

**BEFORE THE
MEDICAL BOARD OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation)
Against:)
)
)
Daniel Alexander Capen, M.D.)
)
Physician's and Surgeon's)
Certificate No. G32316)
)
Respondent)
_____)

Case No. 800-2018-045455

DECISION

The attached Stipulated Surrender of License and Order is hereby adopted as the Decision and Order of the Medical Board of California, Department of Consumer Affairs, State of California.

This Decision shall become effective at 5:00 p.m. on March 16, 2020.

IT IS SO ORDERED March 9, 2020.

MEDICAL BOARD OF CALIFORNIA

By: 
Christine J. Lally
Interim Executive Director

1 XAVIER BECERRA
Attorney General of California
2 E. A. JONES III
Supervising Deputy Attorney General
3 JOSHUA M. TEMPLET
Deputy Attorney General
4 State Bar No. 267098
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 269-6688
6 Facsimile: (916) 731-2311
Attorneys for Complainant
7

8 **BEFORE THE**
9 **MEDICAL BOARD OF CALIFORNIA**
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. 800-2018-045455

13 **DANIEL ALEXANDER CAPEN, M.D.**
14 **15901 Hawthorne Blvd., #250**
15 **Lawndale, CA 90260-2660**

**STIPULATED SURRENDER OF
LICENSE AND ORDER**

16 **Physician's and Surgeon's Certificate**
17 **No. G 32316**

Respondent.

18 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
19 entitled proceedings that the following matters are true:

20 **PARTIES**

21 1. Christine J. Lally (Complainant) is the Interim Executive Director of the Medical
22 Board of California (Board). She brought this action solely in her official capacity and is
23 represented in this matter by Xavier Becerra, Attorney General of the State of California, via
24 Joshua M. Temple, Deputy Attorney General.

25 2. Daniel Alexander Capen, M.D. (Respondent) is represented in this proceeding by
26 attorney Aaron M. May, whose address is 550 S. Hope Street, Suite 1850, Los Angeles, CA
27 90071.

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1 3. On or about July 12, 1976, the Board issued Physician's and Surgeon's Certificate
2 No. G 32316 to Daniel Alexander Capen, M.D. (Respondent). The certificate was in full force
3 and effect at all times relevant to the charges brought in Accusation No. 800-2018-045455 and
4 will expire on October 31, 2021, unless renewed.

5 **JURISDICTION**

6 4. Accusation No. 800-2018-045455 (Accusation) was filed before the Board and is
7 currently pending against Respondent. The Accusation and all other statutorily required
8 documents were properly served on Respondent, on December 2, 2019. Respondent timely filed
9 his Notice of Defense contesting the Accusation. A copy of the Accusation is attached as
10 **Exhibit A** and incorporated by reference.

11 **ADVISEMENT AND WAIVERS**

12 5. Respondent has carefully read, fully discussed with counsel, and understands the
13 charges and allegations in the Accusation. Respondent also has carefully read, fully discussed
14 with counsel, and understands the effects of this Stipulated Surrender of License and Order.

15 6. Respondent is fully aware of his legal rights in this matter, including the right to a
16 hearing on the charges and allegations in the Accusation; the right to confront and cross-examine
17 the witnesses against him; the right to present evidence and to testify on his own behalf; the right
18 to the issuance of subpoenas to compel the attendance of witnesses and the production of
19 documents; the right to reconsideration and court review of an adverse decision; and all other
20 rights accorded by the California Administrative Procedure Act and other applicable laws.

21 7. Respondent voluntarily, knowingly, and intelligently waives and gives up each and
22 every right set forth above.

23 **CULPABILITY**

24 8. Respondent understands that the charges and allegations in the Accusation, if proven
25 at a hearing, constitute cause for imposing discipline on his Physician's and Surgeon's Certificate.

26 9. For the purpose of resolving the Accusation without the expense and uncertainty of
27 further proceedings, Respondent agrees that, at a hearing, Complainant could establish a factual
28 basis for the charges in the Accusation and that those charges constitute cause for discipline.

1 Respondent hereby gives up his right to contest that cause for discipline exists based on those
2 charges.

3 10. Respondent understands that by signing this stipulation he enables the Board to issue
4 an order accepting the surrender of his Physician's and Surgeon's Certificate without further
5 process.

