

<p>United States District Court</p>	<p>DISTRICT SOUTHERN DISTRICT OF NEW YORK</p>	
<p>UNITED STATES OF AMERICA v. THE CONTENTS OF THE PACKAGE IDENTIFIED AS BEARING FEDERAL EXPRESS TRACKING NO. 863489128340 ADDRESSED TO FRANCISCO CRUZ, HEALTH FIRST GROUP INC., 1602 ALTON ROAD, MIAMI BEACH, FLORIDA 33139</p>	<p>DOCKET NO. 08 MAG</p>	<p>MAGISTRATE'S CASE NO. 1194</p>
	<p>To: ANY AUTHORIZED FEDERAL AGENT</p>	

Affidavit(s) having been made before me by the below-named affiant that he has reason to believe that on the premises known and described as


THE CONTENTS OF THE PACKAGE IDENTIFIED AS BEARING FEDERAL EXPRESS TRACKING NO. 863489128340 ADDRESSED TO FRANCISCO CRUZ, HEALTH FIRST GROUP INC., 1602 ALTON ROAD, MIAMI BEACH, FLORIDA 33139

in the Southern District of New York there is now being concealed property, namely

See Attachment A

and as I am satisfied that there is probable cause to believe that the property so described is being concealed on the person or premises above-described and that the grounds for application for issuance of the search warrant exist as stated in the supporting affidavit(s),

YOU ARE HEREBY COMMANDED to search on or before MAY 30, 2008 (not to exceed 10 days) the person or place named above for the property specified, serving this warrant and making the search (in the daytime — 6:00 A.M. to 10:00 P.M.) and if the property be found there to seize it, leaving a copy of this warrant and receipt for the property taken, and prepare a written inventory of the property seized and promptly return this warrant to Any U.S. Magistrate Judge as required by law.

<p>NAME OF AFFIANT Special Agent DANIEL CONNOR, Department of Health and Human Services, Office of Inspector General</p>	<p>SIGNATURE OF JUDGE OR U.S. MAGISTRATE  Hon. Ronald L. Ellis</p>	<p>DATE/TIME ISSUED 4:50 PM May 23, 2008</p>
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RETURN

DATE WARRANT RECEIVED 5/23/08	DATE AND TIME WARRANT EXECUTED 5/27/08 @ 9:00am	COPY OF WARRANT AND RECEIPT FOR ITEMS LEFT WITH FedEx, New York, NY
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INVENTORY MADE IN THE PRESENCE OF
 S/A Andrew Reyes AM 5/27/08

INVENTORY OF PROPERTY TAKEN PURSUANT TO THE WARRANT - Health First Group (HFG)

- (1) Letter from Wama addressed to HFG
- (1) Letter from United Health Care Insurance Company addressed to HFG
- (4) Letters from Blue Cross Blue Shield of Florida addressed to HFG
- (2) Letters from the NY State Dept. of Taxation and Finance addressed to HFG
- (2) Letters from Verizon addressed to HFG
- (7) Letters from CMS (Medicare) addressed to HFG
- (3) Copies of FedEx receipts

CERTIFICATION

I swear that this inventory is a true and detailed account of all the property taken by me on the warrant

S/A James Connor

Subscribed, sworn to, and returned before me this date.

[Signature] 5/29/08
 Federal Judge or U.S. Magistrate Date

ATTACHMENT A

Monies, checks and other financial instruments; financial records; identification documents; and other property, documents and records that constitute evidence of the commission of, or are designed or intended as a means of the violation of, or are contraband or the fruits of, the federal fraud and health care fraud laws.

AFFIDAVIT FOR SEARCH WARRANT

UNDER
SEAL

<p align="center"><i>United States District Court</i></p>	<p>DISTRICT SOUTHERN DISTRICT OF NEW YORK</p>
<p align="center">UNITED STATES OF AMERICA v. PREMISES KNOWN AND DESCRIBED AS</p> <p>THE CONTENTS OF THE PACKAGE IDENTIFIED AS BEARING FEDERAL EXPRESS TRACKING NO. 863489128340 ADDRESSED TO FRANCISCO CRUZ, HEALTH FIRST GROUP INC., 1602 ALTON ROAD, MIAMI BEACH, FLORIDA 33139</p>	<p>DOCKET NO. 08 MAG 1194 MAGISTRATE'S CASE NO.</p> <p>To: Honorable Ronald L. Ellis United States Magistrate Judge</p>

The undersigned being duly sworn deposes and says: That he/she has reason to believe that

on the person of on the premises known as DISTRICT SOUTHERN DISTRICT OF NEW YORK

PREMISES KNOWN AND DESCRIBED AS

THE CONTENTS OF THE PACKAGE IDENTIFIED AS BEARING FEDERAL EXPRESS TRACKING NO. 863489128340 ADDRESSED TO: FRANCISCO CRUZ, HEALTH FIRST GROUP INC., 1602 ALTON ROAD, MIAMI BEACH, FLORIDA 33139

