

BOARD OF DIRECTORS OF DRUGLESS THERAPY - NATUROPATHY

PANEL: Patricia Rennie Panel Chair
Belinda Clarke
Mary-Elizabeth Welch
Sheila Jaggard

BETWEEN:

BOARD OF DIRECTORS OF DRUGLESS)	<u>Bonni Ellis</u> for the Board of Directors of
THERAPY - NATUROPATHY)	Drugless Therapy - Naturopathy
)	
- and -)	
)	
ELENA KRASNOV (#693))	
)	
)	
)	<u>Lonny Rosen</u> for Elena Krasnov
)	
)	
)	

Luisa Ritacca

Independent Legal Counsel

Heard: February 5, 2014

DECISION AND REASONS

This matter came on for hearing before a panel of the Board of Drugless Therapy - Naturopathy (the “Board”) on February 5, 2014 at the Board office at Toronto.

The Allegations

The allegations against Elena Krasnov (the “Registrant”) as stated in the Amended Notice of Hearing dated February 5, 2014 are as follows:

1. You have committed an act or acts of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(i) of the definition of Professional Misconduct/Incompetence established by the Board of Drugless Therapy-Naturopathy in that you issued an account or similar document that is false, misleading, incomplete or otherwise improper and in particular:

a) withdrawn;

b) withdrawn;

c) You issued, authorized or allowed to be issued to V.S., invoices for naturopathic consultations dated 04/04/2009, 04/05/2009 and/or 29/05/2009, in the amounts of \$110 + GST, despite the fact that you never provided such consultations;

d) You issued, authorized or allowed to be issued to J.T., invoices for naturopathic consultations dated 09/02/2009, 07/03/2009, 02/04/2009, 28/04/2009 and/or 23/05/2009, in the amounts of \$125 + GST, \$110 + GST, \$110 + GST, \$110 + GST and \$110 + GST, respectively, despite the fact that you never provided such consultations;

e) You issued, authorized or allowed to be issued to J.D., invoices for naturopathic consultations dated 17/02/2009, 10/02/2009, 07/04/2009, 06/05/2009 and/or 01/06/2009, in the amounts of \$125 + GST, \$110 + GST, \$110 + GST, \$110 + GST, and \$110 + GST, respectively, despite the fact that you never provided such consultations;

f) You issued, authorized or allowed to be issued to A.L., invoices for naturopathic consultations dated 21/02/2009, 19/03/2009, 14/04/2009, 08/05/2009 and/or 05/06/2009, in the amounts of \$245 + GST, \$110 + GST, \$110 + GST, \$110 + GST and \$110 + GST, respectively, despite the fact that you never provided such consultations;

g) You issued, authorized or allowed to be issued to E.V., invoices for naturopathic consultations dated 06/09/2008, 01/10/2008, 25/10/2008, 18/11/2008, 11/12/2008, 01/04/2009, 29/04/2009 and/or 21/05/2009, in the amounts of \$245 + GST, \$110 + GST, \$110 + GST, \$110 + GST, \$110 + GST, \$110 + GST, and \$110 + GST, respectively, despite the fact that you never provided such consultations;

h) You completed and signed a service questionnaire for the Great West Life Assurance Company confirming that you provided treatment to V.S. on April 4, 2009, May 4, 2009 and May 29, 2009, despite the fact that you never provided treatment to V.S.,

i) You completed and signed a service questionnaire for the Great West Life Assurance Company confirming that you provided treatment to J.T. on February 9, 2009, March 7, 2009, April 2, 2009, April 28, 2009 and May 23, 2009, despite the fact that you never provided treatment to J.T.;

j) You completed and signed a service questionnaire for the Great West Life Assurance Company confirming that you provided treatment to J.D. on February 17, 2009, March 10, 2009 April 7, 2009, May 6, 2009 and June 1, 2009, despite the fact that you never provided treatment to J.D.;

k) You completed and signed a service questionnaire for the Great West Life Assurance Company confirming that you provided treatment to A.L. on February 21, 2009, March 19, 2009, April 14, 2009, May 8, 2009 and June 5, 2009, despite the fact that you never provided treatment to A.L.;

l) You completed and signed a service questionnaire for the Great West Life Assurance Company confirming that you provided treatment to E.V. on September 6, 2008, October 1, 2008, October 25, 2008, November 18, 2008 and December 12, 2008, despite the fact that you never provided treatment to E.V.; and or

m) withdrawn;

2. Withdrawn;

3. Withdrawn;

4. You have committed an act or acts of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(a) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy in that, you failed to maintain adequate records in accordance with Board policy and, in particular:

a) withdrawn;

b) You failed to maintain adequate records in relation to patients who you saw and/or patients whose treatment you supervised at Zen Spa.

5. You have committed an act or acts of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(w) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy in that, you contravened standards of practice or guidelines or practice set by the Boards of Directors of Drugless Therapy-Naturopathy, and in particular, you contravened paragraph 2.6 of the Board's *Standards of Practice* when you:

a) withdrawn;

