

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon. Esther Salas
	:	
v.	:	Crim. No. 22-
	:	
DAVID C. LAUGHLIN, JR.	:	<u>Count 1</u>
	:	18 U.S.C. § 371
	:	(Conspiracy to Violate the Anti-
	:	Kickback Statute)
	:	
	:	<u>Count 2</u>
	:	18 U.S.C. § 1349
	:	(Conspiracy to Commit Health
	:	Care Fraud)

INFORMATION

The defendant having waived in open court prosecution by indictment, the Attorney for the United States, Acting Under Authority Conferred by 28 U.S.C. § 515 charges:

COUNT 1
(Conspiracy to Violate the Anti-Kickback Statute)

Overview of the Conspiracy

1. From at least as early as in or about September 2017 through in or about December 2019, Defendant DAVID C. LAUGHLIN, JR., co-conspirator Stephen Luke, and their telemedicine company, RediDoc LLC, worked together with marketers, including co-conspirator Mark Belter, pharmacies, medical device providers, and doctors to unlawfully enrich themselves and others by submitting and causing to be submitted false and fraudulent claims to federal health care benefit

programs based on a circular scheme of kickbacks and bribes paid to, and solicited and received from, each other and others. In total, LAUGHLIN and other conspirators caused the submission of false and fraudulent claims to health care benefit programs totaling in excess of \$64 million for prescription drugs and durable medical equipment (DME). Those claims were ineligible for federal health care benefit program reimbursement, in part, because they were procured through the payment of kickbacks and bribes.

The Defendant and Other Individuals and Entities

2. Unless otherwise indicated, at all times relevant to this Information:
 - a. LAUGHLIN was a resident of Buckeye, Arizona.
 - b. Luke, a co-conspirator not charged in this Information, was a resident of Phoenix, Arizona.
 - c. RediDoc LLC was incorporated in Arizona and had its principal place of business in Phoenix, Arizona. RediDoc was a purported telemedicine company doing business throughout the United States, and was controlled and operated by LAUGHLIN and Luke.
 - d. Mark Belter, a co-conspirator not charged in this Information, was a resident of North Ridgeville, Ohio.
 - e. Health Pain Solutions, LLC (HPS) was a company located in North Ridgeville, Ohio, and was owned and operated by Belter and another individual. HPS operated as a purported marketing company for pharmacies by

generating signed prescriptions that its pharmacy customers could fill and seek reimbursement for.

f. Apogee Bio-Pharm LLC (Apogee) was a pharmacy located in Edison, New Jersey that did business throughout the United States by filling prescriptions and shipping them to patients.

Medicare and TRICARE

g. Medicare was a federal program that provided free or below-cost health care benefits to certain individuals, primarily the elderly, blind, and disabled.

h. Medicare was divided into four parts: hospital insurance (Part A); medical insurance (Part B); Medicare Advantage (Part C); and prescription drug benefits (Part D). Medicare Part B covered medically necessary doctor office services and outpatient care, including the ordering of DME, such as braces for the ankle, knee, back, elbow, wrist, and hand. Medicare Part D provided coverage for the cost of prescription drugs for individuals on Medicare. This coverage was managed by pharmacy benefit managers and other private companies approved by Medicare.

i. TRICARE was a federal health care benefit program for the United States Department of Defense (DoD) Military Health System that provided health insurance coverage for DoD beneficiaries worldwide, including active-duty military service members, National Guard and Reserve members, retirees, their families, and survivors. The Defense Health Agency, an agency of the DoD, oversaw and administered TRICARE.

j. Both Medicare and TRICARE (and their pharmacy benefits managers) were “health care benefit programs” that affected commerce as defined in 18 U.S.C. § 24(b) and “federal health care programs” as defined in 42 U.S.C. § 1320a-7b(f). “Beneficiaries” were individuals covered by these programs.

