

PRESS RELEASE

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For Immediate Release

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Madison, Wisconsin – Erik C. Peterson, United States Attorney for the Western District of Wisconsin, announced the unsealing of a seventy-five count indictment yesterday charging Thomas Arthur Lutz, DOB 04/24/1967, of Olongapo City, Republic of the Philippines, and the Health Visions Corporation, a Philippine corporation, with defrauding the federal TRICARE program. The indictment had been previously returned by a federal grand jury sitting in Madison on July 13, 2005, and was unsealed in conjunction with the appearance of Lutz in Guam, after his arrest in the Republic of the Philippines. TRICARE, formerly known as CHAMPUS, is the Department of Defense's worldwide health care program for active duty and retired uniformed services members and their families.

According to the indictment, between October 1, 1998 and August, 2004, Lutz and the Health Visions Corporation devised a scheme to defraud the federal TRICARE program. Specifically, as part of the scheme, Lutz on behalf of the Health Visions Corporation entered into a kickback agreement with a medical provider in the Philippines in which the provider, at the request of Lutz, paid 50% of the amount of the bills for medical services rendered to TRICARE patients referred by Health Visions back

to the corporation. In addition, Health Visions and Lutz inflated the bills of other providers by one hundred percent or more before submitting the bills for payment by the United States Government.

The defendants also created a sham insurance program to circumvent TRICARE's requirement that beneficiaries pay a deductible and cost share, and they also submitted fictitious and fraudulent TRICARE claims falsely claiming that beneficiaries had been hospitalized and had been rendered services when, in fact, they had not. The indictment also seeks forfeiture of more than \$900,000 owed to the government.

Lutz and Health Visions Corporation are specifically charged with 32 counts of mail fraud, 41 counts of filing a false claim, one count of conspiracy to violate the laws of the United States, and the forfeiture count. If Lutz is convicted, each violation of the mail fraud statute carries a maximum sentence of twenty years imprisonment and a \$250,000 fine. The conspiracy and false claim counts each carry a maximum sentence of five years imprisonment and a \$250,000 fine. The Health Visions Corporation, if convicted, is subject to a fine on each count of conviction of \$500,000, or, in the alternative, potentially two times the amount of gain to the defendant or two times the loss to the government.

The charges were the result of an investigation by the Defense Criminal Investigative Service of the Department of Defense's Office of Inspector General, the Naval Criminal Investigative Service, the U.S. Postal Inspection Service, and the Internal Revenue Service. The charges were brought in the Western District of Wisconsin

because Wisconsin Physicians Service, the fiscal intermediary which processed and paid these alleged fraudulent claims, is located in Madison, Wisconsin which is in the Western District of Wisconsin. The prosecution is being handled by Assistant U.S. Attorneys Peter M. Jarosz and Daniel J. Graber.

You are advised that a charge is merely an accusation and that a defendant is presumed innocent until and unless proven guilty.

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