IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF VIRGINIA
LYNCHBURG DIVISION

UNITED STATES OF AMERICA

and

COMMONWEALTH OF VIRGINIA,

Plaintiffs,

v.

NEGRIL INCORPORATED; TAMMY WARREN, AS EXECUTOR OF THE ESTATE OF KIRBY WRIGHT; and TAMMY WARREN (a/k/a TAMMY WRIGHT-WARREN), individually;

Defendants.

Civil Action No. **6:26CV00066**

COMPLAINT OF THE UNITED STATES OF AMERICA AND THE COMMONWEALTH OF VIRGINIA

The United States of America ("United States") and the Commonwealth of Virginia ("the Commonwealth") (collectively, "the Government") bring this action against Defendants Negril Incorporated ("Negril"), Tammy Warren, as Executor of the Estate of Kirby Wright ("Wright"), and Tammy Warren (a/k/a Tammy Wright-Warren), individually ("Warren") (collectively, "Defendants"), to recover treble damages and civil penalties under the False Claims Act ("FCA"), 31 U.S.C. §§ 3729-33, the Virginia Fraud Against Taxpayers Act ("VFATA"), VA. CODE ANN. § 8.01-216.1 *et seq*., the Virginia Medicaid Fraud Statute, VA. CODE ANN. § 32.1-312, and the common law remedies of unjust enrichment, payment by mistake, and common law fraud for engaging in a scheme from approximately January 2021 through May 2022, to submit false and fraudulent claims reimbursement to the Virginia Department of Medical Assistance Services

("DMAS") for mental health skill building services, resulting in reimbursement under the Virginia Medicaid Program totaling millions of dollars to which the Defendants were not entitled and which, to date, the Defendants have not returned.

Specifically, the Defendants engaged in a fraudulent scheme to bill Virginia Medicaid for mental health skill building services that were billed as having been provided by Negril, when in fact the services were provided by a different company known as Legacy Wellness LLC ("Legacy"). During the relevant time period, Legacy was neither licensed by the Virginia Department of Behavioral Health and Development Services ("DBHDS") nor enrolled as a Virginia Medicaid provider with DMAS. The relevant mental health skill building services, however, were billed to DMAS by Negril, and the payments for those services were then split between Negril and Legacy. By virtue of the fraudulent scheme, Defendants directly benefited from millions of dollars paid by Virginia Medicaid for claims for mental health skill building services as described in further detail herein.

I. JURISDICTION AND VENUE

1. This action is to redress violations of the FCA, 31 U.S.C. § 3729 *et seq*. as well as the Commonwealth's sister fraud statute, the VFATA, VA. CODE ANN. § 8.01-216.1 *et seq*. The Court has personal jurisdiction over the Defendants pursuant to 31 U.S.C. § 3732(a) because the Defendants reside and transact business in this District, and because the Defendants submitted or caused to be submitted claims for payment to the United States and the Commonwealth for services allegedly rendered in this District. The Defendants also received payments from the United States and the Commonwealth for services allegedly rendered in this District.

2. The Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1345, and 31 U.S.C. § 3730.

3. This Court has jurisdiction over the Commonwealth's VFATA and other state law claims pursuant to 31 U.S.C. § 3732(b), because the violations of state and federal law arise from the same transactions or occurrences as an action brought under 31 U.S.C. § 3730, as well as supplemental jurisdiction to entertain the state statutory, common, and equitable causes of action pursuant to 28 U.S.C. § 1367(a).

4. Venue lies in this District pursuant to 28 U.S.C. §§ 1391(b)-(c) and 1395(a), and 31 U.S.C. § 3732(a), because the claims arose in the Western District of Virginia, at least some of the false or fraudulent acts occurred in this District, the Defendants reside in this District, and the Defendants transact business in this District.

5. Venue is appropriate in the Lynchburg Division of this Court pursuant to Local Rule 2 because the claims arose in this Division, at least some of the false or fraudulent acts occurred in this Division, the Defendants reside in this Division, and/or the Defendants transact business in this Division.

II. PARTIES

6. The United States, acting through the Department of Health and Human Services ("HHS") and the Centers for Medicare & Medicaid Services ("CMS"), administers grants to states for Medical Assistance Programs pursuant to Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 *et seq.* (2018) ("Medicaid"). The United States brings this civil action on behalf of itself and one or more departments or agencies of the United States pursuant to 31 U.S.C. § 3730(b)(4)(A) and (c).

7. The Virginia Attorney General brings this action in the name of the Commonwealth for damages resulting from false claims submitted or caused to be submitted to DMAS, the agency

that administers the Virginia Medicaid Program, pursuant to VA. CODE ANN. §§ 8.01-216.4 and 8.01-216.6.[1]

8. Defendant Negril, Inc. is a Virginia corporation with its principal place of business at 2601 North Main Street, Danville, Virginia. Negril was a registered Virginia Medicaid provider during the relevant time period of the conduct alleged herein and provided in-home, day, group home, and related support services to Virginia Medicaid beneficiaries with intellectual and other disabilities, including recipients living within the Western District of Virginia. Negril billed DMAS for reimbursement under the Medicaid program for various in-home health care and other services under National Provider Identification Numbers ("NPIs") 1477637874 and 1437468881. During the relevant time period of the alleged conduct, Negril was credentialed with DBHDS as a provider of in-home, residential group home, day support, and other services under Provider Number 395.

9. Kirby Wright was a resident of Danville, Pittsylvania County, Virginia, within the Western District of Virginia. Wright passed away on or about April 30, 2025, in Danville, Virginia. Prior to his death, Wright was the President and Treasurer of Negril and was the Chief Executive Officer of Negril during the relevant time period of the alleged conduct. Tammy Warren was appointed as Executor of Wright's estate by the Pittsylvania County Circuit Court on or about October 21, 2025.

