

Family in GET-THIN probe fights for \$109 million in seized funds

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Federal agents have seized \$109 million in cash and securities during an ongoing investigation of the businesses and individuals behind the 1-800-GET-THIN ad campaign for weight-loss surgery — and lawyers are fighting to get it back.

An attorney representing three people behind the defunct Lap-Band surgery enterprise said the seizure was unjustified and frustrating to his clients because U.S. government officials have refused to disclose why they were entitled to take the money.

"They've spent five years investigating my clients for fraud and haven't brought a single fraud charge against any of them," said attorney Matthew Umhofer, who represents brothers Michael and Julian Omidi, the operators of the 1-800-GET-THIN businesses, and their mother, Cindy.

"They've decimated a remarkably successful business enterprise that helped a lot of people overcome lifelong struggles with obesity," he said. "They seized more than \$100 million almost a year ago, and now say they can keep all of that money indefinitely, without notice or a hearing or any due process."

The Omidi family ran a weight-loss surgery business that was centered on the use of the Lap-Band device, a silicon ring implanted around the stomach to discourage overeating.

The surgeries were promoted through a massive advertising campaign that ran for several years on Southern California freeway billboards, radio and television with a catchy slogan: "Let your new life begin, call 1-800-GET-THIN." The marketing campaign was highly effective, leading thousands of overweight patients to seek surgeries at clinics throughout Southern California. But the ads were attacked by health officials as misleading and pulled in 2012.

Five patients died following surgeries at clinics affiliated with the ad campaign, according to lawsuits, autopsy reports and other public records. Several law enforcement agencies have been investigating the owners of the businesses behind the ad campaign for possible healthcare fraud, money laundering and tax violations, according to court filings and prosecutors' statements in related court cases.

No charges have been filed, but prosecutors said this month [at a hearing](#) in U.S. District Court in Los Angeles that an investigation is continuing. [In a court motion](#), prosecutors said the seized money is "traceable to a long-term fraud scheme."

The seizure of cash and securities was made last June under two [federal warrants](#) from accounts at Deutsche Bank Securities Inc. and Bank of America, according to search warrant filings and a motion by federal prosecutors. The seized property was trusts and accounts affiliated with Michael, Julian and Cindy Omid. Authorities seized \$92 million from 12 Deutsche Bank accounts June 4 and \$17 million from two Bank of America accounts June 24, according to a motion filed by Assistant U.S. Atty. Steven Welk, who oversees the asset forfeiture division of the U.S. attorney's office in Los Angeles.

"That's a tremendous amount of money; it's got to be one of the largest seizures in the country in the last year, if not the last couple years," said Michael S. Weinstein, a former federal prosecutor who now practices white-collar defense with the law firm Cole Schotz in New Jersey.

Prosecutors have declined to comment on the ongoing criminal investigation and the asset seizure. Prosecutor Welk defended the seizure at an April 13 hearing before U.S. District Judge Otis D. Wright II in Los Angeles.

"It's a big criminal investigation and there were a lot of seizures of data and evidence, in addition to the money here, and that investigation is ongoing," he said.

Judge Wright dismissed a motion seeking the return of the seized money filed on behalf of Cindy Omid — whose sons operated the 1-800-GET-THIN business — and several irrevocable trusts.

Umhofer, the Omidis' attorney, said he intends to appeal Wright's ruling. He said an affidavit that prosecutors filed in a request to seize the funds was sealed by a judge, so he does not know the grounds under which the warrants were obtained.

"Our position is the money was obtained lawfully and the government did not have probable cause to seize it," Umhofer said. "We want to challenge it, and the government is denying us that opportunity."

Philip Hilder, a former federal prosecutor who now practices white-collar defense in Houston, said prosecutors should not be allowed to hold onto such a large sum of money without proving that it was the proceeds of a crime.

"There are certain constitutional protections people have against unreasonable search and seizure," Hilder said. "While they might have the right to file the seizure warrant, they just can't

do it indefinitely without following up with a civil action or moving the seized items into the criminal case."

An attorney who represents relatives of a patient who died after Lap-Band surgery greeted news of the seizure with enthusiasm.

"The amount of the money that was seized is stunning and it indicates the scope of this enterprise and its complexity," said Kathryn Trepinski, who filed a wrongful-death lawsuit related to the 2010 death of Lap-Band patient Tamara Walter. "I hope this money will be used to compensate the victims and the families of those whose loved ones died following surgeries."

The Walter family's lawsuit is pending.

Although prosecutors have not yet brought a criminal case related to 1-800-GET-THIN, they did file an unrelated case against Cindy Omid. She was convicted last year by a federal jury of violating laws designed to prevent money laundering. She is scheduled to be sentenced Monday.

In September 2014, UnitedHealth Group Inc. sued Michael and Julian Omid, alleging that they operated a network of companies that tricked the insurer into paying more than \$40 million in claims for medical procedures that were unnecessary, ineligible for coverage or never even performed.

The Omid brothers have denied wrongdoing. The surgery centers had previously sued UnitedHealth, alleging that the insurer failed to pay for tens of millions of dollars in surgeries it had agreed to cover. Both cases are pending.

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