

Department of Justice  
U.S. Attorney's Office  
Central District of California

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FOR IMMEDIATE RELEASE

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## **2 Sentenced to Prison for Defrauding Union and PPO Insurance Plans by Seeking Millions of Dollars for Unneeded Medical Procedures**

*SANTA ANA, California* – Two Southern California residents were sentenced today to federal prison in connection with a scheme to defraud union and PPO health insurance programs by submitting bills for more than \$71 million in medical procedures performed on insurance beneficiaries who received free or discounted cosmetic surgery.

An investigation into the fraudulent scheme – which was run out of a surgery center in Orange known at various times as Princess Cosmetic Surgery, Vista Surgical Center and Empire Surgical Center – showed that many of the bills were for unneeded medical procedures. At today's sentencing, prosecutors took a very conservative position, based on a careful medical review of only some of the claims, that the documented loss figure related to unnecessary medical procedures was at least \$2.6 million.

The two defendants sentenced today by United States District Judge Josephine L. Staton are:

Theresa Fisher, 45, of Tustin, who was sentenced to 41 months in federal prison and ordered to pay \$2.6 million in restitution; and

Lindsay Hardgraves, 30, of San Pedro, who was sentenced to five months in prison and ordered to pay restitution in the amount of \$85,000.

Following a jury trial in March, Fisher was found guilty of five counts of mail fraud, and Hardgraves was convicted of two counts of mail fraud.

The evidence at trial showed that marketers, who are sometimes known as cappers, lured patients to the surgery center. When patients came to the surgery center for a consultation, they were told that they could receive free or discounted cosmetic surgeries if they underwent multiple, medically unnecessary procedures that would be billed to their union or PPO health care benefit program. The unnecessary procedures typically performed on the "patients" were endoscopies (usually esophagogastroduodenoscopies, or EGDs), colonoscopies and cystoscopies. Once the health care benefit program paid the claims, the patients were given free or discounted cosmetic surgeries,

including “tummy tucks,” breast augmentations, and liposuction. Further, tummy tucks were billed as hernia repair surgeries.

A large number of the fraudulent claims were submitted to the International Longshore and Warehouse Union and Operating Engineers Union health insurance plans.

Fisher was a consultant at the surgery center, and Hardgraves was a marketer.

A third defendant in the case – Vi Nguyen, 31, of Placentia, who also worked as a consultant at the surgery center – pleaded guilty to four counts of mail fraud on January 16. Nguyen is scheduled to be sentenced by Judge Staton on July 10.

This case is the product of an investigation by the Federal Bureau of Investigation, the United States Department of Labor – Office of Inspector General, United States Department of Labor – Employee Benefits Security Administration, and the Office of Personnel Management – Office of Inspector General.

USAO - California, Central District

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