UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION

NO. 5:26-CR-102-M-KS

UNITED STATES OF AMERICA	)	
	)	
v.	)	INDICTMENT
	)	
MURAD AYYAD a/k/a Mike Ayyad	)	
	)	

The grand jury charges as follows:

I. INTRODUCTION

1. At all times material to this Indictment, defendant MURAD AYYAD, also known as Mike Ayyad, engaged in a series of crimes, frauds, and other acts that violated statutes and regulations governing federal health care programs and were calculated to defraud those programs. Specifically:

a. **Soliciting and Receiving Kickbacks**. AYYAD, through a marketing business he owned and controlled, solicited and received kickbacks from clinical laboratories in exchange for generating referrals to those laboratories. The kickbacks AYYAD received through his business were calculated based on the laboratories' net reimbursement for each beneficiary, sample, and order AYYAD's business caused to be referred to the laboratories. To make it appear as if his marketing business was not being compensated based on the volume and value of referrals it

generated for the laboratories, AYYAD caused his business to enter into fraudulent "Consulting Agreements" with the laboratories under which his business would purportedly be paid hourly fees for performing specified consulting services. AYYAD further caused his business to generate dozens of fraudulent invoices, which it then issued to the laboratories, that gave the false impression his business was being paid hourly fees for performing enumerated consulting services, rather than being compensated based on the volume and value of referrals it generated, as was in fact the case.

b. **Offering and Paying Kickbacks**. AYYAD, through his marketing business, entered into written and unwritten agreements with individuals and entities who generated referrals to clinical laboratories that contracted with his marketing business. The payments by AYYAD's marketing business to those individuals and entities were calculated based on laboratories' net reimbursement for each beneficiary, sample, and order the individuals and entities caused to be referred to the laboratories. AYYAD and individuals and entities receiving percentage-of-net-revenue-based payments from AYYAD's marketing business had pre-existing relationships with providers and were in a position to influence, and did in fact influence, to which laboratory the providers directed referrals. AYYAD and individuals and entities receiving percentage-of-net-revenue-based payments from

AYYAD's marketing business targeted providers with marketing and solicitation efforts that included in-person meetings, meals, cash payments, and in-kind payments.

c. **Making and Using False and Fraudulent Documents**. AYYAD caused the creation of false and fraudulent Medicare enrollment documents that concealed his ownership and control of, and managerial role with, two laboratories that submitted claims to federal health care programs. AYYAD also caused his laboratory services marketing business to make and use fraudulent contracts, invoices, and other documents that concealed that his marketing business was being compensated by laboratories based on the volume and value of referrals it generated. At least one of those fraudulent contracts was provided to federal law enforcement officials as part of an investigation into whether AYYAD's marketing business and one of the laboratories in which AYYAD had an ownership interest offered, paid, solicited, or received kickbacks or bribes to induce referrals for laboratory testing to federal health care programs.

II. FEDERAL PROGRAM BACKGROUND

A. Medicare

2. Medicare is a federal health insurance program administered by the Centers for Medicare and Medicaid Services ("CMS"), an agency of the U.S. Department of Health and Human Services. Medicare helps pay for reasonable and

medically necessary medical services for people aged 65 and older and some persons under 65 who are disabled. A qualified individual who receives Medicare benefits is referred to as a "beneficiary."

3. Medicare is divided into Part A (hospital insurance), Part B (medical insurance), Part C (optional Medicare-approved private health insurance, often referred to as "Medicare Advantage"), and Part D (prescription drug coverage). Medicare Part A covered health services provided by hospitals, skilled nursing facilities, hospices, and home health agencies. Medicare Part B covered, among other things, medical services provided by physicians, medical clinics, laboratories, and other qualified health care providers, such as office visits, minor surgical procedures, and laboratory testing, that were medically necessary and ordered by licensed medical doctors or other qualified health care providers.

4. Physicians, clinics, and other health care providers, including laboratories (collectively, "providers"), that provide services to beneficiaries were able to apply for and obtain a "provider number." Providers that received a Medicare provider number were able to file claims with Medicare to obtain reimbursement for services provided to beneficiaries.

5. Medicare was a "Federal health care program" as defined in Title 42, United States Code, Section 1320a-7b(f), and a "health care benefit program" as defined in Title 18, United States Code, Section 24(b), and Title 18, United States Code, Section 220(e)(3).

6. Medicare, in receiving and adjudicating claims, acted through fiscal

intermediaries called Medicare administrative contractors ("MACs"), which were statutory agents of CMS for Medicare Part B. The MACs were private entities that reviewed claims and made payments to providers for services rendered to beneficiaries. The MACs were responsible for processing Medicare claims arising within their assigned geographical area, including determining whether the claim was for a covered service. Claims submitted electronically from providers to MACs travelled in interstate commerce.

7. Payments under Medicare Part B were often made directly to providers rather than to beneficiaries. For this to occur, beneficiaries would assign the right of payment to providers. Once such an assignment took place, providers would assume the responsibility for submitting claims to, and receiving payments from, Medicare.

8. Medicare paid for claims only if the items or services were medically necessary for the treatment or diagnosis of a beneficiary's illness or injury, documented, and actually provided as represented. Medicare would not pay for items or services that were procured through kickbacks or bribes.

9. In order to receive payment for covered items and services furnished to Medicare beneficiaries, providers and suppliers, including clinical laboratories, were required to submit a Medicare enrollment application, CMS Form 855B, or its electronic equivalent, signed by an authorized representative of the provider.

