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7 Attorneys for NATIONAL UNION FIRE
 8 INSURANCE COMPANY OF
 9 PITTSBURGH, PA.

10 **UNITED STATES DISTRICT COURT**
 11 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

12 NATIONAL UNION FIRE
 13 INSURANCE COMPANY OF
 14 PITTSBURGH, PA., as assignee and
 subrogee of Universal Health Services,
 Inc. and Palmdale Regional Medical
 Center,

15 Plaintiff,

16 v.

17 SCOTT FINSTEIN, an individual;
 18 RICHARD YANIK, individually and
 dba RM POWER and/or MEKR
 19 ADVANCE SERVICES; THOMAS
 MATHIS, individually and dba PBS
 20 FIRE PROTECTION SERVICES
 and/or PATRIOT BUILDING
 21 SERVICES; and DOES 1-20,

22 Defendants.

Case No.

**COMPLAINT FOR MONETARY
 DAMAGES**

23 Plaintiff, National Union Fire Insurance Company of Pittsburgh, Pa., by and
 24 through its undersigned counsel, files this Complaint against Defendants, Scott
 25 Finstein (“Finstein”) an individual, Richard Yanik, individually and dba RM Power
 26 and/or MEKR Advance Services (“Yanik”), Thomas Mathis, individually and dba
 27 PBS Fire Protection Services and/or Patriot Building Services (“Mathis”), and DOES
 28 1-20, and in support thereof avers the following:

1 **THE PARTIES**

2 1. Plaintiff, National Union Fire Insurance Company of Pittsburgh, Pa.
3 (“National Union”) is a Pennsylvania insurance corporation formed and existing in
4 accordance with the laws of the Commonwealth of Pennsylvania, with a principal
5 place of business located at 1271 Ave of the Americas, Floor 37, New York, NY
6 10020-1304.

7 2. Defendant, Scott Finstein, is an individual who resides at 19601 Rose
8 Ave., Tehachapi, CA 93561.

9 3. Defendant, Richard Yanik is an individual who resides at 39434 Basalt
10 Ct., Palmdale, CA 93551.

11 4. Mr. Yanik does business or has done business as RM Power and MEKR
12 Advance Services.

13 5. Defendant, Thomas Mathis is an individual who resides at 8675 Brook
14 Glen Ln., Huntersville, NC 28078.

15 6. Mr. Mathis does business or has done business as PBS Fire Protection
16 and Patriot Building Services.

17 7. Defendants, DOES 1-20 are individual persons and/or corporations,
18 limited liability companies and/or other business entities of form currently unknown
19 to Plaintiff despite reasonable investigation.

20 **JURISDICTION AND VENUE**

21 8. This Court has subject matter jurisdiction over the claims in this
22 Complaint pursuant to 28 U.S.C. § 1332, because National Union does not share state
23 citizenship with any of the identifiable Defendants and the amount in controversy,
24 exclusive of interest and costs, exceeds \$75,000.

25 9. This court has personal jurisdiction over Finstein and Yanik, because
26 they reside in the state of California.

27 10. This court has personal jurisdiction over Mathis because his actions,
28 which give rise to National Union’s claims, occurred in the state of California.

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1 11. Venue is proper in this District pursuant 28 U.S.C. §§1391(b)(1) because
2 Yanik resides in this District, and a substantial part of the events giving rise to this
3 action occurred in this District.

4 **FACTUAL ALLEGATIONS**

5 12. Upon information and belief, Plaintiff alleges as follows:

6 13. Palmdale Regional Medical Center (“Palmdale”) is an acute care facility
7 located in Palmdale, California. Palmdale is a wholly owned subsidiary of Universal
8 Health Services, Inc. (“Universal Health”).

9 14. During the period of 2008 to 2019, Finstein was employed as the
10 Director of Plant Operations at Palmdale.

11 15. In his position as Director of Plant Operations, Finstein was responsible
12 for coordinating and overseeing the construction and maintenance work performed at
13 Palmdale, including work performed by outside vendors.

14 16. Finstein also was responsible for reviewing invoices submitted by
15 vendors and issuing authorizations for Palmdale to pay such invoices.

16 17. From 2008 to 2019, Finstein engaged in a scheme with the other
17 Defendants whereby he approved invoices that resulted in payments to the other
18 Defendants despite knowing that such individuals and/or their business entities did
19 not perform the services or provide the products to Palmdale listed on the invoices.