[1] DMAS is the agency that administers the Virginia Medicaid Program for the Commonwealth under Title XIX of the Social Security Act. For purposes of this Complaint, the term DMAS includes, and is interchangeable with, the Virginia Medicaid Program and includes any contractors or Managed Care Organizations ("MCO") engaged by, or working on behalf of, DMAS or the Virginia Medicaid Program. The Virginia Office of the Attorney General brings this action in the name of the Commonwealth of Virginia exclusively on behalf of and for damages incurred by the Commonwealth through DMAS.

10. Defendant Tammy Warren (a/k/a Tammy Wright-Warren) is a resident of Danville, Pittsylvania County, Virginia, within the Western District of Virginia. Warren is the Vice President and Secretary of Negril and was the Chief Operating Officer of Negril during the relevant time period of the alleged conduct.

11. Upon information and belief, Negril was owned 50% by Wright and 50% by Warren during the relevant time period of the alleged conduct.

III. APPLICABLE LAW AND THE VIRGINIA MEDICAID PROGRAM

12. The Medicaid program is a jointly funded federal and state program that provides health care coverage to eligible individuals. 42 U.S.C. § 1396 *et seq.*

13. Before receiving any federal Medicaid funds, participating states must submit a "state plan for medical assistance" to the Secretary of HHS, as required by Section 1902 of Title XIX of the Social Security Act. 42 U.S.C. § 1396a. This plan describes how a state will administer its Medicaid program and guarantees that the state will meet the applicable federal rules and regulations related to Medicaid, a requirement for federal funding.

14. The Commonwealth is a Medicaid participating state and Virginia law authorizes DMAS to administer the Virginia Medicaid program. VA. CODE ANN. § 32.1-325. DMAS is the single state agency designated by the General Assembly of Virginia, under the provision of Title XIX of the Social Security Act, to administer the Medicaid Program on a statewide basis in accordance with the requirements of 42 C.F.R. § 431.50. *See* 12 VA. ADMIN. CODE § 30-10-10 *et seq.*; *id.* at 30-10-30.

15. DMAS provides Medicaid services that are billed and reimbursed on a fee-for-service ("FFS") basis and, in some instances, through so-called managed care organizations ("MCOs").

16. Federal and state regulations describe in detail the requirements of MCOs and providers participating in managed care plans that serve Medicaid beneficiaries. *See, e.g.*, 42 C.F.R. §§ 438.1 *et seq*.; 12 VA. ADMIN. CODE §§ 30-120-360 *et seq*. In very general terms, MCOs contract with DMAS to offer Medicaid-covered services to their beneficiaries (in accordance with applicable regulations and the terms of the state contract), and providers in turn contract with the MCOs to deliver the actual services to the beneficiaries. Both FFS and managed care recipients, however, are Virginia Medicaid Program beneficiaries and their services are paid through funds provided by the United States and the Commonwealth through the Virginia Medicaid Program. Consequently, payment for services ultimately comes from the Virginia Medicaid Program regardless of whether a provider bills DMAS directly or submits claims through a contracted MCO. In fact, under both the FCA and the VFATA, a "claim" includes any request for money or payment when the United States or the Commonwealth provides any portion of the funds or reimburses a contractor, grantee, or recipient for any portion of the money that is requested. *See* 31 U.S.C. § 3729(b)(2)(A) and VA CODE ANN. § 8.01-216.2.

17. State plans for medical assistance are required to provide certain mental health services to qualifying individuals under the terms of the state plan. *See* 42 U.S.C. § 1396a(a)(10)(D); 42 C.F.R. §§ 440.70 and 441.15; 12 VA. ADMIN. CODE § 30-10-220. *See also, e.g.,* Mental Health Services Manual, Ch. IV (May 15, 2024).

18. During the relevant time period of the conduct alleged herein, DMAS administered a number of benefits or programs under the Virginia Medicaid Program that included coverage for various mental health services, including mental health skill-building services ("MHSS"). MHSS involves goal-directed training and support to enable an individual to achieve and maintain community stability and independence in the most appropriate, least restrictive environment. 12

VA. ADMIN. CODE § 30-50-226; *id. at* § 30-60-143; Mental Health Services Manual, Appendix H (June 14, 2023).

19. Some examples of MHSS include: (1) daily living activities and trainings on personal care/hygiene to restore and regain functional skills and appropriate behavior related to health and safety; (2) skills training and reinforcement on the use of available community resources, such as public transportation, to improve daily living and community integration skills and independent use of community resources; (3) goal-directed and individualized stress management and coping skills training to increase the individual's ability to manage his or her mental illness; (4) medication management; and (5) coaching and training on maintaining adherence to recommended medical care such as scheduling and keeping medical appointments. Mental Health Services Manual, Appendix H (June 14, 2023).

20. A Medicaid enrolled provider of MHSS must have a Mental Health Community Support license through DBHDS. DBHDS also has requirements regarding the supervision of services provided under the MHSS. Providers must have the correct service license from DBHDS or DHP license as applicable in order to secure service authorizations and registrations, provide the services, and be reimbursed for the services. 12 VA. ADMIN. CODE § 35-105-30; Mental Health Services Manual, Ch. IV (May 15, 2024).

21. Providers of MHSS must also be credentialed with the individual's Medicaid MCO (for individuals enrolled in Medicaid managed care) or the FFS contractor for individuals whose claims are reimbursed on a FFS basis. Mental Health Services Manual, Appendix H (June 14, 2023). During the relevant time period, DMAS's FFS contractor was Magellan.

22. In order for an individual to qualify for MHSS they must demonstrate a clinical necessity for the service arising from a condition due to mental, behavioral, or emotional illness

that results in significant functional impairments in major life activities. In short, to be eligible for MHSS, an individual must have a qualifying serious mental health disorder; require individualized goal-directed training in order to achieve or maintain independent living in the community; have a history of prior inpatient or residential treatment; and have had a prescription for medication to treat the individual's mental health condition within the 12 months prior to the MHSS Comprehensive Needs Assessment. Mental Health Services Manual, Appendix H (June 14, 2023).

