



THE UNITED STATES ATTORNEY'S OFFICE
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Central District of California

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Three Indicted In Insurance Fraud Scheme Involving More Than \$50 Million Worth Of Unneeded Medical Procedures

SANTA ANA, California – A federal grand jury today indicted three Southern California residents in a scheme to defraud health insurance programs by submitting bills for more than \$50 million in medically unnecessary medical procedures performed on insurance beneficiaries who received free or discounted cosmetic surgery.

The indictment outlines a scheme in which marketers or cappers lured patients to a surgery center in Orange known at various times as Empire Surgical Center, Vista Surgical Center and Princess Cosmetic Surgery. The marketers told patients that they could use their union or PPO health insurance plans to pay for cosmetic surgeries, which are generally not covered by insurance.

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 indictment alleges. 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, rhinoplasties ("nose jobs") and liposuction. Further, according to the indictment, tummy tucks were billed as hernia repair surgeries, and rhinoplasties were billed as deviated septum repair surgeries.

The three defendants charged in today's indictment are:

Vi Nguyen, 31, of Placentia, who was a consultant at the surgery center and who is charged with 10 counts of mail fraud;

Theresa Fisher, 44, of Tustin, who was another consultant at the surgery center and who is charged with five counts of mail fraud; and

Lindsay Hardgraves, 30, of San Pedro, who was a marketer and charged with two counts of mail fraud.

"As a result of the fraudulent scheme, defendants Nguyen, Fisher and Hardgraves caused losses to union and PPO health care benefit programs of more than \$50 million in claims for functional procedures that were

not medically necessary and in some cases not provided,” the indictment alleges.

The three defendants were arrested on July 1 pursuant to a still-under-seal criminal complaint. They made their initial court appearances on the same day, and all three were released on bond. The three defendants have been ordered to appear for an arraignment on July 28 at 10:00 a.m.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty in court.

If convicted, the defendants each face a statutory maximum sentence of 20 years in federal prison for each mail fraud count.

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

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