



**Department of Justice**

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## **South Florida Addiction Treatment Facility Operators Convicted in \$112 Million Addiction Treatment Fraud Scheme**

After a seven-week trial, a federal jury in the Southern District of Florida convicted two operators of two South Florida addiction treatment facilities for fraudulently billing approximately \$112 million for services that were never provided or were medically unnecessary, and for paying kickbacks to patients through patient recruiters, and receiving kickbacks from testing laboratories. One defendant was also convicted of money laundering, and of separate charges of bank fraud connected to Paycheck Protection Program (PPP) loans.

According to court documents and evidence presented at trial, Jonathan Markovich, 37, and his brother, Daniel Markovich, 33, both of Bal Harbour, conspired to and did unlawfully bill for approximately \$112 million of addiction treatment services that were never rendered and/or were medically unnecessary, and that were procured through illegal kickbacks, at two addiction treatment facilities that they operated, Second Chance Detox LLC, dba Compass Detox (Compass Detox), an inpatient detox and residential facility, and WAR Network LLC (WAR), a related outpatient treatment program. Jonathan Markovich, who owned both facilities, was also convicted of bank fraud in connection with PPP loan applications in which he falsely stated that Compass Detox and WAR were not engaged in illegal conduct.

The evidence showed that defendants obtained patients through patient recruiters who offered illegal kickbacks to patients (such as free airline tickets, illegal drugs, and cash payments). The defendants then shuffled a core group of patients between Compass Detox and WAR to fraudulently bill for as much as possible. Patient recruiters gave patients illegal drugs prior to admission to Compass Detox to ensure admittance for detox, which was the most expensive kind of treatment offered by the defendants' facilities, therapy sessions were billed for but not regularly provided or attended, and excessive, medically unnecessary urinalysis drug tests were ordered. Compass Detox patients were given a so-called "Comfort Drink" to sedate them, and to keep them coming back. Patients were also given large and potentially harmful amounts of controlled substances, in addition to the "Comfort Drink," to keep them compliant and docile, and to ensure they stayed at the facility. Certain patients were also routinely re-admitted and repeatedly cycled through Compass Detox and WAR to maximize revenue.

"These substance abuse treatment facility operators orchestrated a massive, multi-year fraudulent billing scheme by taking advantage of patients seeking treatment," said Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department's Criminal Division. "The convictions today further demonstrate the success of the Department of Justice's Sober Homes Initiative in protecting patients and prosecuting fraudulent substance abuse treatment facilities."

"Their tactics were brazen and the dollar losses immense," said Special Agent in Charge George L. Piro of FBI's Miami Field Office. "These health care fraudsters, driven by greed, sought to cheat their way to riches by billing tens of millions of dollars from various health care programs. The FBI and our law enforcement partners will investigate and criminally prosecute such fraud to the fullest extent of the law."

Both defendants were convicted of conspiracy to commit health care fraud and wire fraud. Jonathan Markovich was convicted of eight counts of health care fraud and Daniel Markovich was convicted of two counts of health care fraud. They were also convicted of conspiracy to pay and receive kickbacks and two counts of paying and receiving

kickbacks. Jonathan Markovich was separately convicted of conspiring to commit money laundering, two counts of concealment money laundering, and six counts of laundering at least \$10,000 in proceeds of unlawful activities, as well as two counts of bank fraud related to his fraudulently obtaining PPP loans for both Compass Detox and WAR during the COVID-19 pandemic. Both defendants are scheduled to be sentenced on Jan. 13, 2022. They each face a maximum of 20 years for the health care fraud and wire fraud conspiracy count, 10 years for each substantive count of health care fraud and paying and receiving kickbacks, and five years for the kickbacks conspiracy. Jonathan Markovich faces additional maximum sentences of 20 years for conspiracy to commit money laundering, 20 years for each substantive count of concealment money laundering, 10 years for each additional count of money laundering, and 30 years for each substantive count of bank fraud. A federal district court judge will determine the sentences after considering the U.S. Sentencing Guidelines and other statutory factors. A related trial is scheduled to begin on Feb. 28, 2022, in the Southern District of Florida, for four other defendants charged in this case.

The FBI, the Department of Health and Human Services, Office of Inspector General, and Broward Sheriff's Office investigated the case.

Senior Litigation Counsel Jim Hayes and Trial Attorney Jamie de Boer of the Criminal Division's Fraud Section are prosecuting the case.

The National Rapid Response Strike Force and Los Angeles Strike Force lead the Department of Justice's Sober Homes Initiative, which was announced in the 2020 [National Health Care Fraud Takedown](#) to prosecute defendants who exploit vulnerable patients seeking treatment for drug and/or alcohol addiction.

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**Topic(s):**

Health Care Fraud

**Component(s):**

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

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