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BLUE CROSS AND BLUE SHIELD OF OKLAHOMA, A DIVISION OF
7 HEALTH CARE SERVICE CORPORATION

8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **SOUTHERN DIVISION**

12 BLUE CROSS AND BLUE SHIELD OF
OKLAHOMA, a division of HEALTH
13 CARE SERVICE CORPORATION, a
Mutual Legal Reserve Company,

14 Plaintiff,

15 v.

16 SOUTH COAST BEHAVIORAL
HEALTH LLC; EXCELLENCE
17 RECOVERY, LLC; EVERYTHING IN
EXCELLENCE RECOVERY LLC;
18 CARI PASSMORE; RAD LIFE
RECOVERY, LLC; BRETT PERSHALL;
19 RANDALL EISWORTH;

20 Defendants.

Case No.:

COMPLAINT FOR

- (1) Fraud**
- (2) RICO, 18 U.S.C. § 1962(c)**
- (3) RICO Conspiracy, 18 U.S.C. § 1962(d)**
- (4) Negligent Misrepresentation**
- (5) Intentional Interference with Economic/Contractual Relationships**
- (6) Aiding and Abetting Tortious Conduct**
- (7) Violations of Business and Professional Code § 17200**
- (8) Money Had and Received**
- (9) Unjust Enrichment, Quantum Meruit, Restitution**

25 Plaintiff Blue Cross and Blue Shield of Oklahoma, an unincorporated division
26 of Health Care Service Corporation, a Mutual Legal Reserve Company
27 (“BCBSOK”), by way of this Complaint against Defendants South Coast Behavioral
28 Health LLC (“SCBH”), Excellence Recovery LLC (“Excellence Recovery”),

1 Everything in Excellence Recovery LLC (“EIE”), Rad Life Recovery, LLC, (“Rad
2 Life”), Cari Passmore (“Passmore”), Brett Pershall (“Pershall”), and Randall
3 Eisworth (“Eisworth,” and collectively with others, “Defendants”), alleges as
4 follows:

5 **INTRODUCTION**

6 1. Since at least 2020, BCBSOK and hundreds of individuals suffering
7 from Substance Use Disorder (“SUD”) have been victimized by California-based
8 SUD treatment providers and their co-conspirators.

9 2. California and Oklahoma are separated by over 1,000 miles and multiple
10 states. There are hundreds, if not thousands, of SUD treatment providers between
11 them. And yet, in the last few years alone, thousands of alleged Oklahoma residents
12 have been trafficked across the country to California under the guise of obtaining
13 SUD treatment. The one thing they have in common is that they are members of
14 BCBSOK health benefit plans, most of them having been enrolled right before their
15 arrival in California.

16 3. This surprising migration is not a result of quality treatment. Rather, it
17 is driven by an army of fraudsters that have overrun certain parts of California’s
18 SUD treatment industry to prey upon alleged Oklahoma residents, many of whom
19 are members of Native American tribes.

20 4. These SUD providers employ a range of fraudulent tactics. They hire
21 “body brokers” to hunt down potential patients in exchange for kickbacks. Body
22 brokers work with insurance agents to fraudulently enroll individuals in insurance
23 plans. Once enrolled, patients are shipped across the country to receive “treatment,”
24 the main goal of which is to enrich the providers, body brokers, insurance agents,
25 and the others involved in the schemes. There are unlawful kickbacks at every level.
26 In fact, many patients themselves receive cash, free “treatment,” and housing, which
27 unlawfully influences their choice of providers and induces them to stay under the
28 control of a particular provider so that their insurance can continue to be billed. It is

1 becoming exceedingly difficult for good, quality, providers to operate in an industry
2 awash in kickbacks and *de facto* bribes.

3 5. When insurance payments run out, the SUD providers kick patients to
4 the curb, leaving these vulnerable individuals to fend for themselves thousands of
5 miles from their homes. Often, these individuals are given no notice of their
6 impending evictions and suddenly find themselves on the streets with no money to
7 afford housing or the necessities of daily life, much less an expensive trip back
8 home. Putting these already-vulnerable individuals in such desperate circumstances
9 only heightens the chances for relapse.

10 6. As explained below, the defendants here are among the worst
11 perpetrators of these tactics. Collectively, they have caused BCBSOK plans alone
12 to make over \$36 million in wrongful payments. To this day, they continue to hunt
13 down individuals to enroll in Oklahoma plans and have taken further actions to
14 infiltrate Oklahoma.

15 7. Through this suit, BCBSOK seeks to recover the damages it has
16 sustained to date and stop Defendants from causing further damages going forward.

17 **PLAINTIFF**

18 8. Plaintiff is an unincorporated division of Health Care Service
19 Corporation, an Illinois mutual legal reserve corporation with its principal place of
20 business in Illinois. As it pertains to Oklahoma and Oklahoma-based insurance
21 plans, Health Care Service Corporation does business as Blue Cross and Blue Shield
22 of Oklahoma.¹ As noted above, Plaintiff is referred to herein as BCBSOK.

23 **THE DEFENDANTS AND THEIR ROLES IN THE SCHEME**

24 **I. THE TREATING ENTITIES**

25 9. Defendant SCBH is a California corporation headquartered at 3151
26 Airway Avenue, T-2, Costa Mesa, CA 92626. SCBH submitted healthcare claims
27 stating that it provided SUD treatment to members of BCBSOK health benefit plans.

28 ¹ That is, Health Care Service Corporation and BCBSOK are not separate entities.

1 As explained herein, the statements SCBH made on those claims were false and
2 fraudulent. SCBH received millions of dollars in wrongful payments from BCBSOK
3 and used some of those funds to pay illegal kickbacks to the other Defendants and
4 BCBSOK's own members. SCBH hired Body Broker Defendants (defined below)
5 to find patients and enroll them, and later house them, exchanging kickbacks all
6 along the way.

7 10. Defendant Excellence Recovery is an Arizona limited liability company
8 with a registered address of 18261 Tecoma Road, Goodyear, AZ 85338-3671.
9 Excellence Recovery submitted healthcare claims stating that it provided SUD
10 treatment to members of BCBSOK plans. As explained herein, the statements
11 Excellence Recovery made on those claims were false and fraudulent. Excellence
12 Recovery also conspired with SCBH and the other defendants to take control and
13 manipulate their patient's insurance plans, while also offering an avenue to prolong
14 and maximize the payments for each patient by providing distinct billing avenues
15 that could avoid the data safeguards employed by insurers like BCBSOK to catch
16 fraud, waste, and abuse.

17 **II. BODY BROKER DEFENDANTS**

18 11. Defendant Rad Life is a California limited liability company with a
19 principal place of business at 2014 Republic Avenue, Costa Mesa, CA 92627. Rad
20 Life is owned and operated by Defendant Pershall. Rad Life engaged in body
21 brokering patients to SCBH and then provided free housing to BCBSOK members
22 receiving treatment in exchange for kickbacks out of insurance payments.

