

Department of Justice

U.S. Attorney's Office

District of Maryland

FOR IMMEDIATE RELEASE

Friday, September 10, 2021

Owner of Maryland Company Providing Prosthetics and Orthotics Materials to Walter Reed National Military Medical Center Sentenced to Federal Prison for Paying Gratuities**Paid Gratuities to a Public Official, Including Money, Travel, and Sporting Event Tickets and Received More Than \$20 Million in Government Business**

Greenbelt, Maryland – U.S. District Judge Theodore D. Chuang sentenced Bruce Thomas, age 53, of Germantown Maryland, yesterday to eight months in federal prison, followed by one year of supervised release, with four months of that to be served in home confinement, for paying gratuities to a public official in exchange for official acts. Judge Chuang also ordered Thomas to pay a fine of \$50,000 and forfeit and pay restitution in the amount of \$27,890.62. Thomas is the owner and operator of Pinnacle Orthopedic Services, Inc., also located in Germantown.

The sentence was announced by Acting United States Attorney for the District of Maryland Jonathan F. Lenzner; Special Agent in Charge Christopher Dillard of the Department of Defense Office of Inspector General, Defense Criminal Investigative Service - Mid-Atlantic Field Office; Special Agent in Charge Maureen Dixon, Office of Investigations, Office of Inspector General of the Department of Health and Human Services; and Special Agent in Charge Thomas J. Sobocinski of the Federal Bureau of Investigation, Baltimore Field Office.

According to his plea agreement, from at least 2012 to 2019, Pinnacle provided prosthetics and orthotics materials to the Prosthetics and Orthotics Department at Walter Reed National Military Medical Center (Walter Reed), the largest joint military medical center in the United States, in return for payments from the government. Walter Reed provides health services to military families and individuals serving on active duty, individuals returning from war, veterans, and elected officials. The Walter Reed Prosthetics and Orthotics Department provided a full range of prosthetic and orthotic services, including state of the art prosthetic limbs, and nationwide support of wounded warriors. From about 2011 to 2017, Thomas and Pinnacle received more than \$20 million in payments from the Prosthetics and Orthotics Department at Walter Reed for prosthetics and orthotics materials.

From about 2009 until May 2019, David Laufer (Laufer) was a public official and civilian employee of the Department of Defense, working as the Chief of the Prosthetics and Orthotics Department at Walter Reed. As such, Laufer represented Walter Reed in ordering and purchasing prosthetics and orthotics materials, including purchases made from Thomas and Pinnacle.

Thomas admitted that from about 2012 to 2017, he gave and promised things of value to Laufer for, and because of, official acts performed by Laufer. Specifically, Thomas provided Laufer with cash, airlines flights, meals, entertainment, and other benefits because of Laufer's official acts as the Chief of the Walter Reed Prosthetics and Orthotics Department, and Laufer's official acts in connection with the purchase of prosthetics and orthotics materials from Pinnacle.

As detailed in the plea agreement, from 2010 until May 2019, the Walter Reed Prosthetics and Orthotics department used Blanket Purchase Agreements (BPAs) to order and purchase prosthetics and orthotics materials. This allowed the department to obligate funds to purchase materials so that employees could order materials without charging a credit card each time or engaging in a formal contract for each purchase of materials. Thomas regularly interacted with Laufer about Pinnacle's business with Walter Reed, including the award of BPAs, future BPA funding, orders charged against the BPAs, and fulfillment of orders. Pinnacle was awarded multiple BPAs by Walter Reed, which the Prosthetics and Orthotics department used to order and purchase prosthetics and orthotics materials from Pinnacle.

Thomas admitted that between 2012 and 2016, he provided Laufer with things of value, including cash gratuities on a regular basis, totaling at least \$20,000; food, drinks, and other financial benefits; airline travel; lodging benefits; and entertainment tickets. In exchange, Laufer undertook official acts in connection with the gratuities including sending multiple purchase requests obligating at least \$14.75 million to Pinnacle for prosthetics and orthotics materials and personally ordering and causing to be ordered prosthetics and orthotics material from Pinnacle.

Laufer also restricted the availability of BPAs to some of the manufacturers and distributors from whom Pinnacle purchased products, thereby inhibiting those companies from doing business directly with Walter Reed, and actively encouraged and directed those companies to sell to Walter

Reed through Pinnacle. As detailed in Laufer's plea agreement, Laufer knew that having the other companies sell to Walter Reed through Pinnacle would result in a higher price to the government.

On October 20, 2020, David Laufer, age 63, of Pittsburgh, Pennsylvania, formerly of Bethesda, Maryland, pleaded guilty to acceptance of gratuities by a public official, and faces a maximum of two years in federal prison. He is awaiting sentencing.

Acting United States Attorney Jonathan F. Lenzner commended the Department of Defense Office of Inspector General, Defense Criminal Investigative Service; HHS OIG; and the FBI for their work in the investigation. Mr. Lenzner thanked the Department of Veterans Affairs Office of Inspector General; the U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit; the Office of Personnel Management Office of Inspector General; DOD Cyber Crimes Center Defense Cyber Forensics Laboratory; and the Defense Contract Audit Agency for their assistance. Mr. Lenzner thanked Assistant U.S. Attorneys Harry M. Gruber and Dana J. Brusca, who are prosecuting the case.

###

Topic(s):
Public Corruption

Contact:
Marcia Murphy
(410) 209-4854

Component(s):
USAO - Maryland

Updated September 10, 2021