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Department of Justice

U.S. Attorney's Office

Eastern District of Texas

FOR IMMEDIATE RELEASE

Wednesday, September 30, 2020

**Largest Health Care Fraud and Opioid Enforcement
Action in Department of Justice History Results in
Charges Against 345 Defendants Responsible for More
than \$6 Billion in Alleged Fraud Losses**

**Five Indicted in the Eastern District of Texas in Connection with the
Nationwide Operation**

BEAUMONT, Texas – The Department of Justice Criminal Division today announced a historic nationwide enforcement action involving 345 charged defendants across 51 federal districts, including the Eastern District of Texas. In conjunction with the takedown, CMS Center for Program Integrity announced that it has taken a record-breaking number of administrative actions related to telemedicine fraud, revoking the Medicare billing privileges of 256 additional medical professionals for their involvement in telemedicine schemes.

These defendants—more than 100 doctors, nurses and other licensed medical professionals—have been charged with submitting more than \$6 billion in false and fraudulent claims to federal health care programs and private insurers, including more than \$4.5 billion connected to telemedicine, more than \$845 million connected to substance abuse treatment facilities, or “sober homes,” and more than \$806 million connected to other health care fraud and illegal opioid distribution schemes across the country.

Today's enforcement actions were led and coordinated by the Criminal Division, Fraud Section's Health Care Fraud Unit, in conjunction with its Health Care Fraud and Appalachian Regional Prescription Opioid (ARPO) Strike Force program, and its core partners, the U.S. Attorneys' Offices, HHS-OIG, FBI, and DEA, as part of the department's ongoing efforts to combat the devastating effects of health care fraud and the opioid epidemic. The cases announced today are being prosecuted by Health Care Fraud and ARPO Strike Force teams from

the Criminal Division's Fraud Section, along with 43 U.S. Attorneys' Offices nationwide, and agents from HHS-OIG, FBI, DEA, and other various federal and state law enforcement agencies.

"The nationwide actions announced today demonstrate the Department of Justice's commitment to combatting health care fraud," said U.S. Attorney Stephen J. Cox. "The Eastern District of Texas applauds the efforts of our law enforcement partners and commits to continued collaboration in order to hold accountable those who steal from federal health care programs and to protect the beneficiaries who rely on them."

Telemedicine Fraud Cases

The largest amount of alleged fraud loss charged in connection with the cases announced today – \$4.5 billion in allegedly false and fraudulent claims submitted by more than 86 criminal defendants in 19 judicial districts – relates to schemes involving telemedicine: the use of telecommunications technology to provide health care services remotely. According to court documents, certain defendant telemedicine executives allegedly paid doctors and nurse practitioners to order unnecessary durable medical equipment, genetic and other diagnostic testing, and pain medications, either without any patient interaction or with only a brief telephonic conversation with patients they had never met or seen. Durable medical equipment companies, genetic testing laboratories, and pharmacies then purchased those orders in exchange for illegal kickbacks and bribes and submitted false and fraudulent claims to Medicare and other government insurers.

The continued focus on prosecuting health care fraud schemes involving telemedicine builds on the efforts and impact of the 2019 "Operation Brace Yourself" Telemedicine and Durable Medical Equipment Takedown, which resulted in an estimated cost avoidance of more than \$1.5 billion in the amount paid by Medicare for orthotic braces in the 17 months following that takedown.

Four of the individual defendants have been indicted in the Eastern District of Texas for conspiring to commit illegal remunerations in violation of the Anti-Kickback Statute.

Steven Churchill, 34, of Boca Raton, Florida, Samson Solomon, 22, of West Palm Beach, Florida, David Warren, 49, of Boca Raton, Florida, and Daniel Stadtman, 66, of Allen, Texas, were indicted by a federal grand jury on September 9, 2020.

According to the indictment, the defendants are alleged to have conspired to pay and receive kickbacks in exchange for physicians' orders from purported telemedicine companies. The physicians' orders were used to submit claims for payment to federal health care programs. The conspirators obtained patient information, including protected health information and personally identifiable information, used the information to create fictitious physicians' orders, and sold the physicians' order to each other and to other durable medical equipment providers. Within approximately eight months, the defendants collectively obtained more the \$2.9 million in proceeds from the scheme.

The Anti-Kickback Statute prohibits offering, paying, soliciting, or receiving remuneration to induce referrals of items or services covered by federally-funded programs, including Medicare, Medicaid, and TRICARE.

If convicted, they each face up to 5 years in federal prison. It is important to note that an indictment is not evidence of guilt. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

This case was investigated by the U.S. Department of Health and Human Services, Office of Inspector General, U.S. Department of the Treasury, Internal Revenue Service, Criminal Investigation, and the U.S. Department of Defense, Office of Inspector General, Defense Criminal Investigative Service. It was prosecuted by Assistant U.S. Attorneys Nathaniel C. Kummerfeld and Adrian Garcia.

Cases Involving the Illegal Prescription and/or Distribution of Opioids and Cases Involving Traditional Health Care Fraud Schemes

The cases announced today involving the illegal prescription and/or distribution of opioids or that fall into more traditional categories of health care fraud include charges and guilty pleas involving more than 240 defendants who allegedly participated in schemes to submit more than \$800 million in false and fraudulent claims to Medicare, Medicaid, TRICARE, and private insurance companies for treatments that were medically unnecessary and often never provided.

According to court documents, in many cases, patient recruiters, beneficiaries and other co-conspirators were allegedly paid cash kickbacks in return for supplying beneficiary information to providers, so that the providers could then submit fraudulent bills to Medicare. Also included are charges against medical professionals and others involved in the distribution of more than 30 million doses of opioids and other prescription narcotics.

In another case that is part of today's takedown, on June 16, 2020, a registered nurse pleaded guilty to recklessly endangering Texarkana, Texas, patients by stealing fentanyl. Clifford Russell Harris, a 38-year-old Bowie County man, pleaded guilty to tampering with a consumer product.

According to information presented in court, Harris, who was a registered nurse at the time, broke into the secure drug storage at Healthcare Express in Texarkana, Texas, and tampered with the vials of fentanyl being stored there. Specifically, Harris extracted the fentanyl from the vials and refilled the vials with another liquid. Harris then returned the vials to the drug stock where they were available for administration to patients. Because the vials were labeled as fentanyl but did not contain fentanyl, Harris placed patients in danger of death or bodily injury. Harris admitted that he had acted with reckless disregard of the danger to patients and that his actions manifested an extreme indifference to that risk. Harris was prosecuted by Assistant U.S. Attorney Jonathan R. Hornok and is awaiting sentencing.

The following documents related to today's announcement are available on the Criminal Division, Fraud Section's Health Care Fraud Unit website through the following links:

- Graphics, Images and Resources: <https://www.justice.gov/criminal-fraud/hcf-2020-takedown/graphics-images-resources>
- Case Descriptions: <https://www.justice.gov/criminal-fraud/hcf-2020-takedown/case-descriptions>

Court Documents: <https://www.justice.gov/criminal-fraud/hcf-2020-takedown/court-documents>

Topic(s):

Opioids

Prescription Drugs

Component(s):

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

[Drug Enforcement Administration \(DEA\)](#)

[Federal Bureau of Investigation \(FBI\)](#)

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Updated October 1, 2020