23 12. Defendant EIE is an Arizona limited liability company with a registered
24 address of 18261 W. Tacoma Road, Goodyear, AZ 85338. EIE is partly owned and
25 was operated by Defendant Passmore. EIE engaged in body brokering patients to
26 SCBH and then provided free housing to BCBSOK members receiving treatment in
27 exchange for kickbacks out of insurance payments. EIE, through Passmore, also
28 coordinated with others to assist with fraudulent enrollments.

1 13. Upon information and belief, Defendant Passmore is a resident of
2 Arizona with an address of 18614 W. Sapium Way, Goodyear, AZ, 85338. Ms.
3 Passmore is a member and part owner of Defendants Excellence Recovery and EIE.
4 She engaged in body brokering patients to SCBH and then provided free housing to
5 BCBSOK members receiving treatment in exchange for kickbacks out of insurance
6 payments. Upon information and belief, Passmore also brokered patients to her own
7 center, Excellence Recovery, in concert with SCBH and others.

8 14. Defendant Pershall is a Texas or California resident whose last known
9 address is 11872 Gladstone Drive, Santa Ana, California 92705. Pershall is the
10 owner and operator of Rad Life. He engaged in body brokering patients to SCBH
11 and then provided free housing to BCBSOK members receiving treatment in
12 exchange for kickbacks out of insurance payments.

13 15. Together, Rad Life, EIE, Passmore, and Pershall are referred to herein
14 as “Body Brokering Defendants.”

15 **III. INSURANCE AGENT DEFENDANT**

16 16. Upon information and belief, Defendant Eisworth, is a resident of
17 Oklahoma with an address of 2300 NE 9th Street, Oklahoma City, OK 73160. He
18 conspired with SCBH and its agents (i.e., Body Brokering Defendants) to
19 fraudulently enroll individuals in BCBSOK plans.

20 **IV. DOE DEFENDANTS**

21 17. The true names of Defendants John Does 1 through 50, and ABC
22 CORPS. 1 through 50, inclusive, are unknown and BCBSOK sues them by such
23 fictitious names under California Code of Civil Procedure § 474. BCBSOK alleges
24 that each Defendant designated as a Doe Defendant is legally responsible to it for
25 the damages alleged herein. When BCBSOK ascertains the true names,
26 involvement, and capacities of Does 1 through 50 and ABC CORPS. 1 through 50
27 inclusive, it will seek leave to amend the Complaint.

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1 18. At all relevant times, each Defendant, whether fictitiously named or
2 otherwise, was the agent, servant, or employee of the others, and was acting within
3 the scope of such agency, enterprise, relationship, services, or employment.

4 **ALTER EGO/CONSPIRACY/AIDING AND ABETTING ALLEGATIONS**

5 19. All Defendants are liable for the obligations of each other as alter egos
6 because they each treated the other entities as their own. Upon information and
7 belief, as alleged herein, Defendants commingled funds and passed prospective and
8 current patients back and forth throughout the scheme.

9 20. Individual Defendants are also alter egos of the corporate entities, as
10 they created these entities, in whole or in part, for an improper purpose, including
11 the perpetration of the fraudulent scheme alleged herein. It would therefore be unjust
12 to recognize the individual Defendants as separate from the entity Defendants. Given
13 this relationship, all allegations can be applied equally between the individual
14 defendants and the entity Defendants.

15 21. All Defendants are also liable as alter egos of each other as they worked
16 together to monetize the fraudulent conduct through consultation and the submission
17 of fraudulent claims, then split the payments that were ultimately made.

18 22. Defendants formed a group of more than two people that amounted to a
19 civil conspiracy. They agreed and conspired to commit the acts set forth herein. They
20 worked together by, for example, performing individual tasks in concert to cause the
21 submission of fraudulent misrepresentations and omissions, and further to evade
22 detection. As such, each Defendant that did not physically commit the tort
23 themselves shared with the immediate tortfeasor a common place or design in its
24 preparation. They are thus jointly and severally liable for all damages arising from
25 the conspiracy.

26 23. Each Defendant knew of the misconduct alleged herein, actively
27 participated in the scheme(s), and provided substantial assistance or encouragement
28 to the other tortfeasors. When they undertook to provide substantial assistance or

1 encouragement to other tortfeasors, they knew the conduct was tortious. As such,
2 each Defendant is liable for all torts committed as part of the scheme.

3 **JURISDICTION AND VENUE**

4 24. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331
5 and supplemental jurisdiction over BCBSOK’s state law claims pursuant to 28
6 U.S.C. § 1367. This Court also had diversity jurisdiction under 28 U.S.C. § 1332.

7 25. Venue is proper in the Central District of California, Southern Division,
8 under 28 U.S.C. § 1391 because a substantial part of the events or omissions giving
9 rise to BCBSOK’s claims occurred in this judicial district, and the Southern Division
10 in particular.

11 **RELEVANT INDUSTRY BACKGROUND**

12 **I. BCBSOK RELIES UPON PROVIDERS TO SUBMIT ACCURATE**

13 **INFORMATION AND CERTIFY COMPLIANCE WITH APPLICABLE LAWS**

14 26. BCBSOK administers or insures health benefits plans for the
15 government, employers, and private individuals. Particularly relevant here, and as
16 detailed further below, BCBSOK was the primary insurer in Oklahoma offering
17 individual health plans pursuant to the Patient Protection and Affordable Care Act
18 (“ACA”)

19 27. Individuals enrolled in these plans are referred to as BCBSOK
20 “members.” Individuals and entities that provide services are known as “providers.”

21 28. To obtain payment for services rendered to BCBSOK members,
22 healthcare providers submit standard healthcare “claim forms” (*i.e.*, CMS 1500,
23 HCFA, or UB-04 forms) representing the services provided to respective BCBSOK
24 members.

25 29. In submitting these claim forms, providers follow the American Medical
26 Association’s Current Procedural Terminology (“CPT”) and the CMS Healthcare
27 Common Procedure Coding System (“HCPCS”). *See* 45 C.F.R. §§ 162.1002(a)(5),
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1 (b)(1) & (c)(1). Providers also must accurately set forth other information regarding
2 the treatment, such as the place where the service occurred and the diagnosis.

3 30. These details – referred to as claims details or data – are integral to the
4 determination of whether a particular claim will be covered under a given member’s
5 plan.

6 31. BCBSOK relies upon providers to submit truthful and accurate
7 information and representations in their claim forms so that it can accurately
8 determine coverage and payment.

9 32. To that end, providers must certify that they follow all applicable laws
10 and regulations, have not violated applicable laws, and that their claim forms are
11 accurate.

12 33. In turn, providers intend for BCBSOK to rely on statements in a given
13 claim form to determine payment. For those reasons, the law, claim forms, and
14 BCBSOK require providers to certify the accuracy of the information contained in
15 claim forms.