10. CMS Form 855B contained a certification that stated:

> I agree to abide by the Medicare laws, regulations and program instructions that apply to [the provider]. The Medicare laws, regulations, and program

> instructions are available through the Medicare Administrative Contractor. I understand that payment of a claim by Medicare is conditioned upon the claim and the underlying transaction complying with such laws, regulations and program instructions (including, but not limited to, the Federal Anti-Kickback Statute . . ..

11. In executing CMS Form 855B, providers further certified that the provider "w[ould] not knowingly present or cause to be presented a false or fraudulent claim for payment by Medicare and [would] not submit claims with deliberate ignorance or reckless disregard of their truth or falsity."

12. Consistent with federal statutory provisions and regulations, CMS Form 855B and its electronic equivalent contained spaces for a provider to identify each person who had five percent or greater direct or indirect ownership interest, and all managing employees, including "a general manager, business manager, administrator, director, or other person who exercises operational or managerial control over, or who directly or indirectly conducts, the day-to-day operations . . . regardless of whether the individual is a W-2 employee of the supplier." *See also* 42 U.S.C. § 1320a-3(a)(3)(A)(i), (B); 42 C.F.R. § 424.502. CMS Form 855B further required applicants to disclose any "final adverse legal action," including the name of the federal or state agency or court/administrative body that imposed an action, against any of the persons identified as having ownership interest and/or managing control of the provider. CMS Form 855B further provided that "[a]ny federal or state felony conviction(s) by the provider, supplier, or any owner or managing employee of the provider or supplier" must be reported as a final adverse legal action.

13. In order to maintain active enrollment status, and as a condition of

participation in Medicare, a clinical laboratory was required to report changes in enrollment information that involved any change of ownership or control interest within 30 days. 42 U.S.C. § 1320a-3; 42 C.F.R. § 424.516(e)(1). As part of those reports, clinical laboratories also were required to report whether any new person with an ownership or control interest had been the subject of a final adverse legal action. 42 C.F.R. § 424.516(e)(1).

14. Certain providers and suppliers, including clinical laboratories, were required to resubmit and recertify the accuracy of their enrollment information every five years. Among the types of information required to be provided were changes in ownership interest and/or managing control, including listing individuals who were five percent or greater direct/indirect owners, authorized or delegated officials, partners, directors/officers, contracted managing employees, and managing employees. 42 C.F.R. § 424.515. As part of the recertification process, such providers and suppliers, including clinical laboratories, were also required to report whether any person with an ownership or control interest had been the subject of a final adverse legal action.

B. HRSA Uninsured Program

15. The Families First Coronavirus Response Act ("FFCRA") was a federal law enacted on or about March 14, 2020, as part of the federal government's initial response to the then emerging COVID-19 pandemic.

16. The FFCRA, among other things, appropriated funds to reimburse the cost of providing diagnostic testing and services for COVID-19 in individuals with

health insurance. These funds, and additional funds appropriated through subsequent legislation for testing, treatment, and vaccines for uninsured individuals, were distributed through the COVID-19 Claims Reimbursement to Health Care Providers and Facilities for Testing, Treatment, and Vaccine Administration for the Uninsured Program ("HRSA Uninsured Program").

17. The HRSA Uninsured Program was administered by HHS through its agency, the Health Resources and Services Administration ("HRSA"). HRSA contracted with UnitedHealth Group, a private insurance company, to handle claims administration and payments, which UnitedHealth Group performed through its unit Optum Health. Reimbursements by HRSA were provided on a rolling basis directly to eligible providers, including laboratories. The HRSA Uninsured Program was a "health care benefit program" as defined in 18 U.S.C. § 24(b) in that it was a public plan or contract affecting commerce, and a "Federal health care program" as defined by 42 U.S.C. § 1320a-7b(f).

18. Providers seeking reimbursement under the HRSA Uninsured Program were required to enroll as a provider participant, check to ensure that patients were uninsured, submit claims and patient information electronically, and receive payment through direct deposit. Reimbursements were generally made at Medicare rates.

19. Claims submitted electronically to the HRSA Uninsured Program and payments made from the HRSA Uninsured Program were transmitted through interstate wires.

C. TRICARE

20. TRICARE, formerly known as Civilian Health and Medical Program of the Uniformed Services ("CHAMPUS"), is a Department of Defense program that helps pay for covered civilian health care—including laboratory testing—obtained by certain military beneficiaries, including retirees, their dependents, and dependents of active-duty personnel. 10 U.S.C. §§ 1079, 1086; 32 C.F.R. Part 199. TRICARE contracts with fiscal intermediaries and managed care contractors to review and pay claims. TRICARE was managed by DHA, the Defense Health Agency.

21. TRICARE was a "health care benefit program" as defined in 18 U.S.C. § 24(b) in that it was a public plan or contract affecting commerce, and a "Federal health care program" as defined by 42 U.S.C. § 1320a-7b(f).

D. Insurance Company 1

22. Insurance Company 1 provided health care coverage to its members in North Carolina and other states. In addition to providing coverage to its members, Insurance Company 1 provided managed care to Medicare Advantage beneficiaries through various plans.

23. Insurance Company 1 was a "health care benefit program" as defined in 18 U.S.C. § 24(b), in that it was a private plan or contract affecting commerce.

