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PRESS RELEASE

New York Man Admits Role in \$127 Million Health Care Fraud and Kickback Scheme

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For Immediate Release

U.S. Attorney's Office, District of New Jersey

NEWARK, N.J. – A New York man and owner of a marketing company today admitted his role in conspiracies to commit health care fraud and to pay and receive illegal kickbacks, Attorney for the United States Vikas Khanna announced.

Eric Karlewicz, aka “Anthony Mazza,” 44, of Chestnut Ridge, New York, pleaded guilty before U.S. District Judge Esther Salas in Newark federal court to an information charging him with conspiracy to violate the Federal Anti-Kickback statute and conspiracy to commit health care fraud.

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

From June 2017 through May 2019, Karlewicz participated in a scheme with durable medical equipment (DME) companies, telemedicine companies, and doctors to submit false claims to health care benefit programs, including Medicare and TRICARE, based on a circular scheme of kickbacks and bribes. Karlewicz controlled a marketing company through which he and his conspirators identified Medicare and TRICARE beneficiaries to target for DME. Employees of the company called the beneficiaries to pressure them to agree to accept DME, frequently consisting of back, shoulder, and knee braces. Karlewicz and his conspirators paid the company's employees commissions, bonuses, and incentives to encourage them to convince as many beneficiaries as possible to accept DME, regardless of medical necessity.

Karlewicz and his company then paid kickbacks to telemedicine companies, which in turn paid kickbacks to doctors, to obtain doctor's orders for the DME. The doctors paid by the telemedicine companies signed the orders regardless of medical necessity, often without ever speaking to the patient. Karlewicz and his business partner then steered the doctor's orders to DME suppliers around the country, with which Karlewicz and his company had additional kickback arrangements. The DME companies submitted claims for reimbursement to health care benefit programs including Medicare and TRICARE, and thereafter sent a portion of the proceeds to Karlewicz and his company as payment for the doctor's orders generated through the conspiracy. The company received more than \$63 million from DME suppliers in exchange for the referrals.

In total, Karlewicz and his conspirators caused the submission of false and fraudulent claims to health care benefit programs totaling more than \$127 million for DME. Using proceeds from the scheme, Karlewicz purchased luxury vehicles, including a Ferrari, and Lamborghini, a Bentley, and a BMW.

The kickback conspiracy charge is punishable by a maximum of five years in prison, and the health care fraud conspiracy charge is punishable by a maximum of 10 years in prison; both charges are punishable by a fine of \$250,000, or twice the gross gain or loss from the offense, whichever is greatest. Sentencing is scheduled for Feb. 20, 2024.

Attorney for the United States Khanna credited special agents of the FBI, under the direction of Special Agent in Charge James E. Dennehy in Newark; U.S. Department of Health and Human Services Office of Inspector General, under the direction of Special Agent in Charge Naomi Gruchacz; 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 plea.

The government is represented by Assistant U.S. Attorney Katherine M. Romano of the Health Care Fraud Unit and Senior Trial Counsel Barbara Ward of the Asset Recovery and Money Laundering Unit in Newark.