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FOR IMMEDIATE RELEASE

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Member of Dockworkers Union Sentenced to 41 Months in Prison in Scheme Involving Fraudulently Billing for Chiropractic Services

LOS ANGELES – A member of the International Longshore and Warehouse Union (ILWU), Local 13, has been sentenced to 41 months in federal prison for his role in a scheme in which two medical clinics submitted more than a quarter-million dollars in bills to the union's health care plan for chiropractic services that were not provided or were not medically necessary.

David Gomez, 53, of San Pedro, was sentenced on Monday, January 9, by United States District Judge R. Gary Klausner. Gomez was convicted in October of 20 counts of mail fraud. Gomez has been in custody since a federal jury returned its guilty verdicts.

The ILWU represents dockworkers at the ports of Los Angeles and Long Beach. Members of the union receive benefits, including health care benefits, through the ILWU-Pacific Maritime Association Welfare Plan.

According to the evidence presented at trial, Gomez and his co-defendant, Sergio Amador, opened a clinic in Long Beach in 2009 that operated under the name Port Medical and provided medical and chiropractic care. The next year, they opened a second clinic operating under the same name in San Pedro.

Gomez and Amador also created medical management companies that they used to receive funds generated by the medical clinics, which they then used to pay themselves and to pay incentives to ILWU members. These incentives were often paid as "sponsorships" of basketball or softball teams, with the understanding that the ILWU member receiving the "sponsorship" would visit, and encourage other team members to visit, Port Medical.

According to the evidence presented at trial, Port Medical chart entries were falsified to indicate that ILWU members and their dependents, including children as young as 5, had received repeated chiropractic services, including multiple sessions of massage therapy, that they had not. To accomplish this, ILWU members were asked to sign their names on multiple sign-in stickers that were used to create the fabricated chart entries, or their signatures on stickers affixed to the chart entries were simply forged.

Other evidence at trial related to instructions provided to Port Medical massage therapists on how to craft chart entries to maximize billing and make services appear to be medically necessary, a requirement

for them to be covered by the ILWU-PMA Welfare Plan. Included were instructions to massage therapists never to write that a patient had indicated “no complaints,” and to make sure not to copy or write chart entries “exactly the same each time, change things up a little!!!”

According to court documents, a conservative assessment determined that the total amount of fraudulent bills was \$258,913, and the health plan paid out \$228,440. At last Monday’s sentencing hearing, Judge Klausner ordered Gomez to pay \$201,000 in restitution to the health plan.

“This defendant managed a fraudulent scheme that targeted a program designed to provide benefits to Gomez’s fellow union members,” said United States Attorney Eileen M. Decker. “He was driven by his personal greed, and his criminal conduct undermined the union’s intention to bring medical benefits to other union members and their families.”

Amador pleaded guilty last year to one count of mail fraud and is scheduled to be sentenced by United States District Judge John A. Kronstadt on April 6.

The case against Gomez and Amador was investigated by the U.S. Department of Labor – Office of Inspector General, Office of Investigations; the U.S. Department of Labor – Employee Benefits Security Administration; and the Federal Bureau of Investigation.

“By defrauding the health plan of his fellow union members, Gomez betrayed and abused the trust of the very people his clinics purported to serve. Though this case is a sobering reminder of the often shameless nature of fraud schemes, today’s sentence sends a stern warning to those who would line their pockets at the expense of health plan participants and sponsoring employers. The Office of Inspector General will continue to work with our law enforcement partners to investigate the theft of union benefit plan assets,” stated Abel Salinas, Special Agent-in-Charge of the Los Angeles Office, Office of Inspector General, U.S. Department of Labor.

“The Employee Benefits Security Administration is pleased with the outcome of this case and hopes it serves as a warning to other potential bad actors. We will continue to work with our investigative partners to bring justice to those who commit similar crimes against the ILWU-PMA Welfare Plan, or any other employee-benefit plan,” said Crisanta Johnson, Regional Director for the Department of Labor’s Employee Benefits Security Administration.

“Defendant Gomez concocted an elaborate scheme to enrich himself at the expense of his colleagues, their families and the insurance plan that protected their health,” said Deirdre Fike, the Assistant Director in Charge of the FBI’s Los Angeles Field Office. “This successful prosecution was the result of a long-term effort by agents and prosecutors dedicated to combating health care fraud.”

The case was prosecuted by Assistant United States Attorney George S. Cardona, Chief of the Major Frauds Section.

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