23. MHSS also require service authorization, which is the process to confirm that the services requested are medically necessary for the individual and that the potential care meets DMAS criteria for reimbursement. Mental Health Services Manual, Appendix C (September 16, 2025). During the relevant time period, Magellan operated as DMAS's contractor for FFS MHSS.

24. In order to provide MHSS, a provider must complete a Comprehensive Needs Assessment prior to the start of the services, which documents the individual's behavior and describes how the individual meets criteria for MHSS. Once services have commenced, the provider must create an Individualized Service Plan, which identifies the individual's needs, includes all planned interventions, is regularly updated as the individual's needs and progress changes, and details treatment efforts and progress throughout the course of treatment. 12 VA. ADMIN. CODE § 30-50-226; *id. at* § 30-60-143; Mental Health Services Manual, Ch. IV (May 15, 2024); Mental Health Services Manual, Appendix H (June 14, 2023).

25. Providers are also required to maintain progress notes detailing all relevant information related to service provision and that support providers' claims for reimbursement. Mental Health Services Manual, Ch. IV (May 15, 2024); Mental Health Services Manual, Appendix H (June 14, 2023).

26. The Virginia Administrative Code and the various DMAS Provider Manuals, some of which are described in further detail above, set out detailed service and documentation requirements for Medicaid providers, including but not limited to providers such as Negril, that provide mental health services available under applicable Medicaid benefits.

Virginia Medicaid Provider Enrollment Requirements

27. A provider must execute a participation agreement with DMAS in order to enroll in the Virginia Medicaid program. By executing a participation agreement, a provider agrees to adhere to the policies and regulations contained in the DMAS Provider Manual(s)[2] pertaining to the specific service(s) it will provide, including documentation requirements and rules for billing DMAS. Moreover, a provider agrees to comply with all applicable state and federal laws, including state and federal repayment statutes.

28. Negril has been a Virginia Medicaid provider since at least September 2010. Upon information and belief, Negril and/or employees or agents on behalf of and for the benefit of Negril have entered into one or more participation agreements with DMAS for Community Mental Health Services and other services.

29. Negril had a Mental Health Community Support license through DBHDS that was effective on or about June 1, 2008, and this license was active and in effect during the entire time period of the conduct alleged herein.

30. At no point during the relevant time period of the alleged conduct was Legacy enrolled as a Medicaid provider or licensed by DBHDS to provide Community Mental Health Services.

[2] Provider Manuals are official publications of DMAS, and their contents are incorporated by reference into participation agreements signed by providers enrolled in the Medicaid Program. DMAS periodically revises and updates Provider Manuals.

IV. THE FALSE CLAIMS ACT, THE VIRGINIA FRAUD AGAINST TAXPAYERS ACT, AND THE VIRGINIA MEDICAID FRAUD STATUTE

31. The FCA, 31 U.S.C. § 3729 *et seq*., imposes liability on any person who "knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval." 31 U.S.C. § 3729(a)(1)(A).[3] The FCA also prohibits any person from "knowingly mak[ing], us[ing], or caus[ing] to be made or used, a false record or statement material to a false or fraudulent claim." *Id*. at (a)(1)(B). The FCA further imposes liability for a person who "knowingly makes, uses, or causes to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the Government, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the Government." *Id*. at (a)(1)(G).

32. Under the FCA, the terms "knowing" and "knowingly" are defined to include actual knowledge, deliberate ignorance, or reckless disregard of the truth or falsity of information and requires no specific intent to defraud. *Id*. § 3729(b)(1). The term "obligation," under the statute, includes the "retention of any overpayment." *Id*. § 3729(b)(3).

33. As amended by Section 6402(a) of the Patient Protection and Affordable Care Act of 2010 (Enhanced Medicare and Medicaid Provisions), Pub. L. No. 111-148, 124 Stat. 119, 753-56 (2010), an overpayment is defined as "any funds that a person receives or retains under subchapter XVIII or XIX to which the person, after applicable reconciliation, is not entitled under such subchapter." 42 U.S.C. § 1320a-7k(d)(4)(B). The "overpayment must be reported and returned" within "60 days after the date on which the overpayment was identified." *Id*. § 1320a-7k(d)(2).

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[3] Congress amended the FCA as a part of the Fraud Enforcement Recovery Act of 2009 ("FERA") on May 20, 2009.

34. Failure to return any overpayment constitutes a reverse false claim actionable under section 3729(a)(1)(G) of the FCA.

35. The VFATA, VA. CODE ANN. § 8.01-216.1 *et seq.*, became effective on January 1, 2003, and is modeled after and closely mirrors the language of the FCA. Similar to the FCA, the VFATA broadly covers all types of fraud occurring on the Commonwealth, including fraud on the Virginia Medicaid Program. Like the FCA, the VFATA imposes civil liability on any person who knowingly presents or causes to be presented, a false or fraudulent claim for payment or approval, VA. CODE ANN. § 8.01-216.3(A)(1), or for knowingly making, using, or causing to be made or used, a false record or material statement, for payment or approval. *Id*. at (A)(2). The VFATA also prohibits a person from knowingly making, using, or causing to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the Commonwealth or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay or transmit money or property to the Commonwealth. *Id*. at (A)(8).

36. Under the VFATA, the terms "knowing" and "knowingly" are defined to include actual knowledge, deliberate ignorance, or reckless disregard of the truth or falsity of information and requires no specific intent to defraud. *Id*. § 8.01-216.3(C). And like the FCA, the VFATA also provides that the term "obligation" includes the "retention of any overpayment." *Id*. § 8.01-216.2.

