

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Crim. No. 14-
CHARLES B. CAREY JR. : 18 U.S.C. § 1349

I N F O R M A T I O N

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

BACKGROUND

The Defendant and Other Parties

1. At all times relevant to this Information, unless otherwise alleged:

a. Integra LifeSciences Corporation ("Integra") was a publicly-traded medical device company headquartered in Plainsboro, New Jersey. Among other things, Integra was a provider of orthopedic products, including devices and implants for the spine, foot and ankle, hand and wrist, and shoulder and elbow.

b. Daniel Metz was an employee of Integra. Between in or about July 2005 and in or about December 2008, Daniel Metz was employed by Integra as a Reconstructive Surgery

Sales Representative - a position which later became known as a Product Specialist (both are referred to hereafter as "Product Specialist"). In or about January 2009, Daniel Metz was promoted to the position of Northeast Regional Manager. As Northeast Regional Manager, Daniel Metz was responsible for the supervision of approximately 16 Product Specialists and Assistant Sales Representatives working in various states, including Massachusetts, New Jersey, New York, and Pennsylvania. Daniel Metz held that position until he was terminated in or about April 2013.

c. In or about January 2009, defendant CHARLES B. CAREY JR. was hired by Integra as a Product Specialist, reporting to Daniel Metz. CHARLES B. CAREY JR. held that position until he was terminated in or about April 2011.

Surgical Products, Billing Procedures,
and Employee Compensation

2. Product Specialists a/k/a Sales Representatives were responsible for calling on surgeons to increase sales volume, and were routinely present during surgeries at medical facilities (hospitals and surgery centers). When present during surgeries, Product Specialists brought with them consignment trays with pre-packaged Integra products available to surgeons, as well as surgery-specific products as needed. While some Integra products were intended to be reusable (for example,

drills intended to be used during surgery but then sterilized and reused in future surgeries), others were implanted within patients or otherwise not reusable. If Integra products were used during surgeries such that they could appropriately be billed by Integra - whether implanted within a patient or otherwise not reusable - the product was recorded on a Field Sales Product Form by catalog number (a/k/a SKU number), product name, quantity implanted, and price. A nurse (the "charge nurse") would record on an implant log all products implanted within the patient or otherwise not reusable.

3. Prior to in or around 2011, once a surgery concluded, Product Specialists were required to complete the Field Sales Product Form and provide it - either in physical hard copy, by facsimile, or via email - to the purchasing manager or billing office within the medical facility. Beginning in or around 2011, once a surgery concluded, Product Specialists utilized a computer program to send Field Sales Product Forms to medical facilities electronically.

4. Product Specialists were compensated based on a combination of a set salary and sales target-based commission and bonuses.

5. As Northeast Regional Manager, Daniel Metz was similarly compensated based on a combination of a set salary and sales target-based commission and bonuses. As Northeast

Regional Manager, the sales targets were based on the performance of the Product Specialists under Daniel Metz's supervision, including CHARLES B. CAREY JR. As such, CHARLES B. CAREY JR.'s sales performance had the potential to impact both his own compensation and Daniel Metz's compensation.

The Fraud Scheme

6. While working as a Product Specialist, Daniel Metz realized that it was possible, through various fraudulent methods, including charging for a greater quantity than was actually used or charging for a more expensive product than was actually used, to cause medical facilities to pay for surgical products which were not used or were otherwise not billable. By doing so - without Integra's awareness - Daniel Metz increased his compensation and improved the employment evaluations he received from Integra.

7. As Northeast Regional Manager, Daniel Metz taught at least some of those fraudulent methods to Product Specialists working under his direction, including CHARLES B. CAREY JR. Daniel Metz did so both orally and through email communications sent to the Product Specialists throughout the Northeast Region. CHARLES B. CAREY JR. and others then employed those and similar fraudulent methods to, as Daniel Metz had done, cause medical facilities to pay for surgical products which were not used or were otherwise not billable. By doing so - again without

Integra's awareness - CHARLES B. CAREY JR. and others increased their compensation, as well as Daniel Metz's, and improved the employment evaluations they and Daniel Metz received from Integra.

