

## **1-800-GET-THIN Ex-Doc Gets 7 Years For Insurance Scam**

By **Craig Clough**

*Law360 (April 17, 2023, 11:35 PM EDT)* -- Former physician Julian Omidi was sentenced to seven years in prison Monday by a California federal judge for orchestrating a massive insurance fraud with his famous 1-800-GET-THIN lap-band weight loss company, significantly less than the 22 years sought by the federal government for his conviction on dozens of counts.

U.S. District Judge Dolly Gee also allowed Omidi, 54, to remain free on bond pending his appeal, and delayed any judgment on potential restitution until a hearing in June. The judge delivered the sentence to a packed courtroom of around 50 observers, which included Omidi's mother, who fought tears.

The judge noted that Omidi's life was "marked by tragedy" from a difficult childhood in Iran, his family's struggles in America after fleeing the country following the 1979 revolution, and his father's suicide in 1996. But the judge also lectured him for not choosing a more honest path after his medical license was revoked in 2009 for lying about his expulsion from UC Irvine when he was in college.

"Patients are entitled to the truth," the judge said. "To engage in this type of fraud was a choice. Mr. Omidi, you are a success story about persevering under even the worst of circumstances. You are intelligent and well-educated, and you could have earned a fine living without resorting to fraud."

The judge continued, "Yet, as the trial testimony showed, you doubled down on this conduct even after hiring billing consultants who could not convince you to change your billing practices. You should have known better, as you yourself have acknowledged. Especially because you have been a medical doctor and already had your license revoked by the medical board for dishonesty. That should have been a lesson learned."

The judge said crafting the sentence was not an "easy one," with having to balance the harsh sentencing guidelines of life in prison, the government's request for 22 years and Omidi's request for two years. She also said she disagrees with the guidelines of a life sentencing, calling it a "type of piling on."

Omidi, 53 and his Beverly Hills, California-based company Surgery Center Management LLC were found guilty in December 2021 on 31 counts of wire or mail fraud and one count of money laundering conspiracy following 61 days of trial, including three days of jury deliberations. Omidi was also convicted on two counts of making false statements relating to health care matters, one count of aggravated identity theft and two counts of money laundering.

A co-defendant, Dr. Mirali Zarrabi, 59, of Beverly Hills, was acquitted of all charges.

According to prosecutors, Omidi used doctored sleep studies to convince insurance companies to approve payments to 1-800-GET-THIN for voluntary weight-loss surgeries. Zarrabi interpreted the sleep studies and signed off on the reports, which 1-800-GET-THIN manager Charles Klasky then allegedly doctored — unbeknownst to Zarrabi — to indicate weight-induced sleep apnea, prosecutors said.

As a result, 1-800-GET-THIN allegedly obtained an estimated \$41 million for Lap-Band procedures. The company also received \$27 million in payments for the sleep studies, which cost insurers \$15,000 a pop, according to prosecutors.

The scheme defrauded the Tricare health care program for military service members, as well as private insurers including Anthem Blue Cross, UnitedHealthcare, Aetna, Health Net, and Operating Engineers Health and Welfare Trust Fund, the government alleged. Omidi allegedly submitted fraudulent billings totaling roughly \$355 million.

The 1-800-GET-THIN business was started after Omidi lost his medical license. It gained significant fame through a successful marketing strategy, including many billboards that dotted the Southern California landscape. Omidi was arrested in 2018.

In calculating the sentencing guidelines, Judge Gee downgraded the total submitted fraudulent billings to over \$119 million. The parties spent significant time before the sentence was read arguing to the judge about her methods, although she said several times she was unlikely to change her mind, and did not.

Omidi gave teary comments to the court where he said he was "very sorry" and that he was inspired to start the weight loss business because of his father's struggles with obesity.

"I always felt guilty I couldn't help my father," Omidi said.

He also said, "I never wanted to harm anyone. I never imagined that I would find myself here and sentenced for a crime."

Before Omidi spoke, his attorney, Edmund W. Searby of Porter Wright Morris and Arthur LLP, told the judge that Omidi deserves "mercy," and that his client's life was driven by a "massive pursuit of success" following his family's financial struggles in America.

Searby also said Omidi is a first-time, non-violent offender who does not deserve the government's recommendation of life in prison, which Searby said was a "death sentence" due to his age and health struggles, including pulmonary issues.

He also noted that two others who admitted to participating in the scheme, including Klasky, received supervised release, and a harsh sentence for Omidi would be an "unjust discrepancy."

Kristen A. Williams of the U.S. Attorney's Office for the Central District of California told the judge before sentencing that Omidi used his intelligence to get "vulnerable" people "in the door" and "turn them into dollars." The judge should not be swayed by his insistence that he got caught up trying to help patients, Williams said.

"That's not compassion for patients, that's a cattle call," Williams said.

Omidi's business, Surgery Center Management, LLC, was also sentenced Monday to probation and other restrictions, as well as restitution to be determined at the June hearing.

The government is represented by Kristen A. Williams, Ali Moghaddas, David H. Chao, David C. Lachman and James E. Dochterman of the U.S. Attorney's Office for the Central District of California.

Omidi is represented by Edmund W. Searby of Porter Wright Morris and Arthur LLP and Kevin M. Lally of McGuireWoods LLP.

Surgery Center Management LLC is represented by Elon Berk of Gurovich Berk and Associates APC.

The case is U.S. v. Julian Omidi et al., case number 2:17-cr-00661, in the U.S. District Court for the Central District of California.

--Additional reporting by Max Jaeger. Editing by Michael Watanabe.