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

UNITED STATES OF AMERICA

Hon. Esther Salas

v.

Crim. No. 23-1017 (ES)

ERIC VAN VLEET

18 U.S.C. § 1349

18 U.S.C. § 1347

18 U.S.C. § 371

42 U.S.C. § 1320a-7b(b)(2)(A)

18 U.S.C. § 2



INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark, charges as follows:

COUNT 1

(Conspiracy to Commit Health Care Fraud and Wire Fraud)

1. At all times relevant to this Indictment, unless otherwise indicated:

a. ERIC VAN VLEET was a resident of California. VAN VLEET owned and operated Hype Med, LLC, a business with addresses in Burley, Idaho, and San Diego, California, which did business throughout the United States.

b. RediDoc LLC was a company located in Phoenix, Arizona. RediDoc was a purported telemedicine company doing business throughout the United States, and was owned and operated by Stephen Luke and David Laughlin, two co-conspirators not charged in this Indictment.

c. 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. Apogee was operated by William

Welwart, Elan Yaish, and Ethan Welwart. William Welwart, Yaish, and Ethan Welwart were co-conspirators not charged in this Indictment.

d. Aberdeen Pharmacy (“Aberdeen”) was a pharmacy purportedly located in Boynton Beach, Florida, that did business throughout the United States by filling prescriptions and shipping them to patients. Aberdeen was owned by Ethan Welwart and Yaish.

e. Beacon Medical Marketing LLC (“Beacon”) was a business located in Edison, New Jersey, owned by William Welwart. William Welwart and Ethan Welwart controlled Beacon’s bank account.

f. Pharmacy 1 was a pharmacy located in St. Louis, Missouri.

g. Pharmacy 2 was a pharmacy located in Moraga, California.

h. Beneficiary 1 was a Medicare beneficiary who resided in Brooklyn, New York.

i. Beneficiary 2 was a Medicare beneficiary who resided in Miami, Florida.

Medicare and TRICARE

j. Medicare was a federally funded program established to provide medical insurance benefits for individuals aged 65 and older and certain disabled individuals who qualified under the Social Security Act. Individuals who received benefits under Medicare were referred to as “Medicare beneficiaries.” Medicare was administered by the Centers for Medicare and Medicaid Services (“CMS”), part of the United States Department of Health and Human Services.

k. 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 D provided coverage for the cost of prescription drugs for individuals on Medicare. Part D coverage was managed by pharmacy benefit managers and other private companies approved by Medicare.

l. 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.

m. Both Medicare and TRICARE (and their pharmacy benefit 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

n. “Telemedicine” referred to the practice of medicine by doctors using telecommunications technology, such as video or telephone, to connect with patients. Companies like RediDoc hired doctors and other health care providers, purportedly to furnish telemedicine services to patients.

The Conspiracy

2. From in or about February 2018 through in or about September 2019, in the District of New Jersey, and elsewhere, defendant

ERIC VAN VLEET

knowingly and intentionally conspired and agreed with Luke, Laughlin, William Welwart, Yaish, Ethan Welwart, and others known and unknown, to commit certain offenses, namely:

a. to knowingly and willfully execute a scheme and artifice to defraud health care benefit programs, including Medicare, which was a health care benefit program 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; and

b. To devise a scheme and artifice to defraud, and to obtain money and property by means of materially false pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, and sounds, contrary to Title 18, United States Code, Section 1343.

Goal of the Conspiracy

3. The goal of the conspiracy was for VAN VLEET and his co-conspirators to unlawfully profit by receiving kickbacks and bribes from pharmacies, including Apogee and Aberdeen, in exchange for steering prescriptions for expensive drugs to those pharmacies without regard to medical necessity. VAN VLEET and others then paid kickbacks and bribes to telemedicine companies, including RediDoc, which the telemedicine companies in turn paid to doctors so that the doctors would sign expensive prescriptions, without regard for medical necessity. VAN VLEET and others steered the doctors' prescriptions to specific pharmacies that they had agreements with. The pharmacies then submitted claims to federal health care benefit programs for which they received lucrative reimbursements.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that:

a. VAN VLEET and his co-conspirators identified Beneficiaries to target for expensive drugs. These drugs typically included pain creams, scar creams, eczema creams, and migraine medication, as well as a combination of prescription medications intended to be used as a "foot soak." The Beneficiaries whom VAN VLEET and others identified were referred to as "leads." VAN VLEET paid for "leads," which were generally routed to a call center. Call center employees then spoke to Beneficiaries by phone and pressured them to agree to try expensive medications—regardless of medical necessity. Portions of these calls were recorded.

