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Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

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Justice Department Files False Claims Act Complaint Against Two Laboratory CEOs, One Hospital CEO and Others Across Texas, New York, and Pennsylvania

The Justice Department has filed a complaint against two laboratory CEOs, one hospital CEO and other individuals and entities, alleging False Claims Act violations based on patient referrals in violation of the Anti-Kickback Statute and the Stark Law, as well as claims otherwise improperly billed to federal healthcare programs for laboratory testing.

According to the United States' complaint, laboratory executives and employees at True Health Diagnostics LLC (THD) and Boston Heart Diagnostics Corporation (BHD) allegedly conspired with small Texas hospitals, including Rockdale Hospital dba Little River Healthcare (LRH), to pay doctors to induce referrals to the hospitals for laboratory testing, which was then performed by BHD or THD. The complaint alleges that the hospitals paid a portion of their laboratory profits to recruiters, who in turn kicked back those funds to the referring doctors. The recruiters allegedly set up companies known as management service organizations (MSOs) to make payments to referring doctors that were disguised as investment returns but were actually based on, and offered in exchange for, the doctors' referrals. As alleged in the complaint, BHD and THD executives and sales force employees leveraged the MSO kickbacks to doctors to increase referrals and, in turn, their bonuses and commissions. The complaint alleges that laboratory tests resulting from this referral scheme were billed to various federal health care programs, and that the claims not only were tainted by improper inducements but, in many cases, also involved tests that were not reasonable and necessary. In addition, the complaint alleges that, to increase reimbursement, LRH falsely billed the laboratory tests as hospital outpatient services.

"The Department of Justice is committed to holding accountable individuals and entities who commit and profit from healthcare fraud," said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department's Civil Division. "We will continue to pursue those who enter into unlawful financial arrangements that waste taxpayer dollars, improperly influence healthcare providers' medical judgments and subject patients to unnecessary testing or other services."

The Anti-Kickback Statute prohibits offering, paying, soliciting or receiving remuneration to induce referrals of items or services covered by Medicare, Medicaid and other federally funded programs. The Stark Law forbids a hospital or laboratory from billing Medicare for certain services referred by physicians that have a financial relationship with the hospital or laboratory. The Anti-Kickback Statute and the Stark Law seek to ensure that medical providers' judgments are not compromised by improper financial incentives and are instead based on the best interests of their patients.

The United States' complaint also alleges that various THD employees, including THD's CEO, participated in schemes to pay other forms of kickbacks, including: (a) processing and handling fees to draw site companies; (b) monthly fees to a top-referring doctor, disguising the payments as consulting fees for participating in THD's advisory board, even though no such board actually existed at THD; and (c) waiving patient copayments and deductibles meant to ensure that patients share in, and have an interest in controlling, the amounts billed to federal healthcare programs. These kickbacks allegedly were paid to induce referrals to Medicare, Medicaid and TRICARE for laboratory testing, including laboratory tests that were not reasonable and necessary.

The United States' complaint names the following defendants:

- **Christopher Grottenthaler**, of Frisco, Texas, THD's founder and former CEO
- **Susan Hertzberg**, of New York, BHD's former CEO
- **Jeffrey "Boomer" Cornwell**, of McKinney, Texas, THD's former Vice President of Sales for the Southwestern Region
- **Stephen Kash**, of Beaumont, Texas, THD's former Director of Strategic Accounts and MSO recruiter
- **Courtney Love**, of Dallas, Texas, former THD Account executive
- **Matthew Theiler**, of Mars, Pennsylvania, BHD's former Vice President of Sales
- **William Todd Hickman**, of Lumberton, Texas, owner and operator of defendants **Ascend Professional Management Inc.**, **Ascend Professional Consulting Inc.**, and **BenefitPro Consulting LLC**
- **Laura Howard**, of McKinney, Texas, former BHD Area Sales Manager and MSO recruiter
- **Christopher Gonzales**, of McKinney, Texas, MSO recruiter
- **Jeffrey Madison**, of Georgetown, Texas, LRH's former CEO
- **Peggy Borgfeld**, of Lexington, Texas, LRH's former Chief Financial Officer and Chief Operations Officer
- **Stanley Jones**, of San Antonio, Texas, MSO recruiter and co-owner and operator of defendant **LGRB Management Services LLC (LGRB)**
- **Jeffrey Parnell**, of Dallas, Texas, MSO recruiter and co-owner and operator of LGRB
- **Thomas Gray Hardaway**, of San Antonio, Texas, MSO recruiter and co-owner and operator of LGRB
- **Ruben Marioni**, of Spring, Texas, MSO recruiter and co-owner and operator of defendant **Next Level Healthcare Consultants LLC (Next Level)**
- **Jordan Perkins**, of Conroe, Texas, MSO recruiter and co-owner and operator of Next Level
- **Ginny Jacobs**, of Magnolia, Texas, MSO recruiter and co-owner and operator of defendants **S&G Staffing LLC (S&G)** and **Jacobs Marketing Inc. (Jacobs Marketing)**
- **Scott Jacobs**, of Magnolia, Texas, MSO recruiter and co-owner and operator of S&G and Jacobs Marketing

