

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA
2023 JUN 15 A 11:51

CAROL L. MICHELI
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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

FELONY
23-00125

**BILL OF INFORMATION FOR
HEALTH CARE FRAUD**

UNITED STATES OF AMERICA

*

CRIMINAL DOCKET NO.

v.

*

SECTION:

SECT.HMAG.4

CRAIG L. LOVELACE

*

VIOLATIONS:

18 U.S.C. § 1347

*

18 U.S.C. § 2

* * *

The United States Attorney charges that:

COUNT 1

A. AT ALL TIMES MATERIAL HEREIN:

The Medicare Program

1. The Medicare program ("Medicare") was a federal health insurance program, affecting commerce, that provided benefits to persons who were 65 years of age and older or disabled. The benefits available under Medicare were governed by federal statutes and regulations.

2. The United States Department of Health and Human Services ("HHS"), through its agency, the Centers for Medicare and Medicaid Services ("CMS"), oversaw and administered Medicare. Individuals who received benefits under Medicare were commonly referred to as Medicare "beneficiaries." Each beneficiary was given a unique Medicare identification number.

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3. Medicare was a “health care benefit program,” as defined by Title 18, United States Code, Section 24(b).

4. Licensed medical providers (“providers”) who provided items or services to beneficiaries were able to apply for and obtain a Medicare “provider number.” Providers that received a provider number were able to file claims with Medicare to obtain reimbursement for items and services rendered to beneficiaries.

5. Medicare covered different types of benefits, which were separated into different program “parts.” Medicare “Part B” was a medical insurance program that covered, among other things, medical items and services that were medically necessary.

6. Durable medical equipment (“DME”) was reusable medical equipment. DME included physical support equipment, such as orthotic devices, walkers, canes, and hospital beds, as well as respiratory and nutritional support equipment, such as ventilators, continuous positive airway pressure (“CPAP”) machines, biphasic positive airway pressure (“BIPAP”) machines, tracheostomy equipment and supplies, and enteral nutrition formulas and supplies. DME was covered by Medicare under “Part B.”

7. Medicare would pay claims for the provision of DME only if the equipment was ordered by a licensed provider, was reasonable and medically necessary for the treatment of a diagnosed and covered condition, and was actually provided to beneficiaries as represented. In claims submitted to Medicare for the reimbursement of provided DME, providers were required to set forth, among other information, the beneficiary’s name and unique Medicare identification number, the equipment provided to the beneficiary, the date the equipment was provided, the cost of the equipment, and the name and provider number of the provider who ordered the equipment.

8. Medicare did not reimburse providers for automatically dispensing refills of DME on a pre-determined basis. Each refill of an order for previously provided DME, or recurring order for DME, had to be medically reasonable and necessary to be reimbursed by Medicare.

The Medicaid Program

9. The Medicaid Program (“Medicaid”) was a federal and state funded health insurance program, affecting commerce, designed to provide medical assistance to persons whose income and resources were insufficient to meet the costs of necessary care and services. Individuals who qualified for Medicaid benefits were commonly referred to as “recipients” (hereafter, “beneficiaries” and “recipients” will be collectively referred to as “beneficiaries”).

10. Medicaid was a “health care benefit program,” as defined by Title 18, United States Code, Section 24(b).

11. Medicaid reimbursed DME providers for medically reasonable and necessary items and services rendered to beneficiaries. Like Medicare, Medicaid would pay claims for the provision of DME only if the equipment was ordered by a licensed provider, was medically reasonable and necessary for the treatment of a diagnosed and covered condition, and was actually provided to beneficiaries as represented.

The Defendant and Related Individuals and Entities

12. **LOVELACE** was a resident of Destrehan, Louisiana, in the Eastern District of Louisiana. **LOVELACE** was the owner and President of Advanced Medical Equipment, Inc. (“AME”), a corporation doing business in Kenner, Louisiana, in the Eastern District of Louisiana. AME operated as a DME supply company, and it submitted claims to Medicare and Medicaid for DME supplied to beneficiaries.

B. THE SCHEME AND ARTIFICE TO DEFRAUD:

From in or around January 2016, and continuing through in or around June 2022, **LOVELACE** executed a scheme and artifice to defraud in which he submitted, and caused to be submitted, through **AME**, false and fraudulent claims to Medicare and Medicaid for certain health care items, namely respiratory and nutritional support DME (hereinafter, "DME"), that was medically unnecessary, ineligible for Medicare reimbursement, or not provided as represented, including for DME purportedly supplied to beneficiaries located in the Eastern District of Louisiana and elsewhere, and used the fraudulent proceeds for the benefit of himself and others.