24. Insurance Company 1 reimbursed physicians, clinical laboratories, and other health care providers for medical items and services provided to members of Insurance Company 1 and Medicare Advantage beneficiaries enrolled in its various plans, and paid for claims only if the items and services were medically necessary and

provided as represented.

25. Insurance Company 1 often made payments directly to laboratories and other health care providers, rather than to the beneficiary who received the health care benefits, items, and services. This occurred when the provider accepted assignment of the right to payment from the beneficiary. To obtain payment for treatment or services provided to a beneficiary, laboratories submitted claims to Insurance Company 1, typically in electronic form.

II. DEFENDANT AND RELATED INDIVIDUALS AND ENTITIES

26. Defendant MURAD AYYAD, a resident of Georgia and the Eastern District of North Carolina, owned and/or controlled various diagnostic laboratories and a laboratory services marketing business.

27. On or about October 2013, the United States District Court for the Western District of North Carolina entered a judgment of conviction against AYYAD, in case no. 3:12-cr-00267, for misprision of a felony. Misprision of a felony is a felony offense.

28. Minerva Genetics, LLC ("Minerva"), a Texas limited liability company, with its principal place of business located at 5130 Gateway Boulevard East, Suite 315, El Paso, Texas 79905-1608, purported to provide diagnostic laboratory services, including cancer genomic testing ("CGx"). Minerva applied for and was enrolled in Medicare as a provider. No later than November 8, 2018, AYYAD had an ownership interest in Minerva through others, and had a managerial role with Minerva. Between April 12, 2018 and March 24, 2022, Minerva submitted approximately

$102.2 million in claims to Medicare and was reimbursed approximately $18.4 million.

29. Andor Labs, LLC ("Andor"), a North Carolina limited liability company with its principal place of business located at 1000 Bear Cat Way, Morrisville, North Carolina 27560, purported to provide diagnostic laboratory services, including toxicology screening, blood testing, and COVID-19 testing. Andor applied for and was enrolled in Medicare as a provider. No later than January 3, 2020, AYYAD had an ownership interest in Andor through others, and had a managerial role with Andor. Between January 1, 2020, and December 31, 2023, Andor billed Medicare, TRICARE, and HRSA Uninsured Program at least $210 million, and Medicare, TRICARE, and HRSA Uninsured Program paid Andor at least $31 million.

30. Lab Services Associates Inc. ("LSA"), a Georgia corporation, with its principal place of business located at 4801 East Independence Boulevard, Suite 502, Charlotte, North Carolina 28212, purported to provide marketing and operational support to laboratories. AYYAD owned and controlled LSA.

31. Marketing Company 1, a North Carolina corporation with its principal office address in the Eastern District of North Carolina, was a purported marketing company that identified and solicited healthcare providers to refer beneficiaries for laboratory testing.

32. Marketing Company 2, a North Carolina corporation with its principal office address in the Eastern District of North Carolina, was a purported marketing company that identified and solicited healthcare providers to refer beneficiaries for

laboratory testing.

33. Marketing Company 3, a North Carolina limited liability company, was a purported marketing company that identified and solicited healthcare providers to refer beneficiaries for laboratory testing.

COUNT 1
Conspiracy To Pay and Receive Kickbacks and To Defraud the United States

34. Paragraphs 1 through 33 of the Indictment are realleged and incorporated by reference as though fully set forth herein.

35. Beginning at a time unknown, but no later than October 23, 2017, and continuing to a time unknown, but no earlier than September 1, 2023, within the Eastern District of North Carolina and elsewhere, defendant AYYAD, and other co-conspirators known and unknown to grand jury, did knowingly combine, conspire, confederate and agree with each other and others known and unknown to the grand jury, to commit offenses against the United States, that is:

a. To violate Title 42, United States Code, Section 1320a-7b(b)(1), by knowingly and willfully soliciting and receiving remuneration, specifically, kickbacks and bribes, directly and indirectly, overtly and covertly, including by check and wire transfer, in return for referring individuals for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole or in part by a federal health care program, that is Medicare, HRSA Uninsured Program, and TRICARE; and for the purchasing, leasing, ordering, and

arranging for and recommending the purchasing, leasing, and ordering of any good, item, and service for which payment may be made in whole and in part by a federal health care program, that is Medicare, HRSA Uninsured Program, and TRICARE;

b. To violate Title 42, United States Code, Section 1320a-7b(b)(2), by knowingly and willfully offering and paying remuneration, specifically kickbacks and bribes, directly and indirectly, overtly and covertly, including by check and wire transfer, in return for referring individuals for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole or in part by a federal health care program, that is Medicare, HRSA Uninsured Program, and TRICARE; and for the purchasing, leasing, ordering, and arranging for and recommending the purchasing, leasing, and ordering of any good, item, and service for which payment may be made in whole and in part by a federal health care program, that is Medicare, HRSA Uninsured Program, and TRICARE;

c. To violate Title 18, United States Code, Section 220(a)(1), by knowingly and willfully soliciting and receiving remuneration, including kickbacks and bribes, directly and indirectly, overtly and covertly, in return for referring a patient and patronage to a laboratory, with respect to services covered by a health care benefit program, in and affecting interstate commerce, that is Insurance Company 1;

d. To violate Title 18, United States Code, Section 220(a)(2), by paying and offering remuneration, including kickbacks and bribes, directly and indirectly, overtly and covertly, in cash and in kind, to induce a referral of an individual to a laboratory, with respect to services covered by a health care benefit program in and affecting interstate commerce, that is Insurance Company 1; and

e. To violate Title 18, United States Code, Section 1035(a)(2), by knowingly and willfully making and using materially false writings and documents, knowing the same to contain materially false, fictitious, and fraudulent statements and entries, in connection with the delivery of and payment for health care benefits, items, and services, and involving federal health care benefit programs, that is Medicare, HRSA Uninsured Program, and TRICARE.