The following property is concealed:

SEE ATTACHMENT A TO ATTACHED AFFIDAVIT

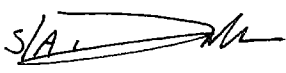
Affiant alleges the following grounds for search and seizure²

SEE ATTACHED AFFIDAVIT

attached affidavit which is incorporated as part of this affidavit for search warrant

Affiant states the following facts establishing the foregoing grounds for issuance of a Search Warrant

SEE ATTACHED AFFIDAVIT

<p>SIGNATURE OF AFFIANT </p>	<p>OFFICIAL TITLE, IF ANY Special Agent DANIEL CONNOR, Department of Health and Human Services, Office of Inspector General</p>
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Sworn to before me, and subscribed in my presence:

<p>DATE May 23, 2008</p>	<p>JUDGE¹ OR FEDERAL MAGISTRATE Hon. Ronald L. Ellis </p>
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¹ United States Judge or Judge of a State Court of Record.

² If a search is to be authorized "at any time in the day or night" pursuant to Federal Rules of Criminal Procedure 41(c), show reasonable cause therefor.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN THE MATTER OF THE APPLICATION OF :
THE UNITED STATES OF AMERICA FOR A :
SEARCH WARRANT FOR THE CONTENTS OF :
THE PACKAGE IDENTIFIED AS BEARING: :
:
FEDERAL EXPRESS TRACKING NO. :
863489128340 :
:
ADDRESSED TO: :
FRANCISCO CRUZ, :
HEALTH FIRST GROUP INC., :
1602 ALTON ROAD, :
MIAMI BEACH, FLORIDA 33139 :
- - - - - x

FILED UNDER SEAL

**AFFIDAVIT IN SUPPORT
OF APPLICATION FOR
SEARCH WARRANT**

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:
SOUTHERN DISTRICT OF NEW YORK)

DANIEL CONNOR, being duly sworn, deposes and says:

1. I am a Special Agent with the United States Department of Health and Human Services ("HHS"), Office of the Inspector General ("HHS-OIG"). I make this Affidavit pursuant to Rule 41 of the Federal Rules of Criminal Procedure for the issuance of a warrant to search the contents of a package identified as bearing FEDERAL EXPRESS TRACKING NO. 863489128340, addressed to FRANCISCO CRUZ, HEALTH FIRST GROUP INC., 1602 ALTON ROAD, MIAMI BEACH, FLORIDA 33139 (the "TARGET PACKAGE"), which I believe contains evidence, fruits, and instrumentalities of mail fraud, wire fraud, and health care fraud, in violation of Title 18, United States Code, Sections 1341, 1343, and 1347. The sources of my information and grounds for my belief are as follows.

2. I have been employed by the HHS-OIG for approximately one year. Prior to that, I was a Police Officer with the Federal Protective Service, United States Department of Homeland Security, for approximately four years. As a Special Agent at the HHS-OIG, I have conducted many investigations of fraud and abuse concerning programs administered by HHS, including the Medicare Program ("Medicare") and the Medicaid Program ("Medicaid"). Through my training, education, and experience, I have become familiar with the manners in which these programs are defrauded, including how individuals engaged in fraud use the mail and/or common carriers such as Federal Express in furtherance of their fraudulent schemes.

3. I have personally participated in this investigation and am familiar with the information contained in this Affidavit, either through personal observations or through discussions with other persons. Where conversations or statements of others are related in this Affidavit, they are related in substance and in part. Because this Affidavit is made for the limited purpose of obtaining a search warrant, I have not set forth every fact that I have learned during the course of this investigation.

THE MEDICARE PROGRAM

4. Medicare is a federal and state funded health insurance program that provides health insurance to elderly

individuals. Among other medical goods and services, Medicare reimburses suppliers of durable medical equipment ("DME"). DME includes medical equipment prescribed by a health care provider that can stand repeated use for a protracted period of time and are generally not useful to a person in the absence of a medical condition or injury. Examples of DME includes equipment such as wheelchairs and walkers.

THE INVESTIGATION

5. On or about April 8, 2008, a representative of a Medicare program safeguard contractor (the "Contractor"),^{1/} contacted HHS-OIG to report suspicious claims submitted in or about November 2007 and in or about December 2007 by a supplier of DME known as HEATH FIRST GROUP INC. ("HEALTH FIRST GROUP"). The Contractor believed that the claims may be fraudulent because, among other reasons, (i) the claims involved patients whose Medicare identification information had been reported stolen from a different Medicare program safeguard contractor in or about March 2006, (ii) HEALTH FIRST GROUP had submitted an unusually large number of claims for this period, and (iii) similar DME was ordered for each claim.

