

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA
2021 SEP 10 P 3:09

GAROL L. MICHEL
CLERK
cc

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

FELONY

**BILL OF INFORMATION FOR
CONSPIRACY TO COMMIT HEALTH CARE FRAUD
AND NOTICE OF FORFEITURE**

UNITED STATES OF AMERICA

*

CRIMINAL NO. **21-113**

VERSUS

*

SECTION: **SECT. L MAG. 1**

BRUCE E. DAVIDSON

*

VIOLATIONS: 18 U.S.C. § 1349
18 U.S.C. § 982

* * *

The United States Attorney charges that:

COUNT 1

(18 U.S.C. § 1349 – Conspiracy to Commit Health Care Fraud)

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. 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.

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Individuals who received benefits under Medicare were commonly referred to as Medicare “beneficiaries.” Each beneficiary was given a unique Medicare identification number.

2. Medicare was a “health care benefit program,” as defined by Title 18, United States Code, Section 24(b), and a “Federal health care program,” as defined by Title 42, United States Code, Section 1320a-7b(f).

3. Licensed medical doctors or other qualified health care 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.

4. 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 provided by physicians, medical clinics, medical device suppliers, and other qualified health care providers, such as office visits and durable medical equipment, that were medically necessary.

Durable Medical Equipment

5. Durable medical equipment (“DME”) was reusable medical equipment such as orthotic devices, walkers, canes, or hospital beds. Orthotic devices were a type of DME that included knee braces, back braces, shoulder braces, and wrist braces (collectively, “braces”), as well as orthotic sleeves.

6. Medicare reimbursed DME providers for medically necessary items and services rendered to beneficiaries. 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 prescribed or ordered the equipment.

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.

8. Medicare would not reimburse providers for claims that were procured through the payment of kickbacks and bribes.

The Defendant and Related Individuals and Entities

9. **BRUCE E. DAVIDSON** (“**DAVIDSON**”), age 73, was a resident of Covington, Louisiana, within the Eastern District of Louisiana.

10. **DAVIDSON** was the owner and operator of The Leads Network, LLC (“The Leads Network”), a Louisiana limited liability company formed in or around August 2003 and based in Covington, Louisiana. The Leads Network operated as a marketing company for signed doctors’ orders for DME and other items and services.

11. Individual 1, a resident of Florida, owned and operated various DME supply companies based in Florida, including Decision One Health, LLC (“Decision One Health”) and Landmark Medical LLC (“Landmark Medical”).

B. THE FRAUDULENT SCHEME:

1. **DAVIDSON** agreed with Individual 1 and others to execute, and did execute, a scheme whereby they submitted and caused to be submitted over \$9.2 million in false and fraudulent claims to Medicare for medically unnecessary DME, for which Medicare reimbursed over \$4.6 million.

2. Specifically, **DAVIDSON** obtained orders for braces for beneficiaries who had not been examined by a licensed physician. After obtaining these orders, **DAVIDSON** sold the orders to DME companies, including Decision One Health and Landmark Medical, in exchange for kickbacks, after which the DME companies fulfilled the orders and submitted claims to Medicare for braces that, as **DAVIDSON** knew, were not medically necessary and not eligible for reimbursement.

C. PURPOSE OF THE SCHEME:

The purpose of the scheme was for **DAVIDSON** and others known and unknown to the Interim United States Attorney to unlawfully enrich themselves by:

1. offering, paying, soliciting, and receiving kickbacks and bribes in exchange for the furnishing and arranging for the furnishing, and arranging and recommending the purchasing and ordering of, DME to beneficiaries by various DME providers;
2. shipping and delivering medically unnecessary DME to beneficiaries;
3. submitting and causing the submission of false and fraudulent claims to Medicare, including for services purportedly rendered to beneficiaries located in the Eastern District of Louisiana and elsewhere;
4. receiving and obtaining the reimbursements paid by Medicare based on the false and fraudulent claims submitted;
5. concealing the offering, paying, soliciting, and receiving of kickbacks and bribes, the shipping and delivering of medically unnecessary DME, and the submission of false and fraudulent claims to Medicare; and
6. diverting proceeds of the fraud for the personal use and benefit of the defendant and his co-conspirators.

D. MANNER AND MEANS OF THE SCHEME:

The manner and means by which the defendant sought to accomplish the object of the scheme included, among others, the following:

1. Call centers and other companies advertised, through television, internet, telephone, and direct mailings, in the United States, including in the Eastern District of Louisiana, that beneficiaries suffering from back, joint, and other pain were eligible to receive DME, namely, braces and orthotic sleeves, at low or no cost to the beneficiaries. These companies further advertised toll-free numbers for beneficiaries to call and inquire about the advertised DME. Additionally, these companies cold-called beneficiaries using lead information.

2. Upon beneficiaries calling the advertised toll-free numbers, or receiving a call from a call center, the beneficiaries, including those located in the Eastern District of Louisiana, spoke with representatives of call centers and other companies that solicited beneficiaries, through high-pressure sales tactics, to receive a variety of DME that beneficiaries neither wanted nor needed. Call center representatives typically indicated that a provider would be in contact with the beneficiaries to further discuss with beneficiaries the items to be provided.

3. Upon beneficiaries providing personal information, including their names and unique Medicare identification numbers, to representatives of the call centers, the call centers, in turn, provided that information to purported telemedicine companies.

4. In his role as the owner and operator of The Leads Network, **DAVIDSON** acquired signed doctors' orders for DME. To acquire signed doctors' orders for DME, **DAVIDSON** purchased "leads" from telemarketers and call centers. These leads consisted of beneficiaries' personal and health information, as well as recorded telephone calls between telemarketers and beneficiaries.