Telemedicine

k. Telemedicine provided a means of connecting patients to doctors by using telecommunications technology, such as video or telephone.

l. Telemedicine companies hired doctors and other health care providers to furnish telemedicine services to individuals. Telemedicine companies typically paid health care providers a fee to conduct consultations with patients. To generate revenue, telemedicine companies typically billed Medicare or other health insurance programs, or charged a consultation fee.

The Conspiracy

3. From in or about September 2017 through in or about December 2019, in the District of New Jersey and elsewhere, defendant

DAVID C. LAUGHLIN, JR.

knowingly and intentionally conspired and agreed with others to commit certain offenses against the United States, namely:

(a) to knowingly and willfully solicit and receive remuneration, directly and indirectly, overtly and covertly, in cash and in kind, that is, kickbacks and bribes, in return for referring an individual to a person for the furnishing and arranging for the furnishing of any item and service, namely, the referral of

prescriptions and DME orders, for which payment may be made in whole and in part under a Federal health care program, namely, Medicare and TRICARE, contrary to Title 42, United States Code, Section 1320a-7b(b)(1)(A); and

(b) to knowingly and willfully offer and pay remuneration, directly and indirectly, overtly and covertly, in cash and in kind, that is, kickbacks and bribes, to any person to induce such person to refer an individual to a person for the furnishing and arranging for the furnishing of any item and service, namely, to doctors for signing prescriptions and DME orders, for which payment may be made in whole and in part under a Federal health care program, namely, Medicare and TRICARE, contrary to Title 42, United States Code, Section 1320a-7b(b)(2)(A).

Goal of the Conspiracy

4. The goal of the conspiracy was for LAUGHLIN and his co-conspirators to unlawfully profit by paying kickbacks and bribes to doctors so that they would sign high volumes of expensive Beneficiary prescriptions and DME orders, which would then be filled by pharmacies and DME providers around the country. The pharmacies and DME providers received lucrative reimbursements from Federal health care benefit programs, which they used to purchase additional prescriptions and DME orders from marketing companies. The marketers in turn paid reimbursement proceeds to LAUGHLIN and his co-conspirators to generate new prescription and DME orders for use in the scheme.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that:

a. Belter, acting through HPS, and other marketers identified Beneficiaries to target for expensive medications and DME. The medications typically included pain creams, scar creams, eczema creams, and migraine medication. The DME generally consisted of wrist, shoulder, knee, and ankle braces.

b. After identifying Beneficiaries, the marketers called them to persuade the Beneficiary to agree to try the medications or DME—even when the Beneficiary’s need for those items was not clear and was not discussed with the Beneficiary’s doctor. HPS and other marketers then transmitted to RediDoc the Beneficiaries’ medical information and the recorded phone calls, along with proposed prescriptions or doctor’s DME orders (the “Beneficiary Information Package”). The proposed prescriptions and DME orders included pre-marked check-off boxes for particular drugs or DME that would yield large reimbursements. RediDoc and HPS agreed that HPS would pay RediDoc as follows: \$95 for each Beneficiary referred for a prescription; \$100 for each Beneficiary referred for a DME order; and \$115 for each Beneficiary referred for a combination prescription and DME order.

c. LAUGHLIN and Luke, through RediDoc, in turn bribed doctors and other health care providers to approve the pre-filled prescriptions and DME orders that they had received from HPS and other marketers. RediDoc paid the doctors based on how many Beneficiary consultations they did, and RediDoc paid more if the doctor signed both a prescription and DME order. Typically, that amount

ranged from approximately \$20 to \$30 per consultation, depending on whether the doctor prescribed medication, DME, or both. The doctors often approved the prescriptions and DME orders without having had any contact with the Beneficiary and without making a *bona fide* assessment that the medications or DME were medically necessary.

d. LAUGHLIN, Luke, and others at RediDoc knew that doctors often did not contact patients or conduct *bona fide* assessments of their need for the prescriptions or DME. Nevertheless, RediDoc secured thousands of prescriptions for HPS from its doctors, who were located in dozens of states around the country, including New Jersey, and for which RediDoc paid the doctors several million dollars in total.

