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District of New Jersey

FOR IMMEDIATE RELEASE

Tuesday, May 10, 2022

Managers of Arizona Telemedicine Company Admit Roles in \$64 Million Nationwide Kickback, Health Care Fraud Schemes

NEWARK, N.J. – Two owners of a nationwide telemedicine company today admitted their roles in conspiracies to bribe doctors and to commit health care fraud, Attorney for the United States Vikas Khanna announced.

Stephen Luke, 54, of Phoenix, Arizona, and David Laughlin, 48, of Buckeye, Arizona, each pleaded guilty before U.S. District Judge Esther Salas in Newark federal court to informations charging them with one count of conspiracy to violate the federal Anti-Kickback statute and one count of conspiracy to commit health care fraud.

According to documents filed in this case and statements made in court:

Medicare is a federal program that provides free or below-cost health care benefits to certain individuals, primarily the elderly, blind, and disabled. TRICARE is a federal health care benefit program for the U.S. Department of Defense (DoD) Military Health System that provided health insurance coverage for beneficiaries worldwide, including active-duty military service members, National Guard and Reserve members, retirees, their families, and survivors.

Luke and Laughlin owned and operated RediDoc LLC, a purported telemedicine company based in Phoenix. From September 2017 through December 2019, Luke and Laughlin conspired together and with others to unlawfully enrich themselves by submitting and causing to be submitted false and fraudulent claims to federal health care benefit programs. They did so through a circular scheme of kickbacks and bribes paid to doctors and solicited from marketing companies, pharmacies, and providers of durable medical equipment (DME).

Pharmacies and DME providers agreed to pay bribes and kickbacks to marketing companies in exchange for drug prescriptions and doctor's orders for DME. The marketing companies obtained the personal information of Medicare and TRICARE beneficiaries, which they sent to RediDoc, along with pre-filled prescriptions and DME orders. RediDoc then gave the beneficiary information and pre-marked prescriptions and DME orders to doctors to whom it paid bribes and kickbacks. The doctors often approved the prescriptions and DME orders without having had any contact with the beneficiary and without making a bona fide assessment that the medications or DME were medically necessary. Participants in the scheme

selected particular drugs largely based on the reimbursement amounts that Medicare and TRICARE would pay, and not the medical needs of the beneficiaries.

Once RediDoc's doctors had signed the prescriptions and orders regardless of medical necessity, RediDoc then transmitted them to pharmacies and DME providers around the country for fulfillment and billing. When the pharmacies filled the prescriptions and orders and were reimbursed by health care benefit programs, they sent a portion of the reimbursement amount to the marketing companies, who further shared those funds with Luke, Laughlin, and RediDoc to purchase additional prescriptions and DME orders.

Through RediDoc, Luke and Laughlin received approximately \$32 million from marketing companies. RediDoc paid several million dollars in kickbacks to doctors who were located in dozens of states around the country, including New Jersey. As part of their guilty pleas, Luke and Laughlin admitted that they and their conspirators caused the submission of false and fraudulent claims to health care benefit programs totaling more than \$64 million. Those claims were ineligible for federal health care benefit program reimbursement, in part, because they were procured through the payment of kickbacks and bribes.

The charges of kickback conspiracy are punishable by a maximum of five years in prison; the health care fraud conspiracy counts are punishable by a maximum of 10 years in prison, along with fines, restitution, and forfeiture penalties as to both counts. Sentencing for both defendants is scheduled for Oct. 11, 2022.

Attorney for the United States Khanna credited special agents of the FBI, under the direction of Acting Special Agent in Charge Michael Messenger in Newark; U.S. Department of Health and Human Services Office of Inspector General, under the direction of Special Agent in Charge Scott J. Lampert; and U.S. Department of Defense, Office of Inspector General, Defense Criminal Investigative Service, Northeast Field Office, under the direction of Special Agent in Charge Patrick J. Hegarty with the investigation leading to today's guilty pleas.

The government is represented by Assistant U.S. Attorneys Nicole F. Mastropieri and Hayden M. Brockett of the Health Care Fraud Unit in Newark and Senior Trial Counsel Barbara Ward of the Asset Recovery and Money Laundering Unit in Newark.

Attachment(s):

[Download Luke.Information.pdf](#)

[Download Laughlin.Information.pdf](#)

Topic(s):

Health Care Fraud

Component(s):

[USAO - New Jersey](#)

Press Release Number:

22-178