

JARROD'S LAW

Behavioral Health Oversight & Patient Safety Reform

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RE: The ESCAPE Act, Brandon's Law, and the November 3 Federal Trial of Sovereign Health's Former CEO

Good afternoon,

I am following up on the ESCAPE Act legislation I sent you recently, in the past week. A federal trial that bears directly on it begins soon, and I want you to have the facts in time to cover it well.

Tonmoy Sharma, the founder and former CEO of the now-defunct Sovereign Health Group, is scheduled to stand trial on **November 3, 2026, at 8:30 a.m.** in United States v. Sharma, et al., No. 8:25-cr-00078-DMG, before Judge Dolly M. Gee at the U.S. Courthouse, 350 W. 1st Street, Los Angeles. A pretrial conference is set for October 20, 2026, at 2:30 p.m. Mr. Sharma has pleaded not guilty. An indictment is only an allegation, and he is presumed innocent.

WHAT THE GOVERNMENT ALLEGES

According to the U.S. Attorney's Office, the eight-count indictment alleges that between 2014 and 2020, Sovereign submitted more than \$149 million in fraudulent claims to private health insurers, including claims for urinalysis testing, and paid more than \$21 million in illegal kickbacks for patient referrals. Prosecutors allege that:

- **Enrollment:** call-center employees used misrepresentations to enroll patients in Sovereign's treatment facilities.
- **Claims:** Sovereign billed insurers for testing and services, often at high out-of-network rates, including after physicians were no longer working at Sovereign.
- **Referrals:** payments to patient brokers were disguised through contracts that described the brokers' work as "marketing hours."

Mr. Sharma was arrested at Los Angeles International Airport on May 29, 2025. The charges are four counts of wire fraud, one count of conspiracy, and three counts of illegal remunerations for referrals. The trial date has been continued several times, so please confirm it with the court docket.

THE TIMELINE: CALIFORNIA WAS ALREADY WATCHING

This was not a case where regulators learned of the concerns only after a tragedy. The state's own administrative record and press reporting show complaints, licensing concerns, investigations, civil litigation, and federal scrutiny unfolding at the same time, while families kept walking through Sovereign's doors.

- **January 2016:** DHCS alerted the Department of Social Services (DSS) to Mr. Sharma's prior disciplinary history in the United Kingdom. DSS investigated his relationship with licensed facilities, and on June 13, 2016, state officials met with him about that history.
- **May 2016–August 2016:** A parent whose daughter entered Sovereign's adolescent program on May 25, 2016 began contacting California agencies on June 6 and federal authorities by early August. Civil litigation was underway during the same period, and DHCS and DSS were both involved.
- **August 25, 2016:** A woman died while in Sovereign's care at a Sovereign sober living home, according to her family. As with later cases, the family says she was placed in a sober-living setting rather than a licensed detox or medical facility — the kind of setting that requires frequent, often 15-minute, staff monitoring of a patient's vital signs. Sober living homes carry no such staffing or medical-monitoring requirement.
- **September 7, 2016:** DSS denied five Sovereign-related residential license applications based in part on concerns of "conduct inimical." From August through December, the state also investigated genetic testing of minors at Sovereign's adolescent program.
- **2016:** According to NBC Los Angeles reporting from 2017, the City of San Clemente sued Sovereign in an 11-count complaint alleging it operated without a business license and provided treatment without a state license, and DHCS cited Sovereign for treating patients in unlicensed facilities.
- **2017 (state case):** The state's case expanded to include genetic testing of children without written consent and, later that year, improper HIV testing and repeated urine testing of children.
- **Summer 2017 (federal):** In June, the FBI and other agencies executed search warrants at multiple Sovereign sites, including its San Clemente headquarters. The warrants stayed sealed. In August, NBC Los Angeles reported that insurer Health Net had sued, alleging that a Sovereign affiliate went

from billing under \$50,000 a month to more than \$13 million a month within eleven months. Mr. Sharma called that suit retaliation.

- **March 2018:** Brandon Nelson, 26, died by suicide at a Sovereign sober living and transitional mental-health facility in San Clemente, the day after a hospital discharged him there. His parents, Allen and Rose Nelson, later alleged in a wrongful death lawsuit that Sovereign failed to properly supervise him; Sovereign and Mr. Sharma settled that lawsuit for \$11 million. Brandon's case later became the namesake for Brandon's Law (see below).
- **2018:** Staff and vendors went unpaid, and Sovereign's management acknowledged financial difficulties. The state amended its case to allege these problems were affecting the operation and safety of the adolescent facility. Sovereign also tried to continue through a successor entity, Invictus, while a federal investigation and civil RICO litigation ran in the background.
- **2019:** After a hearing process that began in 2017, the state's administrative decision made findings of "conduct inimical," improper genetic and HIV testing of children without appropriate consent, and failures involving the financial resources necessary for children's care and safety. It found cause to exclude Mr. Sharma from DSS-licensed facilities, affirmed the license denials, and revoked specific facility licenses.
- **September 2020:** DHCS told that same parent that Sovereign's facility "terminations" were not posted on its public revoked list because a termination is not treated the same as a suspension or revocation, and that a terminated facility could potentially reapply, while suspended or revoked facilities face a five-year restriction.