b. VAN VLEET then transmitted to RediDoc, and other telemedicine companies, the Beneficiaries' medical information and the recorded

portions of the phone calls. VAN VLEET also sent pre-marked prescription pads to RediDoc for particular drugs that would yield exorbitant reimbursements. The selected drugs on the pre-marked prescription pads were chosen largely based on reimbursement amount and not medical need. The purpose of VAN VLEET sending the Beneficiaries' medical information, recorded phone calls, and pre-marked prescription pads to RediDoc was so RediDoc could provide the information to its stable of physicians who would reliably sign prescriptions for expensive medications for the Beneficiaries regardless of their need for them.

c. VAN VLEET, through Hype Med, paid RediDoc and other telemedicine companies for each Beneficiary referred for a prescription.

d. Luke and Laughlin, through RediDoc, in turn paid doctors and other health care providers to approve prescriptions based on the pre-written prescription pads that they had received from Hype Med. For example, RediDoc paid the doctors on a per-patient basis based on how many Beneficiary "consultations" the doctors conducted. Typically, the amount paid to the doctors ranged from approximately \$20 to \$30 per "consultation." The doctors often approved the prescriptions without having had any contact with the Beneficiary and without making a *bona fide* assessment that the medications were medically necessary.

e. Based on the speed with which RediDoc's physicians signed prescriptions sent by VAN VLEET, VAN VLEET knew that it was virtually impossible for the telemedicine doctors to have established a legitimate doctor-patient relationship with each Beneficiary or assessed each Beneficiary's legitimate need for the prescription medication. Nevertheless, RediDoc secured thousands of

prescriptions for Hype Med 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.

f. After securing signed prescriptions, Luke and Laughlin, through RediDoc, transmitted the prescriptions to pharmacies around the country, including Apogee and Aberdeen, at VAN VLEET's direction. VAN VLEET directed prescriptions for patients from all over the country to specific pharmacies with whom Hype Med had kickback arrangements (the "Pharmacies").

g. The Pharmacies then sought to fill and dispense the pharmaceutical products, and the Pharmacies submitted claims for reimbursement to health care benefit programs. Once the Pharmacies received reimbursement, they sent a portion of the proceeds to Hype Med as payment for the prescriptions that VAN VLEET had paid RediDoc to generate.

a. VAN VLEET, William Welwart, and others knew that it was illegal for the Pharmacies to pay VAN VLEET and Hype Med for referral of prescriptions to the Pharmacies. With respect to Apogee and Aberdeen, William Welwart and his co-conspirators routed payments from Apogee and Aberdeen to Hype Med through Beacon. These payments consisted of interstate transmission of funds through wire transfer or automated clearing house ("ACH") transactions.

h. VAN VLEET, who resided in California, sent and received various wire communications in interstate commerce in furtherance of the scheme. For example, on or about April 27, 2018, VAN VLEET emailed RediDoc a copy of a "Facilitator Agreement" signed by VAN VLEET and William Welwart. The

agreement stated that Hype Med was entitled to fifty percent of the amount collected on each adjudicated and shipped claim for an initial prescription directed to pharmacies associated with Beacon, and forty-five percent of the amount collected on each adjudicated and shipped claim for refills, less cost of goods and expenses.

i. In another email on or about April 27, 2018, VAN VLEET wrote to RediDoc that Hype Med had an agreement with Beacon, “who represents Apogee’s marketing department.” VAN VLEET wrote: “This is how they pay us”

j. During the conspiracy, VAN VLEET arranged to pay RediDoc, from the Hype Med bank account, at least approximately \$185,500 in kickback and bribe payments for prescriptions that RediDoc facilitated through its paid doctors.

k. Beginning in or around March 2018 and continuing to in or around September 2019, VAN VLEET and Hype Med received kickbacks and bribes totaling at least approximately \$343,683.69 from Apogee and Beacon, in exchange for prescription referrals. These payments, which were made through electronic funds transfers from Beacon and Apogee to Hype Med, represented portions of reimbursements that the Welwarts’ pharmacies had received from federal health care programs, including Medicare.

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

COUNTS 2-3
(Health Care Fraud)

5. Paragraphs 1 and 3–4 of this Indictment are realleged here.

6. On or about the dates listed below, in Middlesex County, in the District of New Jersey, and elsewhere, defendant

ERIC VAN VLEET

knowingly and willfully executed a scheme and artifice to defraud a health care benefit program and to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property owned by, or 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:

Count	Approx. Date	Execution
2	January 30, 2019	Defendant caused Apogee to submit claims to Medicare for a medically unnecessary prescription for Beneficiary 1
3	February 8, 2019	Defendant caused Aberdeen to submit claims to Medicare for a medically unnecessary prescription for Beneficiary 2

In violation of Title 18, United States Code, Section 1347, and Title 18, United States Code, Section 2.

COUNT 4

(Conspiracy to Violate the Anti-Kickback Statute)

7. Paragraph 1 of this Indictment is realleged here.

8. From in or about February 2018 through in or about September 2019, in the District of New Jersey, and elsewhere, defendant

ERIC VAN VLEET

knowingly and intentionally conspired and agreed with Luke, Laughlin, William Welwart, Yaish, Ethan Welwart, and others known and unknown, 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, prescription medications, for which payment may be made in whole and in part under a federal health care program, namely, Medicare, 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, prescription medications, for which payment may be made in whole and in part under a federal health care program, namely, Medicare, contrary to Title 42, United States Code, Section 1320a-7b(b)(2)(A).

