

May 14, 2012

Hagens Berman Settles Whistleblower Case against Center for Diagnostic Imaging, Inc.

Seattle – Hagens Berman, a national whistleblower law firm, today announced that the claims in a case brought by two whistleblowers against Center for Diagnostic Imaging, Inc. (CDI) have been resolved.

CDI is a radiology and diagnostic imaging company that owns diagnostic centers in seven states across the country. The company provides commonly used diagnostic services such as MRIs, X-rays and mammograms.

Hagens Berman, along with Pietragallo Gordon Alfano Bosick & Raspanti, LLP (“Pietragallo”) and Wilbanks & Bridges, LLP (“Wilbanks”), represented Patricia West, CDI’s former Vice-President of Operations and Business Development for the State of Washington, and Dr. Alexander Serra, the founding partner of Sound Medical Imaging, a servicer of CDI outpatient centers in the Puget Sound region. Hagens Berman’s team included Managing Partner Steve Berman and Thomas E. Loeser. Marc Raspanti and Michael Morse from Pietragallo were on the case, along with Marlan Wilbanks and Ty Bridges from the Wilbanks firm.

West & Serra alleged that CDI defrauded federally funded health programs by (1) improperly upcoding billings associated with epidural injections, (2) billing for services without a written order from the treating physician, a requirement for proper billing according to federal law, and (3) using lease arrangements which disguised improper kickbacks to treating physicians. In 2011, the government intervened in the upcoding claims, which it settled for approximately \$1.3 million, 22 percent of which was awarded to West & Serra. The Government declined to intervene, however, in the no-written-orders and kickback claims, leaving those claims for the whistleblowers and their counsel to pursue on their own.

The non-intervened claims have settled for an additional \$1.5 million payment to the government. In settling the remaining claims, CDI denied any wrongdoing. United States District Judge Robert S. Lasnik found that the settlement is in the interest of justice and that a 30 percent award is appropriate, given the contentious nature of the litigation, the good law created, and the risks West and Serra faced in pursuing the case. The award was further justified by the high caliber of legal work completed and the public interest in encouraging physicians to come forward and report concerns that they may have about improper billing.

“We are very pleased that the court found that our clients deserved the maximum award possible under the law,” said Steve Berman, managing partner for Hagens Berman. “Dr. Serra and Ms. West took great personal and professional risks by coming forward with key information and we applaud their courage.”

Hagens Berman, Pietragallo and Wilbanks represented the whistleblowers in a lawsuit brought on behalf of the United States government under a law known as the False Claims Act. The False Claims Act allows whistleblowers to sue on the government’s behalf to attempt to recover taxpayer funds lost through fraud. Whistleblowers whose information leads to the recovery of government losses can be awarded up to 30 percent of the funds recovered as a reward.

About Hagens Berman

Seattle-based Hagens Berman Sobol Shapiro LLP is a nationwide law firm that represents whistleblowers, consumers, investors, workers and inventors in complex litigation. The firm has offices in 10 cities and has been named to the National Law Journal’s Plaintiffs Hot List five times. More about the law firm and its successes can be found at www.hbsslaw.com. The firm’s

whistleblower Facebook page can be found at www.facebook.com/whistleblowerlawfirm. Whistleblowers can contact the firm through its new whistleblower website at www.hb-whistleblower.com.

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