

\$31 Million Medicare Fraud Scheme Results in Two Convictions

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On January 30, 2023, a federal jury found two Florida physicians guilty for their involvement in a scheme to defraud Medicare of over \$31 million. The two doctors submitted fraudulent claims to Medicare for costly durable medical equipment (DME) that were not necessary and obtained through kickback payments.

Dean Zusmer, a chiropractor, conspired with several other individuals to defraud Medicare through his ownership of a DME company that, in total, billed Medicare for over \$31 million. His company mistakenly paid more than \$15 million before the scheme was discovered. Zusmer and his co-conspirators would acquire patient referrals and signed doctors' orders by paying bribes to telemarketers in overseas calling centers, who solicited patients and telemedicine companies to falsely generate prescriptions for DME devices. The other physician, Lawrence Alexander, was an orthopedic surgeon who owned another DME company and had involvement in the kickback scheme.

Zusmer was convicted of health care fraud, conspiracy to commit health care fraud, paying illegal kickbacks, conspiracy to pay illegal kickbacks, and making false statements. He potentially faces decades in prison. Alexander was convicted of making false statements and could receive up to 5 years in prison.

Read US Department of Justice's (DOJ) press release [here](#).

Vitamin Company Agrees to \$23 Million Settlement of Fraudulent Import Allegations

The US Attorney's Office for the Southern District of New York, in conjunction with Customs and

Border Protection and other government agencies, announced a settlement of a civil fraud case against International Vitamins Corporation (IVC), which imports nutritional supplements and vitamins from China and then sells them.

According to the settlement, IVC will pay nearly \$23 million to the federal government and make multiple admissions about its scheme. Specifically, IVC stated that between 2015 and 2019, it used certain tariff classification codes for its products that rendered them duty-free, even though the products, if properly coded, would have had duties to be paid. IVC further acknowledged that in 2018, an independent consultant informed the company that it had been using incorrect codes, but did not make corrections for more than nine months and made no effort to pay the duties that were underpaid due to the misclassifications.

The lawsuit and subsequent settlement also incorporated a whistleblower lawsuit brought under the False Claims Act, which was unsealed upon execution of the settlement agreement.

Read DOJ's press release [here](#).

Walgreens Agrees to Pay \$7 Million to Resolve False Claims Act Allegations

Walgreens agreed to pay \$7 million to the federal government and to the State of Tennessee in an agreement to resolve allegations that it violated the False Claims Act.

Walgreens operates pharmacies throughout the United States, including Tennessee. Tennessee's state Medicaid program, TennCare, funds prescription drug benefits for certain medications, including those for its members with Hepatitis C. Walgreens admitted to consciously keeping the overpayments for certain Hepatitis C medications that were distributed in error.

In May 2021, the United States and Tennessee filed a complaint in federal court alleging that between October 2014 and December 2016, a former pharmacist and manager at a Kingsport, TN, Walgreens facility submitted fraudulent prior authorization requests and clinical records for more than 60 TennCare members whom had actually failed to meet the coverage requirements for the drug. The complaint also alleged that Walgreens unlawfully invoiced TennCare for the drugs that were dispensed and knowingly kept the resulting profits.

Read DOJ's press release [here](#).

California Companies Reach Settlement on Fraudulent PPP Loan Allegations

Three companies in California reached an agreement with the United States to pay \$530,000 for False Claims Act violations based upon unlawful retention of duplicate Paycheck Protection Program (PPP) loan proceeds.

The companies improperly received the loans through the PPP, created under the Coronavirus Aid, Relief, and Economic Security Act (CARES) in 2020 to bolster the American economy in the wake of the COVID-19 pandemic, and each knowingly admitted to receiving and retaining a duplicate loan, which is not allowed under the PPP rules.

The case was initiated through a whistleblower action brought under the False Claims Act.

Read DOJ's press release [here](#).

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