37. Under both the FCA and the VFATA, a claim includes any request for money or payment when the United States or the Commonwealth provides any portion of the funds or reimburses a contractor, grantee, or recipient for any portion of the money that is requested. 31 U.S.C. § 3729(b)(2)(A); VA CODE ANN. § 8.01-216.2.

38. For FCA violations, the statute provides for treble damages and civil penalties. 31 U.S.C. § 3729(a)(1). Similarly, the VFATA provides for treble damages in addition to civil penalties. VA. CODE ANN. § 8.01-216.3(A).

39. The Virginia Medicaid Fraud Statute prohibits any person, agency, or institution from using willful false statements, willful misrepresentations, willful concealment of material facts, or any other fraudulent scheme or device to obtain or attempt to obtain any medical assistance benefits or payments in a greater amount than that to which the person is entitled when the Commonwealth directly or indirectly provides any medical assistance benefits or payments. VA. CODE ANN. § 32.1-312.

40. Any person, agency, or institution that violates this statute is liable to the Commonwealth for the amount of any excess benefits or payments, plus interest and civil penalties, not to exceed three times the amount of the excess benefits or payments. VA. CODE ANN. § 32.1-312(B).

V. FRAUDULENT SCHEME

41. From approximately January 2021 through May 2022, Defendants engaged in a scheme whereby Negril, Wright, and Warren agreed to permit Legacy and its owner to impermissibly use Negril's NPI to submit claims for reimbursement to DMAS for MHSS that was in fact provided by agents or employees of Legacy.[4]

42. Legacy employed or otherwise engaged mental health providers that provided MHSS to patients of Negril; however, because Legacy was neither enrolled as a Virginia Medicaid Provider nor licensed by DBHDS, it could not submit claims for reimbursement to DMAS.

[4] Hereinafter, any references to the scheme involving Defendant Negril include the knowledge and involvement of Defendants Wright and Warren.

43. During the relevant time period of the fraudulent scheme described herein, Negril submitted claims for reimbursement to DMAS for MHSS provided by agents or employees of Legacy.

44. After receiving reimbursement checks or payments from DMAS, Wright would calculate the reimbursements attributable to MHSS provided by Legacy and then issue payment to Legacy and/or Legacy's owner for seventy-five percent (75%) of the total reimbursement amount for the relevant MHSS claims.

45. Negril retained twenty-five percent (25%) of the total reimbursement for MHSS claims provided by Legacy.

46. During the relevant time period and in furtherance of the scheme described herein, Negril submitted and was reimbursed for approximately 6,507 claims for MHSS services actually provided by Legacy, totaling $4,552,565.54 in reimbursement.

47. From February 2021 through May 2022, Negril issued at least 77 payments to Legacy as well as at least one payment to Legacy's owner in furtherance of the scheme described herein.

48. Some, if not all, of the reimbursement checks from Negril to Legacy and/or Legacy's owner were signed by Wright.

49. In total, the Government believes that Negril paid Legacy and/or Legacy's owner at least $2,891,018.39 in furtherance of the scheme described herein.

50. The Government further believes that Negril retained approximately $1,138,141.38 in monies received for claims submitted to DMAS related to the MHSS provided by Legacy and in furtherance of the scheme described herein.

51. During the relevant time period, Negril had actual or constructive knowledge of the fraudulent scheme described herein.

52. During the relevant time period, Wright had actual or constructive knowledge of the fraudulent scheme described herein.

53. During the relevant time period, Warren had actual or constructive knowledge of the fraudulent scheme described herein.

54. Virginia Medicaid would not have reimbursed the relevant MHSS claims had it known of the conduct described herein.

The Virginia Medicaid Recipients

55. Defendants submitted or caused to be submitted false claims to DMAS, or knowingly made or used false records or statements material to false or fraudulent claims to DMAS, in furtherance of the fraudulent scheme described herein. The scheme included MHSS for at least 300 Virginia Medicaid recipients and resulted in the Virginia Medicaid program reimbursing Negril approximately $4,552,565.54 for at least 6,507 claims for MHSS that were actually provided by Legacy. Several examples of recipients whose MHSS were involved in the scheme described herein are further detailed below.[5] At the Court's request, the Government is prepared to file, under seal, additional information regarding the deidentified patients discussed herein and/or a complete list of the subject claims with appropriate redactions to protect recipient privacy, as necessary.

[5] For purposes of the discussion herein of recipient-specific claims, the Government has only included claims submitted by Negril that were actually reimbursed by the Virginia Medicaid Program. There were additional claims submitted by Negril that were denied or otherwise not paid, and the Government notes that such claims may also be appropriately categorized as "false" and subject to per-claim penalties under the FCA and VFATA to the extent that they sought payment by Medicaid for services that were provided by Legacy but billed under Negril's NPI.

Patient 1

56. Patient 1 is a Virginia Medicaid recipient born in 1987.

57. Between approximately May 4, 2021, and May 4, 2022, Negril billed for and was reimbursed by Virginia Medicaid for 50 claims for MHSS for Patient 1 that were provided by Legacy but submitted as if performed by Negril and under Negril's NPI.

58. In total, Negril received $39,042.18 in reimbursement from Virginia Medicaid for MHSS for Patient 1.

59. Upon information and belief, Negril paid Legacy a percentage of the reimbursement it received from MHSS claims submitted to DMAS for Patient 1 for MHSS actually performed by Legacy.

Patient 2

60. Patient 2 is a Virginia Medicaid recipient born in 1960.

61. Between approximately August 11, 2021, and April 23, 2022, Negril billed for and was reimbursed by Virginia Medicaid for 38 claims for MHSS for Patient 2 that were provided by Legacy but submitted as if performed by Negril and under Negril's NPI.

62. In total, Negril received $29,569.72 in reimbursement from Virginia Medicaid for MHSS for Patient 2.

63. Upon information and belief, Negril paid Legacy a percentage of the reimbursement it received from MHSS claims submitted to DMAS for Patient 2 for MHSS actually performed by Legacy.

