



Department of Justice

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Southern District of Georgia

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U.S. FILES SUIT AGAINST AUGUSTA MEDICAL SUPPLY COMPANY FOR MEDICARE FRAUD

Augusta Medical Systems and Its Former Owner, Julian Osbon, Allegedly Received Hundreds of Thousands of Dollars in Improper Payments

AUGUSTA, GA: The United States has filed a civil False Claims Act complaint against Augusta Medical Systems (“Augusta Medical”) and its former owner, Julian Osbon, for allegedly submitting fraudulent claims to Medicare and receiving over \$690,000 in improper payments.

United States Attorney Edward J. Tarver said, “We will ensure that those who do business with Medicare abide by all rules and regulations and those who receive Medicare reimbursement are, in fact, entitled to do so. These particularly challenging economic times and Medicare dollars are scarce. The U.S. Attorney’s Office will stand vigilant to protect federal health care programs from fraudulent practices. As part of this commitment, we will ensure that those who do business with Medicare abide by all rules and regulations and those who receive Medicare reimbursement are, in fact, entitled to do so.”

The complaint alleges that for a period of more than one year, Augusta Medical billed Medicare for vacuum erection devices during a time in which it was not an authorized Medicare supplier. Accordingly, it was not entitled to receive Medicare reimbursement during this period. Osbon had quickly closed his former company, opened Augusta Medical and had hoped to obtain the necessary authorizations from Medicare. However, Osbon allegedly disregarded the law and the advice of his own executive team and proceeded to bill Medicare for thousands of erection devices without having a valid billing number. Vacuum erection devices are covered by Medicare.

The complaint was filed under the civil False Claims Act which provides for liability for triple damages and a penalty between \$5,500 and \$11,000 per claim for anyone who submits or causes the submission of a false or fraudulent claim to the United States.

The U.S. Attorney’s Office initially became aware of these allegations through a whistleblower. The investigation is being handled by Special Agent David Graupner, Office of Inspector General of the Department of Health and Human Services and Kimberly Reinken, Investigator, with the U.S. Attorney’s Office.

The United States is being represented by Assistant United States Attorneys' Shannon Heath Statkus and Edgar D. Bueno. For additional information, please contact First Assistant United States Attorney, James D. Durham at (912) 201-2547.