16 **II. THE BCBSOK ACA HEALTH BENEFIT PLANS**

17 **A. Overview of the Insurance Exchange Marketplace**

18 34. The Patient Protection and Affordable Care Act (ACA) created
19 insurance marketplace exchanges through which individuals (among others) can
20 enroll in privately insured health benefit plans. Prior to the ACA, most individuals
21 obtained insurance through their employers or the government. The ACA sought to
22 provide private insurance avenues for individuals who had previously not been able
23 to obtain insurance through traditional means.

24 35. From 2021 through 2024 (the relevant time here), BCBSOK offered
25 various statewide health benefit plans in Oklahoma on the Federal health insurance
26 exchange, located at healthcare.gov. These plans are categorized by “metal levels”
27 (platinum, gold, silver, bronze) and differed primarily in the premium the member
28 had to pay and the member’s cost-share. For example, Platinum plans required

1 higher premiums but paid a higher percentage of services – meaning the patient’s
2 had lower cost share – than the Gold plan, and so on down the line through the Silver
3 and Bronze options.

4 36. “Cost-share” refers to the amount a patient must pay out-of-pocket for
5 a treatment. Combined with premium payments, cost-share helps to sensitize
6 patients to the cost of the services they receive. By having some “skin in the game,”
7 patients are motivated to seek out the most cost-effective treatment and make the
8 most of the treatment they do receive.

9 37. To apply for ACA plans, individuals must submit an application setting
10 forth certain personal information during specified times. In doing so, applicants
11 must certify, under penalty of perjury, the truth of the statements in their application.
12 While the exchange can verify some basic statements in applications (e.g., social
13 security number), it is unable to do so for all statements. Many applicants – and
14 especially the members involved in this case – turn to licensed insurance agents to
15 carry out the application process.

16 38. There are three components of the application process that are
17 particularly applicable here, none of which can be verified by the exchange, and are
18 dependent on applicants and their agents to submit truthful information.

19 **B. Open Enrollment and Qualifying Events**

20 39. Like all ACA exchange plans, BCBSOK Plans can be obtained only
21 during “Open Enrollment,” which occurred as follows during the relevant time:

- 22 (a) 2021: November 1, 2020 – December 15, 2020
- 23 (b) 2022: November 1, 2021 – January 15, 2022
- 24 (c) 2023: November 1, 2022 – January 15, 2023
- 25 (d) 2024: November 1, 2023 – January 16, 2024

26 40. Enrollment outside of the “open enrollment” period – called “Special
27 Open Enrollment” – requires a qualifying event, such as a loss of coverage under a
28

1 pre-existing plan. To get “Special Open Enrollment” an applicant must certify under
2 penalty of perjury that they experienced a qualifying event.

3 **C. Residency**

4 41. Applicants must be residents of Oklahoma, which requires submitting
5 an Oklahoma address in the application. Once enrolled, they must remain as
6 residents of the service area in order to be covered under the terms of the plan. If
7 they move outside of the service area, their coverage will terminate.

8 **D. Annual Income**

9 42. As relevant here, annual income determined the amount of government
10 subsidies (premium assistance and/or cost-share reductions) a member could obtain.
11 As to the premium assistance, if an applicant’s annual income was a certain
12 percentage of the Federal poverty line, they would be eligible for tax subsidies and
13 cost-share reductions that would greatly reduce the amount they needed to pay for
14 their plan and treatment.

15 43. However, one’s annual income could not be too low (i.e., below the
16 federal poverty line), or they would be eligible for Oklahoma’s Medicaid plan
17 (SoonerCare) and thus ineligible for any subsidies. For providers – especially in
18 California – this was not acceptable, as SoonerCare reimburses at cost and does not
19 provide out-of-state coverage except in limited circumstances. Conversely, the
20 Oklahoma exchange plans provide robust out-of-state coverage.

21 44. Thus, Defendants needed to ensure that applicants’ annual incomes were
22 not too low so as to render them ineligible for subsidies, but low enough that they
23 would be eligible for premium reductions that could either cover the full amount of
24 the plan’s monthly premium or at least lower the monthly premium substantially.

25 **III. OKLAHOMA’S ADDICTION CRISIS**

26 45. In addition to offering individual plans, the ACA also increased plan
27 coverage for SUD treatment, among other behavioral health services. This goal was
28 both laudable and necessary, as levels of drug addiction were rapidly increasing

1 across the United States. Since the ACA’s enactment in 2008, those levels have
2 reached new heights, even more so in the years since the COVID-19 pandemic.

3 46. That holds particularly true in Oklahoma, which according to many
4 sources has the fifth highest rate of SUD in the country, at 16.1% of its population.

5 47. The combination of a state plan offering robust out-of-state benefits and
6 a large population in need of treatment provided a perfect target for profiteers like
7 Defendants.

8 **IV. OVERVIEW OF SUD TREATMENT**

9 48. There are various levels of care to SUD treatment that vary in their
10 intensity. The two most intense levels are relevant here.

11 49. The most intense level of care is inpatient treatment (a/k/a “detox”).
12 Inpatient means that the patient is housed in a qualified facility (e.g., hospital,
13 treatment facility) and under 24-hour care. The goal at this level is withdrawal
14 management and stabilization. This treatment is shorter, often lasting a few weeks.

15 50. After discharge, the next level of care is “intensive outpatient
16 treatment,” which is divided into two subsections: partial hospitalization (PHP) and
17 intensive outpatient treatment (IOP). The goals of PHP and IOP vary depending on
18 patient need, but they ultimately seek to allow a patient to advance to general
19 outpatient care as opposed to intensive care.

20 51. Importantly, PHP and IOP are performed ***outpatient***, meaning they do
21 not involve housing patients and care is delivered in temporary settings (e.g.,
22 appointments).

23 52. Nevertheless, many patients choose to live away from their home
24 environments, at least immediately following detox, to remain free of the stressors
25 that may have contributed to their addiction.

26 53. Hence, the creation of “sober living homes,” which, in theory, are
27 supposed to provide a controlled living environment for individuals going through
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1 more intense outpatient treatment until they are ready to return to their normal
2 setting.

3 54. While health insurance pays for outpatient treatment, it does not cover
4 rent or housing costs, regardless of whether an individual lives in a sober living
5 home, an apartment, or their own home.

6 55. Each level of treatment is supposed to be temporary. The more intense
7 treatment (inpatient treatment) tends to be shorter, while less intensive treatment
8 (outpatient treatment) tends to be longer. Once a patient reaches their baseline – or
9 stops showing improvement – health benefit plans will usually stop paying that level
10 of care.

11 **DEFENDANTS’ FRAUDULENT SCHEME**

12 56. The fraud in this action is expansive and involves a combination of
13 overlapping conduct: body brokering, fraudulent enrollment, cost-share waivers,
14 and illegal kickbacks spanning multiple interconnected facilities and individuals.