Patient 3

64. Patient 3 is a Virginia Medicaid recipient born in 1978.

65. Between approximately May 21, 2021, and May 7, 2022, Negril billed for and was reimbursed by Virginia Medicaid for 27 claims for MHSS for Patient 3 that were provided by Legacy but submitted as if performed by Negril and under Negril's NPI.

66. In total, Negril received $23,043.94 in reimbursement from Virginia Medicaid for MHSS for Patient 3.

67. Upon information and belief, Negril paid Legacy a percentage of the reimbursement it received from MHSS claims submitted to DMAS for Patient 3 for MHSS actually performed by Legacy.

Patient 4

68. Patient 4 is a Virginia Medicaid recipient born in 1958.

69. Between approximately October 17, 2021, and April 23, 2022, Negril billed for and was reimbursed by Virginia Medicaid for 27 claims for MHSS for Patient 4 that were provided by Legacy but submitted as if performed by Negril and under Negril's NPI.

70. In total, Negril received $20,895.80 in reimbursement from Virginia Medicaid for MHSS for Patient 4.

71. Upon information and belief, Negril paid Legacy a percentage of the reimbursement it received from MHSS claims submitted to DMAS for Patient 4 for MHSS actually performed by Legacy.

Patient 5

72. Patient 5 is a Virginia Medicaid recipient born in 2000.

73. Between approximately October 17, 2021, and April 23, 2022, Negril billed for and was reimbursed by Virginia Medicaid for 27 claims for MHSS for Patient 5 that were provided by Legacy but submitted as if performed by Negril and under Negril's NPI.

74. In total, Negril received $20,937.24 in reimbursement from Virginia Medicaid for MHSS for Patient 5.

75. Upon information and belief, Negril paid Legacy a percentage of the reimbursement it received from MHSS claims submitted to DMAS for Patient 5 for MHSS actually performed by Legacy.

Patient 6

76. Patient 6 is a Virginia Medicaid recipient born in 1966.

77. Between approximately January 24, 2021, and April 23, 2022, Negril billed for and was reimbursed by Virginia Medicaid for 67 claims for MHSS for Patient 6 that were provided by Legacy but submitted as if performed by Negril and under Negril's NPI.

78. In total, Negril received $43,617.68 in reimbursement from Virginia Medicaid for MHSS for Patient 6.

79. Upon information and belief, Negril paid Legacy a percentage of the reimbursement it received from MHSS claims submitted to DMAS for Patient 6 for MHSS actually performed by Legacy.

CLAIMS FOR RELIEF

COUNT I
False Claims Act, 31 U.S.C. §3729(a)(1)(A)
Making a False Claim

80. The Government re-alleges and incorporates herein by reference paragraphs 1 through 79 set out above.

81. The FCA, 31 U.S.C. § 3729 (a)(1)(A), provides, in relevant part, that any person who "knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval… is liable to the Unites States Government for a civil penalty . . . as adjusted by the

Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. § 2461 note; Public Law 104-410), plus 3 times the amount of damages which the Government sustains because of the act of that person." 31 U.S.C. §3729(a)(1)(A).[6]

82. Defendants presented or caused to be presented false or fraudulent claims for payment or approval to DMAS that were material to DMAS's decision to pay the claims.

83. Defendants knowingly, and/or with deliberate ignorance of their truth or falsity, and/or with reckless disregard for their truth or falsity presented, or caused to be presented, these materially false or fraudulent claims through DMAS to the United States.

84. Defendants are, therefore, liable to the United States for civil penalties for each claim, plus three times the amount of damages the United States sustained because of Defendants' conduct.

COUNT II
False Claims Act, 31 U.S.C. § 3729(a)(1)(B)
Knowingly Making or Using a False or Fraudulent Record Material to a False or Fraudulent Claim

85. The Government re-alleges and incorporates herein by reference paragraphs 1 through 84 set out above.

86. The FCA, 31 U.S.C. § 3729 *et seq*., provides in relevant part, that any person who "knowingly makes, uses or causes to be made or used, a false record or statement material to a false or fraudulent claim…is liable to the Government for a civil penalty of not less than $5,500 and not more than $11,000, as adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. § 2461), plus 3 times the amount of damages which the Government sustains because of the act of that person." 31 U.S.C. § 3729(a)(1)(B).

[6] *See* 28 C.F.R. § 85.5, Table 1 for current inflation adjustments of civil penalties under the FCA.

87. Defendants knowingly made, used, or caused to be made or used, false records or statements material to false or fraudulent claims.

88. Defendants' false and/or fraudulent representations to DMAS were material to DMAS' decision to pay the claims.

89. Defendants knowingly, and/or with deliberate ignorance of their truth or falsity, and/or with reckless disregard for their truth or falsity presented, or caused to be presented, false or fraudulent claims through DMAS to the United States that were material for payment or approval.

90. Defendants are, therefore, liable to the United States for civil penalties for each claim, plus three times the amount of damages the United States sustained because of Defendants' conduct.

COUNT III

Virginia Fraud Against Taxpayers Act, VA. CODE ANN. § 8.01-216.3(A)(1)
Making a False Claim

91. The Government re-alleges and incorporates herein by reference paragraphs 1 through 90 set out above.

92. The VFATA provides, in relevant part, that any person who "knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval . . . shall be liable to the Commonwealth for a civil penalty . . . plus 3 times the amount of damages sustained by the Commonwealth." VA. CODE ANN. § 8.01-216.3(A)(1).[7]

[7] In order to effectuate compliance with the Deficit Reduction Act of 2005, Pub. L. 109-171, tit. VI, § 6031 (2006) (codified at 42 U.S.C. § 1396h), on or about March 30, 2018, the Virginia General Assembly amended the penalty language in Va. Code Ann. § 8.01-216.3 to mirror the FCA, which now provides that those who violate the VFATA: shall be liable to the Commonwealth for a civil penalty of not less than $10,957 and not more than $21,916, except that these lower and upper limits on liability shall automatically be adjusted to equal the amounts allowed under the Federal False Claims Act, 31 U.S.C. § 3729 et seq., as amended, as such penalties in the Federal

93. Defendants presented or caused to be presented false or fraudulent claims for payment or approval to DMAS that were material to DMAS's decision to pay the claims.