Object of the Conspiracy

36. It was the object of the conspiracy for AYYAD and his co-conspirators to enrich themselves and others by, among other things: (a) submitting and causing the submission of fraudulent claims to Medicare, HRSA Uninsured Program, TRICARE, and Insurance Company 1 for items and services that were ordered or provided through illegal kickbacks and bribes, not reimbursable, or not medically necessary; (b) soliciting, receiving, offering, and paying kickbacks and bribes in return for referring beneficiaries to Andor, Minerva, and other laboratories; (c) concealing the submission of false and fraudulent claims to Medicare, HRSA Uninsured Program,

TRICARE, and Insurance Company 1 and the receipt and transfer of the proceeds of the conspiracy; and (d) diverting proceeds of the conspiracy for their personal use and benefit.

Manner and Means of the Conspiracy

37. The manner and means by which AYYAD and his co-conspirators sought to accomplish the object of the conspiracy included, among others, the following:

a. It was part of the conspiracy that AYYAD and other co-conspirators, known and unknown to the grand jury, for the purpose of enabling Andor and Minerva to maintain billing privileges and receive reimbursement from Medicare, falsely and fraudulently failed to disclose to Medicare (i) that AYYAD was an owner of Andor and Minerva, or that he was an individual who exercised operational or managerial control over, or who indirectly conducted, the day-to-day operation of Andor and Minerva and (ii) that AYYAD had previously been convicted of a federal felony offense.

b. It was further a part of the conspiracy that AYYAD and a co-conspirator offered and paid and caused the offer and payment of kickbacks and bribes from Andor and Minerva to (i) AYYAD through LSA; (ii) a co-conspirator through LSA and Marketing Company 1, (iii) Marketing Company 2, through LSA, (iv) Marketing Company 3, through LSA, and (v) other individuals and purported marketing companies, known and unknown to the grand jury, in exchange for ordering or arranging for

ordering of laboratory testing by health care providers, all of which were used to support false and fraudulent claims to Medicare, HRSA Uninsured Program, TRICARE, and Commercial Insurers from Andor and Minerva.

c. It was further part of the conspiracy that AYYAD, and other co-conspirators known and unknown to the grand jury, solicited and received kickbacks and bribes from Andor, Minerva, LSA, and others in exchange for ordering or arranging for ordering of laboratory testing by health care providers, knowing that Minerva, Andor, and others would bill health care benefit programs for the testing.

d. It was further part of the conspiracy that individuals receiving kickback payments from LSA—including a co-conspirator through Marketing Company 1, and others known and unknown to the grand jury—had pre-existing relationships with providers and were in a position to influence, and did in fact influence, to which laboratory the providers directed orders for laboratory services.

e. It was further part of the conspiracy that AYYAD and individuals receiving kickback payments from LSA—including a co-conspirator and others known and unknown to the Grand Jury—obtained orders for laboratory testing by targeting providers with marketing and solicitation efforts that included in-person meetings, meals, cash payments, and in-kind payments.

f. It was further part of the conspiracy that AYYAD, co-conspirators, and others known and unknown to the grand jury, caused individuals and businesses who were in a position to influence, and did in fact influence, providers' decisions regarding the referral of laboratory testing to enter into agreements with LSA pursuant to which LSA agreed to pay and paid such individuals and businesses a percentage of the net reimbursement for each beneficiary, sample, and order such individuals and businesses caused to be referred to Andor, Minerva, and other laboratories for laboratory testing.

g. It was further part of the conspiracy that AYYAD, a co-conspirator, and others known and unknown to the grand jury, created sham contracts, invoices, and other documentation that disguised illegal kickbacks and bribes as payments from Andor and Minerva for purported consulting services. In truth and in fact, Andor and Minerva agreed to pay and paid LSA a percentage of the net reimbursement for each beneficiary, sample, and order LSA caused to be referred to Andor and Minerva for laboratory testing.

h. It was further part of the conspiracy that the sham contracts between LSA and Minerva and between LSA and Andor, and sham invoices issued by LSA to Minerva and Andor pursuant to those sham contracts, were provided to federal law enforcement officials as part of an investigation into whether Minerva and LSA offered, paid, solicited, or

received kickbacks or bribes to induce referrals for laboratory testing to federal health care programs.

i. It was further part of the conspiracy that AYYAD, and others known and unknown to the grand jury caused the submission of claims to federal government health programs for laboratory services, including CGx testing, that were not medically necessary or eligible for reimbursement.

j. It was further part of the conspiracy that AYYAD, co-conspirators, and others known and unknown to the grand jury, used the proceeds of the conspiracy received from Andor and Minerva to further the conspiracy, and to benefit themselves and others, including to fund purchases of real estate, vehicles, luxury items, and household expenses.

