



Amtrak OIG investigation leads to prison sentence, \$2.68 million restitution payment for fraudster who bilked millions from Amtrak's insurance plan

For Immediate Release

February 5, 2020

LOS ANGELES – An acupuncturist was sentenced to 2 ½ years in federal prison on Tuesday, and was ordered to pay more than \$2.68 million in restitution to Amtrak after defrauding the railroad's health care plan for approximately \$3.8 million in acupuncture treatments and other services that were either medically unnecessary or never provided.

Amtrak Office of Inspector General investigators previously found that Guiqiong Xiao Gudmundsen, 53, aka "Kimi" Gudmundsen, the owner of Healthy Life Acupuncture Center, deliberately targeted Amtrak employees in a "multifaceted and pervasive" fraud scheme, according to court documents. In total, Gudmundsen billed Amtrak's health care plan for more than \$7.1 million, about \$3.8 million of which was deemed fraudulent, according to government estimates in the plea agreement.

During a nearly seven-year period from January 2008 to December 2015, Gudmundsen recruited Amtrak employees to visit her acupuncture facilities in Riverside and Los Angeles. She repeatedly billed Amtrak's health care plan for services that were not performed or provided to people not covered under Amtrak's plan, services like massages and facials that were medically unnecessary, double-billed to other insurance plans, or falsely billed in ways that would result in higher reimbursement rates.

Gudmundsen's bills to Amtrak's health care plan were so frequent and costly that, at the peak of her fraud scheme, she was ranked 32nd among all health care providers that billed the plan. In fact, according to billing data, Gudmundsen charged more to Amtrak's plan than Mount Sinai Medical Center in Chicago (number 33) and Johns Hopkins Hospital in Baltimore (number 39).

"We have dedicated agents across the country who are continuously investigating and helping to build cases against criminals like Gudmundsen who target Amtrak's resources," said Amtrak's Inspector General, Kevin Winters. "We are very proud of our investigative team, partner agencies, and Department of Justice professionals who helped bring this case to resolution."

In December 2019, the OIG released an [audit report](#) that examined Amtrak's internal controls for mitigating the risks of fraud in its payments to non-hospital facilities like Gudmundsen's. Auditors found that Amtrak continues to be exposed to potential fraud in its medical claims payments and has explored but not secured a capability to proactively analyze its payments for fraud.

In the report, the OIG found that there were 191 facilities that exhibited billing patterns indicative of fraud, but the company had not flagged the associated claims for further review. Because Amtrak is self-insured and pays medical claims from its operating budget, this put an estimated \$57 million paid to these facilities at risk, according to the report.

Amtrak management agreed with the report's findings and committed to working with its insurance claims administrator, Aetna, to identify fraudulent claims and seek recovery. Additionally, the company is exploring ways to address issues within its health care plan to better identify and protect against fraud.

In addition to Amtrak OIG, the Gudmundsen case was investigated by IRS Criminal Investigation, and the U.S. Department of Labor, Employee Benefits Security Administration. Scott D. Dubois and Jenna Williams, Assistant United States Attorneys for the Central District of California from the General Crimes Section, prosecuted the case.

More information is available in the U.S. Attorney's Office press release:

<https://www.justice.gov/usao-cdca/pr/acupuncturist-sentenced-2-years-federal-prison-defrauding-amtrak-s-health-care-plan-out>

-###-