



*United States Attorney
District of New Jersey*

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**CARDIAC MONITORING COMPANIES AND EXECUTIVE AGREE
TO PAY \$13.4 MILLION TO RESOLVE FALSE CLAIMS ACT ALLEGATIONS**

NEWARK, N.J. – Four companies and one executive have agreed to pay more than \$13.4 million, including interest, to resolve allegations that they billed Medicare for higher and more expensive levels of cardiac monitoring services than had been ordered by doctors, Acting U.S. Attorney William E. Fitzpatrick and Acting Assistant Attorney General Chad A. Readler of the Justice Department’s Civil Division announced today.

AMI Monitoring Inc. and its affiliate, Spectocor LLC, both based in McKinney, Texas, agreed to pay \$9.56 million, plus interest. Joseph H. Bogdan, 55, of Fairview, Texas, president and owner of the companies, has agreed to pay \$1 million plus interest. Medi-Lynx Cardiac Monitoring LLC, headquartered in Plano, Texas, and its majority owner, MEDICALgorithmics S.A., a biotechnology company based in Warsaw, Poland, have agreed to pay \$2.89 million.

“Sophisticated medical technology can be used to help doctors dramatically improve the lives of their patients, but it can also be misused to fraudulently increase medical bills,” Acting U.S. Attorney Fitzpatrick said. “Today’s settlement demonstrates that the federal government is committed to preserving the integrity of the Medicare system and ensuring that Medicare funds are spent only for patient care.”

“Independent diagnostic testing facilities that improperly steer physicians to order higher levels of service will be held accountable,” said Acting Assistant Attorney General Chad A. Readler of the Justice Department’s Civil Division. “We will vigilantly ensure the appropriate use of our country’s limited Medicare funds.”

“Billing for unneeded services, as the government alleged, takes unfair advantage of Medicare patients and steals from taxpayers,” said Special Agent in Charge Scott J. Lampert for the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG). “OIG, along with our law enforcement partners, will aggressively investigate these crimes.”

According to documents filed in this case and the contentions of the United States contained in the settlement agreement:

From 2011 through 2016, AMI and Spectocor marketed the PocketECG cardiac

monitoring device under an exclusive distribution agreement with MEDICALgorithmics, the device's manufacturer. AMI and Spectocor, both independent diagnostic testing facilities, marketed the device to doctors as being capable of performing three different types of cardiac monitoring services: Holter, event, or telemetry. The companies and Mr. Bogdan, however, knowingly designed the device's online enrollment process to steer unwitting doctors to select "telemetry" – which provided the highest rate of reimbursement – for all Medicare patients, even when they wanted to select one of the less expensive services. This marketing, promotion, and enrollment process resulted in the submission of false claims to Medicare.

In 2013, a former co-owner of Spectocor and AMI formed Medi-Lynx as an independent diagnostic testing facility that also marketed the PocketECG device under an agreement with MEDICALgorithmics. From 2013 through 2016, Medi-Lynx also employed the same device enrollment procedure and marketing scheme, resulting in the submission of false Medicare claims. In addition to manufacturing the PocketECG, MEDICALgorithmics acquired a controlling interest in Medi-Lynx in September 2016.

The allegations were raised in a lawsuit filed under the *qui tam*, or whistleblower, provisions of the False Claims Act, which allows private citizens with knowledge of fraud to bring civil actions on behalf of the government and to share in any recovery. The whistleblower – a former AMI employee who brought the misconduct to the government's attention – will receive \$2.4 million of the \$13.4 million that the government recovered.

U.S. Attorney Fitzpatrick and Acting Assistant Attorney General Readler credited special agents of the U.S. Department of Health and Human Services – Office of the Inspector General, under the direction of Special Agent in Charge Scott J. Lampert with the investigation leading to the settlement.

The government is represented by Assistant U.S. Attorneys Bernard J. Cooney and Andrew A. Caffrey III of the U.S. Attorney's Office Health Care and Government Fraud Unit in Newark.

The U.S. Attorney's Office reorganized its health care fraud practice in 2010, including creating a stand-alone Health Care and Government Fraud Unit to handle both criminal and civil investigations and prosecutions of health care fraud offenses. Since 2010, the office has recovered more than \$1.36 billion in health care fraud and government fraud settlements, judgments, fines, restitution and forfeiture under the False Claims Act, the Food, Drug and Cosmetic Act and other statutes.

The case is captioned *United States ex rel. Doe v. Spectocor Enterprise Services LLC, et al.* (D.N.J.). The claims settled by this agreement are allegations only, and there has been no determination of liability.

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