- b) withdrawn;
- c) You issued, authorized or allowed invoices to be issued to V.S. which suggest that you provided "naturopathic consultations" to V.S.;
- d) You issued, authorized or allowed invoices to be issued to J.T. which suggest that you provided "naturopathic consultations" to J.T.;
- e) You issued, authorized or allowed invoices to be issued to J.D. which suggest that you provided "naturopathic consultations" to J.D.;
- f) You issued, authorized or allowed invoices to be issued to A.L. which suggest that you provided "naturopathic consultations" to A.L.;
- g) You issued, authorized or allowed invoices to be issued to E.V. which suggest that you provided "naturopathic consultations" to E.V.;
- h) You gave false or misleading information to the Great West Life Assurance Company when you completed and signed a service questionnaire confirming that you provided treatment to V.S. on April 4, 2009, May 4, 2009 and May 29, 2009;
- i) You gave false or misleading information to the Great West Life Assurance Company when you completed and signed a service questionnaire confirming that you provided treatment to J.T. on February 9, 2009, March 7, 2009, April 2, 2009 April 28, 2009 and May 23, 2009;
- j) You gave false or misleading information to the Great West Life Assurance Company when you completed and signed a service questionnaire confirming that you provided treatment to J.D. on February 17, 2009, March 10, 2009, April 7, 2009, May 6, 2009 and June 1, 2009;
- k) You gave false or misleading information to the Great West Life Assurance Company when you completed and signed a service questionnaire confirming that you provided treatment to A.L. on February 21, 2009, March 29, 2009, April 14, 2009, May 8, 2009 and June 5, 2009;
- l) You gave false or misleading information to the Great West Life Assurance Company when you completed and signed a service questionnaire confirming that you provided treatment to E.V. on September 6, 2008, October 1, 2008, October 25, 2008, November 18, 2008 and December 12, 2008;
- m) You gave false or misleading information to the Great West Life Assurance Company when you provided treatment note in relation to E.V. for visits/treatments on September 6, October 1, October 25, November 18 and/or December 11, 2008;

6. Withdrawn;

7. You have committed an act of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(r) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy in that, you committed conduct or an act relevant to the practice of naturopathic medicine that, having regard to all circumstances, would reasonably be regarded by naturopathic doctors as unprofessional or incompetent and, in particular:

- a) You issued, authorized or allowed invoices to be issued for naturopathic consultations that never occurred;
- b) You completed and signed service questionnaires for the Great West Life Assurance Company confirming that you provided treatments that you had not, in fact, provided;
- c) withdrawn;
- d) withdrawn;
- e) withdrawn;
- f) You failed to maintain adequate records in relation to patients who you saw and/or patients whose treatment you supervised at Zen Spa between 2008 and 2009; and/or
- g) withdrawn.

Registrant's Plea

The Registrant admitted the allegations set out in paragraphs 1c, 1d, 1, 1f, 1g, 1h, 1i, 1j, 1k, 1l, 4b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 5m, 7a, 7b and 7f in the Notice of Hearing. The panel also conducted an oral plea inquiry and was satisfied that the Registrant's admission was voluntary, informed and unequivocal.

Agreed Statement of Facts

Counsel for the Board and the Registrant advised the panel that agreement had been reached on the facts and introduced an Agreed Statement of Facts, which reads as follows.

BACKGROUND

The Member

1. Elena Krasnov, ND ("the Registrant") has been registered with the Board of Directors of Drugless Therapy - Naturopathy ("the Board") as an ND since 1990.
2. The Registrant practices naturopathic medicine out of the Toronto Naturopathic Clinic in Toronto, which she owns and operates with her business partner, Simon Lo, ND ("Mr. Lo").
3. From the spring of 2008 until approximately September 2009, the Registrant has had business dealings with Belinda Wang ("Ms. Wang"), the owner and operator of Zen Spa.
4. The Registrant was introduced to Ms. Wang by Mr. Lo, who had business dealings with Ms. Wang between 2006 and 2009.

Zen Spa

5. At the time of the incidents described below, Zen Spa operated out of two locations: one on Warden Avenue in Markham ("Markham") and one in the Doubletree Hotel on Dixon Road in Toronto ("Doubletree").
6. The Markham location opened first, in approximately 2003, while the Doubletree location did not open until sometime in 2008.
7. Both spas operated as corporations, with Ms. Wang as the Director and both spa locations offered beauty services including manicures, pedicures, facials, hair removal and massages.
8. Neither Zen Spa's website nor their English language marketing materials indicated that they offered naturopathic services. In advertisements in Chinese newspapers, the spa offered mesotherapy performed by Mr. Lo.

The Complaints/Initiating Information

(i) D.B.L. Complaint

9. On January 27, 2010, the Board received a complaint from D.B.L. ("Mr. B.L.") regarding the Registrant and Mr. Lo.
10. According to Mr. B.L., both the Registrant and Mr. Lo were involved with Ms. Wang in a fraudulent insurance scheme being run out of Zen Spa.
11. Specifically, Mr. B.L. alleged that the Registrant and Mr. Lo had been "fraudulently issuing false invoices to insurance companies".
12. Mr. B.L. stated that he became aware of the scheme due to his involvement with Zen Spa and, in particular, his professional and romantic involvement with Ms. Wang. According to Mr. B.L., it was his discovery of the fraud that led to his termination of both his personal and professional relationships with Ms. Wang.

(ii) GWL Complaint

13. On February 2, 2010, shortly after receiving Mr. B.L.'s complaint, the Board received a second complaint regarding the Registrant from Garry Schmidt ("Mr. Schmidt"), Associate Manager, Special Investigations for the Great-West Life Assurance Company (GWL).

14. In his letter of complaint, Mr. Schmidt also alleged that the Registrant was involved in an insurance fraud scheme operating out of Zen Spa.

15. According to Mr. Schmidt, GWL had initially received information about the Zen Spa fraud scheme from Mr. B.L., but subsequently conducted its own investigation into the matter. Although the information GWL had received from Mr. B.L. had been instrumental to their investigation, most of the evidence informing Mr. Schmidt's complaint to the Board was gathered during GWL's independent investigation into the matter (discussed below).

(iii) *Manulife Letter*

16. On July 8, 2010, the Board received a letter from David Porter, Senior Investigator with Manulife Financial ("Mr. Porter").