The purpose of the scheme and artifice was for **LOVELACE** to unlawfully enrich himself, through **AME**, by submitting and causing the submission of false and fraudulent claims to Medicare and Medicaid; receiving and obtaining the reimbursements paid by Medicare and Medicaid based on the false and fraudulent claims submitted; and diverting proceeds of the fraud for the personal use and benefit of himself and others.

C. MANNER AND MEANS:

The manner and means by which **LOVELACE** sought to accomplish the objects and purpose of the scheme and artifice included, among others:

1. **LOVELACE**, on behalf of **AME**, submitted and caused the submission of false and fraudulent signed Medicare Enrollment Applications. In doing so, **LOVELACE** falsely and fraudulently certified to Medicare that **AME** would comply with all Medicare rules and regulations and federal laws, including prohibitions on presenting or causing to be presented any false or fraudulent claim for payment. **LOVELACE**, on behalf of **AME**, signed corresponding false and fraudulent enrollment documents and certifications with Medicaid.

2. In furtherance of the scheme and artifice, **LOVELACE** received orders for DME and then unlawfully used information from that order, without the knowledge or consent of the provider, to falsely and fraudulently bill Medicare and Medicaid for additional DME that was medically unnecessary, never ordered, and not provided as represented. In some instances, **LOVELACE** falsely and fraudulently billed beneficiaries for DME for months or years thereafter, including in instances when the DME was not medically reasonable or necessary, or after a patient died.

3. For example, **LOVELACE**, through AME, would falsely and fraudulently submit or cause the submission of claims to Medicare and Medicaid for two ventilators for beneficiaries, even though beneficiaries typically received either one ventilator, or, in some cases, no ventilators, from AME. **LOVELACE**, through AME, would also falsely and fraudulently submit or cause the submission of claims to Medicare and Medicaid for enteral nutrition for months, or even years, after a beneficiary's feeding tube was physically removed, and the DME was no longer medically reasonable or necessary.

4. In order to conceal and disguise the scheme, **LOVELACE** directed the falsification of documents, including medical records, order forms, and supporting documentation, on behalf of AME, that were submitted to Medicare in response to Medicare audits and records requests. These falsifications include, among others, forging dates, beneficiary signatures, provider signatures, and physician notes; and using tape, white-out, and scissors; in order to make it falsely appear that the audited DME was ordered and delivered.

5. From in or around January 2016, and continuing through in or around June 2022, in the Eastern District of Louisiana and elsewhere, **LOVELACE** submitted or caused the submission by AME of approximately \$11,421,826.22 in claims to Medicare and Medicaid for

DME that was medically unreasonable or unnecessary, ineligible for reimbursement, or not provided as represented, and received approximately \$7,959,869.82 in reimbursement from Medicare and Medicaid based on those false and fraudulent claims.

C. THE OFFENSE:

Beginning in or around January 2016, and continuing through in or around June 2022, in the Eastern District of Louisiana, and elsewhere, **CRAIG L. LOVELACE**, aiding and abetting, and aided and abetted by, others known and unknown to the United States Attorney, in connection with the delivery of and payment for health care benefits, items, and services, did knowingly and willfully execute, and attempt to execute, a scheme and artifice to defraud a health care benefit program affecting commerce, as defined in Title 18, United States Code, Section 24(b), that is, Medicare and Medicaid, and to obtain, by means of material false and fraudulent pretenses, representations, and promises, money owned by, and under the custody and control of, Medicare and Medicaid, in connection with the delivery of and payment for health care benefits, items, and services.

On or about the date and in the approximate amount set forth below, within the Eastern District of Louisiana, **LOVELACE**, for the purpose of executing and attempting to execute the fraudulent scheme described above, knowingly and willfully submitted, and caused to be submitted, by AME, to Medicare, the following false and fraudulent claim for payment:

Beneficiary	Code Billed	Claim Number	Date Submitted	Date Services Purportedly Rendered	Amount Billed	Amount Paid
M.T.	E0466	118264765678000	9/21/2018	8/24/2018	\$975.00	\$738.64

All in violation of Title 18, United States Code, Sections 1347 and 2.