Overt Acts

38. In furtherance of the conspiracy, and to accomplish its purpose, at least one of the co-conspirators committed, and caused to be committed, in the Eastern District of North Carolina and elsewhere, at least one of the following overt acts, among others:

a. No later than June 19, 2018, LSA entered into an agreement with Marketing Company 1 pursuant to which Marketing Company 1 was to be paid a percent of the net reimbursement for each beneficiary, sample, and order an LSA-affiliated lab received for referrals generated by Marketing Company 1.

b. In or around June 19, 2018, AYYAD caused the payment of an illegal kickback and bribe from LSA to Marketing Company 1 by issuing a wire from LSA's bank account ending in x5404 to Marketing Company 1 in the amount of $86,996.27, with the transaction note "MAY COMMISSION." The payment was calculated based on a percentage of laboratories' net revenue attributable to referrals generated by a co-conspirator.

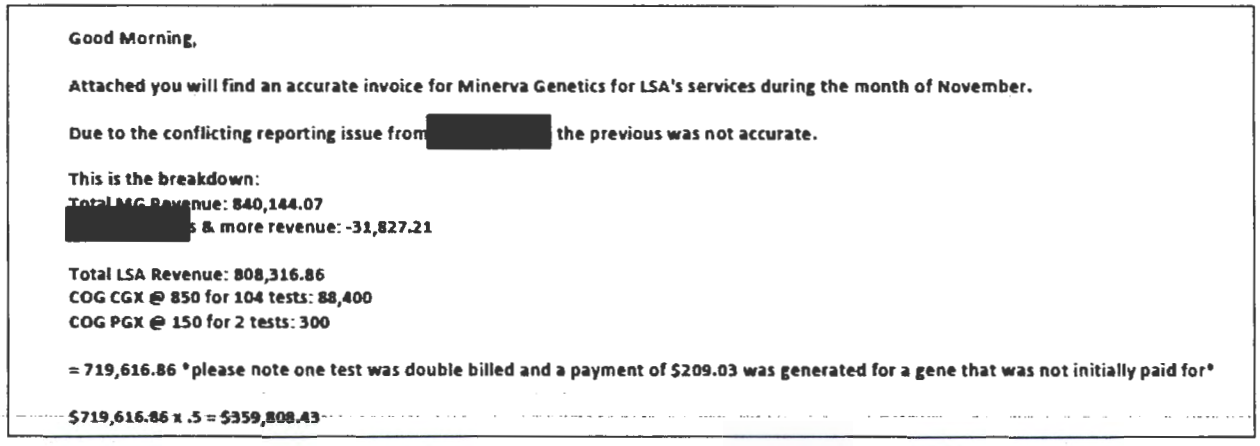
c. Beginning no later than October 2018 and continuing to a time unknown, but no earlier than August 2021, a co-conspirator, through Marketing Company 1, made cash and in-kind payments to individuals who worked in the offices of providers who made referrals to Minerva and Andor.

d. In or around September 2018, AYYAD and a co-conspirator executed a sham "Consulting Agreement" between Minerva and LSA pursuant to which Minerva was purportedly obliged to pay LSA $250 per hour for performing specified consulting services. In truth and in fact, Minerva agreed to pay, and paid, LSA a percentage of the net reimbursement for each beneficiary, sample, and order Minerva received for referrals generated by LSA.

e. In or around December 5, 2018, an individual working for LSA sent the following email to a co-conspirator who worked for LSA: "Please see the attached invoice for Minerva. I had a VERY hard time thinking of

other things so my other column is kind of high. I think it should be fine." A draft sham invoice from LSA to Minerva, in the amount of $350,000 was attached to the December 5, 2018 email. The draft sham invoice had line items describing various services LSA purportedly provided to Minerva, the number of hours LSA purportedly spent providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number hours LSA spent performing the line item.

f. In or around December 6, 2018, a co-conspirator working for LSA sent the following email to AYYAD and others explaining how LSA's payments from Minerva were actually calculated:



Good Morning,

Attached you will find an accurate invoice for Minerva Genetics for LSA's services during the month of November.

Due to the conflicting reporting issue from [redacted] the previous was not accurate.

This is the breakdown:
Total LMG Revenue: 840,144.07
[redacted] & more revenue: -31,827.21

Total LSA Revenue: 808,316.86
COG CGX @ 850 for 104 tests: 88,400
COG PGX @ 150 for 2 tests: 300

= 719,616.86 *please note one test was double billed and a payment of $209.03 was generated for a gene that was not initially paid for*

$719,616.86 x .5 = $359,808.43

The co-conspirator attached a sham invoice from LSA to Minerva. The sham invoice had line items describing various services LSA purportedly provided to Minerva, the number of hours LSA purportedly spent

providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number of hours LSA spent performing the line item. In truth and in fact, Minerva's payment due to LSA was calculated as a percentage of Minerva's net reimbursement for each beneficiary, sample, and order Minerva received for referrals generated by LSA.

g. In or around December 6, 2018, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Minerva to LSA by issuing a wire from Minerva's bank account ending in x4932 to LSA in the approximate amount of $359,808.

h. In or around January 2019, AYYAD and a co-conspirator created a sham "Consulting Agreement" between Andor and LSA pursuant to which Andor was purportedly obliged to pay LSA $250 per hour for performing specified consulting services. In truth and in fact, Andor agreed to pay, and paid, LSA a percentage of the net reimbursement for each beneficiary, sample, and order Andor received for referrals generated by LSA.

i. In or around February 7, 2019, a co-conspirator caused Minerva to electronically submit to Medicare a report of a change in Minerva's ownership. The report failed to disclose (i) that AYYAD was an owner

of Minerva, or that he was an individual who exercised operational or managerial control over, or who indirectly conducted, the day-to-day operation of Minerva and (ii) that AYYAD had previously been the subject of a final adverse legal action.