17. In his letter, Mr. Porter outlined the information that had been reported to him by Mr. B.L. regarding the activities of Zen Spa, including the issuance of invoices to clients for services never received. These invoices, according to Mr. Porter, were being submitted for reimbursement under the extended health plans of Manulife and other health insurers. Mr. Porter's explanation of the fraud was as follows:

The scheme commenced once the spa clients purchased "beauty packages" ranging in price from between five hundred and two thousand dollars. Over time clients would receive beauty treatments which could include mesotherapy, body treatments/wraps, colon hydrotherapy, hair removal, massage therapy, skincare and facials; as well as, hand and foot care. The clients were then provided with invoices issued by registered health practitioners who were also in league with Ms. Wang. In this instance, it is Drs. Lo and Krasnov.

The issuance of the false invoices assisted the clients in reimbursement of their original outlay, through false claims they submitted to their various extended health plans. In actual fact, none of the services provided by Zen Spa were eligible for reimbursement; however, the provision of the false invoices for naturopathic treatments changed that. For their parts, Drs. Lo and Kim would receive a percentage payment of the total beauty package invoices written. In the case of naturopathic services, that percentage was usually twenty-five percent.

As an example, if a client purchased a \$500.00 beauty package, either Dr. Lo or Dr. Krasnov, upon an email request from Ms. Wang or one of her spa managers (Mellen or Gloria), would then issue false naturopathic services invoices in the range of \$600 in the client's name. The increased amount (invoices for \$600 rather than \$500) was provided to cover the health plan member's co-insurance requirement (usually 20%) and to assist them with maximizing their health plan reimbursement. The naturopathic doctors, for their time and effort in completing

the false invoices, would receive a payment ranging between 25% and 30% of the original package cost (\$500) from Wang. In this instance if a 25% payment was agreed to, he would receive \$125.00. From the spa's perspective, the illicit payment then reduced the clients' package of services received from the spa by the very same amount. After the spa paid the practitioner, the client's services account was then reduced to \$375.00. The client incentives in this scheme were reimbursement of the expenses from their healthcare insurer once submitting the false invoices and their receiving of spa beauty packages at no real cost to themselves other than covering illicit payments to the practitioners.

18. Mr. Porter indicated that Manulife was conducting a review of its own plan members' involvement in the scheme, but clarified that his letter was not intended as a formal complaint and should, instead, be treated as additional information to assist the Board with its own investigation.

THE GWL INVESTIGATION

(i) *EV*

19. When Mr. B.L. wrote to the Board and GWL to advise of the Zen Spa fraud, he enclosed various documents to support his allegations, including various invoices for naturopathic services issued to Zen Spa clients under the Registrant's name as well as materials related to the insurance claims of some of these clients, including E.V.

20. Specifically, Mr. B.L. provided both the Board and GWL with an email from E.V. to Ms. Wang regarding difficulties the former was having getting reimbursed by GWL for invoices provided to her by Zen Spa.

21. In her email, E.V. indicated that she had only received reimbursement of \$317.82 from GWL in relation to the \$1,319.25 in invoices Ms. Wang had provided her for the purchase of a \$1,000 spa package. E.V. also made it clear that she expected to receive further reimbursement of \$682.18, in order to make her total refund equal to the \$1,000 she had paid Ms. Wang.

22. In fact, E.V. specifically asked Ms. Wang to refund her the difference (\$682.18) between what she paid to Ms. Wang (\$1,000) and the amount she had been reimbursed by GWL (\$317.82)

23. Mr. B.L. also provided a copy of the GWL Explanation of Benefits form that had originally been sent to E.V. by GWL to explain her \$317.82 reimbursement and subsequently forwarded by E.V. to Ms. Wang to illustrate her concern.

24. The Explanation of Benefits Form shows that invoices had been submitted by E.V. to GWL for five (5) naturopathic consultations on September 6, October 1, October 25, November 18 and December 11, 2008.

25. After receiving this information from Mr. B.L., Mr. Schmidt reviewed E.V.'s claim history, including the invoices for naturopathic consultations she had most recently submitted to GWL. Copies of these invoices are attached as Appendix "A".

26. Mr. Schmidt then sent correspondence to the Registrant dated April 28, 2009 asking that she confirm the dates on which she had provided treatment to E.V. between January and November 2008. Mr. Schmidt also asked the Registrant to provide copies of her treatment notes.

27. The Registrant was asked to provide her answers on a GWL "Service Questionnaire", which required that she confirm:

- the main reason for the patient's visit;
- the dates and times of treatment;
- details of the treatment plan she assigned upon assessment of the patient;
- whether she anticipated the patient returning for treatment;
- whether the patient had been referred;
- the forms of payment accepted at her facility; and
- the form of payment used by the patient to pay for the treatments.

28. The Service Questionnaire also contained an area for the Registrant to date and sign the form after the following statement: "I declare that this information is true and correct to the best of my knowledge".

29. The Registrant signed and dated the Service Questionnaire May 7, 2009, and returned it to Mr. Schmidt together with five pages of dated treatment notes attributed to " E.V.". The completed Service Questionnaire and accompanying documentation are attached as Appendix "B".

30. Subsequently, on June 18, 2009, GWL received further claims from E.V. for naturopathic services purportedly rendered by the Registrant on April 1, 29 and May 21, 2009.

31. On July 10, 2009, Mr. Schmidt sent further correspondence to the Registrant asking her simply to confirm if she had provided naturopathic treatment to E.V. on these dates.

32. When Mr. Schmidt did not receive a reply to this letter, he sent follow-up correspondence to the same effect on September 10, 2009. This correspondence, together with E.V.'s claim documentation for the April to May 2009 invoices is attached as Appendix "C".

33. The Registrant did not respond to this second letter in advance of Mr. Schmidt's attendance at the Registrant's office on October 1, 2009.