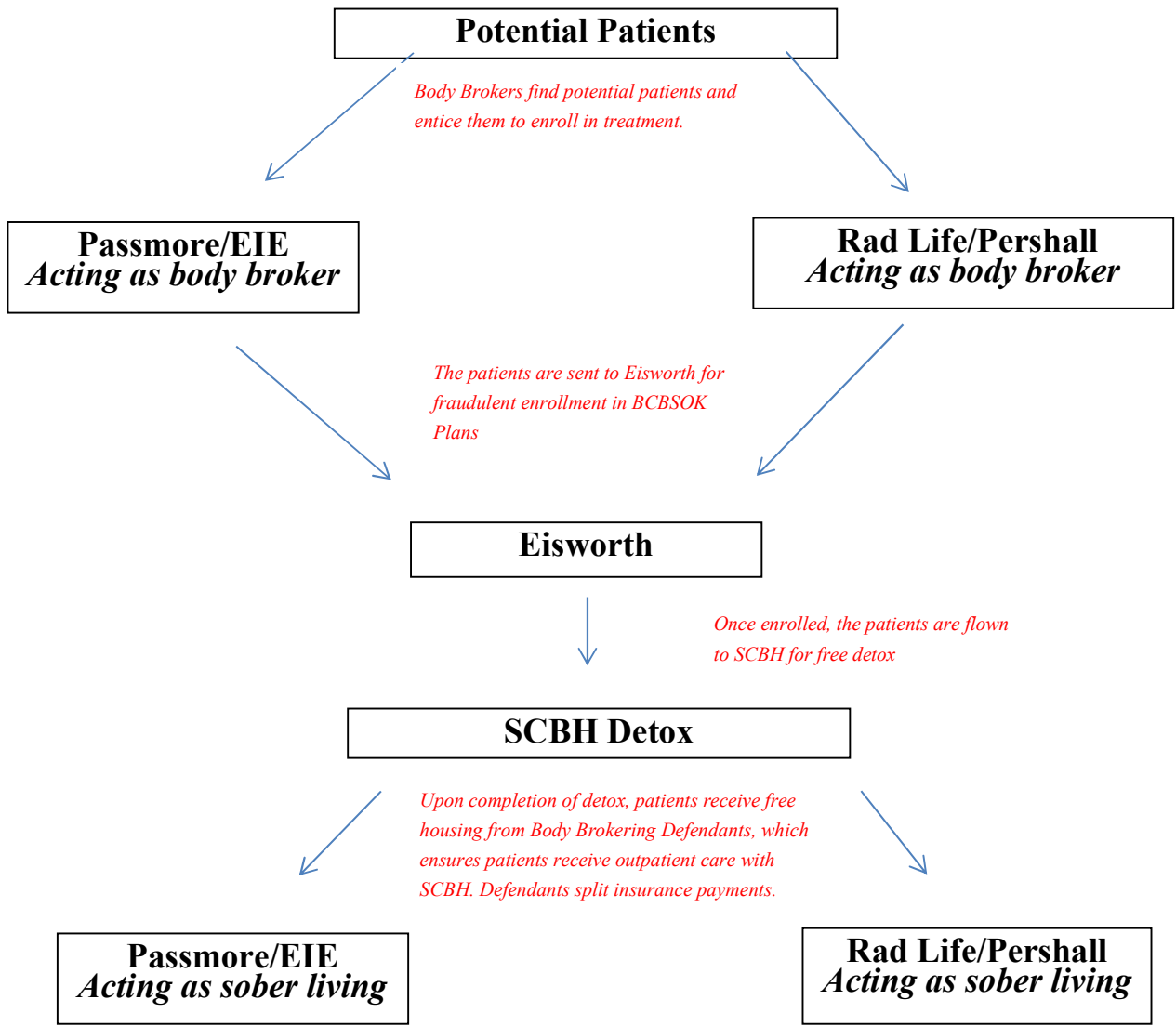
15 **I. OVERVIEW OF THE ENTERPRISE**

16 57. After discharge from the inpatient (i.e., detox) level of care, most
17 patients then receive intensive outpatient treatment (IOP, PHP). Many SUD
18 providers focus on single levels of care. SCBH, however, offers both inpatient and
19 intensive outpatient. By itself, this is not improper. What is improper (and illegal) is
20 SCBH’s use of (i) “body brokers” to improperly entice patients into its detox
21 program, and (ii) “sober living operators” to maintain control of patients and ensure
22 they remain at SCBH for the intensive outpatient levels of care.

23 58. With respect to SCBH, the body brokers and sober living operators are
24 one and the same. That is, Body Broker Defendants both found patients to enroll and
25 later housed them, receiving kickbacks for these activities. Body Broker Defendants,
26 in turn, used Eisworth to assist with their brokering activities by enrolling patients.
27 The below diagram shows the flow of patients through the scheme:

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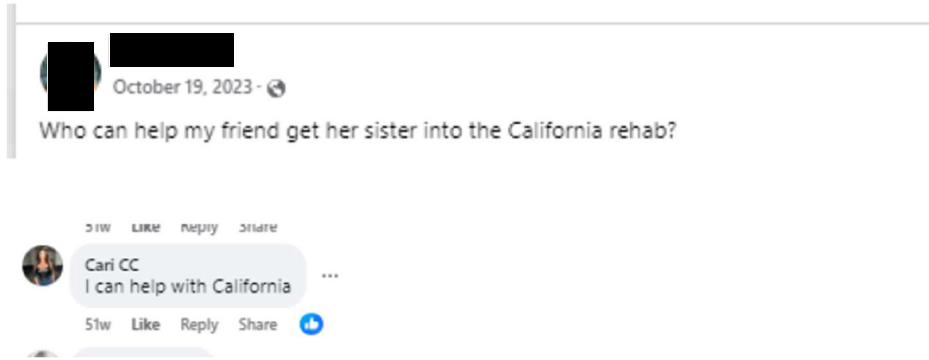
II. BREAKDOWN OF FRAUDULENT ACTS

A. SCBH Used Body Broker Defendants to Entice Patients into Treatment

59. To start the scheme, SCBH contracted with Body Brokering Defendants, who then tracked down individuals that might need treatment and attempted to coerce them into enrolling at SCBH through promises of, *inter alia*, free treatment.

