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"Extensive, organized fraud"

Lawsuits allege Planned Parenthood ripped off taxpayers for more than \$180 million, fired whistleblower

[[PPSD.jpg]]A former executive of Planned Parenthood-Los Angeles has filed a federal whistleblower's lawsuit against all nine Planned Parenthood affiliates in California. The suit alleges the affiliates knowingly engaged in a criminal plot to fleece state and federal taxpayers out of more than \$180 million over the course of at least six years.

Victor Gonzalez, former vice-president for finance and administration of Planned Parenthood-Los Angeles, secretly filed the lawsuit under the federal False Claims Act in U.S. District Court in Los Angeles in 2005. The suit was unsealed earlier this week following a prolonged review by the U.S. attorney's office. Gonzalez worked for Planned Parenthood of Los Angeles from Dec. 9, 2002 until he was abruptly fired on March 9, 2004.

Gonzalez alleges he was fired for bringing "illegal accounting, billing and donations practices" to the attention of his superiors. The False Claims lawsuit alleges that Planned Parenthood's irregular billing practices began in the late 1990s and continued until 2004, when Planned Parenthood was able to persuade the state legislature to change the law and allow it to bill the higher rates.

"The complaint documents what we believe is evidence of extensive, organized fraud by Planned Parenthood in California," said Jack Schuler, Gonzalez's attorney, in a prepared statement. "A previously buried and ignored California Department of Health Services 2004 Audit, which found more than \$5 million in egregious over-billing in two years by the San Diego/Riverside Planned Parenthood affiliate, is an extraordinary indictment against Planned Parenthood. Here is the ultimate Hollywood movie set façade of a corporation that poses as charitable while grossly over-billing government programs funded to service the needy, not the greedy. I would not be shocked that criminal prosecutions might follow."

According to Schuler, Planned Parenthood bought contraceptives and other medicines at deeply discounted rates because of their status as a charity, "then billed the state Medi-Cal program for 12 or more times their purchase price." Both state and federal law explicitly forbid such over-billing, Schuler said.

Gonzalez has filed a separate wrongful termination lawsuit in Los Angeles Superior Court that is scheduled to go to trial on April 7. That lawsuit alleges Planned Parenthood of Los Angeles marked up medicines – principally oral contraceptives and NuvaRing, a device inserted into the vagina once a month to prevent conception -- purchased at substantial discounts under a special government-subsidized program.

"The effect of this at [Planned Parenthood-Los Angeles] is overcharging the State of California and self-pay patients approximately \$2,000,000 per year," the lawsuit alleges. "This has been going on for a number of years, and is prevalent with all the other California [Planned Parenthood] affiliates. As a result, the overcharging exceeds \$10,000,000 per year."

Gonzalez says in his complaint that he brought his concerns about the overcharging practices to other Planned Parenthood executives, "and participated in numerous telephone calls where both [Planned Parenthood-Los Angeles] and the Sacramento based [Planned Parenthood Affiliates of California]... was attempting to stopgap this violation."

Other irregularities alleged in Gonzalez's wrongful termination lawsuit include:

Planned Parenthood-Los Angeles advanced about \$12,000 a month to Planned Parenthood Affiliates of California in Sacramento "to cover expenses for lobbying and advocacy. These loans are simply a subterfuge to support a whole team of people who advocate for specific issues and specific candidates in contravention of IRS guidelines" for non-profits.

Planned Parenthood-Los Angeles posted anti-George Bush and pro-Barbara Boxer signs at their headquarters building, and Gonzalez took digital photos as proof. These activities, too, "were in violation of the public policy underlying the Internal Revenue Service Code."

Gonzalez complained of "misuses, diversion and cross-funding of grants, donations by both private and corporate/charities/organizations" by Planned Parenthood-Los Angeles during cash-strapped months, usually during the summer.

Planned Parenthood-Los Angeles provided "doctored and rosy financial projections" in an effort to obtain a \$400,000 state-financed loan for a South Los Angeles clinic.

An executive of Planned Parenthood-Los Angeles "materially changed Plaintiff's monthly report to the PPLA board's budget and finance committee in order to present a more favorable situation than actually existed."

Employees of Planned Parenthood-Los Angeles misused a corporate American Express card. "Instead of using the card for legitimate non-profit purposes, employees were using donor money and other PPLA money for Victoria's Secret and private video purchases. Other instances of credit card abuse occurred as well."

"The public owes a debt of gratitude to whistleblower Victor Gonzalez, who had the courage to come forward – even at the cost of his job," said Schuler. "We believe the evidence is overwhelming that Planned Parenthood clearly knew the law and then willfully and repeatedly violated it."

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