THE CONSPIRACY

8. From in or about January 2009 through in or about April 2011, in the District of New Jersey and elsewhere, defendant

CHARLES B. CAREY JR.

did knowingly and intentionally conspire and agree with Daniel Metz and others to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and to use interstate wire communications for the purpose of executing such scheme and artifice, contrary to Title 18, United States Code, Section 1343.

OBJECT OF THE CONSPIRACY

9. It was the object of the conspiracy for Daniel Metz, CHARLES B. CAREY JR., and others to fraudulently obtain money through increased compensation, and improve their employment evaluations, by fraudulently causing medical facilities to pay Integra for surgical products which were not used or were otherwise not billable.

MANNER AND MEANS OF THE CONSPIRACY

The manner and means by which Daniel Metz, CHARLES B. CAREY JR., and others sought to accomplish the object of the conspiracy included, among other things, the following:

10. It was part of the conspiracy that Daniel Metz, CHARLES B. CAREY JR., and others used numerous interstate wires in furtherance of the conspiracy, including email communications from Daniel Metz to Product Specialists throughout the Northeast Region regarding billing techniques.

11. It was further part of the conspiracy that Daniel Metz, CHARLES B. CAREY JR., and others repeatedly and intentionally recorded on Field Sales Product Forms products that were far more expensive than those actually implanted. For example, during a surgery on or about April 28, 2008, for which Daniel Metz was the Product Specialist, the surgeon utilized approximately 5 screws, each of which had a cost of approximately \$257.50. Daniel Metz instead recorded 6 Mini Kompressor Screws, each of which had a cost of approximately \$368.00. As further example, during a surgery on or about August 30, 2010, for which CHARLES B. CAREY JR. was the Product Specialist, the surgeon utilized 2 Surfex screws, each of which had a cost of approximately \$229.50. CHARLES B. CAREY JR. instead recorded 2 Standard Kompressor Screws, each of which had a cost of approximately \$351.90.

12. It was further part of the conspiracy that Daniel Metz, CHARLES B. CAREY JR., and others repeatedly and intentionally recorded on Field Sales Product Forms additional products that were not actually used by the medical facility. For example, during a surgery on or about March 24, 2008, for which Daniel Metz was the Product Specialist, the surgeon utilized 1 4.5 cannulated screw. Daniel Metz instead recorded 2 Achillons, causing the medical facility to be billed an additional \$1,367.00. As further example, during a surgery on or about May 3, 2010, for which CHARLES B. CAREY JR. was the Product Specialist, the surgeon utilized 1 cancellous chip. CHARLES B. CAREY JR. instead recorded 3 Uni-Compression Plates with 4 Surfex Screws and 4 locking caps, causing the medical facility to be billed an additional \$4,847.75.

13. It was further part of the conspiracy that Daniel Metz, CHARLES B. CAREY JR., and others repeatedly and intentionally recorded products that were reusable and thus should not have been billed. For example, during a surgery on or about May 12, 2008, for which Daniel Metz was the Product Specialist, the surgeon utilized 1 UniClip Plate Spreader, which was a reusable product and should not have been billed to the medical facility. Daniel Metz instead recorded 1 UniClip Plate Spreader, causing the medical facility to be billed an additional \$700.00. As further example, during a surgery on or

about March 3, 2009, for which CHARLES B. CAREY JR. was the Product Specialist, the surgeon utilized 3 drilling guides, which were reusable products and should not have been billed to the medical facility. CHARLES B. CAREY JR. instead recorded 3 drilling guides, causing the medical facility to be billed an additional \$594.00.

14. In this fashion, Daniel Metz, CHARLES B. CAREY JR., and others fraudulently caused medical facilities to pay more than \$800,000.00 for surgical products which were not used or were otherwise not billable.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. As the result of committing the offense of conspiracy to commit wire fraud, contrary to Title 18, United States Code, Section 1343, in violation of Title 18, United States Code, Section 1349, as charged in Count One of this Information, defendant CHARLES B. CAREY JR. shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the said conspiracy offense, and all property traceable thereto, including, but not limited to, a sum of money equal to \$77,000.00, representing the proceeds of the offense charged in Count One of this Information.

Substitute Assets Provision

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (c) has been placed beyond the jurisdiction of the Court;

- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.



PAUL J. FISHMAN
UNITED STATES ATTORNEY

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INFORMATION

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