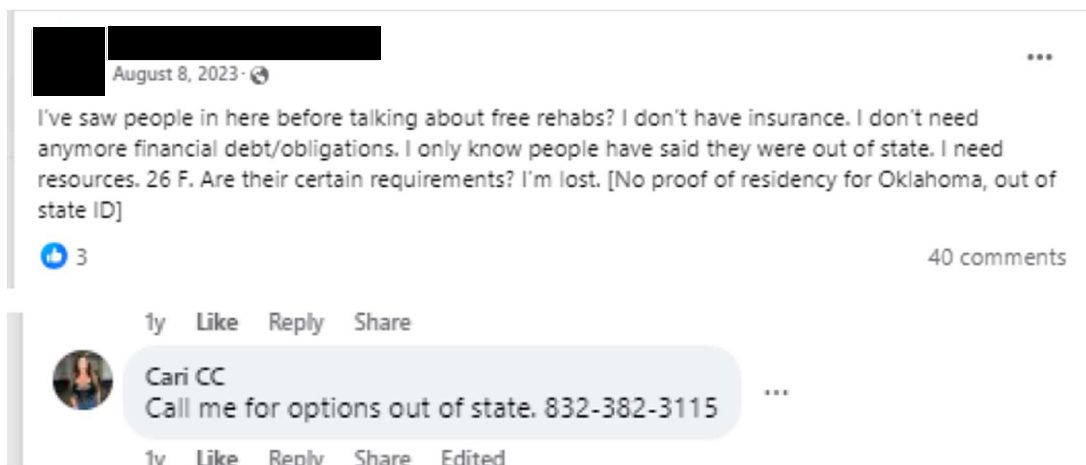
60. Body Brokering Defendants primarily found treatment candidates through social media or word of mouth. For example, Passmore initiated contact by scouring numerous Facebook groups where individuals discuss SUD treatment:

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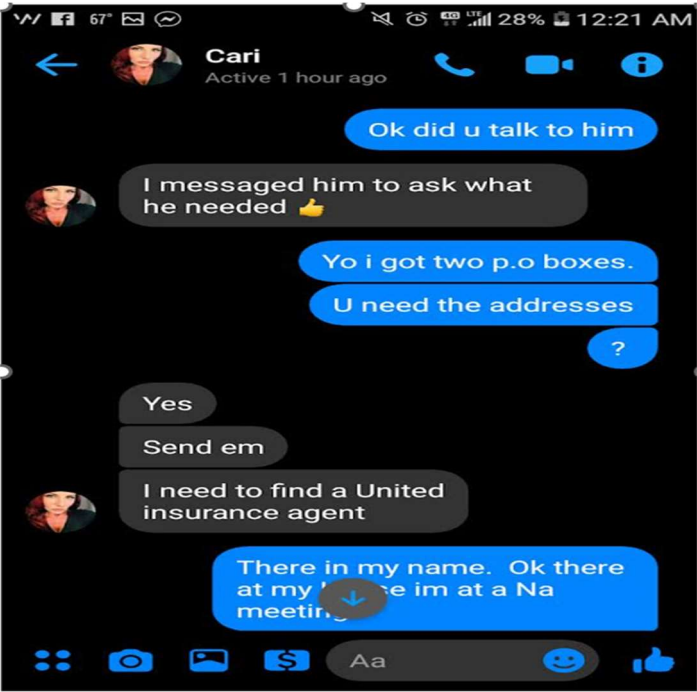
B. Defendants Enrolled Individuals in BCBSOK Plans Using False Information

61. Many of the individuals in need of treatment did not have insurance, to wit:



62. To remedy this issue, Body Broker Defendants worked to enroll potential patients in BCBSOK plans, often using fraudulent information. Indeed, the enrollment dates for most of the members at-issue were within days of when their treatment commenced. Equally remarkable, over two-thirds (2/3's) of the members were enrolled outside of open enrollment, which could only be done through a "qualifying event." Upon information and belief, many of the "qualifying events" used to justify a special enrollment period were false.

1 63. That was just one of many things Body Broker Defendants falsified. For
2 example, below is a text message screenshot from Passmore and a co-conspirator in
3 which they discuss obtaining a P.O. Box to meet the residency requirements for
4 insurance enrollment:



17 64. As the above message indicates, Passmore and the other Body Broker
18 Defendants were not qualified (or licensed) to perform the actual enrollment process.
19 To carry this out, they utilized an Oklahoma insurance agent, Defendant Eisworth.

20 65. Indeed, a staggering two-thirds of the hundreds of BCBSOK members
21 that received treatment at SCBH were enrolled by Eisworth.

22 66. Once contacted, Eisworth instructed individuals to lie about their annual
23 income, employment status, and residency, so they would be eligible for BCBSOK
24 plans and government subsidies.

25 67. For example, 23 BCBSOK members utilized a mailing address of 21248
26 W Almeria Road, Buckeye, Arizona, 85396, which is the address for a home
27 operated by Defendant Excellence Recovery.

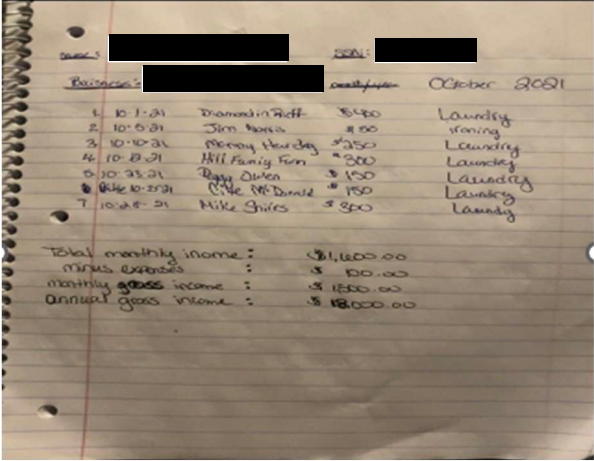
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1 68. By way of another example, member "A" (XXXX9745501)² advised
2 Eisworth that she worked at a local business making far less than the federal poverty
3 line.

4 69. But the truth was not profitable for Defendants because member A's
5 actual income would have made her eligible for SoonerCare, which would not cover
6 SUD treatment outside Oklahoma, much less across the country in California.

7 70. So, Eisworth told member A to create a fake monthly income statement
8 showing she was (i) self-employed, and (ii) that her monthly income added up over
9 \$18,000 per year.

10 71. Following his instructions, member A created a "monthly income
11 statement" far from the type of verifiable document most insurance agents would
12 accept. But Eisworth was happy to do so:



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21 72. The annual income Eisworth instructed member A to fabricate was
22 carefully chosen because it was high enough to avoid SoonerCare, but low enough
23 to make member A eligible for cost-share reductions and a tax subsidy that lessened
24 her monthly premium from over \$500.00 to under \$100.00. Because Defendants
25 needed to ensure premiums were paid – and sometimes had to pay premiums

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27 ² To protect patient privacy, the ending digits of the members' SUB-ID are
28 provided, which Defendants will be able to identify through their claims
information or the spreadsheets attached hereto. Upon entry of a Qualified
Protective Order, Plaintiffs will provide additional identifying information.

1 themselves, in violation of applicable laws and BCBSOK policies – they benefitted
2 by structuring enrollments to achieve the highest premium assistance possible.

3 73. Ultimately, Eisworth enrolled this individual in a BCBSOK Silver Plan
4 with an effective date of January 1, 2022. She started treatment at SCBH the same
5 day her plan became effective (or at least SCBH started billing on that date).

6 74. A similar thing happened with member “B” (XXXX4027101), who
7 performed sporadic work as a tattoo artist. After advising Eisworth that he had
8 performed no more than 1 or 2 tattoos the prior month, Eisworth insisted that he
9 nevertheless provide an income statement showing an amount sufficient to get him
10 into an BCBSOK plan. Ultimately, BCBSOK paid Defendants thousands of dollars
11 in claims for the two aforementioned individuals.