6 **CONTINGENCY**

7 11. This stipulation shall be subject to approval by the Board. Respondent understands
8 and agrees that counsel for Complainant and the staff of the Board may communicate directly
9 with the Board regarding this stipulation and surrender, without notice to or participation by
10 Respondent or his counsel. By signing the stipulation, Respondent understands and agrees that he
11 may not withdraw his agreement or seek to rescind the stipulation prior to the time the Board
12 considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and Order,
13 the Stipulated Surrender and Disciplinary Order shall be of no force or effect, except for this
14 paragraph; it shall be inadmissible in any legal action between the parties; and the Board shall not
15 be disqualified from further action by having considered this matter.

16 12. The parties understand and agree that Portable Document Format (PDF) and facsimile
17 copies of this Stipulated Surrender of License and Order, including PDF and facsimile signatures
18 thereto, shall have the same force and effect as the originals.

19 13. In consideration of the foregoing admissions and stipulations, the parties agree that
20 the Board may, without further notice or formal proceeding, issue and enter the following Order:

21 **ORDER**

22 IT IS HEREBY ORDERED that Physician's and Surgeon's Certificate No. G 32316, issued
23 to Respondent Daniel Alexander Capen, M.D., is surrendered and accepted by the Board.

24 1. The surrender of Respondent's Physician's and Surgeon's Certificate and the
25 acceptance of the surrendered license by the Board shall constitute the imposition of discipline
26 against Respondent. This stipulation constitutes a record of the discipline and shall become a part
27 of Respondent's license history with the Board.

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2. Respondent shall lose all rights and privileges as a physician and surgeon in California as of the effective date of the Board's Decision and Order.

3. Respondent shall cause to be delivered to the Board his pocket license and, if one was issued, his wall certificate, on or before the effective date of the Decision and Order.

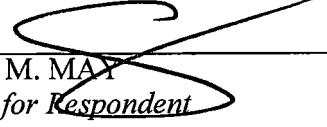
4. If Respondent ever files an application for licensure or a petition for reinstatement in the State of California, the Board shall treat it as a petition for reinstatement. Respondent must comply with all the laws, regulations, and procedures for reinstatement of a revoked or surrendered license in effect at the time the petition is filed, and all of the charges and allegations contained in the Accusation shall be deemed to be true, correct, and admitted by Respondent when the Board determines whether to grant or deny the petition.

ACCEPTANCE

I have carefully read the above Stipulated Surrender of License and Order and have fully discussed it with my attorney Aaron M. May. I understand the stipulation and the effect it will have on my Physician's and Surgeon's Certificate. I enter into this Stipulated Surrender of License and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the Medical Board of California.

DATED: 1/17/20 
DANIEL A. CAPEN, M.D.
Respondent

I have read and fully discussed with Respondent Daniel A. Capen, M.D. the terms and conditions and other matters contained in this Stipulated Surrender of License and Order. I approve its form and content.

DATED: 1/17/20 
AARON M. MAY
Attorney for Respondent

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ENDORSEMENT

The foregoing Stipulated Surrender of License and Order is hereby respectfully submitted for consideration by the Medical Board of California of the Department of Consumer Affairs.

DATED: January 23, 2020

Respectfully submitted,

XAVIER BECERRA
Attorney General of California
E. A. JONES III
Supervising Deputy Attorney General

Joshua M. Templet
JOSHUA M. TEMPLET
Deputy Attorney General
Attorneys for Complainant

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Exhibit A

Accusation No. 800-2018-045455

1 XAVIER BECERRA
Attorney General of California
2 JUDITH T. ALVARADO
Supervising Deputy Attorney General
3 CHRISTINA SEIN GOOT
Deputy Attorney General
4 State Bar No. 229094
California Department of Justice
5 300 So. Spring Street, Suite 1702
Los Angeles, CA 90013
6 Telephone: (213) 269-6481
Facsimile: (213) 897-9395
7 *Attorneys for Complainant*

FILED
STATE OF CALIFORNIA
MEDICAL BOARD OF CALIFORNIA
SACRAMENTO Nov 13 2019
BY [Signature] ANALYST

8
9 **BEFORE THE**
MEDICAL BOARD OF CALIFORNIA
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12
13 In the Matter of the Accusation Against:
14 **Daniel Alexander Capen, M.D.**
15 **15901 Hawthorne Blvd. #250**
Lawndale, CA 90260-2655
16 **Physician's and Surgeon's Certificate**
17 **No. G 32316,**
18 Respondent.

Case No. 800-2018-045455
A C C U S A T I O N

19
20 Complainant alleges:

21 **PARTIES**

22 1. Kimberly Kirchmeyer (Complainant) brings this Accusation solely in her official
23 capacity as the Executive Director of the Medical Board of California, Department of Consumer
24 Affairs (Board).