94. Defendants knowingly, and/or with deliberate ignorance of their truth or falsity, and/or with reckless disregard for their truth or falsity presented, or caused to be presented, these material false or fraudulent claims to the Commonwealth.

95. Defendants are, therefore, liable to the Commonwealth for civil penalties, plus three times the amount of damages the Commonwealth sustained because of Defendants' conduct.

COUNT IV
Virginia Fraud Against Taxpayers Act, Va. Code Ann. § 8.01-216.3(A)(2)
Knowingly Making or Using a False or Fraudulent Record Material to a False or Fraudulent Claim

96. The Government re-alleges and incorporates herein by reference paragraphs 1 through 95 set out above.

97. The VFATA specifically provides, in relevant part, that any person who knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim shall be liable to the Commonwealth for a civil penalty as prescribed by law plus three times the amount of damages sustained by the Commonwealth. VA. CODE ANN. § 8.01-216.3(A)(2).

98. Defendants knowingly, and/or with deliberate ignorance of their truth or falsity, and/or with reckless disregard for their truth or falsity submitted or caused to be submitted claims to the Commonwealth, through DMAS, which were false or fraudulent. As

False Claims Act are adjusted for inflation by the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended (28 U.S.C. § 2461 Note, P.L. 101-410), plus three times the amount of damages sustained by the Commonwealth.

a result of the conduct alleged above, DMAS paid Negril for the false claims it submitted or caused to be submitted for payment and suffered damages.

99. Defendants knowingly made, used, or caused to be made or used, false records or statements material to false or fraudulent claims.

100. Defendants' false and/or fraudulent representations to DMAS were material to DMAS's decision to pay the claims.

101. Defendants knowingly, and/or with deliberate ignorance of their truth or falsity, and/or with reckless disregard for their truth or falsity presented, or caused to be presented, false or fraudulent claims to the Commonwealth that were material for payment or approval in violation of VA. CODE ANN. § 8.01-216.1, *et seq*.

102. Defendants are, therefore, liable to the Commonwealth for civil penalties plus three times the amount of actual damages the Commonwealth sustained because of Defendants' conduct.

COUNT V
Virginia Medicaid Fraud Statute, VA. CODE ANN. § 32.1-312

103. The Government re-alleges and incorporates herein by reference paragraphs 1 through 102 set out above.

104. The Virginia Medicaid Fraud Statute, as amended, provides, in relevant part:

> A. No person, agency or institution, but not including an individual medical assistance recipient of health care, on behalf of himself or others, whether under a contract or otherwise, shall obtain or attempt to obtain benefits or payments where the Commonwealth directly or indirectly provides any portion of the benefits or payments pursuant to the Plan for Medical Assistance and any amendments thereto as provided for in § 32.1-325, hereafter referred to as "medical assistance" in a greater amount than that to which entitled by:
>
> 1. Knowingly and willfully making or causing to be made any false statement or false representation of material fact;

> 2. Knowingly and willfully concealing or causing to be concealed any material facts; or . . .
>
> B. Any person, agency or institution knowingly and willfully violating any of the provisions of subsection A shall be (i) liable for repayment of any excess benefits or payments received, plus interest on the amount of the excess benefits or payments at the rate of 1.5 percent each month for the period from the date upon which payment was made to the date upon which repayment is made to the Commonwealth and (ii) in addition to any other penalties provided by law, subject to civil penalties. The state Attorney General may petition the circuit court in the jurisdiction of the alleged offense, to seek an order assessing civil penalties in an amount not to exceed three times the amount of such excess benefits or payments. Such civil penalties shall not apply to any acts or omissions occurring prior to the effective date of this law.
>
> VA. CODE ANN. § 32.1-312.

105. Defendants, caused to be made, or used claims which were false or fraudulent, in that these claims sought payment for services provided by Legacy but fraudulently billed under Negril's NPI. The Commonwealth, through DMAS, paid these claims. Accordingly, Defendants obtained, or attempted to obtain, excess payments from the Commonwealth by:

> a) Knowingly and willfully making or causing to be made any false statement or false representation of material fact;
>
> b) Knowingly and willfully concealing or causing to be concealed any material facts.

106. But for Defendants' actions as alleged above, DMAS would not have paid Negril. Thus, the creation, use, and submission of the false claims were material to the Commonwealth's decision to pay Negril.

107. Accordingly, Defendants are liable to the Commonwealth for repayment of any excess benefits or payments received, plus interest on the amount of the excess benefits or payments at the rate of 1.5 percent each month for the period from the date upon which payment was made to the date upon which repayment is made to the Commonwealth and, in addition to any

other penalties provided by law, civil penalties in an amount not to exceed three times the amount of such excess benefits or payments.

COUNT VI
Unjust Enrichment

108. The Government re-alleges and incorporates herein by reference paragraphs 1 through 107 set out above.

109. Defendants submitted or caused to be submitted claims for payment for services provided by Legacy but fraudulently billed under Negril's NPI.

110. Defendants knew that DMAS paid these claims.

111. Negril accepted and Defendants collectively retained payments for these false claims, rendering it inequitable for Defendants to retain those payments without returning the value.

112. By receiving and retaining funds to which it was not entitled, Defendants were unjustly enriched and the Government deprived of its property.

113. The Commonwealth funds its Medicaid Program under a matching grant in which a portion of the money lost as a result of Defendants' fraudulent conduct alleged herein is federal funds, and a portion of the money lost as a result of Defendants' conduct alleged herein is the Commonwealth's funds.