j. In or around May 20, 2019, AYYAD caused the payment of an illegal kickback and bribe from Andor and Minerva, through LSA, to Marketing Company 1 by issuing a wire from LSA's bank account ending in x5404 to Marketing Company 1 in the amount of $42,462.21, with the transaction note "APRIL COMMISSION FOR [a co-conspirator]." The payment was calculated based on a percentage of laboratories' net revenue from Medicare, Insurance Company 1, and other payors attributable to referrals generated by the co-conspirator.

k. In or around May 13, 2019, AYYAD caused LSA to issue a sham invoice for $582,717 to Minerva for purported "Consulting Services" provided in April 2019 in accordance with the sham consulting contract between LSA and Minerva. The sham invoice had line items describing various services LSA purportedly provided to Minerva, the number of hours LSA purportedly spent providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number of hours LSA spent performing the line item. In

truth and in fact, Minerva's payment due to LSA was calculated as a percentage of Minerva's net reimbursement for each beneficiary, sample, and order Minerva received for referrals generated by LSA.

l. In or around May 17, 2019, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Minerva to LSA by issuing a wire from Minerva's bank account ending in x3587 to LSA in the approximate amount of $582,717.

m. In or around June 17, 2019, a co-conspirator who worked for LSA sent an email to an individual working for LSA stating the following: "Please create an invoice for LSA to ANDOR for May Services- will need to change heading. Payment amount will need to be $57,626.74."

n. In or around June 10, 2019, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Andor to LSA by issuing an electronic transfer from Andor's bank account ending in x0667 to LSA in the approximate amount of $57,626.74.

o. In or around June 18, 2019, AYYAD caused LSA to issue a sham invoice for $661,482.75 to Minerva for purported "Consulting Services" provided in May 2019 in accordance with the sham consulting contract between LSA and Minerva. The sham invoice had line items describing various services LSA purportedly provided to Minerva, the number of hours LSA purportedly spent providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount

purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number of hours LSA spent performing the line item. In truth and in fact, Minerva's payment due to LSA was calculated as a percentage of Minerva's net reimbursement for each beneficiary, sample, and order Minerva received for referrals generated by LSA.

p. In or around June 24, 2019, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Minerva to LSA by issuing a wire from Minerva's bank account ending in x3587 to LSA in the approximate amount of $661,482.75.

q. In or around July 19, 2019, AYYAD caused LSA to issue a sham invoice for $897,449.58 to Minerva for purported "Consulting Services" provided in June 2019 in accordance with the sham consulting contract between LSA and Minerva. The sham invoice had line items describing various services LSA purportedly provided to Minerva, the number of hours LSA purportedly spent providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number of hours LSA spent performing the line item. In truth and in fact, Minerva's payment due to LSA was calculated as a percentage of Minerva's net reimbursement for each beneficiary,

sample, and order Minerva received for referrals generated by LSA.

r. In or around August 7, 2019, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Minerva to LSA by issuing a wire from Minerva's bank account ending in x3587 to LSA in the approximate amount of $897,449.58.

s. In or around July 19, 2019, AYYAD caused the payment of an illegal kickback and bribe from Andor and Minerva, through LSA, to Marketing Company 1 by issuing a wire from LSA's bank account ending in x5404 to Marketing Company 1 in the amount of $46,613.70. The payment was calculated based on a percentage of net revenue from Medicare, TRICARE, Insurance Company 1, and other payers attributable to referrals generated by a co-conspirator.

t. In or around April 17, 2020, a co-conspirator caused Andor to electronically submit to Medicare a report of a change in Andor's ownership. The report failed to disclose (i) that AYYAD was an owner of Andor, or that he was an individual who exercised operational or managerial control over, or who indirectly conducted, the day-to-day operation of Andor and (ii) that AYYAD had previously been the subject of a final adverse legal action.

u. In or around December 2, 2020, LSA entered into an Independent Contractor Agreement with an individual, who owned an in-patient and outpatient mental health provider, pursuant to which the individual

was to be paid a percentage of the net reimbursement for each beneficiary, sample, and order an LSA-affiliated lab received for referrals generated by the individual.

v. In or around October 20, 2021, AYYAD caused the payment of an illegal kickback and bribe from Andor, through LSA, to Marketing Company 1 by making payment through a payroll service to Marketing Company 1 in the amount of $13,861.19. The payment was calculated based on a percentage of net revenue from Medicare, TRICARE, Insurance Company 1, and other payers attributable to referrals generated by a co-conspirator.

w. In or around November 11, 2021, AYYAD caused LSA to issue a sham invoice for $441,081 to Andor for purported "Consulting Services" provided in October 2021 in accordance with the sham consulting contract between LSA and Andor. The sham invoice had line items describing various services LSA purportedly provided to Andor, the number of hours LSA purportedly spent providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number of hours LSA spent performing the line item. In truth and in fact, Andor's payment due to LSA was calculated as a percentage of Andor's net reimbursement for each beneficiary,

sample, and order Andor received for referrals generated by LSA.

x. In or around November 15, 2021, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Andor to LSA by issuing a check from Andor's bank account ending in x0667 to LSA in the approximate amount of $441,081.

