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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Monday, January 25, 2010

Former Los Angeles Medical Center Owners Agree to \$10 Million Consent Judgment for Medicare and Medi-Cal Fraud Scheme

Allegedly Had Homeless Brought to Facility for Unnecessary Treatment

WASHINGTON – The United States has obtained a \$10 million consent judgment against Los Angeles businessman Robert Bourseau and Dr. Rudra Sabaratnam for a Medicare and Medi-Cal fraud scheme arising from their former ownership of the Los Angeles City of Angels Medical Center, the Justice Department announced today. The consent judgment, in which the state of California also joined, resolves a civil lawsuit filed against Bourseau and Sabaratnam by the United States and California in the U.S. District Court for the Central District of California.

The government's complaint alleged that Bourseau and Sabaratnam directed a scheme in which City of Angels paid "recruiters" employed at homeless shelters in the skid row area of the city to deliver their homeless clients by ambulance to the hospital for medical treatment regardless of whether their clients in fact needed or requested such treatment. The City of Angels would then bill the Medicare and Medi-Cal programs for a variety of medical services allegedly rendered to the homeless patients, many of which were not medically necessary. This scheme violated the False Claims Act.

The government further alleged that payments City of Angels made to its recruiters constituted illegal inducements, or kickbacks, in violation of the federal Anti-Kickback Statute, which prohibits certain types of remuneration intended to induce the referral of patients for health services paid for by the federal government. In its complaint, the government maintained that prohibitions against illegal kickbacks are important to insure that financial motives do not undermine the integrity of the medical judgment of physicians and other health care workers.

"Performing unnecessary medical procedures just to take money from taxpayers' pockets is bad enough, but to prey on homeless people struggling to survive day to day is particularly reprehensible," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "We won't tolerate illegal conduct and we will continue to hold companies, institutions and individuals accountable for health care fraud."

In addition to the civil judgment, both Bourseau and Sabaratnam have pleaded guilty to criminal charges for violating the Anti-Kickback Statute. Each defendant is awaiting sentencing. A former senior executive of City of Angels, as well as two of the medical center's recruiters, have also pleaded guilty to similar charges in connection with the scheme.

Assistant Attorney General West applauded the cooperation between federal and state officials that resulted in the judgment against Bourseau and Sabaratnam. The Justice Department's Civil Division, the U.S. Attorney's Office for the Central District of California, the California Attorney General's Office, and the Office of Inspector General of the Department of Health and Human Services together handled the investigation and civil lawsuit.

The consent judgment in this matter is the most recent example of the government's emphasis on combating health care fraud. One of the most powerful tools in that effort is the False Claims Act, which the Department of Justice has used to recover approximately \$2.2 billion since January 2009 in cases involving fraud against federal health care programs. The Justice Department's total recoveries in False



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Claims Act cases since January 2009 have topped \$3 billion.

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Civil Division

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