5. After purchasing these leads, **DAVIDSON** would arrange through a purported telemedicine company for a licensed medical professional to sign the orders for DME in exchange for payments. Beneficiaries often were prescribed and received multiple braces irrespective of medical necessity. **DAVIDSON** was aware that some patients complained that they did not want the braces, did not need the braces, and did not consent to receiving braces. On at least one occasion, **DAVIDSON** learned that a deceased beneficiary received a brace.

6. After acquiring the signed doctors' orders, and despite his knowledge of the Federal Anti-Kickback Statute, **DAVIDSON** knowingly and willfully sold the orders to Individual 1, through Decision One Health and Landmark Medical, and others, in exchange for kickback payments on a per-order basis. **DAVIDSON** knew that those signed doctors' orders for DME that he sold to Individual 1 and others would be used to submit claims to Medicare for reimbursement.

7. To conceal the kickbacks that **DAVIDSON** received for the signed doctors' orders, **DAVIDSON**, Individual 1, and others signed sham contracts and documentation that disguised the kickbacks as legitimate payments for marketing and business-consulting services when, in fact, the payments **DAVIDSON** received from Individual 1 and others were for fraudulent doctors' orders for DME. Although contracts stated that The Leads Network would be paid for "marketing services" on an hourly basis, that language was a sham. In reality, The Leads Network was paid for referring signed doctors' orders for DME on a per-order basis: approximately \$325 per order for a back brace, \$225 per order for a knee or shoulder brace, and \$150 per order for an ankle or wrist brace.

8. After the signed doctors' orders were sold to DME companies, the DME companies shipped braces to beneficiaries, including to beneficiaries located in the Eastern District of

Louisiana, and subsequently submitted false and fraudulent claims to Medicare seeking reimbursement for the cost of the DME provided.

9. From in or around October 2018, and continuing through in or around April 2019, in the Eastern District of Louisiana and elsewhere, **DAVIDSON**, through The Leads Network, sold hundreds of doctors' orders for DME to Individual 1 and others in exchange for illegal kickback payments. In total, **DAVIDSON** received approximately \$2,054,394.88 in kickback payments from Individual 1 and others, through Decision One Health and Landmark Medical. As a result of the signed doctors' orders that **DAVIDSON** sold to Individual 1 and others in exchange for kickbacks, Decision One Health and Landmark Medical collectively submitted or caused the submission of approximately \$9,205,446.83 in claims to Medicare for supplying DME to beneficiaries, which resulted in approximately \$4,683,493.59 in reimbursements.

E. THE CONSPIRACY:

Beginning in or around October 2018, and continuing through in or around April 2019, in the Eastern District of Louisiana, and elsewhere, the defendant, **BRUCE E. DAVIDSON**, did knowingly and willfully conspire and agree with others known and unknown to the United States Attorney, to commit certain offenses against the United States, that is, to 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 to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property owned by, and under the custody and control of, Medicare, in connection with the delivery of and payment for health care benefits, items, and services, in violation of Title 18, United States Code, Section 1347.

All in violation of Title 18, United States Code, Section 1349.

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 offenses alleged in Count 1, the defendant, **BRUCE E. DAVIDSON**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a), any property, real or personal, involved in said offenses, and any property traceable to such property.

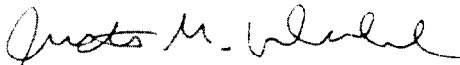
3. If any of the above-described property, as a result of any act or omission of the defendant:

- 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;

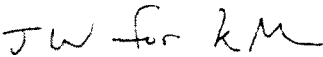
the United States shall seek a money judgment and, pursuant to Title 21, United States Code, Section 853(p), forfeiture of any other property of the defendant up to the value of said property.

DUANE A. EVANS
UNITED STATES ATTORNEY

JOSEPH S. BEEMSTERBOER
ACTING CHIEF, FRAUD SECTION
UNITED STATES DEPARTMENT OF JUSTICE



CATHERINE WAGNER
JUSTIN M. WOODARD
Trial Attorneys
Criminal Division, Fraud Section
United States Department of Justice



KATHRYN MCHUGH
Assistant United States Attorney
Eastern District of Louisiana

New Orleans, Louisiana
September 8, 2021

21-113
SECT. L MAG.1

No. _____

United States District Court
FOR THE
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA

vs.

BRUCE E. DAVIDSON

BILL OF INFORMATION FOR
CONSPIRACY TO COMMIT HEALTH CARE FRAUD

Violation(s):

18 U.S.C. § 1349

Filed _____, 20 21

_____, Clerk.

By _____, Deputy

Justin M. Woodard

Assistant United States Attorney
JUSTIN WOODARD

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

21-113
SECT. L MAG. 1

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 Justin M. Woodard
 U.S. Atty Other U.S. Agency
 Phone No. (202) 262-7868

Name of Asst.
 U.S. Attorney
 (if assigned) Kathryn McHugh

CASE NO. _____

USA vs.

Defendant: BRUCE E. DAVIDSON

Address: _____

Interpreter Required Dialect: _____

Birth Date 1946 Male Alien
 Female (if applicable)

Social Security Number XXX-XX-0506

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)
HHS-OIG, SA Mitchell Blum & SA Bryan Young

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 St. Tammany Parish County

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): _____

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/ (Petty = 1 / Misdemeanor = 3 / Felony = 4)	Description of Offense Charged	Count(s)
4	Title 18, U.S.C., Section 1349	Conspiracy to Commit Health Care Fraud	1

MAGISTRATE CASE NUMBER

OR

 NO MAGISTRATE PAPERS WERE FOUND

FOR

NAME: BRUCE E. DAVIDSON

Initials: CMS