NOTICE OF FORFEITURE

1. The allegations of Count 1 of this Bill of Information are incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States.

2. As a result of the offense alleged in Count 1, the defendant, **CRAIG L. LOVELACE**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(7), any property, real or personal, involved in said offense, and any property traceable to such property.

3. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant:

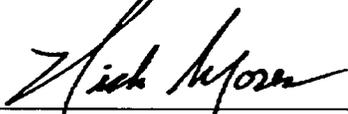
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

the United States shall seek a money judgment and, pursuant to Title 21, United States Code, Section 853(p), forfeiture of any other property of the defendant up to the value of said property.

GLENN S. LEON
CHIEF, FRAUD SECTION
UNITED STATES DEPARTMENT OF JUSTICE


KELLY Z. WALTERS
Trial Attorney
Criminal Division, Fraud Section
United States Department of Justice

DUANE A. EVANS
UNITED STATES ATTORNEY

A handwritten signature in black ink, appearing to read "Nick Moses", written over a horizontal line.

NICHOLAS MOSES
Assistant United States Attorney
Eastern District of Louisiana

New Orleans, Louisiana
June 15, 2023

No. _____

United States District Court

FOR THE

EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA

vs.

CRAIG L. LOVELACE

BILL OF INFORMATION FOR
HEALTH CARE FRAUD

Violation(s):

18 U.S.C. § 1347
18 U.S.C. § 2

Filed _____, 20 23

_____, Clerk.

By _____, Deputy

Kelly Z. Walters
United States Department of Justice Trial Attorney
KELLY ZACK WALTERS

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: INFORMATION INDICTMENT

Matter Sealed: Juvenile Other than Juvenile
 Pre-Indictment Plea Superseding Defendant Added
 Indictment Charges/Counts Added
 Information

Name of District Court, and/or Judge/Magistrate Location (City)
 UNITED STATES DISTRICT COURT EASTERN
 DISTRICT OF LOUISIANA Divisional Office

Name and Office of Person Furnishing Information on THIS FORM Kelly Zack Walters
 U.S. Atty Other U.S. Agency
 Phone No. (202) 941-4535
 Name of Asst. U.S. Attorney Nicholas Moses
 (if assigned)

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)
 U.S. Department of Health and Human Services, Office of Inspector General, Special Agent Conor Sullivan

person is awaiting trial in another Federal or State Court (give name of court)

this person/proceeding transferred from another district per (circle one) FRCrP 20, 21 or 40. Show District

this is a reprosecution of charges previously dismissed which were dismissed on motion of:
 U.S. Atty Defense

this prosecution relates to a pending case involving this same defendant. (Notice of Related Case must still be filed with the Clerk.)

prior proceedings or appearance(s) before U.S. Magistrate Judge regarding this defendant were recorded under

SHOW DOCKET NO.

MAG. JUDGE CASE NO.

Place of offense Jefferson Parish County

CASE NO. **23-00125**
SECT. HMAG. 4
 USA vs.
 Defendant: CRAIG L. LOVELACE
 Address: Destrehan, Louisiana 70047

Interpreter Required Dialect: _____

Birth Date 1970 Male Alien
 Female (if applicable)

Social Security Number xxx-xx-5643

DEFENDANT

Issue: Warrant Summons

Location Status:
 Arrest Date _____ or Date Transferred to Federal Custody _____

Currently in Federal Custody
 Currently in State Custody
 Writ Required
 Currently on bond
 Fugitive

Defense Counsel (if any): Ian Atkinson
 FPD CJA RET'D
 Appointed on Target Letter

This report amends AO 257 previously submitted

OFFENSE CHARGED - U.S.C. CITATION - STATUTORY MAXIMUM PENALTIES - ADDITIONAL INFORMATION OR COMMENTS

Total # of Counts 1 (for this defendant only)

Offense Level (1, 3, 4)	Title & Section/Offense Level (Petty = 1 / Misdemeanor = 3 / Felony = 4)	Description of Offense Charged	Count(s)
4	Title 18, U.S.C., Section 1347	Health Care Fraud	1

MAGISTRATE CASE NUMBER

OR

 X ***NO MAGISTRATE PAPERS WERE FOUND***

FOR

NAME: CRAIG L. LOVELACE

Initials: PLH