

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Madeline Cox Arleo
	:	
v.	:	Magistrate No. 11-8249
	:	
CHIRAG PATEL	:	<b>CRIMINAL COMPLAINT</b>

I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Department of Health and Human Services, Office of the Inspector General, and that this Complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.

  
 \_\_\_\_\_  
 Naomi Gruchacz, Special Agent  
 Department of Health and Human Services  
 Office of the Inspector General

Sworn to before me and subscribed in my presence,  
December 8, 2011 at Newark, New Jersey

HONORABLE MADELINE COX ARLEO  
UNITED STATES MAGISTRATE JUDGE

  
 \_\_\_\_\_  
 Signature of Judicial Officer

**ATTACHMENT A**

On or about November 1, 2010, in the District of New Jersey, and elsewhere, defendant

**CHIRAG PATEL**

did knowingly and willfully offer and pay remuneration, directly and indirectly, overtly and covertly, in cash and in kind, that is, a kickback, to a Cooperating Witness to induce the Cooperating Witness to refer an individual to Orange Community MRI for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a Federal health care program, as described in Attachment B below.

In violation of Title 42, United States Code, Section 1320a-7b(b)(2)(A), and Title 18, United States Code, Section 2.

## ATTACHMENT B

I, Naomi Gruchacz, am a Special Agent with the Department of Health and Human Services, Office of the Inspector General (“HHS-OIG”). I have knowledge of the facts set forth herein through my personal participation in this investigation and through oral and written reports from other federal agents or other law enforcement officers. Where statements of others are set forth herein, these statements are related in substance and in part. Since this Criminal Complaint is being submitted for a limited purpose, I have not set forth every fact that I know or other law enforcement officers know concerning this investigation. I have only set forth those facts that I believe are sufficient to show probable cause exists to believe that the defendant has committed the offense set forth in Attachment A. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

1. At all times relevant to this Complaint:
  - a. Defendant CHIRAG PATEL was the Executive Director of Orange Community MRI.
  - b. Orange Community MRI (“OCM”) was located at 345 Henry Street, Suite 102, Orange, New Jersey. OCM provided services to patients that included magnetic resonance imaging (“MRIs”), ultrasound imaging (“Ultrasounds”), echocardiograms (“Echos”), computed axial tomographies (“CAT Scans” or “CT Scans”), and dual-emission X-ray absorptiometries (“DEXA Scans”) (collectively, the “diagnostic tests”).
  - c. There was a Cooperating Witness (the “CW”) who was a health care practitioner licensed to practice in New Jersey. At all times relevant to this Complaint, CW acted

at the direction and under the supervision of HHS-OIG.

2. The Medicare Program (“Medicare”) is a federal program that provides free or below-cost health care benefits to certain individuals, primarily the elderly, blind, and disabled. Medicare is a “Federal health care program” as defined in Title 42, United States Code, Section 1320a-7b(f). Individuals who receive benefits under Medicare are commonly referred to as “beneficiaries.”

3. The Medicare Part B program is a federally funded supplemental insurance program that provides supplementary Medicare insurance benefits for individuals aged sixty-five or older, and certain individuals who are disabled. The Medicare Part B program pays for various medical services and diagnostic testing, including MRIs, Ultrasounds, Echos, CT Scans, and DEXA Scans for beneficiaries.

4. The Medicaid Program (“Medicaid”) is a jointly funded, federal-state health insurance program that provides certain health benefits to the disabled, as well as individuals and families with low incomes and resources. The federal involvement in Medicaid is largely limited to providing matching funds and ensuring that states comply with minimum standards in the administration of the program. Medicaid is a “Federal health care program” as defined in Title 42, United States Code, Section 1320a-7b(f). Individuals who receive benefits under Medicaid are commonly referred to as “beneficiaries.”

5. The federal Medicaid statute sets forth the minimum requirements for state Medicaid programs to qualify for federal funding, which is called federal financial participation. 42 U.S.C. §§ 1396 et seq. In New Jersey, the New Jersey Medical Assistance Program is administered by the New Jersey Department of Human Services. Under New Jersey law,

Medicaid pays for certain medical services and diagnostic testing, including MRIs, Ultrasounds, Echos, CAT Scans, and DEXA Scans for beneficiaries.

6. At all times relevant to this Complaint, OCM was a Medicare- and Medicaid-approved provider of, among other things, diagnostic testing, including MRIs, Ultrasounds, Echos, CAT Scans, and DEXA Scans.

The Kickback Offer and Payment

7. On or about November 1, 2011, CHIRAG PATEL met with CW at CW's office. This meeting was consensually recorded by CW at the direction and under the supervision of HHS-OIG agents. At the beginning of the meeting, CHIRAG PATEL provided CW with his business card, which listed CHIRAG PATEL as the Executive Director of OCM.

8. During this meeting, CHIRAG PATEL explained to CW, in sum and substance, that under CW's current agreement with OCM, CW was paid \$75 for each Medicare or Medicaid beneficiary MRI or CAT Scan referred to OCM. CHIRAG PATEL also explained to CW that CW was paid \$100 for each privately-insured patient MRI or CAT Scan referred to OCM.

9. CHIRAG PATEL then explained to CW, in sum and substance, that under CW's current agreement with OCM, CW was paid \$50 for each CAT Scan referred to OCM.

10. When discussing how much CW was to be paid for each Ultrasound referred to OCM, CHIRAG PATEL stated to CW "I can work [it] out, it's not a problem but we need some volume. You know, we can't just do four or five ultrasounds . . . [s]ee, look doctor, end of the day, you and me are businessmen . . . [y]ou want to make sure we both are happy . . . I can, I can do twenty-five for you, for ultrasounds. But can you at least give me some good numbers?" CW

then asked Patel, “[w]hat numbers do you need”, to which CHIRAG PATEL replied, “at least a month, twenty-five, thirty ultrasounds.”

11. CHIRAG PATEL and CW then discussed whether CW could be paid more for MRIs, and CHIRAG PATEL responded, “More volume, what I can do is, I can make everything \$100.” When CW asked CHIRAG PATEL, in sum and substance, how many MRIs CW needed to refer in order to get paid \$100 per test, CHIRAG PATEL responded “give me at least ten, fifteen MRI[s] every month.” CHIRAG PATEL documented this new payment arrangement on a note and provided the note to CW.

12. At this point in the conversation, CHIRAG PATEL handed CW a envelope containing \$1,800 in cash and told CW “this is for your September.” When CW asked PATEL, in sum and substance, how many scans CW was being paid for referring during the month of September, CHIRAG PATEL told CW “I have thirteen private MRI, four Medicare/Medicaid two-hundred, four CT scan two-hundred.” CHIRAG PATEL documented September’s payment to CW on a note and provided the note to CW. CHIRAG PATEL then told CW, referring to the earlier discussion regarding an increase in payments for MRI referrals, “now next month onwards, if you give me this number, I will change it to [one] hundred.”