"Paying kickbacks to physicians distorts the medical decision-making process, corrupts our healthcare system and increases the cost of healthcare funded by the taxpayer," said U.S. Attorney Brit Featherston for the Eastern District of Texas. "Laboratories, marketers and physicians cannot immunize their conduct by attempting to disguise the kickbacks as some sort of investment arrangement. Our office is committed to looking through the disguise and putting an end to any arrangement where the purpose is to improperly influence medical decision making through the payment of kickbacks."

"When health care providers boost their profits through kickback schemes, they risk compromising the integrity of federal health care programs while increasing health care costs for everyone," said Special Agent in Charge Miranda L. Bennett of the U.S. Department of Health and Human Services Office of Inspector General. "Working with our law enforcement partners, our agency is committed to thoroughly investigating such allegations of fraud."

“Today’s outcome is a testament to the dedication and determination of the Department of Defense Office of Inspector General (DoD IG), Defense Criminal Investigative Service (DCIS) and our law enforcement partners to safeguard our military’s healthcare system, known as TRICARE,” said Special Agent in Charge Michael C. Mentavlos of the DCIS Southwest Field Office. “DCIS will continue to coordinate closely with the Department of Justice to hold accountable those that attempt to take advantage of the TRICARE program, defrauding the taxpayer and undermining mission readiness.”

The United States filed its complaint in a lawsuit originally filed under the *qui tam* or whistleblower provisions of the False Claims Act by STF LLC, whose members are Dr. Felice Gersh M.D. and Chris Riedel. Under the act, a private party can file an action on behalf of the United States and receive a portion of the recovery. The act permits the United States to intervene in such lawsuits and add claims and defendants, as it has done here. The *qui tam* case is captioned *United States ex rel. STF, LLC v. Christopher Grottenthaler, et al.* If a defendant is found liable for violating the act, the United States may recover three times the amount of its losses plus applicable penalties.

The United States’ pursuit of this lawsuit illustrates the government’s emphasis on combating healthcare fraud. One of the most powerful tools in this effort is the False Claims Act. Tips and complaints 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).

This case is being handled by the Civil Division’s Commercial Litigation Branch, Fraud Section and the U.S. Attorney’s Office for the Eastern District of Texas. Investigative support is being provided by the Department of Health and Human Services’ Office of Inspector General and the Defense Criminal Investigative Service. As a result of its efforts, the United States has already recovered more than \$30 million relating to conduct involving BHD, THD and LRH, including False Claims Act settlements with 25 physicians, two healthcare executives and a laboratory company.

This case is being handled by Civil Division Senior Trial Counsel Christopher Terranova, Trial Attorney Gavin Thole and Assistant U.S. Attorneys James Gillingham, Adrian Garcia and Betty Young for the Eastern District of Texas.

The claims in the complaint are allegations only, and there has been no determination of liability.

Attachment(s):

[Download True Health Complaint.pdf](#)

Topic(s):

False Claims Act

Component(s):

[Civil Division](#)

[USAO - Texas, Eastern](#)

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