20 **A. RM Power’s Fraudulent Invoices.**

21 18. On behalf of Palmdale, Finstein retained a vendor identified as “RM
22 Power” to perform services for Palmdale.

23 19. RM Power is and was the business alias of Defendant Richard Yanik.

24 20. At all relevant times, Finstein and Yanik were personal friends.

25 21. From 2009 through 2018, Yanik, under the alias RM Power, provided
26 invoices to Palmdale for various services that he represented had been performed and
27 had benefited Palmdale, including but not exclusively carpentry, storm drain clean-
28 outs, electrical work, and valve replacements.

1 22. Neither Yanik nor anyone on his behalf performed the services that were
2 described in RM Power's invoices.

3 23. Finstein knew that Yanik did not perform the services that were
4 described in RM Power's invoices.

5 24. Nevertheless, Finstein approved the invoices and authorized Palmdale to
6 pay RM Power's invoices, despite knowing that the invoices contained false
7 information and that the services had not been provided.

8 25. Upon receiving Finstein's approval of the invoices, Palmdale paid RM
9 Power (and, therefore, Yanik) for the amounts stated on the invoices.

10 26. As a result, Palmdale improperly paid \$66,816.33 to Yanik for services
11 that RM Power and Yanik did not perform and Palmdale never received.

12 **B. MEKR Advance Systems' Fraudulent Invoices.**

13 27. On behalf of Palmdale, Finstein retained a vendor identified as "MEKR
14 Advance Systems" to perform services for Palmdale.

15 28. MEKR Advance Systems also was the business alias of Yanik.

16 29. From 2011 through 2018, Yanik, under the alias of MEKR Advance
17 Systems, provided invoices to Palmdale for various services that he represented had
18 been performed and had benefited Palmdale including coil cleaning, cooling tower
19 cleaning, infrared inspections, automatic transfer switch maintenance, filter changes,
20 line isolation testing, compressor replacement, master alarm replacement, fire pump
21 replacement, and valve replacements.

22 30. Neither Yanik nor anyone on his behalf performed the services that were
23 described in MEKR Advance Systems' invoices.

24 31. Finstein knew that Yanik did not perform the services that were
25 described in MEKR Advance Systems' invoices.

26 32. Nevertheless, Finstein approved the invoices and authorized Palmdale to
27 pay MEKR Advance Systems' invoices, despite knowing that the invoices contained
28 false information and that the services had not been provided.

1 33. Upon receiving Finstein’s authorization, Palmdale paid MEKR Advance
2 Systems (and, therefore, Yanik) for the amounts stated on the invoices.

3 34. As a result, Palmdale improperly paid \$187,097.74 to Yanik for services
4 that MEKR Advance Systems and Yanik did not perform and Palmdale never
5 received.

6 **C. Patriot Building Services’ Fraudulent Invoices.**

7 35. On behalf of Palmdale, Finstein retained a vendor identified as “Patriot
8 Building Services” to perform services and to provide products to Palmdale.

9 36. Patriot Building Services is and was the business alias of Mathis.

10 37. From 2011 through 2018, Mathis, under the alias of Patriot Building
11 Services, provided invoices to Palmdale for various products, supplies and services
12 that he represented had been performed and had benefited Palmdale, including but not
13 exclusively line isolation testing, condensate for steam boilers, return line treatment,
14 oxygen scavengers, degreaser, and hand cleaner.

15 38. Neither Mathis nor anyone on his behalf performed the services or
16 provided the products that were described in Patriot Building Services’ invoices.

17 39. Finstein knew that Mathis did not perform the services that were
18 described in Patriot Building Services’ invoices.

19 40. Nevertheless, Finstein approved the invoices and authorized for
20 Palmdale to pay Patriot Building Supplies’ invoices, despite knowing that the invoices
21 contained false information and the products, supplies and services had not been
22 provided.

23 41. Upon receiving Finstein’s authorization, Palmdale paid Patriot Building
24 Services (and, therefore, Mathis) for the amounts stated on the invoices.

25 42. As a result, Palmdale improperly paid \$147,573.09 to Mathis for
26 products, supplies and services that Patriot Building Services and Mathis did not
27 provide or perform and products that Palmdale never received.

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