(ii) *The Undercover Investigators*

34. After receiving Mr. B.L.'s information, GWL launched an investigation, through Mr. Schmidt, into his allegations regarding Zen Spa. As part of the investigation, Mr. Schmidt reviewed the documentation relative to E.V.'s claims, as outlined above. Mr. Schmidt also reviewed the Zen Spa website and noted that the only service listed on the website that would be

eligible for insurance coverage was registered massage therapy (RMT). There was no reference to chiropractic or naturopathic services.

35. GWL also engaged the services of a private investigation firm. Specifically, GWL paid five investigators to attend Doubletree posing as spa clients. The investigators were asked to confirm whether beauty packages were being sold in exchange for invoices for paramedical services that the clients never received. The undercover investigators were also asked to confirm the logistics of the scheme.

36. The five undercover investigators attended Doubletree on various dates between May 19 and July 9, 2009. While attending the spa, each investigator was equipped with a hidden audio/video recording device.

37. Each of the undercover investigators was able to purchase a spa package from Ms. Wang or one of her staff.

38. The investigators were also asked to fill in and sign medical history questionnaires. The investigators were advised that these forms were necessary to create the invoices that would offset the cost of their spa package.

39. For example, after discussing the details of one investigator's insurance coverage, which was stated to be at 100%, Ms. Wang advised the investigator to purchase a \$1,000 spa package to be claimed against \$500 in chiropractic benefits and \$500 in naturopathic benefits. The investigator would be provided with \$1,000 worth of chiropractic and naturopathic invoices, which would result in full recuperation of her \$1,000 spa package. The spa package would provide the investigator with a credit of \$725 after the naturopath was paid a 30% (or \$150) "consulting fee" for issuing the invoices and the chiropractor was paid a 25% or \$125 "consulting fee" for the same service. This would allow the investigator to receive \$725 worth of uninsurable spa services such as non-therapeutic massages, facials, manicures and pedicures at no cost.

40. After purchasing their respective beauty packages, the investigators would be advised to return several days later to pick up their invoices. The delay, it was explained, was necessary to allow the regulated health professionals to create the invoices.

41. The investigators attended Doubletree on various occasions to redeem the credits they had received for the spa packages. The investigators used their spa package credits to purchase beauty products and for uninsurable services such as facials, manicures and massages performed by individuals who were not registered members of any health regulatory college.

42. None of the investigators ever received any insurable health services, including naturopathic consultations, from Zen Spa.

43. None of the investigators ever met the Registrant or Mr. Lo.

44. In total, the five undercover investigators paid \$4,600 for spa packages and received \$5,626 in invoices for RMT, Chiropractic and Naturopathic services that were never performed. Of this amount, \$2,268 in invoices were issued under the Registrant's name to four out of the five investigators. One of the investigators did not receive any invoices for naturopathic services.

45. Like the invoices issued to E.V., all of the invoices provided to the investigators were issued under the banner of the Toronto Naturopathic Clinic and listed the Registrant as the service provider.

46. In each case, the service was described on the invoice as a "consultation" with "Dr. Krasnov". The invoices also included the Registrant's registration number with the Board.

47. In many cases, the date of the invoice pre-dates the investigator's contact with Doubletree. In most cases, the dates on the receipts do not correspond to dates that the investigator attended Zen Spa.

48. The details of these invoices are as follows:

Investigator	Date of Invoice	Amount	Description
V.S.	04/04/2009	\$125+GST	Initial consultation with Naturopath -Dr. Krasnov
	04/05/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	29/05/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
J.T.	09/02/2009	\$125+GST	Initial consultation with Naturopath - Dr. Krasnov
	07/03/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	02/04/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	28/04/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	23/05/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
J.D.	17/02/2009	\$125+GST	Initial consultation with Naturopath - Dr. Krasnov
	10/03/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	07/04/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	06/05/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	01/06/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
A.L.	21/02/2009	\$245+GST	Initial consultation with Naturopath -Dr.Krasnov
	19/03/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov

	14/04/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	08/05/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov
	05/06/2009	\$110+GST	Subsequent consultation with Naturopath-Dr.Krasnov

Copies of the Invoices for each of the four investigators are attached as Appendix "D".

(iii) *The Service Questionnaires and interviews*

49. After receiving detailed reports from each of the investigators, including their surreptitiously recorded audio/video footage and the invoices, Mr. Schmidt sent four separate letters to the Registrant in July 2009, asking her to confirm that she had provided naturopathic services to the four investigators on the dates set out in their invoices.

50. The Registrant's answers were provided on a GWL "Service Questionnaire", which required that she confirm:

- the main reason for the patient's visit;
- that she had provided naturopathic treatment on the dates in question;
- details of the treatment plan she assigned upon assessment of the patient;
- whether she anticipated the patient returning for treatment; and
- the form of payment used to pay for the treatments.

51. The Service Questionnaire also contained an area for the Registrant to date and sign the form after the following statement: "I declare that this information is true and correct to the best of my knowledge".

52. For each of the four Service Questionnaires, the Registrant completed, signed and returned the form to GWL in July 2009, confirming that she had treated the investigators on the dates in question and providing details of their ailments and treatments. Copies of the Services Questionnaires and accompanying correspondence are attached as Appendix "E".