114. Defendants were unjustly enriched, at the expense of the Government, in such amounts to be determined at trial.

COUNT VII
Payment by Mistake

115. The Government re-alleges and incorporates herein by reference paragraphs 1 through 114 set out above.

116. DMAS made payments to Negril based upon the belief that Negril was properly entitled to receive those payments and which belief was based upon representations made by Negril that it was entitled to receive those payments. Negril received and the Defendants collectively retained the benefit of those payments, and they were not entitled to receive those payments.

117. DMAS's belief that Negril was entitled to these payments was mistaken and erroneous because Defendants did not comply with the statutes and regulations applicable to the Virginia Medicaid program.

118. Due to these payments by mistake, Defendants have received monies to which it was not entitled.

119. The Commonwealth funds its Medicaid Program under a matching grant in which a portion of the money attributable to Defendants' fraudulent conduct alleged herein is federal funds, and a portion of the money attributable to Defendants' fraudulent conduct alleged herein is the Commonwealth's funds.

120. The Government is entitled to recover those funds wrongfully, erroneously, or illegally paid to Defendants.

121. Defendants' actions caused the Government to suffer damages in an amount to be determined at trial.

COUNT VIII
Common Law Fraud

122. The Government re-alleges and incorporates herein by reference paragraphs 1 through 121 set out above.

123. Defendants submitted or caused to be submitted claims for payment for services provided by Legacy but fraudulently billed under Negril's NPI. DMAS thereafter paid Defendants based on Defendants' submission of such claims for payment.

124. Defendants knowingly, and/or with deliberate ignorance of their truth or falsity, and/or with reckless disregard for their truth or falsity submitted or caused to be submitted claims to the Commonwealth that were false and/or fraudulent, in that these claims were based on falsified records or lack of documentation.

125. Defendants made or caused to be made false representations of material facts intentionally and knowingly with the intent to mislead the Commonwealth regarding Negril's submission of such claims for payment.

126. Defendants intended that the Commonwealth rely upon these material representations.

127. The Commonwealth reasonably relied upon Defendants' fraudulent misrepresentations. As a result, the Commonwealth paid for claims that it otherwise would not have paid but for Defendants' fraudulent statements.

128. The Commonwealth funds its Medicaid Program under a matching grant in which a portion of the money attributable to Defendants' fraudulent conduct alleged herein is federal funds, and a portion of the money attributable to Defendants' fraudulent conduct alleged herein is the Commonwealth's funds.

129. Due to Defendants' fraudulent conduct alleged above, Defendants are liable to the United States and the Commonwealth for compensatory and punitive damages.

REQUEST FOR RELIEF

WHEREFORE, the United States and the Commonwealth respectfully request:

130. That the acts alleged herein be adjudged and decreed to be unlawful in violation of the False Claims Act, the Virginia Fraud Against Taxpayers Act, and the Virginia Medicaid Fraud Statute;

131. That the Government recover treble the damages determined to have been sustained pursuant to 31 U.S.C. § 3729(a) and VA. CODE ANN. § 8.01-216.3, and that judgment be entered against Defendants and in favor of the Government;

132. That the Government recover costs pursuant to 31 U.S.C. § 3729(a)(3) and VA. CODE ANN. § 8.01-216.3(A);

133. That Defendants be ordered to pay civil penalties pursuant to 31 U.S.C. § 3729(a) and VA. CODE ANN. § 8.01-216.3(A) for each false claim filed;

134. That Defendants be ordered to pay the amount of excess payments made by the Commonwealth as a result of Defendants' violation of the Virginia Medicaid Fraud Statute plus interest at the rate of 1.5 percent each month for the period from the date upon which payment was made to the date upon which repayment is made to the Commonwealth pursuant to VA. CODE ANN. § 32.1-312(B).

135. That Defendants be ordered, in addition to any other penalties provided by law, to pay civil penalties pursuant to VA. CODE ANN. § 32.1-312(B), for up to three times the amount of excess payments made by the Commonwealth as a result of Defendants' violations of the Virginia Fraud Statute;

136. That Defendants be ordered to pay compensatory damages equal to the amount of excess payments made by the Commonwealth as a result of Defendants' actions plus punitive damages as deemed appropriate by the Court;

137. That Defendants be ordered to return to the Government, on equitable grounds, the amount of the fraudulently obtained payments received;

138. That the Government be granted such other and further relief as the Court deems just, equitable, and proper.

DEMAND FOR JURY TRIAL

Pursuant to Federal Rule of Civil Procedure 38, the United States and the Commonwealth hereby demand a trial by jury in this action of all issues so triable.

Respectfully submitted,

Date: June 12, 2026

/s/ Matthew G. Howells

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Counsel for the United States

COMMONWEALTH OF VIRGINIA

By: */s/ Kimberly M. Bolton*

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Virginia Office of the Attorney General
Medicaid Fraud Control Unit, Civil Litigation
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Counsel for the Commonwealth

JS 44 (Rev. 03/24)

CIVIL COVER SHEET

Case No. 6:26cv66

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS

United States of America et al.

(b) County of Residence of First Listed Plaintiff _____
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*

Matthew G. Howells, Assistant U.S. Attorney
P.O. Box 1709, Roanoke, VA 24008

DEFENDANTS

Negril Incorporated et al.

County of Residence of First Listed Defendant Danville City
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- [x] 1 U.S. Government Plaintiff
- [ ] 2 U.S. Government Defendant
- [ ] 3 Federal Question *(U.S. Government Not a Party)*
- [ ] 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*

(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	[ ] 1	[ ] 1	Incorporated *or* Principal Place of Business In This State	[ ] 4	[ ] 4
Citizen of Another State	[ ] 2	[ ] 2	Incorporated *and* Principal Place of Business In Another State	[ ] 5	[ ] 5
Citizen or Subject of a Foreign Country	[ ] 3	[ ] 3	Foreign Nation	[ ] 6	[ ] 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

Click here for: Nature of Suit Code Descriptions.

