

03 08 2018

I.

FACTUAL STATEMENT OF PAUL TURLEY

BA455469-BA455470-BA455473

Sherri R. Carter, Executive Officer/Clerk
By W. Warren Deputy
Wendy Warren

1. PT Beginning in October 2018, without any promises of leniency or other consideration, I made proffer statements with the Los Angeles County District Attorney's Office over the course of two months.
2. PT All Statements made during these proffer sessions were made in the presence of my attorney, Louis Sepe.
3. PT All statements made during these proffer sessions were truthful and based upon my personal knowledge which was acquired over many years through my personal participation, my personal observations, and my interaction and personal conversations with co-conspirators.
4. PT During these sessions I have continued to refresh my recollection of events by reviewing documents and correspondence in my possession. I have also provided corroborating documentation to the Los Angeles County District Attorney's Office.
5. PT Prior to giving my proffered statement to the Los Angeles District Attorney's Office, I consulted with my attorney Louis Sepe, and I knowingly, expressly and willingly waive my Attorney-Client Privilege and Work-Product protection and consent to the disclosure of all material related to my representation by the law firm of Bird, Marella, Boxer, Wolpert, Nessim, Drooms, Lincenberg (& Rhow), Benjamin Gluck and any Partner, Associate or Attorney working with or in association with the aforementioned Law Firm. Furthermore, I waive any Attorney-Client Privilege by virtue of individual or joint representation or based upon any actual or alleged ownership, membership, status as shareholder, board member, office holder, manager or designated representative agent, incorporator, shareholder, or any other capacity with any entity or related entity or subsidiary, actual or alleged, known or unknown, including any entities which are referenced in the current criminal prosecution and/or associated litigation, associated with Munir Uwaydah. Additionally, to the extent that I can assert or waive Attorney-Client Privilege for any entity as described above, I hereby waive that privilege on behalf of such entities. I have signed a written waiver to reflect the aforementioned.
6. PT I worked directly with Munir Uwaydah, M.D. as a named partner of Frontline Medical Associates from 2004 to 2015. It was my intention at the formation to be a partner with Dr. Uwaydah in the ownership and profits of the business.
7. PT As formed, we were supposed to share in the profits of the business and Uwaydah was to receive and keep his professional fees for surgeries performed.
8. PT However, it soon became apparent that although I was listed as a partner with 49 percent ownership in the business, I was not in fact a partner. For the first year of operation I received no salary or compensation. I had no authority or control over the

business. All decisions were made by Dr. Uwaydah who maintained absolute control over all aspects of the business.

9. PT I never received a portion of the profits, nor did I receive any actual shares or dividends. Rather, I received a regular paycheck as if I was merely a salaried employee. My salary, as with all other aspects of Frontline's finances, was controlled exclusively by Munir Uwaydah.
10. PT Frontline was not a corporation or partnership. It was simply Dr. Uwaydah's business. Frontline did not have a true Board of Directors, or Officers. Nor did Frontline have annual board meetings. Various names were placed on Secretary of State filings to give the impression that Frontline was a valid medical corporation, but these filings were false.
11. PT In 2011, at Uwaydah's direction, attorney Steven Gardner knowingly had me falsely backdate Frontline Secretary of State documents out of concern that law enforcement or insurance companies would question the validity of the corporation.
12. PT Originally, Frontline was intended to be a defense oriented medical facility that would cater to businesses or insurance firms that had injured workers. That business model did not work out and the business evolved into a patient/applicant centered operation.
13. PT The operational model was to recruit to patients through capping and maximize billing for patient services regardless of patient needs. There were certain aspects of services that were very profitable, particularly prescription medications and surgeries.
14. PT Maximizing the value of the patient included profiting from every aspect of patient care, including pharmaceuticals, MRI's, therapy and other services. This was accomplished by "referring" patients to seemingly separate companies that performed these services. However, these referrals were made to businesses that were in fact owned and controlled by Dr. Uwaydah without disclosing his ownership in the companies.
15. PT Uwaydah owned and controlled many companies and properties even though other individuals were listed as the owners or they were supposedly corporations with managing board members. This was all done intentionally so that Uwaydah could hide his ownership and his control from creditors, insurance investigators, government agencies, and law enforcement. He exercised absolute control over all of these entities. These companies included, among others, Firstline, Golden State Pharmaceuticals, Fusion, U.S. Health, Controlled Health Management, California MRI, Accounts Receivable Acquisitions, Sentinel Health Medical, LA Health Partners, Greenline Medical Management, Empyrean, Blue Oak, and La Jolla.
16. PT Uwaydah controlled purported owners, co-conspirators and others by various means including, but not limited to, manipulation, loyalty, financial incentives, fraudulent "promissory notes," litigation, and threats

