



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

Date: February 24, 2016

Refer To:

To: Andy Liu  
General Counsel  
Social Security Administration

From: Joseph Gangloff  
Chief Counsel to the Inspector General  
Social Security Administration

Subject: Agency Request for Office of Inspector General (OIG) Referral Pursuant to Section 1129(l) of the Social Security Act Post-Indictment

Recently, members of your staff and my staff have had discussions regarding SSA OIG's investigation into allegations of fraudulent SSA disability benefit claims filed in Puerto Rico. Specifically, SSA is requesting any relevant information from SSA OIG pertaining to SSA OIG's investigation involving Dr. Luis Escabi-Perez to assist the Agency in carrying out its responsibilities under sections 205(u) and 1631(e)(7)(A)(i) of the *Social Security Act (Act)*, 42 U.S.C. §§ 405(u) and 1383(e)(7)(A)(i).

Based on our review of the indictments, Plea Agreement and Dr. Escabi-Perez' Statement Under Penalty of Perjury, pursuant to section 1129(l) of the *Act*, 42 U.S.C. § 1320a-8(l), OIG has reason to believe that fraud was involved in the applications of several individuals seen by Dr. Escabi-Perez for monthly insurance benefits under Title II of the *Act*. A joint investigation with the Federal Bureau of Investigation (FBI) resulted in two indictments being returned on January 13, 2015. The first indictment, Criminal No. 15-046 (PG), alleges four counts against Dr. Escabi-Perez and co-defendant, Mr. Alberto Sostre-Cintrón, an applicant for Social Security disability insurance benefits. (Exhibit 1). In part, the indictment alleges that Mr. Sostre-Cintrón filed a false and fraudulent application for Social Security disability insurance benefits with the SSA and that the false claims in the application "...would later be supported by the submission of a false and fraudulent medical report by Dr. Escabi-Perez, which would support the existence of the disabling psychiatric condition ...." (Indictment, Count 1, paragraph 3).

The second indictment, Criminal No. 15-047 (PG), also alleges four counts against Dr. Escabi-Perez and a second co-defendant, Ms. Rosa Pagán-Ramos, who is also an applicant for Social Security disability insurance benefits. (Exhibit 2). As with the first indictment, the second indictment alleges, in part, that Ms. Pagán-Ramos filed a false and fraudulent application for Social Security disability insurance benefits with the SSA and that the false claims in the application "...would later be supported by the submission of a false and fraudulent medical report by Dr. Escabi-Perez, which would support the existence of the disabling psychiatric condition ...." (Indictment, Count 1, paragraph 3).

In both instances, it is alleged that “false and fraudulent documents would be submitted for the purpose of tricking or deceiving the SSA into approving the payment of disability insurance benefits” for the named co-defendant, to which the co-defendant was not legitimately entitled. (Indictments, Counts 1, Paragraphs 3).

On July 17, 2015, Dr. Escabi-Perez entered into a Plea Agreement whereby he pled guilty to Count Two of both indictments, Wire Fraud, 18 U.S.C. § 1343. (Exhibit 3). In the Stipulation of Facts, attached to the Plea Agreement, Dr. Escabi-Perez admitted to submitting fraudulent psychiatric reports to the SSA for five co-defendants, Mr. Edwin Figueroa, Ms. Ana Morales-De Jesús, Mr. Raul Dominguez-Figueroa, Mr. Alberto Sostre-Cintrón, and Ms. Rosa Pagán-Ramos. In addition, Dr. Escabi-Perez admitted that the named five co-defendants paid him a fee to backdate their medical files. (Plea Agreement, pages 13-14).

On October 23, 2015, Dr. Escabi-Perez signed a Statement Under Penalty of Perjury. (Exhibit 4) In this Statement, he states in part that: (1) he pled guilty to committing fraud against the SSA; (2) as part of the fraud scheme, he backdated the medical files of patients that applied for Social Security disability insurance benefits; (3) the backdated cases can be identified by looking at the date of the privacy notice form in the medical file and comparing it with the first date reported in his Psychiatric Medical Report – the date of the actual first visit is the one indicated in the privacy notice form; (4) in the backdated cases submitted to the SSA, the patient always knew and agreed to the backdating; (5) he always charged a special fee to patients for the backdating; (6) in the backdated cases, the information included in his Psychiatric Medical Report, submitted to SSA, contained template language that represented symptoms and medical conditions that the patients did not actually experience; and, (7) in the backdated cases, his medical opinion submitted in the Psychiatric Medical Report was not based on a formal evaluation of the patients. Please also find attached an Excel spreadsheet where OIG and the FBI have analyzed Dr. Escabi-Perez’s “backdated and other cases,” listing cases where it appears the listed applicants’ medical files were backdated based upon Dr. Escabi-Perez’s Statement Under Penalty of Perjury. (Exhibit 5).

Based on the information above, pursuant to section 1129(l) of the Act, 42 U.S.C. § 1320a-8(a)(l), SSA OIG has reason to believe that fraud was involved in the application of individuals seen by Dr. Escabi-Perez for monthly disability insurance benefits under Title II of the *Act*. As the criminal actions involving Dr. Escabi-Perez are complete, it is our understanding that action by SSA to re-determine the eligibility of individuals who have had medical information submitted on their behalf by Dr. Escabi-Perez would not jeopardize the prosecution of any person still a subject of the underlying investigation.

If you have any questions or need additional information, please contact me or have your staff contact [REDACTED]

Attachments:



Exhibit 1



Exhibit 2



Exhibit 3



Exhibit 4



Exhibit 5