y. In or around March 14, 2022, AYYAD caused LSA to issue a sham invoice for $578,211 to Andor for purported "Consulting Services" provided in February 2022 in accordance with the sham consulting contract between LSA and Andor. The sham invoice had line items describing various services LSA purportedly provided to Andor, the number of hours LSA purportedly spent providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number of hours LSA spent performing the line item. In truth and in fact, Andor's payment due to LSA was calculated as a percentage of Andor's net reimbursement for each beneficiary, sample, and order Andor received for referrals generated by LSA.

z. In or around March 18, 2022, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Andor to LSA by issuing a check from Andor's bank account ending in x0667 to LSA in the approximate amount of $578,211.

aa. In or around March 22, 2022, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Andor to LSA by issuing a check from Andor's bank account ending in x0667 to LSA in the approximate amount of $2,525,329.50.

bb. In or around June 20, 2022, AYYAD caused the payment of an illegal kickback and bribe from Andor, through LSA, to Marketing Company 1 by making a payment through a payroll service to Marketing Company 1 in the amount of $28,484.91. The payment was calculated based on a percentage of net revenue from Medicare, TRICARE, HRSA Uninsured Program, Insurance Company 1, and other payers attributable to referrals generated by a co-conspirator.

cc. In or around June 15, 2022, AYYAD caused LSA to issue a sham invoice for $1,022,400.40 to Andor for purported "Consulting Services" provided in May 2022 in accordance with the sham consulting contract between LSA and Andor. The sham invoice had line items describing various services LSA purportedly provided to Andor, the number of hours LSA purportedly spent providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number of hours LSA spent performing the line item. In truth and in fact, Andor's payment due to LSA was calculated as a

percentage of Andor's net reimbursement for each beneficiary, sample, and order Andor received for referrals generated by LSA.

dd. In or around July 7, 2022, AYYAD and a co-conspirator caused the payment of an illegal kickback and bribe from Andor to LSA by issuing a check from Andor's bank account ending in x0667 to LSA in the approximate amount of $1,022,400.40.

ee. In or around March 15, 2023, AYYAD caused LSA to issue a sham invoice for $439,024 to Andor for purported "Consulting Services" provided in February 2023 in accordance with the sham consulting contract between Andor and Minerva. The sham invoice had line items describing various services LSA purportedly provided to Andor, the number of hours LSA purportedly spent providing each of those services, the hourly rate LSA purportedly charged for each of those services, and the total amount purportedly charged for each line item, which was calculated by multiplying the purported number of hours for each line item by the purported number of hours LSA spent performing the line item. In truth and in fact, Andor's payment due to LSA was calculated as a percentage of Andor's net reimbursement for each beneficiary, sample, and order Andor received for referrals generated by LSA.

ff. In or around June 22, 2023, AYYAD caused the payment of an illegal kickback and bribe from LSA to Marketing Company 1 by making a payment through a payroll service to Marketing Company 1 in the

amount of $6,316.15. The payment was calculated based on a percentage of Andor's net revenue attributable to referrals generated by a co-conspirator.

gg. In or around July 23, 2023, AYYAD and a co-conspirator caused Minerva's owner to provide a copy of the September 1, 2018 sham "Consulting Agreement" between LSA and Minerva, which was executed by AYYAD and the co-conspirator, to federal law enforcement officials as part of an investigation into whether Minerva and LSA offered or paid, or solicited or received, kickbacks or bribes to induce referrals for laboratory testing to federal health care programs.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH SIXTEEN
Solicitation and Receipt of Kickbacks

39. Paragraphs 1 through 38 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

40. For each count listed in the following table, on or about the approximate dates listed for each count, in the Eastern District of North Carolina and elsewhere, the defendant, MURAD AYYAD, also known as Mike Ayyad, did knowingly and willfully solicit and receive remuneration specifically, kickbacks and bribes, directly and indirectly, overtly and covertly, in return for referring individuals for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole or in party by a federal health care program, that is Medicare, HRSA Uninsured Program, and TRICARE; and for the purchasing,

leasing, ordering, and arranging for and recommending the purchasing, leasing, and ordering of any good, item, and service for which payment may be made in whole and in part by a federal health care program, that is Medicare, HRSA Uninsured Program, and TRICARE:

Count	Date	Originating Account	Payee	Amount
2	11/15/2021	Andor	LSA	$441,081.00
3	12/15/2021	Andor	LSA	$461,843.00
4	1/25/2022	Andor	LSA	$532,180.00
5	2/25/2022	Andor	LSA	$507,117.00
6	3/18/2022	Andor	LSA	$578,211.00
7	3/22/2022	Andor	LSA	$2,525,329.50
8	4/13/2022	Andor	LSA	$1,458,746.80
9	4/28/2022	Andor	LSA	$1,650,000.00
10	7/7/2022	Andor	LSA	$1,022,400.40
11	8/11/2022	Andor	LSA	$707,870.00
12	8/16/2022	Andor	LSA	$558,530.00
13	9/21/2022	Andor	LSA	$604,255.00
14	10/19/2022	Andor	LSA	$594,760.00
15	11/21/2022	Andor	LSA	$376,445.00
16	12/20/2022	Andor	LSA	$307,963.00

Each row of the foregoing table constituting a separate violation of Title 42, United States Code, Section 1320a-7b(b)(1).