53. The following chart summarizes the information provided by the Registrant to GWL with respect to her treatment of the four investigators:

Investigator	Reason for visit	Treatment Plan
V.S.	Fatigue	<ul style="list-style-type: none"> • adrenal support • detox diet • vitamin supplements

J.T.	Headaches	<ul style="list-style-type: none"> • exclusion diet • homeopathic detox • homeopathic migraine treatment
J.D.	Digestive problems	<ul style="list-style-type: none"> • exclusion diet • liver/GB/intestinal cleanse • supplements to promote mucosal healing
AL.	Digestive Problems	<ul style="list-style-type: none"> • diet modification • digestive enzyme
		<ul style="list-style-type: none"> • liver/GI cleansing • homotoxicology detox

54. It was after receiving these responses that Mr. Schmidt sent his follow-up letter to the Registrant on September 10, 2009, repeating his request for details of treatment provided to E.V. in 2009, as set out above.

55. The Registrant did not respond to Mr. Schmidt's second letter, but on September 14, 2009, Mr. Schmidt again wrote to the Registrant stating that he was still reviewing the claims of the five patients who had been the subject of his recent Service Questionnaires (the four undercover investigators and E.V.) and asking to meet the Registrant in her office on October 1, 2009 "to review these claim submissions".

56. The day before that meeting, on September 30, 2009, Mr. Schmidt met with and interviewed E.V..

57. Through this interview and subsequent efforts, E.V. confirmed that she has never received naturopathic treatment from the Registrant and, in fact, has never met her.

58. E.V. also confirmed that she received the invoices for naturopathic treatment under the Registrant's name directly from Zen Spa.

59. As part of his investigation, Mr. Schmidt also met with Ms. Wang on two occasions; September 1 and October 1, 2009. Between these meetings, Mr. Schmidt wrote to Ms. Wang on September 9, 2009 to request copies of the client files for each of the undercover investigators.

60. During the second meeting, which was also attended by Ms. Wang's lawyer, Ms. Wang provided Mr. Schmidt with copies of the Zen Spa client files for the four undercover investigators. Copies of Mr. Schmidt's September 9, 2009 letter to Ms. Wang and the patient files Ms. Wang provided in response to that letter are attached as Appendix "F".

61. During his meeting with the Registrant the following day, Mr. Schmidt advised the Registrant of the undercover investigation as well as his interview with E.V.

(iv) *The Conclusion of GWL's Investigation*

62. After completing his investigation, Mr. Schmidt filed GWL's complaint against the Registrant with the Board, which included a report setting out the results of his investigation, as well as copies of the audio/video footage obtained by each of the undercover investigators and copies of their detailed notes. The Registrant did not appear in any of the undercover investigators' audio or video footage.

63. Mr. Schmidt also lodged complaints against various other regulated health professionals for their involvement in the Zen Spa fraud scheme, including complaints against several RMT's and physiotherapists as well as a complaint with the College of Chiropractors of Ontario against Dr. Kim.

64. Senior management at GWL will review the outcome of the Board's hearing and determine whether to take any further action.

REGISTRANT'S INTERVIEWS/CORRESPONDENCE WITH THE BOARD

65. As part of the Complaint's Resolution Committee's (CRC) investigation into this matter, the Registrant was provided with opportunities to provide the CRC with a written response to the complaints and to meet with the Board's investigator. Through her interviews and written responses, the Registrant stated the following:

- She had an informal arrangement with Ms. Wang to supervise naturopathic treatments, specifically lymphatic drainage and hydrotherapy treatments at both spa locations, for \$30 an hour or approximately \$800 per month in cash.
- She did not check employees' credentials but felt they were qualified to provide the treatments based on watching them provide them.
- She was unable to recall the names of any of the staff or any of the patients whose treatments she supervised.
- The treatments were simple, non-invasive and did not require any training or special expertise.
- She did not provide or document any treatments herself, but took notes on any advice or recommendations she gave to patients.
- She believed that staff kept a log of the treatments each patient received but she did not review their notes or files. All notes and records were kept at Zen Spa.
- She understood that only those patients for whom she supervised treatments received invoices from the spa. She never saw any of the invoices produced using her name and credentials, but she believed that all invoices were issued under the name of Zen Spa.
- There was no negligence on her part in having Zen Spa produce the invoices.

- She did not monitor how the spa used her name and billing number.
- When she received the audit letters from GWL in relation to the four undercover investigators, she contacted the spa by phone to obtain the information she used to complete the Service Questionnaires.
- There was no irresponsibility on her part for relying on Zen Spa to provide her with treatment details.
- With respect to E.V., she stated that the spa sent her photocopies of the treatment notes she submitted to GWL in relation to E.V. She stated that she took these notes during consultations she had with a woman who identified herself as E.V.
- When asked to explain E.V.'s evidence that she had never received treatment from her, the Registrant suggested that either the woman gave her a false name or two people with the same name attended the spa.

THE REGISTRANT'S ANTICIPATED EVIDENCE

66. If the Registrant were to testify, she would say that:

- although she was aware that Zen Spa was issuing invoices using her name and Board registration number, she never asked how the naturopathic services she supervised were being billed to clients, as she assumed Mr. Lo would have already provided appropriate instructions to Zen Spa in this regard;
- she could not recall the names of assistants doing procedures but she knew who they were at the time the procedures were performed;
- immediately after she received notice of the GWL investigation, and prior to becoming aware of the Board's investigation, she discontinued her relationship with Zen Spa; at that time, she asked Ms. Wang how the spa had been billing for naturopathic services but Ms. Wang was not forthcoming with information; and
- she never provided any invoices to clients at Zen Spa or received payment from any client of Zen Spa for any services.

THE COLLEGE OF CHIROPRACTORS PROCEEDINGS

67. On June 20, 2012, Dr. Hyo Kim, a member of the College of Chiropractors of Ontario (CCO) was found to have committed professional misconduct by CCO's Discipline Committee for his involvement in the Zen Spa fraud scheme.

68. Specifically, Dr. Kim admitted by way of Agreed Statement of Facts (ASF), that, in 2008, he had entered into an arrangement with Ms. Wang whereby he was paid a fee to provide Zen Spa clients with fabricated invoices for chiropractic treatments never provided.