17. PT Although I managed the daily operations of the San Fernando medical clinic, I had no actual authority over Frontline and had to ask Uwaydah for permission to do anything related to the company, including receive money to pay cappers. My value to Uwaydah was that I had connections to lawyers that would refer clients for a fee.
18. PT I paid various lawyers, either directly, or through intermediaries called "cappers," for illegal patient referrals to Frontline. Defendants Tony Folgar and Yolanda Groscost were "cappers" that I directly paid for illegal referrals. I knew Jeff Stevens to be a capper who was being paid cash by Marisa Nelson. I have also identified several law firms, lawyers, and their intermediaries that knowingly engaged with me in the crime of capping. With all of these individuals and firms, mutual effort would be made to conceal the payments because all parties knew the conduct was illegal. Payments would often be made in cash, in secret, and without any paper trail. We would refer to our conduct as "marketing" to mask its true illegal nature. Defendants Tatiana Arnold, Kelly Park, and Wendee Luke knew and/or facilitated this illegal scheme.
19. PT Emphasis was placed on recruiting patients that would ultimately receive surgery because it was very lucrative. Bonuses were paid to cappers for surgical patients.
20. PT Attorneys were encouraged not to settle cases until surgery was performed on the patients. Dr. Uwaydah also tried to set up a process with applicant attorneys to forward money to patients, purportedly an advance of the settlement, as an incentive to have surgery.
21. PT Jeff Stevens was a capper for attorneys Dennis Fusi and Arthur Hampton. Marisa Nelson was paying Jeff Stevens' his capping fee. The primary goal for both Tony Folgar and Jeff Stevens was to get patients into surgery.
22. PT Kelly Park gave me \$10,000.00 in cash in an envelope for me to pay cappers.
23. PT Once a patient was recruited they would be seen by a doctor or physician assistant. The patient would be prescribed medications and directed to further diagnostics or therapies with the goal of ultimately billing for surgery on the patient.
24. PT An important aspect of maximizing the value of the patient was prescription medication. The treating physicians were not given prescription pads and were not supposed to give the patients a prescription to get filled at a pharmacy of their choice. Instead, prescribed medication was limited to a formulary, and the medication would be provided by Frontline or a Uwaydah owned/controlled pharmacy and mailed to the patient.
25. PT Uwaydah determined what the formulary was and all the patients basically got the same prescriptions, regardless of their ailment.
26. PT Physicians and PA's working for Frontline were told that they must prescribe from the pre-printed prescription formulary which listed the most profitable medications, and they must not deviate. If the treating physician or PA did not prescribe all the

medications that could be justified, then it would be added on to the patients' prescriptions without the knowledge of the treating physician.

27. PT Dr. Mills and Colivas complained about the prescription formulary because they would never prescribe certain combination of medications because they conflicted and would be dangerous taken together.
28. PT Letty Lemus was Frontline's Office Manager. She also controlled the pharmaceuticals at Frontline, and was involved in the pharmacy and the prescription formulary.
29. PT Kelly Park and her sister Kim Park were in charge of the pharmaceutical billing, which they did at a house in Somis, that also served as a dog kennel. When I was at the house to pick up a dog, I saw Kelly and Kim Park and Ronnie Case there, and I also saw numerous patient files there.
30. PT There was a fire in the large garage behind the San Fernando Frontline office which stored a lot of Frontline's medical records. I saw Kelly Park at the fire scene and she told me that she was in the room looking at files and left the heater on. Documents, including patient files, were destroyed or damaged in the fire. Uwaydah also told me that Kelly had caused the fire by leaving the heater on.
31. PT Uwaydah instructed that Frontline patients be prescribed compound medications because they were very expensive and profitable.
32. PT There were certain industry procedures that were expected before surgery could be recommended. Patients were moved towards surgery through a process that included diagnostics, referrals for a surgical consult, and ultimately a recommendation for surgery.
33. PT In order to justify surgeries to insurance companies, Susan Moreno and Peter Nelson reviewed patient files that were not recommended for a surgical consult by the treating physician. They would then recommend a surgical consultation by an orthopedic surgeon.
34. PT Peter Nelson, not Uwaydah, would then do the surgical consultations which would result in a recommendation for surgery. Peter Nelson would do 90% of the surgical consultations, but Uwaydah's name was placed on all of the reports, and Frontline billed the insurance companies as if Uwaydah did the consultations.
35. PT Uwaydah would rarely see a patient unless Uwaydah needed to convince the patient to have surgery despite the patient's reluctance.
36. PT Alterations were being made to surgical reports and MRIs in order to justify authorization for surgeries, which were very lucrative, particularly spinal fusions. After Susan Moreno stopped doing the reports, Uwaydah asked me to do some surgical reports for spine cases. Uwaydah told me to put an x-ray report into a patient chart that didn't belong to that patient in order to justify authorization for the surgery.