25 2. On or about July 12, 1976, the Medical Board issued Physician's and Surgeon's
26 Certificate Number G 32316 to Daniel Alexander Capen, M.D. (Respondent). The Physician's
27 and Surgeon's Certificate was in full force and effect at all times relevant to the charges brought
28 herein and will expire on October 31, 2019, unless renewed.

1 **JURISDICTION**

2 3. This Accusation is brought before the Board, under the authority of the following
3 laws. All section references are to the Business and Professions Code unless otherwise indicated.

4 4. Section 2227 of the Code provides that a licensee who is found guilty under the
5 Medical Practice Act may have his or her license revoked, suspended for a period not to exceed
6 one year, placed on probation and required to pay the costs of probation monitoring, or such other
7 action taken in relation to discipline as the Board deems proper.

8 5. Section 2234 of the Code, states in pertinent part:

9 "The board shall take action against any licensee who is charged with unprofessional
10 conduct. In addition to other provisions of this article, unprofessional conduct includes, but is not
11 limited to, the following:

12 "(a) Violating or attempting to violate, directly or indirectly, assisting in or abetting the
13 violation of, or conspiring to violate any provision of this chapter.

14 "....

15 "(e) The commission of any act involving dishonesty or corruption which is substantially
16 related to the qualifications, functions, or duties of a physician and surgeon.

17 "...."

18 6. Section 2236 of the Code states:

19 "(a) The conviction of any offense substantially related to the qualifications, functions, or
20 duties of a physician and surgeon constitutes unprofessional conduct within the meaning of this
21 chapter. The record of conviction shall be conclusive evidence only of the fact that the conviction
22 occurred.

23 "(b) The district attorney, city attorney, or other prosecuting agency shall notify the
24 Medical Board of the pendency of an action against a licensee charging a felony or misdemeanor
25 immediately upon obtaining information that the defendant is a licensee. The notice shall identify
26 the licensee and describe the crimes charged and the facts alleged. The prosecuting agency shall
27 also notify the clerk of the court in which the action is pending that the defendant is a licensee,
28 and the clerk shall record prominently in the file that the defendant holds a license as a physician

1 and surgeon.

2 “(c) The clerk of the court in which a licensee is convicted of a crime shall, within 48 hours
3 after the conviction, transmit a certified copy of the record of conviction to the board. The
4 division may inquire into the circumstances surrounding the commission of a crime in order to fix
5 the degree of discipline or to determine if the conviction is of an offense substantially related to
6 the qualifications, functions, or duties of a physician and surgeon.

7 “(d) A plea or verdict of guilty or a conviction after a plea of nolo contendere is deemed to
8 be a conviction within the meaning of this section and Section 2236.1. The record of conviction
9 shall be conclusive evidence of the fact that the conviction occurred.”

10 7. California Code of Regulations, title 16, section 1360, states:

11 “For the purposes of denial, suspension or revocation of a license, certificate or permit
12 pursuant to Division 1.5 (commencing with Section 475) of the code, a crime or act shall be
13 considered to be substantially related to the qualifications, functions or duties of a person holding
14 a license, certificate or permit under the Medical Practice Act if to a substantial degree it
15 evidences present or potential unfitness of a person holding a license, certificate or permit to
16 perform the functions authorized by the license, certificate or permit in a manner consistent with
17 the public health, safety or welfare. Such crimes or acts shall include but not be limited to the
18 following: Violating or attempting to violate, directly or indirectly, or assisting in or abetting the
19 violation of, or conspiring to violate any provision of the Medical Practice Act.”

20 8. 18 U.S.C. section 371 states:

21 “If two or more persons conspire either to commit any offense against the United States, or
22 to defraud the United States, or any agency thereof in any manner or for any purpose, and one or
23 more of such persons do any act to effect the object of the conspiracy, each shall be fined under
24 this title or imprisoned not more than five years, or both.

25 “If, however, the offense, the commission of which is the object of the conspiracy, is a
26 misdemeanor only, the punishment for such conspiracy shall not exceed the maximum
27 punishment provided for such misdemeanor.”

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1 9. 42 U.S.C. section 1320a-7b, subdivision (b)(1), states in pertinent part:

2 “....

