

THE UNITED STATES ATTORNEY'S OFFICE
MIDDLE DISTRICT *of* FLORIDA

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Department of Justice

U.S. Attorney's Office

Middle District of Florida

FOR IMMEDIATE RELEASE

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Orlando Skilled Nursing Facility, Physician, And Related Providers Agree To Pay \$1.5 Million To Resolve Allegations Of Illegal Kickback And Patient Referral Scheme

Orlando, FL – United States Attorney Maria Chapa Lopez announces that on January 9, 2019, Conway Lakes NC, LLC; its former Administrator, Matthew File; its management company, Clear Choice Health Care, LLC; Clear Choice's part-owner and President, Jeffrey Cleveland; Clear Choice's part-owner and Senior Vice President, Geoffrey Fraser; and an Orlando-area orthopedic surgeon, Dr. Kenneth Krumins, agreed to pay \$1.5 million to resolve allegations that they engaged in a kickback scheme related to the referral of Medicare and TRICARE patients.

The settlements announced today resolve allegations that Conway Lakes, through File, Cleveland, Fraser, and Clear Choice, conspired to pay Dr. Krumins under a sham "medical director" agreement to induce him to illegally refer Medicare and TRICARE patients to Conway Lakes for rehabilitation services that were billed to the United States. Dr. Krumins's settlement agreement also resolves allegations that he engaged in a similar kickback scheme with a related home health agency.

The United States alleged that these financial arrangements violated the physician self-referral law, commonly known as the "Stark Law," and the Anti-Kickback Statute, giving rise to liability under the False Claims Act. Pursuant to two separately executed settlement agreements, Dr. Krumins has agreed to pay \$500,000, and Conway Lakes, Clear Choice, Cleveland, Fraser, and File have agreed collectively to pay \$1 million to the United States.

"Our office will aggressively pursue health care providers who engage in kickback schemes," said U.S. Attorney Maria Chapa Lopez. "These schemes drive up costs and undermine patient care. The United States Attorney's Office will continue to advocate for the integrity of federally subsidized health programs and for the proper care of our seniors and our veterans."

"Disguising intricate kickback arrangements through directorships and other misrepresented positions corrupts physician decision making and undermines the public's trust in the healthcare system," said Special Agent in Charge Shimon R. Richmond of the U.S. Department of Health and Human Services' Office of Inspector General (HHS-OIG). "Our agency will continue to investigate health care providers that seek to illegally boost profits at the expense of federal health care programs."

"I applaud the Department of Justice and the U.S. Attorney for their continued efforts to hold health care providers accountable to the American taxpayer," said Vice Adm. Raquel Bono, director of the Defense Health Agency. "The efforts of the Department of Justice safeguard the health care benefit for our service members, veterans, and their families. The Defense Health Agency will keep working closely with the Justice Department, and other state and federal agencies to investigate all those who participated in fraudulent practices."

"These investigations require patience, persistence and a strong commitment to protecting our federally funded healthcare programs. The FBI and its law enforcement partners will continue to identify and investigate those individuals who try to cheat the system," said Eric W. Sporre Special Agent in Charge of the FBI Tampa Division.

The allegations resolved by the settlement agreements were originally brought in a lawsuit filed by a former employee of Conway Lakes, Jonathan Montes de Oca, under the *qui tam*, or whistleblower, provisions of the False Claims Act. The Act permits private citizens with knowledge of fraud against the government to bring an action on behalf of the United States and to share in any recovery. Mr. Montes de Oca will receive \$267,000 of the proceeds from the settlements.

The case was handled by the Justice Department's Civil Division and the U.S. Attorney's Office for the Middle District of Florida. Investigative assistance was provided by the U.S. Department of Health and Human Services Office of Inspector General, the Defense Criminal Investigative Service, and the Federal Bureau of Investigation. Trial Attorney Breanna Peterson and Assistant United States Attorney Jeremy Bloor coordinated the investigation.

The government's action in this matter illustrates the emphasis on combating health care fraud, and one of the most powerful tools in this effort is the False Claims Act. Tips from all sources about potential fraud, waste, abuse, and mismanagement can be reported to the Department of Health and Human Services, at 800-HHS-TIPS (800-447-8477).

The lawsuit is captioned *United States ex rel. Montes de Oca v. Conway Lakes NC, LLC et al.*, Civil Action No. 6:16-cv-1374-ORL-37GJK (M.D. Fla.). The claims settled by this agreement are allegations only, and there has been no determination of liability.

Topic(s):

False Claims Act

Component(s):

USAO - Florida, Middle

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