



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* FLORIDA

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Department of Justice

U.S. Attorney's Office

Southern District of Florida

FOR IMMEDIATE RELEASE

Wednesday, February 1, 2017

**Seven Defendants Indicted in Multi-Million Health Care
Fraud and Money Laundering Scheme Involving Sober
Homes and Alcohol and Drug Addiction Treatment
Centers**

Seven defendants including owners, doctors, a manager, and a laboratory representative of sober homes and alcohol and drug addiction treatment centers were charged for their participation in a health care fraud and money laundering scheme that involved the filing of fraudulent insurance claim forms and defrauded health care benefit programs.

Wifredo A. Ferrer, United States Attorney for the Southern District of Florida, George L. Piro, Special Agent in Charge, Federal Bureau of Investigation (FBI), Miami Field Office, Kelly R. Jackson, Special Agent in Charge, Internal Revenue Service, Criminal Investigation (IRS-CI), Dave Aronberg, State Attorney, Palm Beach County State Attorney's Office, Jeff Atwater, Florida Chief Financial Officer, William D. Snyder, Sheriff Martin County Sheriff's Office, Robert Koons, Special Agent in Charge, Amtrak Office of Inspector General, Rafiq Ahmad, Special Agent in Charge, United States Department of Labor, Office of Inspector General (DOL-OIG), Isabel Colon, Regional Director, United States Department of Labor, Employee Benefits Security Administration (DOL-EBSA), Dennis Russo, Director of Operations, National Insurance Crime Bureau (NICB), Ric Bradshaw, Sheriff, Palm Beach County Sheriff's Office (PBSO), Bryan Kummerlen, Chief, West Palm Beach Police Department, Jeffrey S. Goldman, Chief, Delray Beach Police Department, Pam Bondi, Florida Attorney General, and Scott Rezendes, Special Agent in Charge, Office of Personnel Management, Office of Inspector General (OPM-OIG), made the announcement.

Kenneth Chatman, a/k/a "Kenny," 46, of Boynton Beach, Joaquin Mendez, 52, of Miramar, Donald Willems, 40, of Weston, Fransesia Davis, a/k/a "Francine," a/k/a "Francesca," 44, of Lake Worth, Michael Bonds, 45, of Delray Beach, and Laura Chatman, 44, of Boynton Beach, are charged with one count of conspiracy to commit health care fraud, in violation of Title 18, United

States Code, Section 1349, and one count of money laundering conspiracy, in violation of Title 18, United States Code, Section 1956(h). Stefan Gatt, 27, of Deerfield Beach, is charged with one count of conspiracy to commit health care fraud. Kenneth and Laura Chatman are also charged with seven counts of money laundering, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i), three counts of money laundering in excess of \$10,000, in violation of Title 18, United States Code, Section 1957, and two counts of making a false statement related to a health care matter, in violation of Title 18, United States Code, Section 1035(a)(1). Joaquin Mendez, Fransesia Davis, and Michael Bonds are also charged with two counts of money laundering. Donald Willems is also charged with one count of money laundering. Kenneth Chatman and Davis are charged with one count of maintaining a drug-involved premises, in violation of Title 21, United States Code, Section 856(a)(2). Kenneth Chatman is charged with one count of sex trafficking conspiracy, in violation of Title 18, United States Code, Section 1594 (c). The defendants have each been arraigned on the charges.

According to the indictment, defendants Kenneth Chatman, Davis, and Bonds established sober homes, including Stay'n Alive, Inc., Redemption Sober House, Inc., Total Recovery Sober Living LLC, and other sober homes, which were purportedly in the business of providing safe and drug-free residences for individuals suffering from drug and alcohol addiction. To obtain residents for the sober homes, members of the conspiracy provided kickbacks and bribes, in the form of free or reduced rent and other benefits, to individuals with insurance who agreed to reside at the sober homes, attend drug treatment, and submit to regular drug testing that members of the conspiracy could bill to the residents' insurance plans. Although the sober homes were purportedly drug-free residences, some of the defendants permitted the residents to continue using drugs as long as they attended treatment and submitted to drug testing.

