

DOJ Announces Charges Against 78 Individuals For \$2.5 Billion In Alleged Fraud

Article By:

Anthony J. Burba

Megha Mathur

Highlights:

- The DOJ announced charges involving telemedicine, pharmaceuticals, false billing, and illegal distribution of opioids
- This is the first healthcare enforcement action in recent months to focus away from fraud related to COVID-19
- The DOJ said the charges include “some of the largest and most complex cases that the Department has prosecuted”

On June 28, 2023, the Department of Justice (DOJ) announced charges against 78 individuals for their roles in healthcare fraud schemes totaling over \$2.5 billion in alleged fraud. The DOJ, along with a myriad of federal and state partners, such as the FBI, HHS-OIG, DEA, CMS, IRS, and USPS, conducted a coordinated, [two-week long enforcement sweep](#) to identify the defendants.

Separately, the Center for Program Integrity of the Centers for Medicare & Medicaid Services announced it took adverse administrative actions against 90 healthcare providers in the last six months for their alleged participation in healthcare fraud schemes.

Most of the DOJ’s recent healthcare fraud prosecution has targeted COVID-19-related fraud. This is the first broad, coordinated enforcement action in many months to focus elsewhere within healthcare, signaling that such fraud is not going unnoticed by authorities.

Telemedicine Fraud

Eleven defendants in the Southern District of Florida allegedly partook in a telemedicine-based

conspiracy. Three of the defendants operated a software company used to generate and sell templated doctors' orders for orthotic braces and pain creams. A telemarketing operation targeted elderly and disabled patients who were induced to contact the telemarketers, who then sold them additional unnecessary medical equipment and prescriptions. The telemarketers used the defendants' software to generate orders for telemedicine providers to sign. The orders falsely claimed that physicians had examined the beneficiary in person and that the appropriate diagnostic testing for braces was complete. This alleged scheme resulted in over \$2 billion in fraudulent claims submitted to Medicare.

Another case out of the Eastern District of Washington charged a licensed physician for allegedly signing more than 2,800 fraudulent orders for orthotic braces. Notably, the complaint alleged the physician took less than 40 seconds to review and sign each order, including some for patients whose limbs had been amputated.

Pharmaceutical Fraud

In the District of New Jersey, 10 defendants allegedly fraudulently obtained prescription drugs, including HIV medication. One defendant owned wholesale drug distributor licenses in many states, which he used to purchase prescription drugs from a variety of suppliers. The purchased drugs had been illegally diverted – obtained by unlawful “buyback” schemes in which previously dispensed bottles of prescription drugs were repurchased from patients. The defendants falsified the drug pedigrees and introduced the misbranded drugs into interstate commerce by selling them to pharmacies. In some instances, drugs were mislabeled, causing harm to the public.

In another case, a defendant from the Southern District of Florida was sentenced to 15 years in prison for illegally acquiring prescription drugs. The defendant purchased the drugs from patients who had been prescribed the drugs, but had not yet consumed them. The defendant repackaged the drugs and resold them. The drugs were often incorrect or unsafe.

Other Healthcare-related Charges

Other charges brought by the DOJ included:

- False and fraudulent billing from chiropractors, psychotherapists, occupational therapists, employees of an adult day center, and a clinical laboratory
- Illegal acquisition of controlled substances
- Illegal distribution of opioids to patients who did not need them
- Additional complex, telemedicine-based durable medical equipment fraud schemes

Court documents detail significant inter-agency cooperation. Agencies worked together to conduct undercover investigations, serve warrants, and conduct searches. The government is making a concerted effort to tackle healthcare fraud using any and all resources available.

Many of the alleged schemes are multilayered, indicating the DOJ's continued commitment to prosecuting healthcare fraud and abuse. Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department's Criminal Division said the charges include “some of the largest and most

complex cases that the [DOJ] has prosecuted.”

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