12 75. Using these tactics, Defendants were able to get individuals into
13 desirable BCBSOK plans so SCBH could bill for their treatment. The specific
14 BCBSOK members that Eisworth enrolled are attached hereto in Exhibit A.

15 **C. SCBH Provided Free Inpatient Care and Waived Patient Cost-**
16 **Share Obligations**

17 76. Upon admission to detox, SCBH gave Body Broker Defendants a
18 kickback in the form of a “bed voucher,” which gave the broker priority to house the
19 patients they brokered after detox (and get paid by SCBH for doing so from
20 insurance payments).

21 77. SCBH did not collect copays or any cost-share for the treatment from
22 the patients. As promised by Body Broker Defendants, BCBSOK members received
23 free care. This removed a major incentive incorporated into the design of these
24 insurance plans that helps keep them affordable and motivates members to find the
25 best and most cost-effective care.

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1 **D. After Inpatient Treatment, Defendants Provided Housing**
2 **Kickbacks to Ensure SCBH Could Continue to Bill for**
3 **Outpatient Treatment**

4 78. Once a member completed detox, a member would be sent to the sober
5 living facility of the body broker that had the “bed voucher” associated with that
6 patient. The patients lived for free on the condition they allowed SCBH to bill their
7 insurance. SCBH, in turn, split the insurance payments with Body Broker
8 Defendants.

9 79. Using the example of member A referenced above, she was brokered by
10 Passmore. As such, after detox, she stayed in the EIE sober living home operated by
11 Passmore. She did not pay anything out of pocket for treatment or for living.

12 80. There are multiple distinct kickbacks in this set-up:

13 a. Members received two kickbacks: free treatment and free
14 housing.

15 b. Body Broker Defendants received additional kickbacks for
16 finding and housing the patients. Put another way, the “bed voucher” that gave
17 them the priority to house the patients was monetized.

18 c. In return, SCBH retained control of the members through the
19 outpatient level of care so that they could continue to bill BCBSOK plans.

20 81. The false and fraudulent claims submitted by SCBH are attached hereto
21 as Exhibit B.³

22 **E. Defendants Conspired with Excellence Recovery to Further**
23 **Their Scheme and Maximize the Time Spent in Rehab**

24 82. In many instances, Defendants first trafficked patients out for initial
25 treatment at Excellence Recovery, before sending them for similar treatment at
26 South Coast.

27 _____
28 ³ As noted above, Plaintiff will provide additional claims information upon the entry of a Qualified Protective Order.

1 83. This break in treatment and enrollment at a new provider helped
2 Defendants milk further payments out of BCBSOK by making an end run around
3 the fraud and overutilization safeguards that insurers like BCBSOK utilize to detect
4 fraud, waste, and abuse.

5 84. In this regard, Defendants utilized Excellence Recovery to further
6 capitalize on their misconduct and control the plans of fraudulently enrolled
7 members. For example, the addresses for dozens of members correspond to the
8 addresses of Excellence Recovery locations, none of which are in Oklahoma.

9 85. The false and fraudulent claims submitted by Excellence Recovery are
10 attached hereto as Exhibit C.

11 **FIRST CAUSE OF ACTION**

12 **Fraud and Fraudulent Concealment**

13 **(Against All Defendants)**

14 86. BCBSOK realleges and incorporates each of this Complaint's previous
15 paragraphs as if fully set forth herein.

16 87. Defendants knowingly made, or knowingly caused to be made, material
17 misrepresentations to BCBSOK in enrollment applications and claim forms.

18 88. Every claim form Defendants caused to be submitted represented to
19 BCBSOK that Defendants complied with applicable laws, regulations, and
20 procedures, that the services billed were medically necessary and reimbursable, and
21 that the information on the claim forms was true, accurate, and that material facts
22 were not concealed.

23 89. As set forth above, each of these representations was knowingly false
24 because Defendants:

- 25 (a) paid kickbacks to obtain patients;
- 26 (b) knew that the patients were not validly covered under their
27 BCBSOK plans;

28

1 (c) waived the cost-share members were responsible for under their
2 Plans;

3 (d) paid kickbacks to patients in the form of free housing and free
4 treatment;

5 (e) paid kickbacks to “sober living operators” to house patients so
6 they would remain under SCBH control during outpatient treatment.

7 90. The spreadsheet attached hereto as Exhibit B contain the specifics of
8 each misrepresentation submitted by Defendants through SCBH. The spreadsheet
9 attached hereto as Exhibit C contains the specifics of each misrepresentation
10 submitted by Defendants through Excellence Recovery. Exhibits D and E contain 2
11 examples each of claims and BCBSOK’s corresponding payments for members A
12 and B mentioned above. Similar documents correspond to all the other documents
13 in the spreadsheet across the scheme.

14 91. Defendants also made, or caused to be made, misrepresentations in
15 enrollment forms. Each enrollment form that was submitted represented that all facts
16 contained therein were true and accurate.

17 92. As stated herein, Defendants knew these representations were
18 knowingly false because Defendants misrepresented or fraudulently concealed
19 information regarding (i) the existence of qualifying events, (ii) residency and
20 address information, and/or (iii) annual income. The claims in Exhibits B and C
21 corresponding to the member IDs in Exhibit A are those resulting from enrollment
22 fraud.

23 93. When making these false representations and material omissions,
24 Defendants knew they were false. They made them to induce BCBSOK’s reliance
25 so that BCBSOK would issue payments based on materially inaccurate information.

26 94. BCBSOK reasonably relied on Defendants’ false representations and
27 material omissions because Defendants were legally obligated to submit accurate
28 information and even certified they did so.

1 95. As a direct and proximate result of Defendants’ misrepresentations and
2 concealments, BCBSOK has been damaged by, among other things, paying claims
3 that were not properly payable under BCBSOK’s health benefit plans, applicable
4 laws, and regulations, in an amount to be proven at trial.

5 96. Defendants’ conduct constitutes malicious, oppressive, fraudulent,
6 willful, and wanton tortious behavior, in blatant and reckless disregard of
7 BCBSOK’s rights, for which BCBSOK should recover punitive and exemplary
8 damages in an amount sufficient to punish Defendants and deter other persons
9 similarly situated from engaging in similar conduct in the future.

10 **SECOND CAUSE OF ACTION**

11 **RICO, 18 U.S.C. § 1962(c)**

12 **(Against All Defendants)**

13 97. BCBSOK realleges and incorporates paragraphs 1 through 85 as if fully
14 set forth herein.

15 98. Defendants’ actions violated The Racketeer Influenced and Corrupt
16 Organizations (“RICO”) Act.

