

THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Friday, November 18, 2022

Doctor Sentenced for Accepting Illegal Kickback Payments in Return for Writing Prescriptions for Compounded Drugs, Will Pay \$3.1 Million in Civil Settlement

ALEXANDRIA, Va. – A doctor licensed in Virginia, Maryland, and elsewhere was sentenced today to 3 years for writing and referring compounded drug prescriptions in return for illegal kickback payments. The doctor previously entered into a civil settlement with the Government that requires him and the company he owned to pay \$3.1 million.

According to court documents, Dr. Thomas Raley, Jr., 53, of Baltimore, Maryland, was a physician specializing in orthopedic surgery, spine surgery, and comprehensive pain management services, who has practiced in Virginia, Maryland, and elsewhere since 1998. Raley was also the owner of a medical practice, which had offices in both Virginia and Maryland. In 2013, Raley and Seth Michael Myers, 53, of Crystal Lake, Illinois, began soliciting pharmacists to pay them kickbacks in return for Raley referring expensive compounded medications to the pharmacies.

Raley's first illegal kickback arrangement was with Michael Beatty, 53, of Finksburg, Maryland, who worked as a licensed pharmacist at Fallston Pharmacy in Fallston, Maryland. From in and around the spring or summer of 2013 to the summer of 2014, Raley and Myers conspired with Beatty to receive kickbacks for Raley's referral of expensive compounded medications, which were billed to federal health care benefit programs, such as TRICARE, Medicare, and Medicaid. Ultimately, Raley was unhappy with his arrangement with Beatty because he did not find it lucrative enough.

Raley chose to pursue other more lucrative illegal kickback arrangements. In and around late 2013, he met with Mohamed Abdalla, 48, of Allendale, New Jersey, who owned multiple pharmacies in northern Virginia, including Medex Health Pharmacy in Falls Church and Royal Care Pharmacy in Fairfax. Then, in and around May 2014, Raley, Myers, and Abdalla cemented their illegal kickback arrangement. As part of this arrangement, Raley agreed to refer expensive compounded medications to Abdalla's pharmacies and in return Abdalla agreed to pay Raley 80% of the resulting profit. Over the course of 18 months, Abdalla paid Raley approximately \$2.5 million in illegal kickback payments.

Further, Raley used his illegal proceeds to fund his and his family's lifestyle. For instance, he directed Myers to make his wife a salaried employee of the company that was setup to collect the illegal kickback payments. Raley's wife was provided a salary of \$200,000 and the company also used the illegal proceeds to pay for his wife's lease of a Mercedes. Raley also directed Myers to have the company write him a \$280,000 check, which purported to be a loan—but was

never repaid— so that Raley could purchase a building in Baltimore. Finally, illegal kickback proceeds were also used to pay tuition at the private school attended by Raley’s children.

In a parallel civil resolution, Raley and Advanced Spine and Pain, PLLC, owned by Raley at the time, jointly paid \$3,159,378.51 to settle civil claims under the False Claims Act, the Virginia Fraud Against Taxpayers Act, and common law remedies.

For their role in conspiring with Raley, Myers was sentenced to two years in prison and Beatty was sentenced to one year and one day in prison. For his role in conspiring with Raley and others, Abdalla was sentenced to four years in prison.

Jessica D. Aber, U.S. Attorney for the Eastern District of Virginia; Wayne A. Jacobs, Special Agent in Charge of the FBI Washington Field Office Criminal Division; Christopher Dillard, Special Agent in Charge for the Department of Defense, Office of Inspector General, Defense Criminal Investigative Service’s Mid-Atlantic Field Office; Maureen R. Dixon, Special Agent in Charge of the Office of Inspector General for the U.S. Department of Health and Human Services (HHS); and George Scavdis, Special Agent in Charge, Food and Drug Administration Office of Criminal Investigations, Metro Washington Field Office, made the announcement after sentencing by Senior U.S. District Judge Claude M. Hilton..

Assistant U.S. Attorney Carina A. Cuellar and former Assistant U.S. Attorney Monika Moore prosecuted the criminal case. The civil matter was handled by former Assistant U.S. Attorney Ilene Albala and Assistant U.S. Attorney Gerard Mene. Assistant Attorney General Airen Adamonis of the Office of the Attorney General for the Commonwealth of the Virginia Medicaid Fraud Control Unit handled the matter for Virginia Medicaid claims.

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. 1:21-cr-246.

Topic(s):

Prescription Drugs

Financial Fraud

Component(s):

Federal Bureau of Investigation (FBI)

USAO - Virginia, Eastern

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