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News Release**

Michael T. Shelby • U. S. Attorney

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Kesha Handy
P. O. Box 61129 Houston, TX 77208
Phone: 713/567-9335 Fax: 713/718-3390
E-Mail: usatty.txs@usdoj.gov

TWO LOCAL BUSINESSMEN INDICTED FOR HEALTH CARE FRAUD SCHEME

CONTACT AUSAs: Andrew A. Bobb / Anibal Alaniz
Phone Nos: (713) 567-9766 / (956) 992-9350

(McALLEN, TX.) United States Attorney Michael Shelby announced today that a **Monroe Saulter**, 45, and **Cornelius Hernandez**, 32, both of McAllen, Texas have been indicted for conspiring to and engaging in a scheme to defraud Medicare, and obstructing a federal audit.

According to the indictment, Monroe Saulter is the owner and president of Quality Therapy Services (QTS), a corporation providing outpatient rehabilitation services and physical therapy services to the residents of McAllen, Texas and the surrounding area. Saulter was arrested today in McAllen, Texas and is scheduled to make an initial appearance before a federal Magistrate at 10:30 this morning. The issue of whether Saulter will be released on bond pending trial is expected to be addressed at that appearance.

Cornelius Hernandez owns and operates a financial services consulting firm he calls C.H. Financial Management & Consulting. Through this consulting firm, Hernandez provides financial services to health care providers, such as QTS. Hernandez was arrested in McAllen on November 26, 2003 and was release on a \$75,000 bond.

Under the Medicare program, a service provider is reimbursed for reasonable and necessary expenses. The reimbursement rate used to pay for services provided is based upon information including actual cost of services and reasonable accrued employee bonuses contain in an Annual Cost Report

certified as true by an officer or director of the service provider and submitted to Centers for Medicare and Medicaid Service (CMS) contractor. Medicare regulations require that accrued employee bonuses be paid by the end of the year in which the Cost Report is submitted.

According to the indictment, in May 1998, Saulter submitted a certified Annual Cost Report for QTS for the year 1997, which included expenses in the form of the accrued employee bonuses of approximately \$500,000, and received a lump sum payment from the CMS contractor for that amount and more based upon the annual report.

Faced with an audit during the summer of 1999, Saulter and Hernandez are accused of devising a scheme to defraud Medicare by submitting to the CMS contractor (1) fraudulently prepared and "back dated" board meeting minutes purportedly authorizing the payment biweekly of the employee bonuses identified in the 1997 Annual Cost Report, and (2) an accrued bonus ledger along with copies of certain 1998 QTS biweekly payroll checks fraudulently representing that certain employees had received bonus checks, knowing that the bonuses had not been paid.

Saulter and Hernandez are also accused of obstructing the audit being conducted by an agent of the Department of Health and Human Services by submitting the false bonus checks and board minutes.

If convicted of the conspiracy to defraud Medicare, each defendant faces a maximum of five years incarceration and/or a \$250,000 fine. A conviction for either of the two health care fraud charges or the obstruction of an audit charges carries a penalty of ten years in federal prison and/or a \$250,000 fine.

The investigation was conducted by the Office of Inspector General for the Department of Health and Human Services, and will be prosecuted by Assistant United States Attorneys Andrew A. Bobb and Anibal Alaniz.

An indictment is a formal accusation of criminal conduct, not evidence. Defendants are presumed innocent unless and until convicted through due process of law.



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