

Department of Justice

U.S. Attorney's Office

Eastern District of Texas

FOR IMMEDIATE RELEASE

Thursday, July 21, 2022

21 Charged, Including Hospital and Lab CEOs, in Connection with Multistate Healthcare Kickback Conspiracy**\$32 Million Paid to Date in Civil Settlements**

TYLER, Texas – The Department of Justice [announced](#) criminal charges against 36 defendants in 13 federal districts across the United States for more than \$1.2 billion in alleged fraudulent telemedicine, cardiovascular and cancer genetic testing, and durable medical equipment (DME) schemes.

In connection with this national effort, the U.S. Attorney's Office for the Eastern District of Texas has charged 21 individuals, including doctors, laboratory executives, hospital executives, and marketers for their involvement in healthcare kickback and money laundering conspiracies. Former True Health Diagnostics LLC CEO Christopher Grotenthaler, former Boston Heart Diagnostics Corporation Susan L. Hertzberg, former Rockdale Hospital d/b/a Little River Healthcare CEO Jeffrey Paul Madison, and others are defendants in a False Claims Act lawsuit captioned *United States ex rel. STF, LLC v. True Health Diagnostics, LLC, et al.*, No. 4:16-cv-547 (E.D. Tex.). Additionally, 33 doctors and healthcare executives have agreed to pay over \$32 million in order to resolve False Claims Act allegations for their involvement in the scheme. The criminal and civil cases allege that the defendants unlawfully enriched themselves by paying and receiving illegal kickbacks in exchange for laboratory referrals.

Criminal Cases***U.S. v. Hertzberg, et al***

Susan L. Hertzberg, 64, of New York, Matthew John Theiler, 56, of Mars, Pennsylvania, David Weldon Kraus, 64, Loudon, Tennessee, Jeffrey Paul Parnell, 54, of Tyler, Texas, Thomas Gray Hardaway, 49 of San Antonio, Texas, Laura Spain Howard, 48, of Allen, Texas, Jeffrey Paul Madison, 47, Georgetown, Texas, Todd Dean Cook, 57, Wimauma, Florida, William Todd Hickman, 59, of Lumberton, Texas, Christopher Roland Gonzales, 45, of McKinney, Texas, Ruben Daniel Marioni, 37, of Spring, Texas, Jordan Joseph Perkins, 38, of Conroe, Texas, Elizabeth Ruth Seymour, 39, of Corinth, Texas, Linh Ba Nguyen, 58, of Dallas, Texas, Thuy Ngoc Nguyen, 54, of Dallas, Texas, Joseph Gil Bolin, 50, of Dallas, Texas, Heriberto Salinas, 62, of Cleburne, Texas, and Hong Davis, 54, of Lewisville, Texas were indicted for conspiracy to commit illegal remunerations in violation of the Anti-Kickback Statute. The Anti-Kickback Statute prohibits offering, paying, soliciting, or receiving remuneration to induce referrals of items or services covered by Medicare, Medicaid, and other federal health care programs. The defendants were charged for their roles in a conspiracy through which physicians were incentivized to make referrals to critical access hospitals and an affiliated lab in exchange for kickbacks which were disguised as investment returns; and in which marketers were incentivized to order, arrange for, or recommend the ordering of services from critical access hospitals and an affiliated lab in violation of the Anti-Kickback Statute.

Two Texas critical access hospitals, Little River Healthcare (LRH) based in Rockdale, Texas, and Stamford Memorial Hospital based in Stamford, Texas, partnered with Boston Heart Diagnostics (BHD), a clinical laboratory based in Framingham, Massachusetts, that specialized in blood testing. For a fee, BHD allowed the hospitals to bill their blood tests to insurers as purported hospital outpatient services, with the hospitals charging insurers a much higher rate than BHD could receive as a clinical laboratory. The hospitals utilized a network of marketers who in turn operated management services organizations (MSOs) that offered investment opportunities to physicians throughout the State of Texas. In reality, the MSOs were simply a means to facilitate payments to physicians in return for the physicians' laboratory referrals. Pursuant to the alleged kickback scheme, the hospitals paid a portion of their laboratory revenues to marketers, who in turn kicked back a portion of those funds to the referring physicians who ordered BHD tests from the hospitals or from BHD directly. BHD executives and sales force personnel leveraged the MSO kickbacks to gain and increase referrals and, in turn, to increase their revenues, bonuses, and commissions. Between July 1, 2015, and January 9, 2018, at least \$11,256,241.68 in illegal kickback payments were exchanged by the defendants in furtherance of the conspiracy.