69. According to the ASF:

Zen Spa would send to the Member Zen Spa client names and certain information required for insurance claims, including date of birth, address, telephone number, the amount of available insurance coverage for chiropractic care or orthotics at C.A.R.E. Chiropractic Centre [Dr. Kim's place of practise]. The Zen Spa clients could then provide the false receipts to their insurers to recover funds they spent for aesthetic services, including manicures, pedicures and facials, at Zen Spa.

70. Dr. Kim admitted to fabricating invoices in relation to 87 Zen Spa clients between December 2008 and March 2009. He further admitted to having fabricated \$1,710 in receipts in relation to GWL's five undercover investigators. In both cases, Dr. Kim admitted that he had not provided any of the chiropractic or orthotics services listed on the invoices and that he had been paid a fee, by Zen Spa, for the fabricated receipts.

THE CRIMINAL PROCEEDINGS

71. Ms. Wang was criminally charged with numerous counts in relation to the Zen Spa fraud scheme.

72. On March 6, 2013, while her trial was underway, Ms. Wang plead guilty and was convicted of one count of defrauding GWL by deceit, falsehood or other fraudulent means, of an amount less than \$5,000, in relation to reimbursements paid by GWL to E.V. and another Zen Spa client on the basis of fraudulent invoices.

73. With respect to E.V., the facts supporting the conviction indicated that she had received receipts for RMT treatments as well as for chiropractic services from Dr. Kim and naturopathic consultations with the Registrant.

74. The facts agreed to by the parties also referred to the healthcare professionals receiving a "kick back" for authoring the fraudulent receipts.

75. Ms. Wang was sentenced to a conditional discharge, including 18 months of probation with terms that she keep the peace and be of good behaviour and make restitution to GWL for \$4,770, the amount paid by GWL, to E.V. and the other Zen Spa client on the basis of the fraudulent invoices. The other condition imposed by the court was a prohibition against operating any business involved in the delivery of insured services by regulated health professionals or giving receipts for any insured services.

THE EXPERT RETAINED BY THE PROSECUTION

76. An expert in naturopathic medicine was retained by the prosecution to provide her opinion in relation to several hypothetical questions. The expert came to the following conclusions:

- In order for an ND to issue, or allow to be issued, a receipt under his or her name, the ND should, at a minimum, have performed an initial consultation with the patient and developed a treatment plan. The ND has to "own" the treatment plan that stems from the initial consultation and any subsequent changes.
- Where an ND has allowed a third party to issue invoices under his or her name, the ND is ultimately responsible for those invoices.
- Where an ND is requested by an insurance company to confirm treatment details, the ND should personally verify the information in the patient file to respond to the request.
- Documented consent is required for an ND to "supervise" or allow another individual to perform a treatment the ND has billed under his or her name.

ADMISSIONS

77. The Registrant admits that it was inappropriate to allow her name and credentials to be used for naturopathic invoices in circumstances where her involvement with lymphatic drainage and/or hydrotherapy treatments was as described above.

78. The Registrant admits that the Zen Spa clients listed above, all of whom received invoices for naturopathic consultations issued under the Registrant's name, did not receive a complete naturopathic work-up, including case history and appropriate physical examination.

79. The Registrant admits that she committed an act or acts of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(i) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy, as set out in Paragraph #1 (c) to (g) of the Notice of Hearing when she allowed invoices for naturopathic consultations, which were never provided, to be issued in circumstances where she knew that invoices were being issued under her name and made no efforts to review the invoices and/or to oversee the process through which they were issued.

80. The Registrant admits that she committed an act or acts of misconducts provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(i) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy, as set out in Paragraph #1(h) to (m) of the Notice of Hearing when she completed and signed Service Questionnaires for GWL confirming That she provided treatments when, in fact, that was not the case.

81. The Registrant admits that she committed an act or acts of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(a) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy, as set out in paragraph #4(b) of the Notice of Hearing when she failed to maintain adequate records, in relation to patients she saw and/or patients whose treatment she supervised at Zen Spa, in accordance with Board policy.

82. The Registrant admits that she committed an act or acts of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(w) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy, as set out in paragraph #5(c) to (g.) of the Notice of Hearing, when she contravened paragraph 2.6 of the Board's *Standards of Practice* by allowing invoices for naturopathic consultations that were provided, to be issued in circumstances where she knew that invoices were being issued under her name and made no efforts to review the invoices and/or to oversee the process through which those invoices were issued.

83. The Registrant admits that she committed an act or acts of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(w) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy, as set out in paragraph #5(h) to (m) of the Notice of Hearing, when she contravened paragraph 2.6 of the Board's *Standards of Practice* by giving false or misleading information to GWL when she completed and signed Service Questionnaires confirming that she had provided treatments, which had not, in fact, been provided.

84. The Registrant admits that she committed an act of misconduct as provided by subsection 30(1) of Ontario Regulation 278, R.R.O. 1990, as amended, and as defined in paragraph 2(r) of the definition of Professional Misconduct/Incompetence established by the Board of Directors of Drugless Therapy-Naturopathy, as set out in paragraph #7(a), (b) and (f) of the Notice of Hearing when she committed conduct or an act relevant to the practice of naturopathic medicine that, having regard to all the circumstances, would reasonably be regarded by naturopathic doctors as unprofessional or incompetent and, in particular, she admits that:

- a) she allowed invoices to be issued for naturopathic consultations that never occurred;
- b) she completed and signed service questionnaires for GWL confirming that she provided treatments that she had not, in fact, provided; and/or
- c) she failed to maintain adequate records in relation to patients who she saw and/or patients whose treatment she supervised at Zen Spa between 2008 and 2009.

