



Amtrak OIG-supported investigation leads to prison time, \$1.2 million restitution order for health care fraud scheme and tax evasion

For Immediate Release

September 30, 2020

Portland, Ore. — A Springfield woman who owned several durable medical equipment stores in Oregon was sentenced to federal prison for defrauding six health insurance plans of approximately \$1.3 million and for evading \$99,000 in federal income taxes, announced U.S. Attorney Billy J. Williams September 2, 2020.

After pleading guilty to the charges in November 2019, Saffron Gustafson, 43, was sentenced to 21 months in federal prison and three years' supervised release. Gustafson was also ordered to pay more than \$1.3 million in restitution to the victim insurance plans. During the course of Gustafson's scheme, Amtrak's health care plan was billed more than \$3.2 million and paid more than \$655,000.

According to court documents, between June 2013 and August 2017, Gustafson owned and operated Saffron's Specialized Medical, a durable medical equipment company with four retail stores in the Northwest. Gustafson's stores supplied customized compression garments to patients with circulatory medical conditions.

To defraud health insurance plans, Gustafson submitted bills requesting payment amounts inflated by 600 percent or more. To support these false billings, Gustafson and employees acting at her direction fabricated invoices from her wholesaler. Gustafson and her employees destroyed the genuine wholesaler invoices so insurance companies could not review them during audits.

Gustafson also evaded \$99,606 in income taxes she owed for 2015 by falsifying records and diverting profits from her company to pay various personal expenses, including paying off the mortgage on her parents' rental property and paying her psychic.

In addition to the Amtrak Office of Inspector General, this case was investigated by the FBI; IRS-Criminal Investigation; U.S. Department of Health and Human Services; and the U.S. Department of Veterans Affairs. It was prosecuted by Seth D. Uram, Assistant U.S. Attorney for the District of Oregon.

More information is available in the press release from the U.S. Attorney's Office, District of Oregon: <https://direc.to/eFH1>.

-###-