

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

LIBERTY INSURANCE CORPORATION, LIBERTY
MUTUAL FIRE INSURANCE COMPANY, C.A. No.
LIBERTY MUTUAL PERSONAL INSURANCE
COMPANY, LM GENERAL INSURANCE
COMPANY, LM INSURANCE CORPORATION, LM
PROPERTY AND CASUALTY INSURANCE
COMPANY, THE LIBERTY SURPLUS INSURANCE
CORPORATION, SAFECO INSURANCE
COMPANY OF AMERICA, SAFECO INSURANCE
COMPANY OF ILLINOIS, and SAFECO
INSURANCE COMPANY OF INDIANA,

DEMAND FOR JURY TRIAL

Plaintiffs,

v.

4 TRANSPORT INC., 411 HELP LLC, 4 UR
RECOVERY THERAPY LLC, A1 OCCUPATIONAL
THERAPY LLC, GRAVITY IMAGING LLC, SPINE
AND HEALTH PLLC, SPINE & HEALTH PLLC II,
NEW HORIZON CHIROPRACTIC PLLC, FIRST
MEDICAL GROUP PLLC, 4 HEALTH
MANAGEMENT LLC, HMRF FUND III LLC, HMRF
FUND IV LLC, VELOCITY MRS FUND IV LLC,
VELOCITY MRS FUND V LLC, VELOCITY MRS
FUND VI LLC, NATIONAL HEALTH FINANCE
DM, LLC, HASSAN FAYAD, MIRNA FAYAD,
WILLIAM GONTE, M.D., GEOFFREY KEMOLI
SAGALA, D.C., AND ERNESTO CARULLA, P.T.,

Defendants.

DAVID JOSEPH LANKFORD (P47881)
STEVEN M. BRAUN (P79461)
JOY WEBER (P77088)
Law Offices of Greig, Kennedy, Seifert and
Fitzgibbons
Attorneys for Plaintiffs
28411 Northwestern Hwy., Suite 640
Southfield, MI 48034
248-223-0120
Fax: 603-334-9174

COMPLAINT

Plaintiffs LIBERTY INSURANCE CORPORATION, LIBERTY MUTUAL FIRE INSURANCE COMPANY, LIBERTY MUTUAL PERSONAL INSURANCE COMPANY, LM GENERAL INSURANCE COMPANY, LM INSURANCE CORPORATION, LM PROPERTY AND CASUALTY INSURANCE COMPANY, THE LIBERTY SURPLUS INSURANCE CORPORATION, SAFECO INSURANCE COMPANY OF AMERICA, SAFECO INSURANCE COMPANY OF ILLINOIS, and SAFECO INSURANCE COMPANY OF INDIANA, along with any and all affiliate and/or agent companies, (hereinafter collectively referred to as “Plaintiffs Liberty and Safeco”), by their attorneys, Law Offices of Greig, Kennedy, Seifert and Fitzgibbons, hereby allege as follows.

I. INTRODUCTION

1. This matter revolves around a concerted effort by three pain management clinics (Defendants Spine & Health PLLC, Spine & Health PLLC II, and First Medical Group PLLC), physical therapy clinics (Defendants 411 Help, LLC and 4 UR Recovery Therapy LLC), a chiropractic clinic (Defendant New Horizon Chiropractic PLLC), an occupational therapy clinic (Defendant A1 Occupational Therapy LLC), a magnetic resonance imaging (“MRI”) facility (Defendant Gravity Imaging, LLC), a transportation company (Defendant 4 Transport Inc.), a marketing company (Defendant 4 Health Management LLC), and the current and former owners, managers, employees, independent contractors, agents, and representatives of the same who collectively constructed a scheme with which to rely on fraudulent and unlawful treatment and/or referrals to seek recovery of medical or other benefits potentially available under the Michigan No-Fault Act, Mich. Comp. Laws § 500.3101 and in violation thereof , et seq.

2. Specifically these Defendants have operated a referral and marketing company/call center to solicit Plaintiffs Liberty's and Safeco's insureds to facilities owned, managed, staffed and/or operated by the named Defendants HASSAN FAYAD, MIRNA FAYAD, WILLIAM GONTE, M.D., GEOFFREY KEMOLI SAGALA, D.C., AND ERNESTO CARULLA, P.T.

3. In furtherance of this scheme, Defendants defrauded Plaintiffs Liberty and Safeco by submitting and/or causing to be submitted false and fraudulent medical records, documents, correspondences, bills, and invoices through interstate wires and/or the U.S. Mail seeking payment under the Michigan No-Fault Act for treatment and services that were not actually rendered, were medically unnecessary, were fraudulently billed, and/or were not lawfully rendered; and causing to be submitted false and fraudulent medical records, documents, correspondences, bills, and invoices to Medicare and/or Medicaid.