Defendants Kenneth Chatman, Bonds, and Davis referred the sober homes' residents who had insurance to treatment centers owned by Kenneth Chatman but titled in the name of Laura Chatman. These treatment centers purportedly offered clinical treatment services for persons suffering from alcohol and drug addiction. In most instances, defendant Kenneth Chatman knew that the sober home residents referred to the treatment centers, Journey to Recovery LLC, in Lake Worth, Florida, and Reflections Treatment Center, LLC, in Margate, Florida, were using drugs.

Defendant Kenneth Chatman hired doctors, including defendants Mendez and Willems, to serve as medical directors of his treatment centers. The doctors ordered drug treatment and drug testing for the sober home residents, specifically expensive urine and saliva drug screens and allergy testing, regardless of whether such treatment and testing were medically necessary. The defendants provided services meant solely to maximize insurance reimbursements. In some instances, defendants Kenneth Chatman and Davis submitted urine and saliva samples from employees instead of urine and saliva from patients. In other instances, defendant Kenneth Chatman caused confirmatory testing to be performed and billed for residents who left the sober homes and were no longer receiving treatment at the treatment centers. Defendants Mendez and Willems also falsely documented patient files to make it appear as though they reviewed the test results.

Defendants Kenneth Chatman and Davis engaged in various tactics to keep patients from being able to leave Reflections and Journey, including threatening violence, and confiscating their

belongings, such as car keys, telephones, medications, and food stamps, in order to maintain the ability to continue fraudulently billing their insurance companies.

Defendant Kenneth Chatman also recruited and coerced female patients and residents into prostitution, telling them that they would not have to pay rent or participate in treatment or testing so long as they would allow him to continue to bill their insurance companies for substance abuse treatment and testing that the patients did not receive.

Defendants Kenneth and Laura Chatman submitted to the Florida Department of Children and Families fraudulent applications for licensure for Journey to Recovery and Reflections Treatment Center, stating that Laura Chatman was the sole owner of those entities and hiding the fact that Kenneth Chatman owned and operated the treatment centers.

If convicted, the defendants face a maximum statutory sentence of ten years in prison for the conspiracy to commit health care fraud and money laundering in excess of \$10,000 charges; a maximum statutory sentence of twenty years in prison for the money laundering conspiracy, money laundering, and maintaining a drug-involved premises charges; and a maximum statutory sentence of five years in prison for making a false statement related to a health care matter. Kenneth Chatman faces a maximum statutory sentence of life in prison for the sex trafficking conspiracy charge. The indictment also seeks the forfeiture of more than \$5.4 million that insurance companies paid based upon the fraudulent claims submitted by members of the conspiracy.

An indictment is a formal charging document notifying the defendant of the charges. All persons charged in an indictment are presumed innocent until proven guilty in a court of law.

Potential victims should call (561) 822-5114 or submit complaints through the IC3 Complaint Form - <https://www.ic3.gov/complaint/default.aspx> and use the key word "Chatman Reflections" in the "Description of the Incident" field when submitting complaints related to this case.

Ferrer commended the investigative efforts of the Greater Palm Beach Health Care Fraud Task Force. Agencies of the task force include the FBI, IRS-CI, the Palm Beach County State Attorney's Office Sober Homes Task Force, Florida Division of Investigative and Forensic Services, Martin County Sheriff's Office, Amtrak OIG, DOL-OIG, DOL-EBSA, National Insurance Crime Bureau, Palm Beach County Sheriff's Office, West Palm Beach Police Department, Delray Beach Police Department, Florida Attorney General Office of Statewide Prosecution, and OPM-OIG. The cases are being prosecuted by Assistant United States Attorney A. Marie Villafaña.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or on <http://pacer.flsd.uscourts.gov>.

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Topic:

Healthcare Fraud

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