THE REGULATORY ILLUSION

When a family sees a facility on an official state list, the natural assumption is that the government has connected the relevant information and that the facility has survived meaningful scrutiny. Sovereign shows how dangerous that assumption can be. State regulators, federal investigators, civil litigants, and insurers each held different pieces of information about the same provider, while the public-facing system gave families no way to see the accumulated risk.

In 2017, a health care attorney told NBC Los Angeles that the state had no real system of checks, noting that more than a thousand licensed treatment centers in Orange and Los Angeles counties were being watched by a single person.

Families should be able to look up state inspections the way CMS allows for nursing homes, and the state should clearly disclose which regulatory system applies to each facility, which agency has enforcement authority, and what enforcement actions have occurred. The ESCAPE Act is designed to close the gaps in oversight that allowed these problems to persist.

BRANDON'S LAW: A CALIFORNIA PRECEDENT FOR WHAT COMES NEXT

This industry has already produced one landmark reform, and it shows what sustained advocacy can accomplish. Brandon's Law (SB 434), authored by then-Senator Patricia Bates, took effect January 1, 2022. It prohibits rehab operators from false or misleading advertising and marketing and authorizes DHCS to investigate and sanction violations.

The law is named for Brandon Nelson, who died by suicide in March 2018 at a Sovereign sober living and transitional facility in San Clemente. According to his mother, Rose Nelson, the family was told he would receive a full clinical team including a psychiatrist, therapist, and case manager — care that was never delivered. Brandon's parents, Allen and Rose Nelson, spent three years campaigning for the bill after an earlier version was vetoed. Allen and Rose Nelson have said the measure is meant to stop residential facilities from using false marketing to exploit vulnerable people for profit.

Brandon's Law and the ESCAPE Act address different points in the same failure: one polices what operators are allowed to say to families, the other closes the licensing and oversight gaps that let operators like Sovereign keep operating in the first place.

The Nelsons have also put part of their settlement toward research. In 2024, Rose and Allen Nelson gave \$2.4 million to UCLA Health to establish the Brandon Nelson Fellowship in Translational and Clinical Neuroscience at the Semel Institute for Neuroscience and Human Behavior, training physician-scientists working on the diagnosis and treatment of severe mental illness, psychotic disorders, and mood disorders.

THE HUMAN COST

This is not only a story about money. Families were affected, and several members of my team are willing to speak with reporters directly ahead of the trial. Allen's, Jennifer's, and Dr. McMahon's email addresses are included below so you can reach out directly for more detailed information:

- **Allen Nelson**, Brandon Nelson's father — afnelson@roadrunner.com. He and his wife, Rose, spent three years turning their son's death at a Sovereign facility into Brandon's Law, described above, and Allen continues to advocate for accountability across the industry.
- **Jennifer Turner**, the parent whose daughter entered Sovereign's adolescent program in May 2016 — jrtharcrow@gmail.com. Jennifer had been told the program was licensed and provided female-only housing; she later learned it also housed male residents, and that her daughter, a minor at the time, was subjected to invasive personal searches described to her as "contraband checks." As communication with the facility deteriorated over the following days, Jennifer grew concerned enough to work with a sheriff's office to remove her daughter from the facility and bring her home. She has said her daughter also came home with a physical injury from her time there, and needed significant time to recover.
- **Jennifer's husband** separately lost his first wife in 2016, while she was in Sovereign's care at a sober living home. According to the family's account, she was placed in that sober-living setting rather than a higher level of medical or psychiatric care, her rent was waived while her insurance was billed for room and board, and she was given a standard combination of medications without regard to her individual health condition — which the family says contributed to a fatal medical decline. The family also says the staff on site were untrained and did not call 911. None of these specific claims have been confirmed by a court or public agency finding. DHCS's own death investigation took nine years to conclude and closed with a heavily redacted report citing a regulation that prohibits unsafe provider practices, but made no findings and ordered no corrective action. Jennifer has since become an outspoken advocate on behalf of families harmed by Sovereign, and can speak to both experiences directly — jrtharcrow@gmail.com.
- **Dr. Angela McMahon**, licensing and compliance expert — angela@docmcmahon.com. Angela can explain how California's licensing structures work, and where they leave gaps.

I can also provide the state's administrative findings so the underlying record can speak for itself. Prior coverage and public record:

- LA Times (June 2017): <https://www.latimes.com/local/lanow/la-me-lnsovereign-health-raid-20170613-story.html>
- NBC Los Angeles (August 2017): <https://www.nbclosangeles.com/news/rehab-clinics-under-federal-scrutiny-for-fraud-neglect/22655/>

- NBC Los Angeles, Brandon Nelson investigation: <https://www.nbclosangeles.com/investigations/brandon-nelson-death-mental-health-sovereign/2280369/>
- U.S. Attorney's Office, C.D. Cal. (May 2025): <https://www.justice.gov/usao-cdca/pr/sovereign-health-group-founder-and-ex-ceo-arrested-indictment-alleging-long-running>
- Senator Patricia Bates, Brandon's Law signed (2021): <https://bates.cssrc.us/content/brandon-s-law-now-law-effort-ban-deceptive-marketing-rehab-industry-clears-last-hurdle>
- UCLA Health / Semel Institute, Brandon Nelson Fellowship: <https://www.semel.ucla.edu/ucla-health-establishes-new-neuroscience-fellowship-through-transformative-gift/>

Please let me know when you have a moment to connect. I want you to have the full picture before the trial begins.

Respectfully,

Wendy McEntyre

Founder & Public Safety Advocate

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