37. PT The owners of the MRI company at San Fernando complained about a changed MRI report. When I discussed the complaints with Dr. Uwaydah, he told me that Susan Moreno receives a bonus for getting the authorizations for surgery and she would be blamed, not us.
38. PT Uwaydah subsequently purchased the MRI company from the complaining owner. Jeff Stevens was the straw purchaser of the MRI company on behalf of Dr. Uwaydah.
39. PT I knew and went along with modifying diagnoses of patients in order to maximize profits. We would maximize profits by getting the patients in the door, prescribing them as much pharmaceuticals as we could, and then move them towards surgery. The goal was to order and prescribe everything that we could possibly profit from.
40. PT Kelly Park got involved in all aspects of the business. She openly criticized me and the San Fernando office for not getting more surgeries approved. She referred to the San Fernando office as a “cancer” on the business for this failure. She succeeded in convincing Dr. Uwaydah to move the headquarters to Long Beach for that reason.
41. PT Based on my conversations with Uwaydah and Peter Nelson, it was Peter Nelson who was doing all of the shoulder and knee surgeries, not Uwaydah. Uwaydah told me that he would do the spinal surgeries, procedures near nerves, or procedures requiring surgical hardware.
42. PT At South Bay Surgical, it was known that while Uwaydah conducted numerous meetings there, Peter Nelson was doing the surgeries.
43. PT Peter Nelson conducted “surgeries” without Uwaydah’s participation or presence in the operating room. Kelly Park, Tatiana Arnold, Letty Lemus, Marisa Nelson and Shelly Rosekelly knew that Peter Nelson was the one doing surgeries.
44. PT Firstline was formed to replace Frontline. Firstline received the patients and continued to operate in the same manner as Frontline. Dr. Uwaydah’s name was taken off the company and Dr. Johnson’s was put on it instead. Eventually, my name was removed from Firstline as well.
45. PT Uwaydah attempted to gain control over the Ventura County Business Bank to facilitate access to credit and the movement of funds.
46. PT To accomplish this, Uwaydah transferred funds to purportedly independent investors to be invested in the bank on his behalf. Fraudulent documents were prepared attesting to their funds, their independence and lack of connection to the other investors. Tatiana Arnold, Kelly Park, Ronnie Case, Jeff Stevens, Mark Ieole and participated in this process and were proxy investors for Uwaydah.
47. PT I participated as a purported investor also, and invested over a million dollars of my own money. I did this to assist Uwaydah in this fraudulent scheme, and only because Uwaydah promised to buy the shares back from me.

48. PI Uwaydah fled the United States to Lebanon in June of 2010 after Kelly Park was arrested for the murder of Uwaydah's former girlfriend, Juliana Redding. He later told me that he believed that Kelly Park committed the murder but that he was not personally concerned. He told me that he was worried about the ongoing fraud investigation. In the Fall of 2010, I traveled to Lebanon to confer with Uwaydah and to discuss how we were going to keep the Frontline business operating without Uwaydah's presence, and without his name being connected to the business.
49. PI After Uwaydah fled the country, he had all the servers moved to Estonia in order to prevent law enforcement from finding anything. Part of the organization is in Estonia where Wendee Luke runs the day to day operations.
50. PI In 2011, after a search warrant was executed at my home, Uwaydah flew me out to Lebanon again. This time, he suggested that I travel to Macedonia to run a medical transcription service that he owns, but is not in his name. Previously, Kelly Park and Ronnie Case were assisting Uwaydah in running this business.
51. PI Benjamin Gluck came to Macedonia to meet with me at Uwaydah's direction. to discuss his representation of both me and Frontline after the search warrant was executed on my home. We also went over capping lists and attorneys that were being paid off. I did not retain Gluck or his firm, these arrangements were all made by Uwaydah.
52. PI In 2011, when I went to Lebanon, Uwaydah told me that we had close to a billion dollars in receivables from Frontline and Firstline.
53. PI After Marisa Nelson left the organization, Tatiana Arnold took control of the books and handled the money and finances of the organization.
54. PI Tatiana Arnold told me that she was sending millions of dollars overseas.
55. PI Uwaydah purchased and controlled real estate properties and cars that were placed in my name, using my credit. This was done with my permission, but on some occasions, it was done without my knowledge or permission. My name was placed on the Somis property and on at least one car without my knowledge or consent.
56. PI Uwaydah's name is on none of the companies he owns. To my knowledge, Dr. Uwaydah was a named owner of only Frontline and Southbay Surgical. His other businesses listed false owners or fictitious boards of directors. Even though these entities were not in his name and he was not listed as an owner, or board member, he nevertheless controlled all aspects of these entities, including any litigation these companies were/are involved in. This includes the lawsuits against Marisa Nelson, Peter Nelson, and Shelly Rose Kelly, filed by attorney Benjamin Gluck and others.
57. PI Uwaydah used lawyers to set up companies, draft contracts, create fraudulent documents and file lawsuits that facilitated the fraudulent activities. Uwaydah was their client, giving them direction and paying their bills even though others, such as myself, were listed as owners or officers of the corporations.