^{1/}A program safeguard contractor is a entity that is hired by Medicare to oversee the administration and integrity of Medicare, and specifically to detect fraud and abuse of Medicare and other violations of Medicare regulations.

6. After receiving this report, HHS-OIG began an investigation. As part of this investigation, I spoke with a representative of the Contractor and obtained information regarding HEALTH FIRST GROUP and the claims for DME that it submitted. I learned that HEALTH FIRST GROUP had started submitting claims to Medicare in or about July 2007 and continued to do so until in or about March 2008. The total amount of claims submitted by HEALTH FIRST GROUP for this entire period is at least \$1,000,000, of which approximately \$300,000 has been paid by Medicare. All the claims submitted by HEALTH FIRST GROUP involved the same physician ("Physician-1"), who is based in New York, New York, and the same patients (the "Patients"), who all reside in Florida. All the claims involve similar DME; specifically, intravenous and urological supplies and medical bandages.

7. Based on my investigation, it appears that all of the claims submitted by HEALTH FIRST GROUP to Medicare were fraudulent. In an interview at Physician-1's office in New York, New York on or about April 21, 2008, Physician-1 informed me that he believes that has never treated any of the Patients nor has he prescribed for them the DME for which claims have been submitted by HEALTH FIRST GROUP. Physician-1 could not find records for the Patients in his office database.

8. I also learned that the Contractor had contacted some of the Patients. The Contractor reported that each of the Patients contacted by the Contractor denied knowing Physician-1 or ever having been prescribed or having received the DME for which claims had been made by HEALTH FIRST GROUP.

9. The Contractor informed me that HEALTH FIRST GROUP has a business address at 10 E. 39th Street Suite #1106, New York, New York (the "New York Office"), and is owned by an individual named FRANCISCO CRUZ, who resides at 13421 S.W. 54th Street, Miami, Florida. I learned from the New York State Department of State that HEALTH FIRST GROUP was listed as an active New York corporation and that FRANCISCO CRUZ was the registered agent of the corporation.

10. On several occasions in or about April 2008, I visited the building in which the New York Office is located (the "Building"). I spoke with an individual ("Individual-1"), who identified herself as the Building's manager. She provided me with rental information regarding the New York Office and a copy of the lease, which indicates that the New York Office was leased by HEALTH FIRST GROUP from in or about January 2007 through in or about January 2008. The lease bore the signature of a person named FRANCISCO CRUZ. Individual-1 said that an individual purporting to be CRUZ had come to the building on approximately

three occasions.^{2/} According to Individual-1, CRUZ paid the rent each month by personal check from a bank in Florida.

11. On several occasions in or about April 2008 and May 2008, I, or other agents to whom I have since spoken, interviewed at the Building an individual ("Individual-2") who was identified by the Contractor as the office manager for HEALTH FIRST GROUP. During these interviews, we learned the following:

a. Individual-2 acknowledged she has been the office manager for HEALTH FIRST GROUP from in or about July 2007 until recently. Individual-2 said that she was hired by FRANCISCO CRUZ and had met him on one occasion, but that she usually spoke with him over the phone.^{3/}

b. Individual-2 is also an assistant for Individual-1 in Individual-1's capacity as manager of the Building. After the lease for the New York Office expired in or about January 2008, Individual-2 continued to act as an agent for HEALTH FIRST GROUP from her desk in an office she shared with Individual-1.

^{2/}I showed to Individual-1 a photograph of FRANCISCO CRUZ which I obtained from the Florida Department of Motor Vehicles based on CRUZ's personal identifying information, such as social security number and date of birth, which I obtained from the Contractor. Individual-1 initially denied that the photograph matched her recollection of CRUZ but later said that it could be him.

^{3/}Individual-2 could not identify CRUZ from the photograph obtained from the Florida Department of Motor Vehicles.

c. As the office manager of HEALTH FIRST GROUP, Individual-2 forwarded all mail she received to what she considered HEALTH FIRST GROUP's business addresses in Miami, Florida. For a time, she sent all mail to 1701 W. Flagler Street, Miami, Florida. However, she later sent a package, which was the TARGET PACKAGE, to 1602 Alton Road, Miami Beach, Florida (the "Alton Road Address"). Individual-2 informed me that she no longer sends packages to CRUZ.

d. Individual-2 deposited claim checks from Medicare and private health insurance companies in a local branch of Washington Mutual Bank into an account held by HEALTH FIRST GROUP. Individual-2 admitted to having deposited Medicare claim checks into the HEALTH FIRST GROUP account as recently as on or about May 9, 2008.

e. Individual-2 recalled that CRUZ had told her on one occasion that he was having a problem receiving payment from Medicare because HEALTH CARE FIRST had offices in New York and Florida.

f. Individual-2 now considers the HEALTH FIRST GROUP business to be closed.

g. Individual-2 believed that DME may have been stored in boxes at the New York Office but could not remember anything about the equipment.

h. Individual-2 answered the phone for HEALTH FIRST GROUP but does not remember ever receiving a call from a medical practitioner or a patient about HEALTH FIRST GROUP. Instead, she spoke to CRUZ on the phone. She also recalls receiving calls to HEALTH FIRST GROUP's phone number that were for the wrong number.