Decision

The panel finds that the Registrant committed acts of professional misconduct as alleged in paragraphs 1c, 1d, 1e, 1f, 1g, 1h, 1i, 1j, 1k, 1l, 4b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 5m, 7a, 7b and 7f of the Notice of Hearing.

Reasons for Decision

The panel considered the Agreed Statement of Facts and the Registrant's plea and finds that this evidence supports findings of professional misconduct as alleged in the Notice of Hearing, and as set out below.

Allegations #1c-1h in the Amended Notice of Hearing are supported by paragraphs 11, 17, 19, 20, 21, 22, 23, 24, 25, 82 and 84, in the Agreed Statement of Facts.

Allegations #1h-1l in the Amended Notice of Hearing are supported by paragraphs 13, 28, 29, 30, 31, 32, 33, 80, 83 and 84 in the Agreed Statement of Facts.

Allegation #4b in the Notice of Hearing is supported by paragraphs 65, 78, 81 and 84 in the Agreed Statement of Facts.

Allegations #5a to 5m in the Amended Notice of Hearing are supported by paragraphs 11, 13, 17, 19, 20, 21, 22, 23, 24, 25, 28, 50, 51, 52, 53, 80, 83 and 84 in the Agreed Statement of Facts.

Allegation #7a in the Amended Notice of Hearing is supported by paragraphs 11, 17, 19, 20, 21, 22, 23, 24, 25, 82 and 84 in the Agreed Statement of Facts.

Allegation #7b in the Amended Notice of Hearing is supported by paragraphs 13, 28, 29, 30, 31, 32, 33, 80, 83 and 84 in the Agreed Statement of Facts.

Allegation #7f in the Amended Notice of Hearing is supported by paragraphs 65, 78, 81 and 84 in the Agreed Statement of Facts.

The facts as admitted make clear that Ms. Krasnov engaged in professional misconduct, in a variety of ways. In particular she:

- issued or allowed to be issued invoices for naturopathic consultations that were never provided;
- completed signed service questionnaires for Great West Life for treatments that were never provided;
- failed to maintain adequate records of patient treatment in accordance with Board standards;
- contravened standards of practice set by the Board by issuing invoices for treatments that were never provided and by providing false or misleading information to the Great West Life Assurance Company; and
- committed conduct that would reasonably be regarded by naturopathic doctors as unprofessional or incompetent.

Penalty

Counsel for the Board and the Registrant advised the panel that a Joint Submission on Order had been agreed upon. The Joint Submission requests that this panel make an order as follows.

1. That the Registrant's certificate of registration be suspended for a period of nine (9) months, with three (3) months of the suspension to be remitted if the Registrant successfully completes the remedial training specified in paragraphs 4 and 5 of the Undertaking. The first three months of the suspension shall commence on July 4, 2014 and run, uninterrupted, until October 3, 2014. The second three months of the Registrant's suspension shall commence on January 4, 2015 and run, uninterrupted, until April 3, 2015. If the balance of the suspension is required to be served by the Registrant because she fails to complete the remedial training specified in paragraphs 4 and 5 of the Undertaking, the balance of the suspension shall commence on April 4, 2015 and run, uninterrupted, until July 3, 2015. Clarity note: the requirement to complete the remedial training specified in paragraphs 4 and 5 of the Undertaking cannot be relieved by the Registrant serving the remitted portion of the suspension; and
2. That the Registrant shall pay to the Board, by certified cheque, within six (6) months of the date of this Order, the sum of \$5000.00, representing partial reimbursement of the legal costs and expenses incurred by the Board in relation to this matter.

As mentioned in the proposed order, the parties advised the panel that Ms. Krasnov had agreed to an undertaking with the Board whereby she would, among other things:

- receive an oral reprimand from the Hearing Panel at the end of the hearing;
- successfully complete the Probe Program on professional/problem based ethics for healthcare professionals;
- meet with an Expert in the practice of naturopathic medicine to review her understanding of Board publications, the impact of her conduct and strategies to prevent the conduct from recurring;
- participate in two random inspections of her practice and records; and
- advise the Board if any insurance company advises her of their intention not to honour claims submitted.

Penalty Submissions

Submissions were made by the Board's Counsel and the Registrant's Counsel

The parties agreed that the mitigating factors in this case were:

- this is Ms. Krasnov's first time before a disciplinary panel of the Board;
- the undertaking contains significant remedial activities to be completed at Ms. Krasnov at her own expense;
- Ms. Krasnov's admission to the above allegations is an expression of her remorse; and
- the admission removes the Board's onus to prove the allegations and saves the Board considerable resources in terms of time and money because the hearing is not contested.

The aggravating factors in this case were:

- Ms. Krasnov's admissions were under four different heads of misconduct and span a large spectrum of wrongdoings;
- she has been a member of this profession for more than two decades and should have known better than to conduct herself in this way;
- Ms. Krasnov's behaviour was unethical and her acts were perpetrated repeatedly over a significant period of time;
- she allowed her credentials to be used without oversight;
- the role of third party insurance in this profession is significant and antagonizing insurers potentially risks the livelihood of other members of the profession; and
- her conduct with respect to the signing of service questionnaires which are an official formal verification of treatment must be taken very seriously.

The proposed penalty provides for general deterrence through:

- A nine month suspension is significant and sends a strong message to the rest of the profession, the public and insurers that the behaviour is not to be tolerated; and
- The details of this case will be published and made available to the public.

The proposed penalty provides for specific deterrence through:

The general deterrents set out above will also act as specific deterrents to the Registrant, particularly the publication of the Registrant's name, together with the details of the case. In addition, Ms. Krasnov has signed an undertaking with the Board which requires that she complete a number of remedial activities including meeting with a practice Expert, attending a comprehensive course on ethics and boundaries in healthcare, and allowing two random inspections of her practice and records by the Board. She also agreed to receive an oral reprimand from the discipline panel which was delivered by the panel chair at the conclusion of the hearing.

