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EASTERN DISTRICT *of* VIRGINIA

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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Thursday, February 24, 2022

## Former Virginia Beach Business Owner Sentenced for Multi-Million Dollar Health Care Fraud Scheme

NORFOLK, Va. – A former Virginia Beach business owner was sentenced today to 51 months in prison for his role in operating a durable medical equipment supply company that defrauded federal health care programs of millions of dollars.

According to court documents, in 2018 and 2019, Frank Alosa, 49, of Kentucky, and a co-conspirator operated Merchant Card Solutions, LLC d/b/a Med Brace Shop, a durable medical equipment supply company based in Virginia Beach, for the purpose of submitting false and fraudulent claims for reimbursement to Medicare, Tricare, and Virginia Medicaid. As part of the conspiracy, Alosa and the co-conspirator purchased illegal orders for unwanted and medically unnecessary durable medical equipment, such as orthotic braces, and then used those orders to fraudulently bill Medicare and the other health care programs for over \$8 million in total. The orders for the medical equipment were fabricated through a third party reaching out to beneficiaries and illegally soliciting unnecessary equipment to them. The orders were then endorsed by health care practitioners who, in exchange, received illegal bribes. As a result, the equipment was issued to beneficiaries without regard for actual medical necessity and the orders were billed to their insurance programs, profiting Alosa and his co-conspirator's company.

In connection with the scheme, Alosa concealed the co-conspirator's role in Med Brace Shop from Medicare and others due to the co-conspirator's criminal background, which prohibited him from serving as an owner or managing employees of the company. The methods of concealment included, among other things, creating a shell company for the purpose of making illegal payments to other entities and individuals involved in the scheme. As a result of the conspiracy, Alosa and his co-conspirator defrauded Medicare of at least \$3,843,922.89, defrauded Tricare of at least \$43,370.42, and defrauded Virginia Medicaid of at least \$5,121.42. Alosa and his co-conspirator diverted the proceeds of the fraud for their personal use and benefit.

Jessica D. Aber, U.S. Attorney for the Eastern District of Virginia; Jason Miyares, Attorney General of Virginia; Chris Dillard, Special Agent in Charge for the Department of Defense Office of Inspector General, Defense Criminal Investigative Service's Mid-Atlantic Field Office; Brian Dugan, Special Agent in Charge of the FBI's Norfolk Field Office; and Maureen R. Dixon, Special Agent in Charge of the Office of Inspector General for the U.S. Department of Health and Human Services, made the announcement after sentencing by U.S. District Judge Arenda Wright Allen.

Assistant U.S. Attorney Daniel Shean prosecuted the case.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information are located on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No 2:21-cr-52.

**Topic(s):**

Health Care Fraud

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**Component(s):**[Federal Bureau of Investigation \(FBI\)](#)[USAO - Virginia, Eastern](#)

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