4. Defendants 4 Transport Inc. (hereinafter "Defendant 4 Transport"), 411 Help, LLC d/b/a 411 Therapy (hereinafter "Defendant 411 Therapy"), 4 UR Recovery Therapy LLC (hereinafter "Defendant 4 UR Recovery"), A1 Occupational Therapy LLC (hereinafter "Defendant A1"), Gravity Imaging, LLC (hereinafter "Defendant Gravity Imaging"), Spine & Health PLLC and Spine & Health PLLC II (hereinafter collectively "Defendant Spine & Health"), New Horizon Chiropractic PLLC (hereinafter "Defendant New Horizon"), First Medical Group, PLLC (hereinafter "Defendant First Medical"), 4 Health Management LLC (hereinafter "Defendant 4 Health"), HMRF Fund III LLC (hereinafter "Defendant HMRF III"), HMRF Fund IV LLC (hereinafter "Defendant HMRF IV"), Velocity MRS Fund IV LLC (hereinafter "Defendant Velocity IV"), Velocity MRS Fund V LLC (hereinafter "Defendant Velocity V"), Velocity MRS Fund VI LLC (hereinafter "Defendant Velocity VI"), National

Health Finance DM, LLC (hereinafter “Defendant National Health”), Hassan Fayad, Mirna Fayad, William Gonte, M.D. (hereinafter “Defendant Gonte”), Geoffrey Kemoli Sagala, D.C. (hereinafter “Defendant Sagala”), and Ernesto Carulla, P.T. (hereinafter “Defendant Carulla”) (collectively hereinafter “Defendants”) each individually or collectively conspired to, and did in fact, defraud Plaintiffs Liberty and Safeco by perpetuating an insurance billing fraud scheme in violation of state and federal law.

5. The insurance fraud scheme perpetrated by Defendants was designed to, and did in fact, result in payments from Plaintiffs Liberty and Safeco to Defendants and/or its subsidiaries, agents, etc., directly or on behalf of Plaintiffs Liberty’s and Safeco’s insureds and claimants.

6. All of the acts and omissions of Defendants, described throughout this Complaint, were undertaken intentionally.

7. By this Complaint, and as detailed in each count set out below, Plaintiffs Liberty and Safeco brings this action for: (1) violations of the federal Racketeer Influenced and Corrupt Organizations (RICO) Act, 18 U.S.C. § 1962(c) and (d), and/or; (2) common law fraud, and/or; (3) civil conspiracy, and/or; (4) payment under mistake of fact, and/or; (5) unjust enrichment. Plaintiffs Liberty and Safeco also seek declaratory relief that no previously denied and pending claims submitted to it by Defendants are compensable.

8. As a result of Defendants’ fraudulent acts, Plaintiffs Liberty and Safeco, has paid in excess of \$1,801,142.40 to Defendants related to the patients at issue in this Complaint.

II. THE PARTIES

9. Plaintiffs Liberty and Safeco hereby reallege and incorporate by reference each and every allegation contained in paragraphs 1 through 8 as though fully set forth herein.

A. Plaintiffs

10. Plaintiff Liberty Insurance Corporation is an insurance company with its principal place of business in Boston, Massachusetts duly organized under the laws of Illinois that is licensed in Michigan to engage in the business of insurance.

11. Plaintiff Liberty Mutual Fire Insurance Company is an insurance company with its principal place of business in Boston, Massachusetts duly organized under the laws of Wisconsin that is licensed in Michigan to engage in the business of insurance.

12. Plaintiff Liberty Mutual Personal Insurance Company is an insurance company with its principal place of business in Boston, Massachusetts duly organized under the laws of New Hampshire that is licensed in Michigan to engage in the business of insurance.

13. Plaintiff LM General Insurance Company is an insurance company with its principal place of business in Boston, Massachusetts duly organized under the laws of Indiana that is licensed in Michigan to engage in the business of insurance.

14. Plaintiff LM Insurance Corporation is an insurance company with its principal place of business in Boston, Massachusetts duly organized under the laws of Illinois that is licensed in Michigan to engage in the business of insurance.

15. Plaintiff LM Property and Casualty Insurance Company is an insurance company with its principal place of business in Boston, Massachusetts duly organized under the laws of Indiana that is licensed in Michigan to engage in the business of insurance.

16. Plaintiff The Liberty Surplus Insurance Corporation is an insurance company with its principal place of business in Boston, Massachusetts duly organized under the laws of New Hampshire that is licensed in Michigan to engage in the business of insurance.

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.