Goal of the Conspiracy

9. Paragraph 3 of this Indictment is realleged and incorporated herein.

Manner and Means of the Conspiracy

10. Paragraph 4 of this Indictment is realleged and incorporated herein.

Overt Acts

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

a. On or about August 3, 2018, VAN VLEET instructed RediDoc, by email, to transfer certain patient prescriptions to Apogee, located in New Jersey.

b. On or about October 25, 2018, Yaish emailed William Welwart regarding what payments needed to be paid to marketing groups. Yaish's email stated that Hype Med should be paid \$22,696.39. On or about October 26, 2018, William Welwart forwarded this email to Ethan Welwart, who then caused \$22,696.39 to be transferred from Beacon, located in New Jersey, to Hype Med.

c. On or about March 13, 2019, VAN VLEET emailed RediDoc regarding setting up a new pharmacy, Pharmacy 1. Thereafter, Hype Med received at least approximately \$102,016.99 in payments from Pharmacy 1.

d. On or about March 25, 2019, VAN VLEET emailed RediDoc to set up another new pharmacy, Pharmacy 2. VAN VLEET confirmed that signed prescriptions were to be faxed to a particular fax number at Pharmacy 2. Thereafter, Hype Med received at least approximately \$254,205.58 in payments from Pharmacy

2.

e. On or about the approximate dates listed below in January 2019, VAN VLEET, through Hype Med, sent RediDoc approximately three payments totaling approximately \$19,000, each of which represented a bribe and kickback to RediDoc for prescriptions that were signed by one of RediDoc's physicians:

Date	Amount
January 15, 2019	\$5,000
January 22, 2019	\$8,000
January 30, 2019	\$6,000

f. On or about the approximate dates listed below in January and February 2019, VAN VLEET, through Hype Med, received from Beacon, located in New Jersey, approximately three payments totaling approximately \$12,783.23, each of which represented a bribe and kickback paid to Hype Med by the Welwarts' pharmacies, through Beacon, in return for the referral of prescriptions to the pharmacies:

Date	Amount
January 3, 2019	\$9,494.53
February 6, 2019	\$330.10
February 6, 2019	\$2,958.60

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

COUNTS 5-8
 (Violations of the Anti-Kickback Statute)

12. Paragraphs 1, 3–4, and 11 of this Indictment are realleged here.

13. On or about the dates listed below, in the District of New Jersey, and elsewhere, defendant

ERIC VAN VLEET

knowingly and willfully solicited and received 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, prescription medications, for which payment may be made in whole and in part under a federal health care program:

Count	Approx. Date	Execution
5	February 27, 2019	Received \$17,509.00 from Apogee in return for referral of prescriptions
6	March 5, 2019	Received \$2,402.88 from Beacon in return for referral of prescriptions
7	March 13, 2019	Received \$2,402.88 from Beacon in return for referral of prescriptions
8	March 20, 2019	Received \$560.67 from Beacon in return for referral of prescriptions

In violation of Title 42, United States Code, Section 1320a-7b(b)(1)(A), and Title 18, United States Code, Section 2.

FORFEITURE ALLEGATIONS

1. The allegations in Counts 1-8 of this Indictment are realleged here for the purpose of alleging forfeiture.

2. Upon conviction one or more of the Federal health care offenses (as defined in 18 U.S.C. § 24) alleged in Counts 1-8 of this Indictment, VAN VLEET shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(7), all property, real and personal, VAN VLEET obtained that constitutes or is derived, directly and indirectly, from gross proceeds traceable to the commission of such offense.

3. In addition, upon conviction of the offense of conspiracy to commit wire fraud charged in Count 1 of this Indictment, VAN VLEET shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), all property, real and personal, the defendant obtained that constitutes or is derived from proceeds traceable to the commission of such offense, and all property traceable to such property.

SUBSTITUTE ASSETS PROVISION

4. If any of the above-described forfeitable property, as a result of any act or omission by VAN VLEET:

- 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) and 28 U.S.C. § 2461(c), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

A TRUE BILL



FOREPERSON

Vikas Khanna

VIKAS KHANNA

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

CASE NUMBER: 23-1017 (ES)

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

ERIC VAN VLEET

INDICTMENT FOR

18 U.S.C. § 1349,
18 U.S.C. § 1347,
18 U.S.C. § 371,
42 U.S.C. § 1320a-7b(b)(2)(A),
18 U.S.C. § 2

A True Bill,


Foreperson

VIKAS KHANNA
ATTORNEY FOR THE UNITED STATES ACTING
UNDER AUTHORITY CONFERRED BY 28 U.S.C. § 515

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