

THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* TEXAS

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Department of Justice

U.S. Attorney's Office

Northern District of Texas

FOR IMMEDIATE RELEASE

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11 Defendants Plead Guilty in \$300 Million Healthcare Fraud

Just two months after being charged, all 11 defendants implicated in the \$300 million Spectrum/Reliable healthcare fraud have pleaded guilty, announced U.S. Attorney for the Northern District of Texas Chad E. Meacham.

Ten defendants, including two medical doctors, were indicted February 9. An eleventh defendant was charged on March 16.

Six of the original ten defendants – Laredo-based internal medicine doctor Eduardo Canova, family medicine doctor Jose Maldonado, nurse practitioner Keith Wichinski, Reliable Labs cofounder Abraham Phillips, marketing firm owner Juan David Rojas, and marketing employee Laura Ortiz – filed plea papers on February 11, just two days after being indicted. The final defendant – Reliable Labs cofounder Biby Kurian – filed plea papers on April 6 and entered her plea on April 13.

“The swift resolution of this case is a testament to both our office and to the investigative agencies that worked diligently to ensure our case was airtight,” said U.S. Attorney Chad Meacham. “We cannot allow physicians’ judgement to be clouded by financial considerations.”

“This proactive investigation identified an illegal kickback conspiracy that resulted in substantial evidence and a guilty plea from each defendant,” said Dallas FBI Special Agent in Charge Matthew J. DeSarno. “I commend our partners and the Northern District of Texas for their meticulous work in unraveling the schemes perpetrated by these defendants, and for their work to protect American taxpayers and the integrity of our healthcare system.”

According to court documents, the founders of several lab companies, including Unified Laboratory Services, Spectrum Diagnostic Laboratory, and Reliable Labs LLC, paid kickbacks to induce medical professionals to order medically unnecessary lab tests, which they then billed to Medicare and other federal healthcare programs.

The medical professionals -- including Dr. Canova, Dr. Maldonado, and Mr. Wichinski – accepted the bribes and ordered millions of dollars’ worth of tests.

Meanwhile, Unified, Spectrum, and Reliable disguised the kickbacks as legitimate business transactions, including as medical advisor agreement payments, salary offsets, lease payments, and marketing commissions.

The labs, through marketers, paid doctors hundreds of thousands of dollars for “advisory services” which were never performed in return for lab test referrals. They also paid portions of the doctors’ staff’s salaries and a portion of their office leases, contingent on the number of lab tests they referred each month. In some instances, lab marketers even made direct payments to the provider’s spouse. (When the labs threatened one provider that payments would cease if he didn’t refer more tests, he immediately increased his lab referrals, averaging approximately 20 to 30 referrals per day.)

Knowing they could disguise additional kickbacks using a provider-ownership model, the founder of Spectrum and Unified, Jeffrey Madison, convinced the co-founders of Reliable to convert Reliable into a physician-owned lab. Reliable offered physicians ownership opportunities only if those physicians referred an adequate number of lab tests. In some cases, they made advance disbursement payment to physicians in an effort to appease the physician and ensure he would not send samples to other labs.

As a result of these kickbacks, laboratories controlled by the defendants were able to submit more than \$300 million in billing to federal government healthcare programs.

In plea papers, Dr. Maldonado admitted he received more than \$400,000 in kickbacks for ordering more than \$4 million worth of lab tests; Dr. Canova admitted he received more than \$300,000 in kickbacks for ordering more than \$12 million worth of lab tests.

Defendants’ pleas are as follows:

- Jeffrey Paul Madison, founder of Unified Laboratory Services and Spectrum Diagnostic Laboratory – conspiracy to pay and receive healthcare kickbacks and a substantive count of paying and receiving healthcare kickbacks (two counts)
- Mark Christopher Boggess, chief operating officer for Spectrum and Unified – misprison (concealment) of a felony
- Biby Ancy Kurian, co-founder of Reliable Labs, LLC – conspiracy to pay kickbacks
- Abraham Phillips, co-founder of Reliable Labs, LLC – conspiracy to pay kickbacks
- Dr. Jose Roel Maldonado, family medicine doctor based in Laredo – conspiracy to solicit and receive illegal kickbacks
- Dr. Eduardo Carlos Canova, internal medicine specialist based in Laredo – conspiracy to solicit and receive illegal kickbacks
- Keith Allen Wichinski, board-certified nurse practitioner based in San Antonio – conspiracy to solicit or receive kickbacks
- David Michael Lizcano, owner of DCLH, a marketing firm engaged by Unified, Spectrum, and Reliable – conspiracy to pay and receive healthcare kickbacks and a substantive count of paying and receiving healthcare kickbacks (two counts)
- Laura Ortiz, sister of David Lizcano and employee at his marketing firm – conspiracy to pay and receive healthcare kickbacks

- Juan David Rojas, owner of Rojas & Associates, another marketing firm engaged by Unified, Spectrum, and Reliable – conspiracy to pay and receive healthcare kickbacks
- Sherman Kennerson, investor in Unified (charged via criminal information) – conspiracy to pay kickbacks

Under the applicable statutes, Mr. Madison and Mr. Lizcano face up to 15 years each in federal prison. Mr. Kennerson, Ms. Ortiz, Mr. Phillips, Ms. Kurian, Dr. Maldonado, Dr. Canova, Mr. Wichinski, and Mr. Rojas face up to five years; Mr. Boggess faces up to three years.

“The expeditious resolution of this matter is a testament to the thorough investigation and valuable collaboration between investigative partners and prosecutors,” said Miranda L. Bennett, Special Agent in Charge for the Office of Inspector General of the U.S. Health and Human Services. “We will continue working with our partners to protect federal health care programs and the beneficiaries who depend on these programs for treatment and care.”

“As the investigative arm of the DoD Office of Inspector General, the Defense Criminal Investigative Service (DCIS) and our colleagues work hard to hold accountable those who undermine Federal health care programs such as TRICARE, “said Acting Special Agent in Charge Gregory P. Shilling of the DCIS Southwest Field Office. “Safeguarding TRICARE not only protects our warfighters, their families, and retirees, but it also preserves valuable taxpayer resources.”

The Federal Bureau of Investigation’s Dallas Field Office – Fort Worth Resident Agency conducted the investigation with the assistance of the U.S. Department of Health and Human Services’ Office of Investigations, the Defense Criminal Investigative Service (DCIS), and the Veterans Affairs’ Office of Inspector General. Assistant U.S. Attorney P.J. Meitl is prosecuting the case.

Topic(s):

Health Care Fraud

Component(s):

Federal Bureau of Investigation (FBI)
USAO - Texas, Northern

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