3 “(b) Illegal remunerations

4 “(1) Whoever knowingly and willfully solicits or receives any remuneration (including any
5 kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind—

6 “(A) in return for referring an individual to a person for the furnishing or arranging
7 for the furnishing of any item or service for which payment may be made in whole or in part
8 under a Federal health care program, or

9 “(B) in return for purchasing, leasing, ordering, or arranging for or recommending
10 purchasing, leasing, or ordering any good, facility, service, or item for which payment may be
11 made in whole or in part under a Federal health care program,

12 “shall be guilty of a felony and upon conviction thereof, shall be fined not more than
13 \$25,000 or imprisoned for not more than five years, or both.”

14 **FIRST CAUSE FOR DISCIPLINE**

15 **(Conviction of a Crime Substantially Related to the Qualifications, Functions, or Duties of a**
16 **Physician and Surgeon)**

17 10. Respondent’s license is subject to disciplinary action under section 2236 of the Code,
18 in that he pled guilty to the following crimes: (1) violation of 18 U.S.C. section 371 [conspiracy
19 to commit offense or to defraud the United States]; and (2) violation of 42 U.S.C. section 1320a-
20 7b, subdivision (b)(1) [soliciting and receiving illegal remunerations for health care referrals],
21 substantially related to the qualifications, functions, or duties of a physician and surgeon. The
22 circumstances are as follows:

23 11. At all times relevant to the allegations herein, Respondent was practicing as an
24 orthopedic surgeon specializing in spinal surgeries.

25 12. Beginning in or around 1998 and continuing through at least March 2013,
26 Respondent, along with others, agreed to participate and did, in fact, participate in an illegal
27 arrangement to pay and receive kickbacks in exchange for referring and performing surgeries and
28 other patient-related services at Pacific Hospital of Long Beach (“Pacific Hospital”) and its

1 affiliated entities. As part of the agreement, Respondent agreed to receive proceeds of the
2 kickback scheme, and subsequently participated in financial transactions involving such proceeds.

3 13. To facilitate the payment of kickbacks, Pacific Hospital and its affiliated entities
4 entered into agreements with Respondent that were used to pay kickbacks in exchange for the
5 referral of spinal surgeries, other types of surgeries, magnetic resonance imaging ("MRI"),
6 toxicology urine drug tests, durable medical equipment, and other services to be performed at
7 Pacific Hospital and its affiliated entities.

8 14. In many cases, the agreements would be reduced to written contracts, including,
9 among others, collection agreements, option agreements, research and development agreements,
10 lease and rental agreements, consulting agreements, marketing agreements, management
11 agreements, and pharmacy agreements. The value or consideration discussed as part of these
12 arrangements would be paid, entirely or in part, depending on the arrangement, to cause
13 Respondent to refer surgeries and other patient-related services to Pacific Hospital and its
14 affiliated entities. The written contracts would generally allow for remuneration to Respondent
15 far in excess of any reasonable fair market value assessment of legitimate services or things of
16 value purportedly contracted for -- to the extent calculated without regard to the value of the
17 surgeries or other patient-related services.

18 15. Respondent received remuneration in exchange for referring and performing surgeries
19 and other patient-related services at Pacific Hospital and its affiliated entities. These illegal
20 kickbacks and bribes were provided to Respondent under the guise of various arrangements.

21 16. The surgeries Respondent referred to Pacific Hospital included surgeries reimbursed
22 under various federal health programs.

23 17. Respondent and his co-conspirators knew that the payment of bribes and kickbacks
24 for the referral of patients for medical services was illegal. Respondent also understood the
25 above-described kickback and bribe payments were conditioned on his continued volume of
26 referrals to Pacific Hospital and its affiliated entities. Moreover, the payment of kickbacks for the
27 referral of surgeries and other patient-related services performed at Pacific Hospital was material
28 to health care benefit programs and patients.

1 18. Between 1998 and April 2013, Respondent referred or performed surgeries and other
2 patient-related services comprising approximately \$142 million of the total amount Pacific
3 Hospital billed to health care benefit programs, and for which Pacific Hospital was paid
4 approximately \$56 million. The value of the benefit conferred to Pacific Hospital from the
5 arrangements with Respondent, which were designed to steer surgeries and other patient-related
6 services to Pacific Hospital and its affiliated entities, was between \$9.5 million and \$25 million.

7 19. On or about June 28, 2018, in the case entitled *United States of America v. Daniel*
8 *Capen*, United States District Court, Central District of California, Case No. 8:18-cr-00124-JLS,
9 Respondent was charged with felonies in Count One for violation of 18 U.S.C. section 371
10 [conspiracy to commit offense or to defraud the United States], and Count Two for violation of 42
11 U.S.C. section 1320a-7b, subdivision (b)(1) [soliciting and receiving illegal remunerations for
12 health care referrals].