58. PT All of the lawsuits were Uwaydah lawsuits. I was named in three or four lawsuits due to my association with Uwaydah and at no time did an attorney speak to me regarding these lawsuits, asking me what I wished to do. I never sought out or retained these lawyers. This was all arranged by Uwaydah and they received their direction from him.
59. PT Tatiana Arnold knew that Uwaydah was the true owner of the Beverly Grove property when she was supposedly representing me in a lawsuit involving that property.
60. PT Tatiana Arnold never actually represented me in any personal or private matter.
61. PT Attorneys Richard Green, Harry Nelson and Bo Thoreen did not represent me in an individual or personal capacity as was written in their signed declaration provided to Benjamin Gluck and filed in court for purposes of the evidentiary hearing. I did not seek them out and they took no direction from me. These legal representations were all of Dr. Uwaydah and his interests.
62. PT Dr. Uwaydah's control extends to the current criminal defense in this case. He has paid millions of dollars for the attorneys for the defendants, including myself. Dr. Uwaydah has informed me that during these criminal proceedings, until recently, he has spoken with my attorney Benjamin Gluck on a daily basis. He clearly has been given more information about my defense and strategy than I have been. Dr. Uwaydah has told me that he has been giving direction to Gluck on how to conduct my defense. Benjamin Gluck did not tell me that he was having these conversations with Dr. Uwaydah.
63. PT An attorney from Lebanon named Victor is paying almost all of the attorneys for the co-defendants on this case, on behalf of Uwaydah and with Uwaydah's money.
64. PT While I was in jail, Uwaydah often sent money to pay my bills. Hector Sandoval would deliver up to \$5,000.00 cash for my wife or kids.
65. PT Prior to the arrests in this case, Hector Sandavol was a helper to Uwaydah who ran errands and made deliveries. It has come to my attention that Dr. Uwaydah now has Hector Sandoval listed as the current CEO of Frontline.
66. PT When I was released from custody after 25 months, Benjamin Gluck told me not to communicate with Dr. Uwaydah. I followed his instructions until recently when Dr. Uwaydah quit paying Benjamin Gluck and his firm.
67. Currently, Uwaydah wants me to call him every day. He also currently speaks to Kelly Park, Ronnie Case, Shannon Moore and Letty Lemus.
68. PT Dr. Uwaydah told me that he would think ahead and do things in order to discredit anyone who could potentially become a witness against him, his co-conspirators, or his organization.

69. PT The reason and whole point Uwaydah sued Marisa Nelson was to discredit her as a witness against Uwaydah and his organization. Uwaydah even talked to me about securing certain concessions from Marisa Nelson or Shelly Rosekelly.
70. PT The Frontline lawsuit against Marisa and Peter Nelson alleging, among other things, that they used a company credit card to pay for things without Uwaydah's approval was fraudulent and untrue.
71. PT Uwaydah told me that Susan Moreno had given a proffered statement and that he paid for Susan Moreno's attorney. In January or February of 2015, when Maria and I went to Lebanon to discuss with Uwaydah the letter we received from the DA's Office regarding a grand jury, he had a copy of Susan Moreno's hard drive and had us look through thousands of her emails to find anything that could incriminate her. We went through her emails with the specific intent to find things that would discredit her. Uwaydah and I had already discussed how Susan would be discredited as a witness.
72. PT Before I received the grand jury letter from the DA's Office, Uwaydah told me that Benjamin Gluck told him that Susan Moreno testified about surgeries in the grand jury. Uwaydah also told me that Gluck told him that Shelly Rosekelly also testified at the grand jury.
73. PT Uwaydah told me that Kelly Park, Ronnie Case, and Jeff Stevens got the same DA's Office's grand jury letter that I had received.
74. PT Benjamin Gluck claimed to represent me when the bank accounts were frozen and the storage container was seized, but this was not really true. I did not hire him. I had hired my own attorney because my personal bank account was frozen. I believe that Uwaydah made arrangements for Gluck to handle those issues for his secretly controlled companies which included Frontline/Firstline.
75. PT I was not aware of the storage unit, otherwise known as "Location 13," or its contents. I was never asked about my connection, if any, to the documents stored in Location 13 by anyone, including my attorney Benjamin Gluck.

I declare under penalty of perjury in accordance with the laws of the State of California that the aforementioned is true.

Dated: 12/3/10


Paul Turley


Louis Sepe, Counsel for Paul Turley