17 99. As of 2021, Defendants associated together for the common purpose of,
18 *inter alia*, engaging in a fraudulent scheme to deceive BCBSOK into paying claims
19 for patients who were fraudulently enrolled in BCBSOK Plans and treatment at
20 SCBH and Excellence Recovery. Defendants’ actions in furtherance of this scheme
21 constituted a pattern of conduct to further racketeering activity. The conduct started
22 at least as far back as 2020 and continues to this day. The FAC deals with
23 Defendants’ acts from 2021 through the day of filing, but that pattern is part of a
24 regular way of doing business – with both BCBSOK plans and those of other
25 insurers – and will continue absent judicial (or other) intervention.

26 100. Each of Defendants is a “person” within the meaning of RICO, 18
27 U.S.C. § 1961(3).
28

1 101. Together, the Defendants compromised an enterprise under 18 U.S.C.
2 § 1961(4). This enterprise operated together to achieve a common purpose, one of
3 which was the carrying out of racketeering activity, which could not be achieved by
4 each alone. The enterprise has an ascertainable structure and purpose beyond just
5 the commission of racketeering activity and is also distinct from each of the
6 individual Defendants. By way of example, SCBH and Excellence Recovery
7 provided day-to-day operations and arranged for treatment by external or internal
8 professionals, Body Brokering Defendants arranged their residents' schedules and
9 managed the homes, and Eisworth provided insurance agent services outside of the
10 wrongful misconduct alleged herein,

11 102. In the alternative, there are two separate enterprises:

12 (a) The first enterprise is comprised of SCBH, Excellence Recovery,
13 and Body Broker Defendants. As noted above, these defendants operated as a
14 common unit and achieved a purpose they could not accomplish on their own as set
15 forth above by, for example, luring patients into treatment, being able to pass patients
16 around to maximize payments, and keeping patients within their treatment through
17 the use of free housing.

18 (b) The second enterprise is comprised of Body Broker Defendants
19 and Eisworth. They operated together as a common unit and achieved a purpose they
20 could not accomplish on their own by, for example, finding the patients who needed
21 enrollment, providing the fake addresses that could be used for enrollment, and then
22 using that information to push through enrollment applications.

23 103. The enterprise(s) were engaged in or affected interstate commerce.
24 Indeed, the movement of patients from Oklahoma to California, the submission of
25 claims in California intended to reach and be paid by BCBSOK, and the payment of
26 funds from outside California to providers in California, were among the central
27 tenants of the scheme.

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1 104. As detailed herein, Defendants’ fraudulent scheme involved a *pattern*
2 *of racketeering activity*, including multiple acts of mail and wire fraud (18 U.S.C.
3 §§ 1341, 1343), and violations of the Travel Act, 18 U.S.C. § 1952. The acts
4 underlying these predicates are set forth in paragraphs 1-85

5 105. These acts demonstrate a sustained pattern of racketeering activity as
6 well as a threat of continued racketeering activity. Fraudulent claims were submitted
7 on a near-weekly basis starting before 2021 and continuing through the present.
8 Defendants’ actions were part of a sustained pattern of doing business that was
9 continuously ongoing from at least 2021 through the present.

10 106. Additionally, BCBSOK was not the only victim of this racketeering
11 activity. Defendants engaged in similar patterns and practice of racketeering activity
12 with other insurers and health plans that provided similar health benefits.

13 107. Each claim form submission was done intentionally as part of
14 Defendants’ scheme to defraud BCBSOK (and its members) through use of
15 interstate mail and/or interstate wires.

16 108. Accordingly, each claim stemming from fraudulent enrollment in a
17 BCBSOK Plan constitutes a predicate act of mail or wire fraud in support of
18 BCBSOK’s RICO claim and in violation of the RICO Act.

19 109. In addition, as alleged herein, Defendants traveled in – or caused their
20 agents to travel in – interstate commerce and made use of interstate commerce
21 facilities to conduct unlawful activity and in violation of their duty of fidelity to,
22 *inter alia*, their patients. In that regard, as noted above, Defendants intended to, and
23 actually did, engage, or attempt to engage, in unlawful enrollment fraud and bribery
24 in violation of state and federal law, including 74 OK Stat § 3404, Cal. Penal Code
25 § 549, Cal. Ins. Code §§750, 1871.4, 1871.7, and Cal. Health & Safety Code §§ 445,
26 11831.6.

27 110. Further, it was foreseeable that BCBSOK would, and in fact did,
28 reasonably rely on Defendants’ fraudulent and false enrollment and claim forms

1 because they contained the hallmarks of legitimate submissions. For example, the
2 claims contained the gloss of licensed professionals, were purportedly verified and
3 certified, and contained recognized procedure and/or revenue codes. Each claim
4 specifically certified that the procedures billed were actually conducted, medically
5 necessary, and lawful. The enrollment forms, meanwhile, contained accurate social
6 security information and were certified as accurate under penalty of perjury.

7 111. By violating the RICO Act, Defendants directly and proximately caused
8 BCBSOK harm because BCBSOK paid money to Defendants for members
9 fraudulently enrolled in plans and for false and fraudulent claims.

10 **THIRD CAUSE OF ACTION**

11 **Conspiracy to Violate RICO, 18 U.S.C. § 1962(d)**
12 **(Against All Defendants)**

13 112. BCBSOK realleges and incorporates paragraphs 1 through 85, and 97-
14 111 above as if fully set forth herein.

15 113. Defendants have conspired with each other to violate 18 U.S.C. §
16 1962(c). The object of the conspiracy is to conduct and/or participate in the conduct
17 and affairs of the Enterprise described above through a pattern of racketeering
18 activity.

19 114. As set forth above, Defendants each engaged in multiple overt predicate
20 acts of fraudulent racketeering in furtherance of the conspiracy which, by their
21 nature, give rise to the plausible inference that the object of the conspiracy was to
22 violate RICO. They knew their ongoing acts were part of an overall pattern of
23 racketeering activity. For example, a purpose of the conspiracy was to defraud
24 BCBSOK into paying healthcare claims to which Defendants were not entitled to
25 reimbursement. The Enterprise was the vehicle that allowed the Defendants to carry
26 out this scheme while evading detection.

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1 115. As a direct and proximate cause of the conspiracy and the acts taken in
2 furtherance thereof, BCBSOK has suffered injuries to its business and property by
3 wrongly paying money as a result of the Enterprise’s racketeering activity.

4 **FOURTH CAUSE OF ACTION**

5 **Negligent Misrepresentation**

6 **(Against All Defendants)**

7 116. BCBSOK realleges and incorporates paragraphs 1 through 85 above as
8 if fully set forth herein.

9 117. Defendants negligently misrepresented to BCBSOK, or caused to be
10 negligently misrepresented to BCBSOK, that all services were provided in
11 compliance with all laws and industry standards, were medically necessary, were
12 compensable, and all material information had been disclosed.

13 118. Defendants also negligently misrepresented to BCBSOK, or caused to
14 be negligently misrepresented to BCBSOK, that all information they caused to be
15 submitted on claim forms was true and accurate.