On May 24, 2022, Laura Howard pleaded guilty to her involvement in the kickback conspiracy.

On July 20, 2022, Ruben Marioni pleaded guilty to his involvement in the kickback conspiracy.

U.S. v. Peter Bennett

Peter Bennett, 47, of Houston, Texas, was indicted for conspiracy to commit money laundering, in violation of 18 U.S.C. § 1956(h) for his role in laundering the proceeds of the kickback conspiracy. To that end, he allegedly created sham trusts and shell corporations through which he laundered the kickback proceeds, and in furtherance of the money laundering conspiracy, Bennett laundered at least \$2,724,080.41 in kickback proceeds.

U.S. v. Stephen Kash

Stephen Kash, 48, of Winnie, Texas, was indicted for conspiracy to commit money laundering, in violation of 18 U.S.C. § 1956(h) for his involvement in the money laundering conspiracy. Kash allegedly had kickback proceeds laundered on his behalf and, at times various times, obtained proceeds from the kickback conspiracy.

U.S. v. Robert O'Neal

Robert O'Neal, 63, of San Antonio, Texas, was charged by information with conspiracy to commit illegal remunerations, in violation of Anti-Kickback Statute, and with conspiracy to commit money laundering, in violation of 18 U.S.C. § 1956(h). O'Neal was charged for his involvement in the kickback conspiracy and money laundering conspiracy. His role in the kickback conspiracy was to arrange for physician referrals and recommend the ordering of services to critical access hospitals and an affiliated lab. O'Neal also had kickback proceeds laundered on his behalf and, at times various times, obtained proceeds from the kickback conspiracy.

On January 18, 2022, O'Neal pleaded guilty to his involvement in the kickback conspiracy and the money laundering conspiracy.

The criminal cases were investigated by the Defense Criminal Investigative Services (DCIS), U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG), Veteran Affairs, Office of Inspector General (VA-OIG), and the Federal Bureau of Investigation Dallas – Frisco Resident Agency. They are being prosecuted by Assistant U.S. Attorneys Nathaniel C. Kummerfeld and J. Kevin McClendon.

Civil Cases and Settlements

Boston Heart Diagnostics Corporation, 33 doctors, and healthcare executives have agreed to pay over \$32 million to resolve False Claims Act allegations for their involvement in a scheme to pay and receive illegal kickbacks in exchange for laboratory referrals. Former True Health CEO Christopher Grottenthaler, former Boston Heart CEO Susan L. Hertzberg, former Little River CEO Jeffrey Paul Madison, and others are defendants in a False Claims Act lawsuit captioned *United States ex rel. STF, LLC v. True Health Diagnostics, LLC, et al.*, No. 4:16-cv-547 (E.D. Tex.). The United States filed an amended complaint in May 2022.

The civil settlements resolve allegations that doctors and healthcare executives violated the Anti-Kickback Statute by receiving thousands of dollars in remuneration from nine MSOs in exchange for ordering laboratory tests from Little River, True Health, and/or Boston Heart. Little River allegedly funded the remuneration to certain doctors in the form of volume-based commissions paid to independent contractor recruiters, who used MSOs to pay numerous doctors for their referrals. The MSO payments to the doctors were allegedly disguised as investment returns but in fact were based on, and offered in exchange for, the doctors' referrals.

The civil settlements are the result of a coordinated effort between the U.S. Attorney's Office for the Eastern District of Texas and the Civil Division's Commercial Litigation Branch, Fraud Section, with assistance from HHS-OIG, DCIS, and VA-OIG. The civil cases are being handled by Assistant U.S. Attorneys James Gillingham, Adrian Garcia, and Betty Young, Senior Trial Counsel Christopher Terranova, and Trial Attorney Gavin Thole.

A complaint, information or indictment is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Any patients who believe that they have been contacted as part of a fraudulent telemedicine, clinical laboratory, or DME scheme should call to report this conduct to HHS-OIG at 1-800-HHS-TIPS.

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Topic(s):
Health Care Fraud

Component(s):
USAO - Texas, Eastern

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