Petty _____
 Minor _____
 Misdem. _____
 Felony _____

6. Has this case previously been filed in this District Court? (Yes or No) No

If yes: Judge Case No. _____

(Attach copy of dispositive order)

Has a complaint been filed in this matter? (Yes or No) No

If yes: Magistrate Case No. _____

Related miscellaneous numbers: _____

Defendant(s) in federal custody as of _____

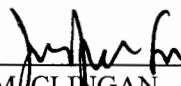
Defendant(s) in state custody as of _____

Rule 20 from the District of _____

Is this a potential death penalty case? (Yes or No) No

7. Does this case originate from a matter pending in the Central Region of the U.S. Attorney's Office prior to August 9, 2013 (Mag. Judge Alicia O. Valle)? Yes _____ No

8. Does this case originate from a matter pending in the Northern Region U.S. Attorney's Office prior to August 8, 2014 (Mag. Judge Shaniek Maynard)? Yes _____ No



 SARA M. CLINGAN
 DOJ TRIAL ATTORNEY
 COURT ID NO. 5502508

*Penalty Sheet(s) attached

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: STEVEN KAHN

Case No: _____

Count #: 1

Conspiracy to Commit Health Care Fraud and Wire Fraud

Title 18, United States Code, Section 1349

*Max Penalty: Twenty (20) years' imprisonment; three (3) years' supervised release; and the greater of \$250,000 or twice the gross pecuniary gain or loss.

Counts #: 2 – 4

Wire Fraud

Title 18, United States Code, Section 1343

*Max Penalty: Twenty (20) years' imprisonment as to each count; three (3) years' supervised Release; and \$250,000 fine as to each count.

Counts #: 5 – 9

Money Laundering

Title 18, United States Code, Section 1956(a)(1)(B)(i)

*Max Penalty: Twenty (20) years' imprisonment as to each count; three (3) years' supervised Release; and \$250,000 fine as to each count.

***Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: PAMELA EDWIN

Case No: _____

Count #: 1

Conspiracy to Commit Health Care Fraud and Wire Fraud

Title 18, United States Code, Section 1349

*Max Penalty: Twenty (20) years' imprisonment; three (3) years' supervised release; and the greater of \$250,000 or twice the gross pecuniary gain or loss.

Counts #: 2 - 4

Wire Fraud

Title 18, United States Code, Section 1343

*Max Penalty: Twenty (20) years' imprisonment as to each count; three (3) years' supervised Release; and \$250,000 fine as to each count.

***Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.**