CONTRACT
- [ ] 110 Insurance
- [ ] 120 Marine
- [ ] 130 Miller Act
- [ ] 140 Negotiable Instrument
- [ ] 150 Recovery of Overpayment & Enforcement of Judgment
- [ ] 151 Medicare Act
- [ ] 152 Recovery of Defaulted Student Loans (Excludes Veterans)
- [ ] 153 Recovery of Overpayment of Veteran's Benefits
- [ ] 160 Stockholders' Suits
- [ ] 190 Other Contract
- [ ] 195 Contract Product Liability
- [ ] 196 Franchise

REAL PROPERTY
- [ ] 210 Land Condemnation
- [ ] 220 Foreclosure
- [ ] 230 Rent Lease & Ejectment
- [ ] 240 Torts to Land
- [ ] 245 Tort Product Liability
- [ ] 290 All Other Real Property

TORTS

PERSONAL INJURY
- [ ] 310 Airplane
- [ ] 315 Airplane Product Liability
- [ ] 320 Assault, Libel & Slander
- [ ] 330 Federal Employers' Liability
- [ ] 340 Marine
- [ ] 345 Marine Product Liability
- [ ] 350 Motor Vehicle
- [ ] 355 Motor Vehicle Product Liability
- [ ] 360 Other Personal Injury
- [ ] 362 Personal Injury - Medical Malpractice

PERSONAL INJURY
- [ ] 365 Personal Injury - Product Liability
- [ ] 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- [ ] 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- [ ] 370 Other Fraud
- [ ] 371 Truth in Lending
- [ ] 380 Other Personal Property Damage
- [ ] 385 Property Damage Product Liability

CIVIL RIGHTS
- [ ] 440 Other Civil Rights
- [ ] 441 Voting
- [ ] 442 Employment
- [ ] 443 Housing/ Accommodations
- [ ] 445 Amer. w/Disabilities - Employment
- [ ] 446 Amer. w/Disabilities - Other
- [ ] 448 Education

PRISONER PETITIONS

Habeas Corpus:
- [ ] 463 Alien Detainee
- [ ] 510 Motions to Vacate Sentence
- [ ] 530 General
- [ ] 535 Death Penalty

Other:
- [ ] 540 Mandamus & Other
- [ ] 550 Civil Rights
- [ ] 555 Prison Condition
- [ ] 560 Civil Detainee - Conditions of Confinement

FORFEITURE/PENALTY
- [ ] 625 Drug Related Seizure of Property 21 USC 881
- [ ] 690 Other

LABOR
- [ ] 710 Fair Labor Standards Act
- [ ] 720 Labor/Management Relations
- [ ] 740 Railway Labor Act
- [ ] 751 Family and Medical Leave Act
- [ ] 790 Other Labor Litigation
- [ ] 791 Employee Retirement Income Security Act

IMMIGRATION
- [ ] 462 Naturalization Application
- [ ] 465 Other Immigration Actions

BANKRUPTCY
- [ ] 422 Appeal 28 USC 158
- [ ] 423 Withdrawal 28 USC 157

INTELLECTUAL PROPERTY RIGHTS
- [ ] 820 Copyrights
- [ ] 830 Patent
- [ ] 835 Patent - Abbreviated New Drug Application
- [ ] 840 Trademark
- [ ] 880 Defend Trade Secrets Act of 2016

SOCIAL SECURITY
- [ ] 861 HIA (1395ff)
- [ ] 862 Black Lung (923)
- [ ] 863 DIWC/DIWW (405(g))
- [ ] 864 SSID Title XVI
- [ ] 865 RSI (405(g))

FEDERAL TAX SUITS
- [ ] 870 Taxes (U.S. Plaintiff or Defendant)
- [ ] 871 IRS—Third Party 26 USC 7609

OTHER STATUTES
- [x] 375 False Claims Act
- [ ] 376 Qui Tam (31 USC 3729(a))
- [ ] 400 State Reapportionment
- [ ] 410 Antitrust
- [ ] 430 Banks and Banking
- [ ] 450 Commerce
- [ ] 460 Deportation
- [ ] 470 Racketeer Influenced and Corrupt Organizations
- [ ] 480 Consumer Credit (15 USC 1681 or 1692)
- [ ] 485 Telephone Consumer Protection Act
- [ ] 490 Cable/Sat TV
- [ ] 850 Securities/Commodities/ Exchange
- [ ] 890 Other Statutory Actions
- [ ] 891 Agricultural Acts
- [ ] 893 Environmental Matters
- [ ] 895 Freedom of Information Act
- [ ] 896 Arbitration
- [ ] 899 Administrative Procedure Act/Review or Appeal of Agency Decision
- [ ] 950 Constitutionality of State Statutes

V. ORIGIN *(Place an "X" in One Box Only)*

- [ ] 1 Original Proceeding
- [ ] 2 Removed from State Court
- [ ] 3 Remanded from Appellate Court
- [ ] 4 Reinstated or Reopened
- [ ] 5 Transferred from Another District *(specify)*
- [ ] 6 Multidistrict Litigation - Transfer
- [ ] 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing ***(Do not cite jurisdictional statutes unless diversity)***:
31 U.S.C. 3730

Brief description of cause:
False Claims Act action alleging submission of fraudulent claims to Virginia Medicaid Program

VII. REQUESTED IN COMPLAINT:

- [ ] CHECK IF THIS IS A **CLASS ACTION** UNDER RULE 23, F.R.Cv.P.

DEMAND $

CHECK YES only if demanded in complaint:

JURY DEMAND: [x] Yes [ ] No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE _____ DOCKET NUMBER _____

DATE
Jun 12, 2026

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # n/a AMOUNT n/a APPLYING IFP n/a JUDGE Moon MAG. JUDGE Memmer