The proposed penalty provides for remediation and rehabilitation through:

The undertaking Ms. Krasnov signed provides multiple avenues for remediation and rehabilitation. The Probe course which Ms. Krasnov has agreed to take focuses on professional ethics and boundaries in the healthcare setting with individualized attention paid to the specific needs of each attendee. Ms. Krasnov has agreed to meet with an Expert in naturopathic practice to review her understanding of Board publications, the impact of her conduct and strategies to prevent similar conduct in the future. She has also agreed to random inspections of her practice and her records. Ms. Krasnov has agreed to pay the fees incurred for these meetings.

Overall, the public is protected because:

Ms. Krasnov has admitted to her wrongdoings and agreed to an appropriate and significant penalty which, through the undertaking, includes remedial and rehabilitative activities to ensure

her behaviour henceforth is appropriate and that she complies with all Board standards, policies and guidelines. Publication of the outcome of this hearing will send a strong message to other members of the profession, the public and in particular insurance companies that the Board takes this kind of behaviour very seriously.

In addition, the requirement that the Registrant pay \$5000.00 in costs is also significant, particularly in the face of her suspension from practice for a significant portion of the year.

Penalty Decision

The panel accepts the Joint Submission as to Order and accordingly orders:

1. That the Registrant's certificate of registration be suspended for a period of nine (9) months, with three (3) months of the suspension to be remitted if the Registrant successfully completes the remedial training specified in paragraphs 4 and 5 of the Undertaking. The first three months of the suspension shall commence on July 4, 2014 and run, uninterrupted, until October 3, 2014. The second three months of the Registrant's suspension shall commence on January 4, 2015 and run, uninterrupted, until April 3, 2015. If the balance of the suspension is required to be served by the Registrant because she fails to complete the remedial training specified in paragraphs 4 and 5 of the Undertaking, the balance of the suspension shall commence on April 4, 2015 and run, uninterrupted, until July 3, 2015. Clarity note: the requirement to complete the remedial training specified in paragraphs 4 and 5 of the Undertaking cannot be relieved by the Registrant serving the remitted portion of the suspension; and
2. That the Registrant shall pay to the Board, by certified cheque, within six (6) months of the date of this Order, the sum of \$5000.00, representing partial reimbursement of the legal costs and expenses incurred by the Board in relation to this matter.

Reasons for Penalty Decision

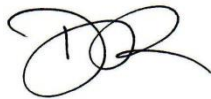
The panel understands that the penalty ordered should protect the public and enhance public confidence in the ability of the Board to regulate naturopaths. This is achieved through a penalty that addresses specific deterrence, general deterrence and, where appropriate, rehabilitation and remediation. The panel also considered the penalty in light of the principle that joint submissions should not be interfered with lightly.

The panel concluded that the proposed penalty is reasonable and in the public interest. The Registrant has co-operated with the Board and, by agreeing to the facts and a proposed penalty, has accepted responsibility. The panel finds that the penalty satisfies the principles of specific and general deterrence, rehabilitation and remediation, and public protection. The undertaking which Ms. Krasnov has agreed to provides multiple avenues for remediation and rehabilitation. The Probe course which Ms. Krasnov has agreed to take focuses on professional ethics and boundaries in the healthcare setting with individualized attention paid to the specific needs of each attendee. Ms. Krasnov has agreed to meet with an Expert in naturopathic practice to review

her understanding of Board publications, the impact of her conduct and strategies to prevent similar conduct in the future. She has also agreed to random inspections of her practice and her patient and financial records. Ms. Krasnov has agreed to pay the fees incurred for these meetings. Finally, she agreed to receive an oral reprimand from the discipline committee which was delivered by the panel chair. A copy of this reprimand is attached below.

The panel also agreed that the penalty is in line with what has been ordered in previous cases.

I, Patricia Rennie, sign this decision and reasons for the decision as Chairperson of this Discipline panel and on behalf of the members of the Discipline panel as listed below:

A handwritten signature in black ink, appearing to be 'PR' with a stylized flourish.

Patricia Rennie
Chairperson

April 7, 2014
Date

Names of panel members:
Belinda Clarke
Mary-Elizabeth Welch
Sheila Jaggard

Appendix 1

Oral Reprimand - Elena Krasnov

Ms. Krasnov, as part of your undertaking you have agreed to receive an oral reprimand from this Discipline panel. We are disturbed by the facts that led to the findings in this case today.

We are very concerned that such behaviour erodes the profile of this profession in the minds of the public, other regulated health care providers and particularly in this case in the minds of insurance providers. There is a very real risk that a profession which relies largely on third party insurance would be crippled by the withdrawal of that coverage. For that reason we hope that your case will serve as a caution to you and other in the profession.

On behalf of the panel, I would like to share that we are extremely disappointed in your conduct. We recognize that you have been practising for more than two decades and this is the first time you are before us and we trust that you will comply fully with the current undertaking and will continue to practice in compliance with all Board and College standards, policies and guidelines from this point forward.

While the penalty imposed today was reasonable, we expect that should you appear before a discipline panel again the penalty is likely to be more severe.

You have abdicated your professional responsibility and abused the privilege of self-regulation by allowing your credentials and registration number to be used without oversight.

It is our desire that a strong message is sent to the public and other Registrants and particularly insurers that we consider this conduct to be unethical, unprofessional and unacceptable.

We have not had an opportunity to hear from you in this setting but we sincerely hope that the lessons of this experience will remain with you as long as you are a member of this profession.