13 20. On or about June 28, 2018, in the case entitled *United States of America v. Daniel*
14 *Capen*, United States District Court, Central District of California, Case No. 8:18-cr-00124-JLS, a
15 Plea Agreement was filed wherein Respondent pled guilty to Counts One and Two. Respondent
16 admitted he was, in fact, guilty of Counts One and Two, including the facts set forth in
17 Paragraphs 11 through 18, above.

18 **SECOND CAUSE FOR DISCIPLINE**

19 **(Dishonesty or Corruption)**

20 21. Respondent's license is subject to disciplinary action under section 2234, subdivision
21 (e), of the Code, in that he participated in a conspiracy to defraud the United States, and solicited
22 and received illegal remunerations for health care referrals, as more particularly alleged in
23 Paragraphs 11 through 20, above, which are hereby incorporated by reference and realleged as if
24 fully set forth herein.

25 **THIRD CAUSE FOR DISCIPLINE**

26 **(Violation of the State Medical Practice Act)**

27 22. Respondent's license is subject to disciplinary action under section 2234, subdivision
28 (a), of the Code, and California Code of Regulations, title 16, section 1360, in that he violated a

1 provision or provisions of the Medical Practice Act, as more particularly alleged in Paragraphs 11
2 through 20, above, which are hereby incorporated by reference and realleged as if fully set forth
3 herein.

4 **FOURTH CAUSE FOR DISCIPLINE**

5 **(General Unprofessional Conduct)**


6 23. Respondent's license is subject to disciplinary action under section 2234 of the Code,
7 in that he has engaged in conduct which breaches the rules or ethical code of the medical
8 profession, or conduct which is unbecoming a member in good standing of the medical
9 profession, and which demonstrates an unfitness to practice medicine, as more particularly
10 alleged in Paragraphs 11 through 20, above, which are hereby incorporated by reference and
11 realleged as if fully set forth herein.

12 **PRAYER**

13 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
14 and that following the hearing, the Medical Board of California issue a decision:

- 15 1. Revoking or suspending Physician's and Surgeon's Certificate Number G 32316,
16 issued to Daniel Alexander Capen, M.D.;
- 17 2. Revoking, suspending or denying approval of Daniel Alexander Capen, M.D.'s
18 authority to supervise physician assistants and advanced practice nurses;
- 19 3. Ordering Daniel Alexander Capen, M.D., if placed on probation, to pay the Board the
20 costs of probation monitoring; and
- 21 4. Taking such other and further action as deemed necessary and proper.

22
23 DATED: MARCH 13, 2019

24 
25 KIMBERLY KIRCHMEYER
26 Executive Director
27 Medical Board of California
28 Department of Consumer Affairs
State of California
Complainant

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DECLARATION OF SERVICE BY CERTIFIED AND FIRST CLASS MAIL

In the Matter of the Accusation Against:

DANIEL ALEXANDER CAPEN, M.D.

File No. 800-2018-045455

I, the undersigned, declare that I am over 18 years of age and not a party to the within cause; my business address is 2005 Evergreen St., Sacramento, California 95815. I served a true copy of the attached:

STATEMENT TO RESPONDENT; ACCUSATION; REQUEST FOR DISCOVERY; GOVERNMENT CODE SECTIONS 11507.5, 11507.6, 11507.7 and 11455.10; NOTICE OF DEFENSE FORM (2 COPIES); A MANUAL OF MODEL DISCIPLINARY ORDERS AND MODEL DISCIPLINARY GUIDELINES; UNIFORM STANDARDS FOR SUBSTANCE-ABUSING LICENSEES

by U.S. Certified mail on each of the following, by placing same in an envelope (or envelopes) addressed (respectively) as follows:

NAME AND ADDRESS

CERTIFICATION #

Daniel Alexander Capen, M.D.
15901 Hawthorne Blvd., #250
Lawndale, CA 90260

7018 1830 0001 5934 5302

Christina Sein Goot
Deputy Attorney General
Office of the Attorney General
300 S. Spring Street, Ste. 1702
Los Angeles, CA 90013

U.S. MAIL SERVICE

Each said envelope was then, on March 13, 2019, sealed and deposited in the United States mail at Sacramento, California, the county in which I am employed, either as certified mail or first class U.S. mail with the postage thereon fully prepaid and return receipt requested for the certified mail.

Executed on March 13, 2019, at Sacramento, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.


Michelle Solario, Declarant