16 119. BCBSOK reasonably relied on Defendants’ false representations
17 because Defendants were legally obligated to submit accurate information for valid
18 claims and enrollment applications, and disclose material information.

19 120. As a direct and proximate result of BCBSOK’s reasonable reliance and
20 Defendants’ misrepresentations and concealments, BCBSOK has been damaged by,
21 among other things, paying claims that were not properly payable under health
22 benefit plans, in an amount to be proven at trial.

23 121. Defendants’ conduct was wantonly negligent, and in blatant and
24 reckless disregard of BCBSOK’s rights. BCBSOK seeks to recover punitive and
25 exemplary damages in an amount sufficient to punish Defendants and deter other
26 similarly situated from engaging in similar conduct.

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FIFTH CAUSE OF ACTION

**Intentional Interference with Economic/Contractual Relationship
(Against All Defendants)**

122. BCBSOK realleges and incorporates paragraphs 1 through 85 above as if fully set forth herein.

123. BCBSOK entered into health benefit plans with its members. Although Defendants fraudulently induced BCBSOK to enter into those contracts, their terms applied while they remained in effect. The contracts obligated BCBSOK’s members to pay monthly premiums, deductibles, copays, or coinsurance for services that providers rendered to them. The contracts also required that BCBSOK be updated about material changes that might affect enrollment status.

124. Defendants knew about BCBSOK’s plans with its members and Defendants intentionally acted to interfere with the contracts by providing financial, housing, and other consideration to BCBSOK’s members to induce them to treat with Defendants.

125. By inducing and incentivizing BCBSOK’s members to seek treatment with them, Defendants interfered with BCBSOK’s plans with their members.

126. Defendants’ intentional interference with the economic relationship between BCBSOK and its members has directly and proximately caused BCBSOK to suffer monetary harm in an amount to be proven at trial.

127. Defendants’ conduct was malicious, oppressive, fraudulent, willful, and wantonly tortious, and in blatant and reckless disregard of BCBSOK’s rights. BCBSOK seeks to recover punitive and exemplary damages in an amount sufficient to punish Defendants and deter other similarly situated individuals and entities from engaging in similar conduct.

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SIXTH CAUSE OF ACTION

Aiding & Abetting Tortious Conduct

(Against All Defendants)

128. BCBSOK realleges and incorporates paragraphs 1 through 85 as if fully set forth herein.

129. Defendants had, at all relevant times, actual knowledge of each individual defendant’s tortious conduct as discussed herein.

130. Defendants understood that each individual defendant intended to defraud BCBSOK as forth in this Complaint.

131. Defendants nonetheless gave substantial assistance and encouragement to each individual defendant as discussed herein.

132. Defendants’ conduct was a substantial factor in bringing about BCBSOK’s payment of the fraudulent claims.

133. Defendants thus aided and abetted tortious conduct that damaged BCBSOK.

SEVENTH CAUSE OF ACTION

Violations of Business and Professional Code Section 17200, et seq.

(Against All Defendants)

134. BCBSOK realleges and incorporates paragraphs 1 through 85 as if fully set forth herein.

135. Defendants violated California’s Unfair Competition Law (“UCL”) as set forth in Business and Professions Code §§ 17200 et seq. Under the UCL, unfair competition means any “unlawful, unfair or fraudulent business act or practice.”

136. As this Complaint sets forth, Defendants’ business acts and practices are unlawful because they violate the following statutes: (i) The Anti-Kickback Statute, 18 U.S.C. § 1320; (ii) The Eliminating Kickbacks in Recovery Act, 18 U.S.C. § 220; (iii) the Health Care Fraud Statute, 18 U.S.C. § 1347; (iv) RICO, 18 U.S.C. § 1962(c); (v) California’s Insurance Anti-Kickback Law, Cal. Ins. Code §§ 750 et

1 seq., (vi) California’s Anti-Referral Law, Health & Safety Code § 445, and (vii)
2 California’s Uniform Controlled Substances Act, Health & Safety Code § 11570.

3 137. Defendants also used unfair fraudulent business practices to interfere
4 with the central purpose of BCBSOK’s business, thereby damaging BCBSOK to
5 profit for themselves. Specifically, Defendants engaged in fraudulent scheme(s) and
6 conduct in the form of enrollment fraud, body brokering, and unlawful kickbacks as
7 set forth herein.

8 138. As referenced above, Defendants took specific steps to hide their
9 activities and evade detection.

10 139. Defendants’ unlawful, unfair, and fraudulent business acts and practices
11 have directly and proximately caused BCBSOK to suffer monetary harm. BCBSOK
12 seeks restitution for the harm in an amount to be proven at trial.

13 **EIGHTH CAUSE OF ACTION**

14 **Money Had and Received**

15 **(Against all Defendants)**

16 140. BCBSOK realleges and incorporates the paragraphs above as if fully set
17 forth herein.

18 141. In addition, or in the alternative, Defendants are liable for money had
19 and received.

20 142. As set forth herein, BCBSOK paid claims to Defendants.

21 143. BCBSOK would not have paid the claims but for the wrongful conduct
22 of Defendants as alleged herein.

23 144. Defendants extracted the payments by withholding the truth of the
24 conduct that was occurring.

25 145. The amounts paid by BCBSOK should be returned to BCBSOK in good
26 conscience.

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NINTH CAUSE OF ACTION

Unjust Enrichment/Quantum Meruit/Restitution

(Against All Defendants)

146. BCBSOK realleges and incorporates paragraphs 1 through 85 as if fully set forth herein.

147. BCBSOK conferred benefits on Defendants by paying Defendants for healthcare claims that were not reimbursable.

148. Defendants have unjustly accepted and retained the benefit that BCBSOK conferred on them.

149. Because it would be unjust and inequitable for Defendants to continue to retain the benefits that BCBSOK conferred on them, BCBSOK seeks the return of the money paid.

PRAYER FOR RELIEF

WHEREFORE, BCBSOK, respectfully requests a judgment for BCBSOK and against Defendants, as follows:

A. For actual, compensatory, and consequential damages in an amount to be proven at trial;

B. An order obligating Defendants to disgorge all revenues and profits from their scheme;

C. For treble, exemplary, and/or punitive damages;

D. For pre- and post-judgment interest;

C. For civil penalties to the extent the law permits;

D. For other statutory remedies available to BCBSOK to the extent the law permits;

E. For injunctive relief barring Defendants from continuing their scheme and submitting claims to BCBSOK;

F. For declaratory relief that any claims previously pending, currently pending, and that might be submitted by Defendants, or caused to be submitted by

1 Defendants in the future, are not payable.

2 G. For an award of costs of its suit to the extent the law permits;

3 F. For an award of attorney’s fees to the extent the law permits, including
4 as permitted under 18 U.S.C. § 1964(c).

5 **DEMAND FOR JURY TRIAL**

6 Plaintiff demands a jury trial as to all matters so triable.

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Dated: December 11, 2024

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