e. After securing signed prescriptions and DME orders from their doctors, LAUGHLIN and Luke, through RediDoc, steered the prescriptions and orders to Apogee and other pharmacies or DME providers around the country at the marketing companies' direction. The marketing companies directed prescriptions and orders to specific pharmacies and DME providers with whom they had kickback arrangements. Apogee and other pharmacies then sought to fill and dispense the pharmaceutical products and DME, and they submitted claims for reimbursement to Medicare and TRICARE. Once the pharmacies received reimbursement, they sent a portion of the proceeds to HPS and other marketers as payment for the prescriptions that HPS and other marketers had paid RediDoc to generate.

f. In total, LAUGHLIN and Luke received approximately \$978,000 in kickback and bribe payments from Belter and HPS for prescriptions and DME that RediDoc facilitated through its paid doctors. LAUGHLIN and Luke received an additional approximately \$31 million from other marketing companies.

Overt Acts

6. In furtherance of the conspiracy and to achieve its illegal objectives, LAUGHLIN and others committed, and caused to be committed, the following overt acts in the District of New Jersey and elsewhere:

a. On or about the dates listed below in June 2018, through RediDoc, LAUGHLIN and Luke received nine interstate wires from HPS totaling approximately \$112,500, which represented bribes and kickbacks to RediDoc:

Date	Amount
6/4/2018	\$12,500
6/6/2018	\$12,500
6/8/2018	\$12,500
6/12/2018	\$10,000
6/18/2018	\$15,000
6/19/2018	\$15,000
6/22/2018	\$10,000
6/25/2018	\$15,000
6/29/2018	\$10,000

b. On or about the dates listed below in July 2018, through RediDoc, LAUGHLIN and Luke received eight interstate wires from HPS totaling approximately \$87,500, which represented bribes and kickbacks to RediDoc:

Date	Amount
7/2/2018	\$10,000
7/2/2018	\$10,000
7/3/2018	\$10,000
7/5/2018	\$10,000

7/6/2018	\$15,000
7/10/2018	\$10,000
7/13/2018	\$20,000
7/23/2018	\$2,500

c. On or about June 10, 2018, LAUGHLIN caused RediDoc to direct a prescription for hydrocortisone cream, which had been signed by one of RediDoc’s doctors, to be sent to Apogee at the request of HPS. LAUGHLIN caused RediDoc to pay the doctor \$20 for the signed prescription. Apogee then submitted a claim to Medicare on or about June 22, 2018 for filling the prescription, and Medicare reimbursed Apogee approximately \$3,207.25 on or about June 27, 2018. Apogee then paid a kickback to HPS for the prescription, for which HPS had previously paid a fee to RediDoc as a kickback for generating the prescriptions.

d. On or about July 9, 2018, LAUGHLIN caused RediDoc to direct a prescription for doxepin hydrochloride (an anti-itch cream), which had been signed by one of RediDoc’s doctors, to be sent to Apogee at the request of HPS. LAUGHLIN caused RediDoc to pay the doctor \$20 for the signed prescription. Apogee then submitted a claim to Medicare on or about July 18, 2018 for filling the prescription, and Medicare reimbursed Apogee approximately \$2,167.96 on or about July 25, 2018. Apogee had purchased the prescriptions from HPS, which had in turn paid a kickback to RediDoc to generate the prescriptions.

e. In or about June and July 2018, LAUGHLIN and Luke caused RediDoc to pay a doctor, who resided in New Jersey, kickbacks and bribes totaling approximately \$20,070 in exchange for the doctor having approved approximately 1,000 prescriptions from May through July 2018.

In violation of Title 18, United States Code, Section 371.

