



**Department of Justice**

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## **Federal Jury Convicts Pharmacy Owner for Role in \$174 Million Telemedicine Pharmacy Fraud Scheme**

On Dec. 2, a federal jury in Greeneville, Tennessee, convicted Peter Bolos, 44, of Tampa, Florida, of 22 counts of mail fraud, conspiracy to commit health care fraud and introduction of a misbranded drug into interstate commerce, following a month-long trial.

According to court documents and evidence presented at trial, Bolos and his co-conspirators, Andrew Assad, Michael Palso, Maikel Bolos, Larry Smith, Scott Roix, HealthRight LLC, Mihir Taneja, Arun Kapoor, and Sterling Knight Pharmaceuticals, as well as various other companies owned by them, deceived pharmacy benefit managers (PBMs), such as Express Scripts and CVS Caremark, regarding tens of thousands of prescriptions. The PBMs processed and approved claims for prescription drugs on behalf of insurance companies. Bolos and his co-conspirators defrauded the PBMs into authorizing claims worth more than \$174 million that private insurers such as Blue Cross Blue Shield of Tennessee, and public insurers such as Medicaid and TRICARE, paid to pharmacies controlled by the co-conspirators.

Court documents and evidence at trial established that Bolos, Assad and Palso owned and operated Synergy Pharmacy in Palm Harbor, Florida. Under their direction, Synergy agreed with Scott Roix, a Florida telemarketer operating under the name HealthRight, to generate prescriptions for Synergy and the other pharmacies involved in the scheme. The prescriptions were typically for drugs such as pain creams, scar creams and vitamins. To obtain the prescriptions, evidence showed Roix used HealthRight's telemarketing platform as a telemedicine service, calling consumers and deceiving them into agreeing to accept the drugs and to provide their personal insurance information. HealthRight then paid doctors to authorize the prescriptions through its telemedicine platform, even though the doctors never communicated directly with the patients and relied solely on the telemarketers' screening process as the basis for their authorizations. Because this faulty and fraudulent process made the prescriptions invalid, the drugs were misbranded under the Food, Drug and Cosmetic Act. Synergy and the other pharmacies nonetheless dispensed the drugs to consumers as part of the scheme, so that Bolos could submit fraudulent reimbursement claims.

Court documents and evidence at trial established that during the conspiracy, which lasted from May 2015 through April 2018, Bolos paid Roix more than \$30 million to buy at least 60,000 invalid prescriptions generated by HealthRight. Evidence showed Bolos selected specific medications for the prescriptions that he could submit for highly profitable reimbursements. In addition, Bolos used illegal means to hide his activity from the PBMs so that he could remain undetected. Evidence showed that Bolos was responsible for at least \$89 million out of the total \$174 million in fraudulently paid billings.

"The defendants deceived consumers in order to facilitate the distribution of drugs without proper medical oversight, and overbilled insurers for illegal prescriptions," said Deputy Assistant Attorney General Arun G. Rao of the Justice Department's Civil Division. "The Department will continue to investigate and prosecute individuals who use telemedicine to advance fraudulent schemes that violate the Food, Drug, and Cosmetic Act."

"The United States Attorney's Office for the Eastern District of Tennessee applauds the unwavering efforts of the multiple agencies involved in this collaborative investigation to bring this extensive healthcare fraud and misbranding

scheme to justice,” said Acting U.S. Attorney Francis M. Hamilton III for the Eastern District of Tennessee. “The scope and nature of this fraud and misbranding scheme shock the conscience. Patients were given medications that they neither requested nor wanted, and the trial proof demonstrated that the prescriptions were specifically chosen by Bolos to maximize the fraudulent scheme’s profits, rather than for the patients’ healthcare needs. The guilty verdict against Bolos and the guilty pleas obtained from his co-defendants should send a strong message that the Department of Justice will aggressively prosecute fraud against health insurance providers.”

“Healthcare fraud is an egregious crime problem that impacts every American,” said Special Agent in Charge Joseph E. Carrico of the FBI’s Knoxville Field Office. “The guilty verdict was a result of a multi-agency investigation into a complex health care fraud scheme that required substantial investigative resources. Along with its law enforcement partners, the FBI remains committed to investigate these crimes and prosecute all those that are intent in defrauding the American public.”

“Distributing misbranded prescription drugs in the U.S. marketplace places patients’ health at risk,” said Special Agent in Charge Justin C. Fielder of the FDA Office of Criminal Investigations Miami Field Office. “We will continue to pursue and bring to justice those who put profits ahead of public health.”

“Bolos and his co-conspirators used their pharmacies to fraudulently bill insurance companies hundreds of millions of dollars, and that type of health care fraud impacts everyone,” said Special Agent in Charge John Condon of Homeland Security Investigations (HSI) Tampa. “HSI will continue to work with our law enforcement partners at the federal, state and local level to investigate all fraud and bring those responsible to justice.”

“Bolos and his co-conspirators sought to increase their profits by executing a comprehensive health care fraud scheme involving innocent patients,” said Special Agent in Charge Derrick L. Jackson of the U.S. Department of Health and Human Services, Office of Inspector General. “This conviction should serve as a warning to individuals who wish to deceive the government and steal from taxpayers. Alongside our law enforcement partners, we will continue to pursue medical professionals who engage in fraudulent activity.”

“The verdict in this case sends a clear message that these types of schemes will not be tolerated,” said Special Agent in Charge Matthew Modafferi of the U.S. Postal Service Office of Inspector General in the Northeast Area Field Office. “The Special Agents of the U.S. Postal Service Office of Inspector General will continue to work closely with the U.S. Attorney’s Office and our law enforcement partners to bring to justice those who commit these kinds of offenses.”

Roix, Assad, Palso, Smith, Maikel Bolos and various associated business entities previously pleaded guilty to their roles in the conspiracy. Taneja, Kapoor, and Sterling Knight pleaded guilty to felony misbranding in a conspiracy with Bolos. U.S. District Judge J. Ronnie Greer set sentencing for Bolos for May 19, 2022, in the United States District Court for the Eastern District of Tennessee at Greeneville. Sentencings for the other defendants will be set for dates in 2022.

The trial and plea agreements resulted from a multi-year investigation conducted by the U.S. Department of Health & Human Services Office of Inspector General (Nashville); Food and Drug Administration Office of Criminal Investigations (Nashville); U.S. Postal Service, Office of Inspector General (Buffalo); Federal Bureau of Investigation (Knoxville and Johnson City, Tennessee); Office of Personnel Management Office of Inspector General (Atlanta); and the Department of Homeland Security, Homeland Security Investigations (Tampa). The U.S. Marshals Service also assisted in the investigation and the forfeiture of assets.

Assistant U.S. Attorneys TJ Harker and Mac Heavener for the Eastern District of Tennessee and Trial Attorney David Gunn of the Department of Justice Civil Division’s Consumer Protection Branch in Washington, and a former Assistant U.S. Attorney in Knoxville, prosecuted and tried the case. They were assisted by Barbra Pemberton, Bryan Brandenburg and April Denard from the U.S. Attorney’s office.

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