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For Immediate Release

DA Announces Sentencing in $5 Million Dollar Patient Referral Scam

Medical Office Manager in Massive Insurance Fraud Sent to Prison

The San Diego County District Attorney’s prosecution of Operation Backlash, a large scale, undercover, joint federal and state investigation into multi-million dollar fraud and illegal kickbacks in the California workers compensation has moved forward as another defendant in the state’s case was sentenced. Operation Backlash is the largest healthcare insurance fraud scheme in the history of San Diego County. It resulted in both federal and state charges.

Gonzalo Paredes, 63, was sentenced to five years in state prison on June 14, after a jury trial in November resulted in convictions on 51 felony counts.

Paredes was the office manager for Advanced Radiology, owned by radiologist Ronald Grusd, M.D. The United States Attorney’s Office previously convicted Grusd on 39 federal felony counts for paying illegal kickbacks for patient referrals. Grusd was sentenced to 10 years in federal prison.

According to the evidence presented at Paredes’ state trial, Grusd and Paredes paid kickbacks to a high volume San Diego-based chiropractor and the chiropractor’s “marketers,” in exchange for referral of patients to Advanced Radiology. Advanced Radiology provided MRIs and other medical procedures to unwitting patients, allowing Advanced Radiology to bill large amounts to workers compensation insurance companies. Advanced Radiology paid more than $225,000 in kickbacks and billed insurance companies over $5 million dollars during the time period covered by the state Indictment.

As the office manager for Advanced Radiology, Paredes helped negotiate kickback agreements, handled day-to-day-interactions with co-conspirators, processed and reconciled covert invoices for illegal payments, and prepared kickback payment checks.

The District Attorney’s Office worked hand-in-hand with the FBI, California Department of Insurance, and the United States Attorney’s Office in the investigation and prosecution of Paredes.
“Unwitting patients were treated simply as opportunities for criminals to bill insurance companies by these defendants,” said San Diego County District Attorney Summer Stephan. “Kickbacks in exchange for patient referrals are illegal because they influence and cloud a doctor’s judgement. The relationship between a doctor and patient should be about the patient’s health and not the doctor’s wealth.”

“We have closed this chapter on the largest healthcare fraud case in San Diego’s history thanks to the hard work of our investigators and the District Attorney’s Office,” said Insurance Commissioner Ricardo Lara. “Paredes will be held accountable for his crimes, and should serve as a warning to others that we will do everything within our power to bring justice to those who put cash before patient care.”

Illegal kickbacks and fraud pose a large and costly problem in the California workers compensation system. According to the California Department of Industrial Relations, over $1 billion in workers’ compensation liens have been stayed by operation of law as a result of the charges against Operation Backlash defendants.

In addition to a 10-year prison sentence for Grusd, two other defendants involved in the scheme were also convicted. Alexander Martinez, 41, was sentenced to three years in state prison and Ruben Martinez, 62, was sentenced to two years, eight months in state prison. Both men also received sentences of 33 months as part of a federal prosecution.

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**About the San Diego County District Attorney’s Office**

The San Diego County DA’s Office prosecutes all felony crimes in the county and misdemeanor crimes committed outside the City of San Diego. The office files about 40,000 criminal cases a year and balances prosecution with numerous crime prevention programs. District Attorney Summer Stephan leads the office of more than 1,000 dedicated employees who pursue fair and equal justice, and support victims daily across San Diego County.