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Department of Justice

U.S. Attorney's Office

Northern District of Georgia

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Sandy Springs man sentenced for Tricare and Medicare fraud scheme

ATLANTA - Brett Sabado has been sentenced for his role in a scheme to defraud Tricare and Medicare by submitting fraudulent claims for compound medications and durable medical equipment (DME). Sabado also agreed to pay \$950,000 as part of an "ability to pay" civil settlement in order to resolve violations of the False Claims Act for causing false claims for DME to be submitted to the Medicare Program. This resolution is the result of a global investigation involving the criminal and civil divisions of the Northern District of Georgia and the Southern District of California.

"Instead of putting patient care first, the defendants decided their best interests were more important," said U.S. Attorney Ryan K. Buchanan. "Healthcare providers and pharmacies who use their positions of trust to game the system, specifically designed to maximize their profits, put their patients at risk and divert scarce government resources."

"Through federal healthcare programs like Medicare and TRICARE, the United States provides essential medical care for the elderly and disabled, and to service members and their families," said U.S. Attorney Randy Grossman of the Southern District of California. "It is crucial that the American people know that taxpayer funds are being used for these important purposes and not diverted through the schemes of fraudsters. I am proud of the coordination and cooperation among districts and agencies reflected in this outcome," he added, commending the work of the attorneys and agents in the SDCA and NDGA U.S. Attorneys' Offices, and at DCIS, FBI, and HHS-OIG, in employing the range of criminal and civil remedies to reach this resolution."

"This sentence will hold Sabado accountable for the damage he caused to Medicare and every taxpayer in this country," said Keri Farley, Special Agent in Charge of FBI Atlanta. "Government subsidized programs like Medicare help protect the healthcare needs of deserving Americans and the FBI is determined to work with our partners to prevent people from illegally profiting off of them."

"HHS-OIG is committed to protecting beneficiaries of federal health care programs from fraud and safeguarding valuable taxpayer dollars," said Tamala E. Miles, Special Agent in Charge with the Department of Health and Human Services, Office of Inspector General (HHS-OIG). "We will continue to investigate and hold accountable any providers who egregiously take advantage of their patients for illegitimate financial gain."

"Compounding pharmacy fraud bilked the Defense Health Agency of over a billion dollars and exploited not only the military, but all citizens," said DoD Inspector General's Defense Criminal Investigative Service (DCIS) Southeast Field

Office Special Agent in Charge Cynthia A. Bruce. "I thank the U.S. Attorney's Office and our investigative team for their tireless effort to untangle this web of crime, trace the assets, and hold these individuals accountable."

According to U.S. Attorney Buchanan, the charges, and other information presented in court: Sabado and his co-conspirators received illegal kickbacks for Tricare referrals and prescriptions of compound medication formulations including pain creams, scar creams, and multi-vitamins that they specifically devised to maximize profits.

Sabado operated NHS, a pharmaceutical company that caused compounding pharmacies to submit false claims for these prescriptions to Tricare. The compounding pharmacies paid NHS a portion of the Tricare reimbursement, and NHS paid a portion of its proceeds to healthcare marketing companies that pushed providers into prescribing these unnecessary compound medications.

Sabado further executed the scheme by creating an online portal database used by NHS to facilitate the referral of prescriptions through NHS to the compounding pharmacies. Sabado and others at NHS used claims data to track the referrals made to compounding pharmacies and to invoice those pharmacies for the illegal kickbacks owed to NHS for the referrals. Sabado ultimately caused a loss of \$4.5 million to Tricare.

Sabado also conspired with the owners of DME supply companies to submit false and fraudulent claims for medically unnecessary DME such as arm, leg, back, wrist, and neck braces to Medicare. Specifically, Sabado warehoused, packaged, and shipped thousands of fraudulent DME orders to Medicare beneficiaries. Sabado knew that the DME orders were supported by sham prescriptions written by telemedicine physicians who, in many instances, never spoke with or examined the Medicare beneficiaries for whom the physicians ordered DME. Nonetheless, Sabado continued to package and ship DME that Medicare beneficiaries neither requested nor needed.

For his part in this scheme, Sabado received between \$5 and \$15 for each medically unnecessary brace he shipped. Sabado also received a percentage of all Medicare reimbursement for the braces. Sabado ultimately caused a loss of almost \$70 million to Medicare.

Sabado further engaged in similar conduct involving the submission of false and fraudulent claims to Tricare, the New Jersey State Health Benefits Program, and private health care benefits programs for expensive and medically unnecessary compounded medication in other states.

Brett Sabado, 34, of Sandy Springs, Georgia, was sentenced by U.S. District Judge Thomas W. Thrash, Jr., to five years in prison to be followed by three years of supervised release.

This case was investigated by the U.S. Attorney's Office for the Northern District of Georgia, the U.S. Department of Health and Human Services - Office of Inspector General, the Federal Bureau of Investigation, and the Defense Criminal Investigative Service.

The civil resolution was reached by Assistant U.S. Attorney Mellori Lumpkin-Dawson. The criminal case was prosecuted by Assistant U.S. Attorneys Angela Adams and Bernita Malloy in the Northern District of Georgia. A related case in the Southern District of California, *United States v. Charles Ronald Green and Melinda Elizabeth Green*, Case No. 3:20-cr-01566-DMS, SDCA (San Diego)), was prosecuted by Assistant U.S. Attorneys Valerie Chu and Kevin Larsen.

For further information please contact the U.S. Attorney's Public Affairs Office at USAGAN.PressEmails@usdoj.gov or (404) 581-6016. The Internet address for the U.S. Attorney's Office for the Northern District of Georgia is <http://www.justice.gov/usao-ndga>.

Topic(s):

Financial Fraud

Health Care Fraud

Component(s):

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