



**Department of Justice**

Office of Public Affairs

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Tuesday, August 10, 2021

## **Telemedicine Company Owner Charged in Superseding Indictment for \$784 Million Health Care Fraud, Illegal Kickback and Tax Evasion Scheme**

A federal grand jury in Newark, New Jersey, returned a superseding indictment today charging a Florida owner of multiple telemedicine companies with orchestrating a health care fraud and illegal kickback scheme that involved the submission of over \$784 million in false and fraudulent claims to Medicare. This is one of the largest Medicare fraud schemes ever charged by the Justice Department. The superseding indictment also charges the defendant with concealing and disguising the proceeds of the scheme in order to avoid paying income taxes.

Creaghan Harry, 53, of Highland Beach, Florida, is charged in the superseding indictment with one count of conspiracy to commit health care fraud and wire fraud, and four counts of income tax evasion. Harry previously was charged in an indictment along with co-conspirators Lester Stockett and Elliot Loewenstern with one count of conspiracy to defraud the United States and to pay and receive kickbacks, four counts of receipt of kickbacks, and one count of conspiracy to commit money laundering. Stockett and Loewenstern previously pleaded guilty. If convicted, Harry faces a maximum penalty of 20 years' imprisonment for the conspiracy to commit health care fraud and wire fraud, five years' imprisonment on each count of tax evasion, five years' imprisonment for the conspiracy to defraud the United States and pay and receive kickbacks, 10 years' imprisonment for each count of receipt of kickbacks, and 20 years' imprisonment on the conspiracy to commit money laundering. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

According to allegations in the superseding indictment, Harry and his co-conspirators solicited illegal kickbacks and bribes from durable medical equipment (DME) suppliers and marketers in exchange for orders for DME braces and medications. Harry's telemedicine companies then allegedly paid physicians to write medically unnecessary orders for these braces and medications. Harry's telemedicine companies provided orders to DME suppliers that fraudulently billed Medicare over \$784 million. Medicare ended up paying over \$247 million.

In order to conceal and disguise the health care fraud and illegal kickback scheme, the superseding indictment alleges, Harry directed DME suppliers and marketers not to directly pay his telemedicine companies and instead to pay shell companies that had been opened in the names of straw owners in the United States and foreign countries, such as the Dominican Republic. Harry then transferred the funds from the shell companies to his telemedicine companies in order to pay physicians to write the unnecessary orders.

The superseding indictment alleges that Harry falsely claimed to prospective investors, lawyers and others that his telemedicine companies had not received any kickbacks. Harry instead falsely represented that the telemedicine companies had been receiving revenue of "about \$10 million per year" from fees paid by patients to receive telemedicine services, when in fact the revenue of the telemedicine companies was derived from illegal kickbacks and bribes.

The superseding indictment further alleges that Harry committed income tax evasion in the calendar years between 2015 and 2018 by receiving the proceeds of the illegal scheme in the accounts of shell companies belonging to

nominee owners and using those proceeds to live a lavish lifestyle. Harry did not file an income tax return or pay taxes on this income.

Assistant Attorney General Kenneth A. Polite of the Justice Department's Criminal Division; Acting U.S. Attorney Rachael A. Honig for the District of New Jersey; Special Agent in Charge George M. Crouch of the FBI's Newark Field Office; Special Agent in Charge Scott J. Lampert of the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG); and Special Agent in Charge Michael Montanez of IRS-Criminal Investigations, Newark, made the announcement.

HHS-OIG, the FBI and IRS-Criminal Investigations are investigating the case.

Assistant Chief Jacob Foster of the Criminal Division's Fraud Section's National Rapid Response Strike Force and Trial Attorney Darren Halverson of the Newark Strike Force are prosecuting the case.

The Fraud Section leads the Health Care Fraud Strike Force. Since its inception in March 2007, the Health Care Fraud Strike Force, which maintains 15 strike forces operating in 24 federal districts, has charged more than 4,600 defendants who have collectively billed federal health care programs and private insurers for approximately \$23 billion. In addition, the HHS Centers for Medicare and Medicaid Services, working in conjunction with the HHS-OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

The Fraud Section uses the Victim Notification System (VNS) to provide victims with case information and updates related to this case. Victims with questions may contact the Fraud Section's Victim Assistance Unit by calling the Victim Assistance phone line at 1-888-549-3945 or by emailing [Victimassistance.fraud@usdoj.gov](mailto:Victimassistance.fraud@usdoj.gov). To learn more about victims' rights, please visit: <https://www.justice.gov/criminal-vns/victim-rights-derechos-de-las-v-ctimas>.

*An indictment is merely an allegation, and the defendant is presumed innocent until proven guilty beyond a reasonable doubt in a court of law.*

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