COUNTS SEVENTEEN THROUGH TWENTY-TWO
Payment of Kickbacks

41. Paragraphs 1 through 38 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein

42. For each count listed in the following table, between the approximate dates listed for each count, in the Eastern District of North Carolina and elsewhere,

the defendant, MURAD AYYAD, also known as Mike Ayyad, did knowingly and willfully offer and pay, and cause to be paid remuneration, specifically kickbacks and bribes, directly and indirectly, overtly and covertly, in return for referring individuals for the furnishing and arranging for the furnishing of any item and service for which payment may be made in whole or in party by a federal health care program, that is Medicare, HRSA Uninsured Program, and TRICARE; and for the purchasing, leasing, ordering, and arranging for and recommending the purchasing, leasing, and ordering of any good, item, and service for which payment may be made in whole and in part by a federal health care program, that is Medicare, HRSA Uninsured Program, and TRICARE:

Count	Date	Payor	Payee	Amount
17	10/20/2021	LSA	Marketing Company 1	$13,861.19
18	10/20/2021	LSA	Marketing Company 3	$14,261.99
19	10/20/2021	LSA	Marketing Company 2	$9,338.88
20	6/20/2022	LSA	Marketing Company 1	$28,484.91
21	6/20/2022	LSA	Marketing Company 2	$11,727.07
22	6/22/2023	LSA	Marketing Company 1	$6,316.15

Each row of the foregoing table constituting a separate violation of Title 42, United States Code, Section 1320a-7b(b)(2).

COUNTS TWENTY-THREE THROUGH FORTY-SIX
False Statements Relating to Health Care Matters

43. Paragraphs 1 through 38 of this Indictment are re-alleged and

incorporated by reference as though fully set forth herein.

44. On or about the dates set forth below, in the Eastern District of North Carolina and elsewhere, the defendant, MURAD AYYAD, also known as Mike Ayyad, in connection with the delivery of and payment for health care benefits, items, and services, and in a matter involving health care benefit programs affecting commerce, did make and use, and cause to be made and used, materially false writings and documents, as set forth below, knowing the same to contain materially false, fictitious, and fraudulent statements and entries:

Count	Date	Description
23	July 15, 2021	Invoice issued by LSA to Andor for June 2021 in the amount of $357,835
24	August 11, 2021	Invoice issued by LSA to Andor for July 2021 in the amount of $346,484.86
25	September 20, 2021	Invoice issued by LSA to Andor for August 2021 in the amount of $327,651
26	October 19, 2021	Invoice issued by LSA to Andor for September 2021 in the amount of $418,380
27	November 1, 2021	Invoice issued by LSA to Andor for October 2021 in the amount of $441,081
28	December 14, 2021	Invoice issued by LSA to Andor for November 2021 in the amount of

		$461,843
29	January 13, 2022	Invoice issued by LSA to Andor for December 2021 in the amount of $532,180
30	February 11, 2022	Invoice issued by LSA to Andor for January 2022 in the amount of $507,117
31	March 14, 2022	Invoice issued by LSA to Andor for February 2022 in the amount of $578,211.05
32	April 13, 2022	Invoice issued by LSA to Andor for March 2022 in the amount of $1,443,805.40
33	May 10, 2022	Invoice issued by LSA to Andor for April 2022 in the amount of $1,353,280.40
34	June 15, 2022	Invoice issued by LSA to Andor for May 2022 in the amount of $1,022,400.40
35	July 14, 2022	Invoice issued by LSA to Andor for June 2022 in the amount of $707,870
36	August 15, 2022	Invoice issued by LSA to Andor for July 2022 in the amount of $558,530
37	September 21, 2022	Invoice issued by LSA to Andor for August 2022 in the amount of $604,255
38	October 11, 2022	Invoice issued by LSA to Andor for

		September 2022 in the amount of $594,760
39	November 17, 2022	Invoice issued by LSA to Andor for October 2022 in the amount of $376,445
40	December 14, 2022	Invoice issued by LSA to Andor for November 2022 in the amount of $307,963
41	January 17, ~~2022~~ 2023 AIC	Invoice issued by LSA to Andor for December 2022 in the amount of $341,504.89
42	March 13, 2023	Invoice issued by LSA to Andor for January 2023 in the amount of $345,136
43	March 15, 2023	Invoice issued by LSA to Andor for February 2023 in the amount of $439,024
44	April 19, 2023	Invoice issued by LSA to Andor for March 2023 in the amount of $483,546.06
45	May 13, 2023	Invoice issued by LSA to Andor for April 2023 in the amount of $582,717
46	July 23, 2023	Minerva-LSA Consulting Agreement (disclosure in response to civil investigative demand)

Each row of the foregoing table constituting a separate violation of Title 18, United States Code, Section 1035(a).

FORFEITURE NOTICE

Notice is hereby given that all right, title and interest in the property described herein is subject to forfeiture.

Upon conviction of any Federal health care offense as defined in 18 U.S.C. § 24(a), the defendant shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(7), any property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the said offense. Counts 1, and 23 through 46 are Federal Health Care Offenses.

The forfeitable property includes, but is not limited to, the following:

Forfeitable Money Judgment:

(a) A sum of money representing the gross proceeds of the offense(s) charged herein against MURAD AYYAD, in the amount of at least $15 million.

If any of the above-described forfeitable property, as a result of any act or omission of a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Section

853(p), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.

A TRUE BILL

REDACTED VERSION
Pursuant to the E-Government Act and the federal rules, the unredacted version of this document has been filed under seal.

Foreper

Date: 6/2/2026

W. ELLIS BOYLE
United States Attorney

By: ANDREW KASPER
Assistant United States Attorney