COUNT 2
(Conspiracy to Commit Health Care Fraud)

1. The allegations contained in paragraphs 1-2 and 4-6 of Count 1 are realleged here.

2. From in or about September 2017 through in or about December 2019, in the District of New Jersey and elsewhere, defendant

DAVID C. LAUGHLIN, JR.

knowingly and intentionally conspired and agreed with others to knowingly and willfully execute a scheme and artifice to defraud health care benefit programs, including Medicare and TRICARE, which were health care benefit programs as defined under 18 U.S.C. § 24(b), and to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, a health care benefit program in connection with the delivery of and payment for health care benefits, items, and services, contrary to Title 18, United States Code, Section 1347.

Goal of the Conspiracy

3. The goal of the conspiracy was for LAUGHLIN and his co-conspirators to profit by defrauding health care benefit programs by causing them to pay for high volumes of expensive prescriptions and DME orders regardless of medical necessity and were procured via bribes and kickbacks.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that:

a. LAUGHLIN, Luke, Belter, and others agreed to generate prescriptions and DME orders regardless of medical necessity to be approved by doctors being paid kickbacks by RediDoc. At Belter's direction, for example, HPS purchased lists of Beneficiaries and then cold-called them to pressure them to agree to accept prescription drugs or DME. The marketers, and the pharmacies with whom they had relationships, chose particular prescriptions and DME orders largely based on the reimbursement amounts that Medicare and TRICARE would pay, and not the medical needs of the Beneficiaries.

b. After receiving the Beneficiary Information Package from HPS and other marketers, LAUGHLIN and Luke then presented prescriptions and DME orders to doctors whom they were bribing. LAUGHLIN and Luke required the doctors to act on the pre-marked prescription and DME orders request packages within 48 hours. At various times, LUKE and Laughlin told the doctors to rely solely on the materials provided by the marketers and that they did not have to contact the Beneficiaries. In practice, the doctors often approved the prescriptions and orders without having any contact with the Beneficiary and without making a *bona fide* assessment that the medications or DME were medically necessary.

c. LAUGHLIN, Luke, and others at RediDoc knew that the doctors often did not contact patients or conduct *bona fide* assessments of their need for the prescriptions or DME. If a doctor did not sign the requested prescription or order, RediDoc often sent the prescription or order, along with the Beneficiary Information Package, to another doctor for sign off without notifying the Beneficiary.

d. Once RediDoc's doctors had signed the prescriptions and orders regardless of medical necessity, RediDoc then transmitted them to pharmacies, including Apogee, and to DME providers around the country for fulfillment and billing.

e. Once the pharmacies filled the prescriptions and orders and were reimbursed by health care benefit programs, the pharmacies, including Apogee, sent a portion of the reimbursement amount to marketing companies, including Belter and HPS, who further shared those funds with LAUGHLIN, Luke, and RediDoc to purchase additional prescriptions and DME orders.

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

FORFEITURE ALLEGATION

1. The allegations in Counts 1 and 2 of the Information are realleged here for the purpose of alleging forfeiture.

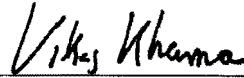
2. Upon conviction one or both of the Federal health care offenses (as defined in 18 U.S.C. § 24) alleged in Counts 1 and 2 of this Information, LAUGHLIN shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(7), all property, real and personal, that constitutes or is derived, directly and indirectly, from gross proceeds traceable to the commission of the respective offenses.

SUBSTITUTE ASSETS PROVISION

3. If any of the above-described forfeitable property, as a result of any act or omission by LAUGHLIN:

- 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,

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.



VIKAS KHANNA
Attorney for the United States
Acting Under Authority
Conferred by 28 U.S.C. § 515

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UNITED STATES OF AMERICA

v.

DAVID C. LAUGHLIN, JR.

INFORMATION FOR

18 U.S.C. § 371

18 U.S.C. § 1349

VIKAS KHANNA

ATTORNEY FOR THE UNITED STATES

ACTING UNDER AUTHORITY

CONFERRED BY 28 U.S.C. § 515

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