12. On or about May 15, 2008, I interviewed FRANCISCO CRUZ in Miami, Florida. CRUZ denied having any involvement with HEALTH FIRST GROUP. Instead, he told me that he had been asked by two individuals in or about June 2006 to sell his identify to them for approximately \$100,000 and that he agreed. CRUZ said that he then went with one of them to a lawyer's office in Florida and to several banks in Florida to execute legal documents and open accounts, but that since his knowledge of English was limited he did not understand what the documents he signed said. He then said that he was ultimately paid approximately \$70,000 for the use of his identity. We have not yet been able to determine whether CRUZ's statements are true, but whether false or true, they indicate that he, or his identity, were part of a fraud. CRUZ's statements, coupled with the other evidence described above, indicate that HEALTH FIRST GROUP was created in order to perpetrate a fraud, rather than to engage in legitimate business.

THE TARGET PACKAGE

13. While interviewing Individual-2, I learned that Individual-2 had packed and sent the TARGET PACKAGE to the Alton Road Address. Individual-2 provided me with a Federal Express Airbill receipt for the TARGET PACKAGE. The Airbill reflects that the TARGET PACKAGE was sent to the attention of FRANCISCO CRUZ at the Alton Road Address. The airbill further shows that Individual-2 and the New York Office as the return address. Individual-2 said that the TARGET PACKAGE contains insurance information regarding HEALTH FIRST GROUP, including correspondence that was sent to the New York Office by Medicare and private health insurance companies.

13. On or about May 13, 2008, I visited the Alton Road Address, which was occupied by a private mail services center that leases mailboxes to customers, and interviewed a clerk who worked there. The clerk told me that he had received the TARGET PACKAGE and had determined that neither HEALTH FIRST GROUP nor FRANCISCO CRUZ leased a mailbox at that location. Therefore, the clerk called Individual-2, whose name and number were listed on the return address of the TARGET PACKAGE, and informed her that he was going to send the package back. On or about May 14, 2008, the TARGET PACKAGE was picked up at the Alton Road Address by Federal Express and shipped back to New York.

14. From speaking with Individual-2, I learned that Federal Express attempted to return the TARGET PACKAGE to the New York Office, but Individual-2 refused to accept the package because she believed that HEALTH FIRST GROUP was no longer in business. I have reviewed online Federal Express tracking records associated with the TARGET PACKAGE's tracking number, which indicate that delivery was refused on May 16, 2008.

15. The TARGET PACKAGE is currently located at a Federal Express facility in New York, New York, where it is being held at my request.

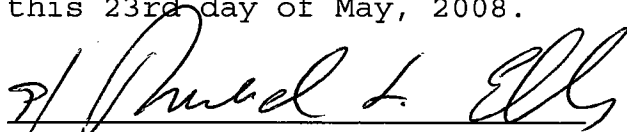
16. Based on the facts set forth above, and on my training and experience, it appears to me that all of the claims submitted by HEALTH FIRST GROUP to Medicare were fraudulent and that the business of HEALTH FIRST GROUP was in large part, if not entirely, fraudulent. I therefore submit that there is probable cause to believe that any documents, papers or other records, as described with more particularity in Attachment A, contained in the TARGET PACKAGE constitute evidence, fruits, and/or instrumentalities of mail fraud, wire fraud, and/or health care fraud, in violation of Title 18, United States Code, Sections 1341, 1343, and/or 1347.

WHEREFORE, your deponent respectfully requests that a warrant be issued, pursuant to Rule 41 of the Federal Rules of Criminal Procedure, authorizing law enforcement officers, with such other assistance as may be necessary, to open the TARGET PACKAGE and to search for and seize documents, papers or others records, which constitute evidence, fruits, and/or instrumentalities of violations of Title 18, United States Code, Sections 1341, 1343, and/or 1347. Your deponent further respectfully requests that, because the investigation into this matter is ongoing, this warrant and affidavit be placed under seal.



DANIEL CONNOR, Special Agent
Department of Health and Human Services
Office of Inspector General

Subscribed and sworn before me
this 23rd day of May, 2008.



HON. RONALD L. ELLIS
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

ATTACHMENT A

Monies, checks and other financial instruments;
financial records; identification documents; and other property,
documents and records that constitute evidence of the commission
of, or are designed or intended as a means of the violation of,
or are contraband or the fruits of, the federal fraud and health
care fraud laws.

