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PRESS RELEASE

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ORANGE COUNTY BROTHERS PLEAD GUILTY TO SIMILAR BUT SEPARATE HEALTHCARE SCAMS

Los Angeles, CA - Two Orange County brothers have pleaded guilty to federal health care fraud charges for using their respective cardiac laboratories and technology developed by their grandfather to defraud federal insurance programs out of more than one-half million dollars.

Robert Parsons, 40, of Laguna Niguel, pleaded guilty in United States District Court in Santa Ana Monday afternoon to five counts of health care fraud. The case against Robert Parsons relates to his operation of National Cardio Labs, LLC, which was based in Santa Ana, Alisa Viejo, and then Irvine.

Matthew Parsons, 37, of Newport Coast, pleaded guilty to five counts of health care fraud on September 7. The case against Matthew Parsons relates to his operation of Cardiac Monitoring Services, LLC and Cardiac Research, Inc. CMS operated in Tustin, and then Irvine. CR was a phantom company used to bill CMS claims.

Robert and Matthew Parsons are the grandsons of Bruce Del Mar, who, with Jeffries Holter, developed and produced the first lightweight and ambulatory electrocardiographic device to record and interpret heart activity. This device is now commonly called the Holter monitor. The Parsons brothers utilized the technology developed by Holter and their grandfather to open cardiac laboratories and, eventually, to commit health care fraud.

Cardiac laboratories provide physicians with equipment to monitor their patients' cardiovascular systems, collect data from that equipment and generate a summary of the data for the physicians to review and analyze. Four types of cardiac monitoring tests are: 1) Holter monitoring, which continuously records a patient's heart activity for a 24-hour period; 2) cardiac event monitoring, which records heart activity during a 30-day period, but only when the patient pushes a button during an unusual event; 3) ambulatory blood pressure monitoring (ABPM), which automatically records a patient's blood pressure periodically over a period of one to three days; and 4) signal-averaged ECG (SAECG), which utilizes the Holter monitor, but amplifies certain electronic signals, eliminates others as background noise, and gives an average.

Matthew and Robert Parsons engaged in various schemes – some common to their laboratories and some unique to each brother's cardiac laboratory – to defraud Medicare, Tricare and health insurance carriers contracted by the federal government through the Federal Employee Health Benefit Program.

In a plea agreement filed in his case, Matthew Parsons specifically admitted that he fraudulently billed for cardiac event monitoring when only Holter monitoring was performed because event monitoring had a higher reimbursement rate than Holter monitoring. In another example of "upcoding," Matthew Parsons fraudulently billed for Holter monitoring using a global reimbursement code, rather than a code that specifically related to the Holter monitoring because the global code had a higher reimbursement rate. He also fraudulently billed two, separate cardiac event monitoring procedures when only SAECG analysis was done on one Holter monitoring test over a 24-hour period that overlapped two calendar days. Matthew Parsons admitted to other types of fraudulent billing.

In his plea agreement, Robert Parsons admitted that he billed for cardiac tests on a second date of service that were never performed. For example, he would bill for a Holter monitor that he did on one date, and then on a later date he would use the patient's information and submit bills for other cardiac tests that were never performed in a procedure he called "re-billing." Robert Parsons also admitted that he fraudulently billed for event monitoring when his laboratory did not have equipment capable of performing event monitoring. Robert Parsons also fraudulently billed for faxing an event monitoring report to a physician when this was not reimbursable as a separate procedure. Robert Parsons admitted to other types of fraudulent

billing.

Matthew Parsons is scheduled to be sentenced on March 19, 2007 by United States District Judge James V. Selna. Robert Parsons is scheduled to be sentenced on the same date by United States District Judge David O. Carter. Each faces a statutory maximum sentence of 10 years in federal prison for each count.

The case was investigated by the United States Office of Personnel Management - Office of Inspector General, the Department of Defense - Office of Inspector General, the Department of Health & Human Services - Office of Inspector General, the Federal Bureau of Investigation, Internal Revenue Service - Criminal Investigation Division, and the Food & Drug Administration.

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