



JUSTICE NEWS

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Medical Equipment Company Owners Sentenced to More Than 12 Years for \$27 Million Fraud Scheme

A Texas woman and an Austrian national were sentenced yesterday to 151 months in prison for a \$27 million Medicare kickback conspiracy.

According to the evidence presented at trial, Leah Hagen, 50, of Arlington, and Michael Hagen, 54, a citizen of Austria and Arlington resident, owned and operated two durable medical equipment (DME) companies, Metro DME Supply LLC and Ortho Pain Solutions LLC. From March 2016 to January 2019, the defendants paid kickbacks and bribes to their co-conspirator's call center in the Philippines in exchange for signed doctors' orders for DME that were used to submit false claims in excess of \$59 million to Medicare. From those claims, Medicare paid the defendants more than \$27 million. The defendants transferred millions of dollars overseas to, among other things, purchase a home in Spain.

To conceal the payments of kickbacks and bribes from the authorities, the defendants, through their DME companies, signed sham contracts that disguised payments as marketing and business process outsourcing. The DME claims submitted by the defendants to Medicare were for services that were medically unnecessary and not provided as represented. In some cases, beneficiaries were convinced to accept braces they did not need or want and were offered gift cards in exchange for accepting those braces.

On July 8, the Hagens were convicted following an eight-day trial on charges of conspiracy to defraud the United States and to pay and receive health care kickbacks and conspiracy to launder money. The Hagens were sentenced by U.S. District Judge Jane J. Boyle of the Northern District of Texas, who also ordered them to pay \$27,104,359 in restitution.

Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department's Criminal Division; U.S. Attorney Chad E. Meacham of the Northern District of Texas; Special Agent in Charge Miranda Bennett of the Department of Health and Human Services, Office of the Inspector General's (HHS-OIG) Dallas Region; Acting Assistant Director Jay Greenberg of the FBI's Criminal Investigative Division; and Special Agent in Charge Matthew J. DeSarno of the FBI's Dallas Field Office made the announcement.

This case was investigated by HHS-OIG and the FBI's Dallas Field Office and was brought as part of Operation Brace Yourself, a federal law enforcement action led by the Health Care Fraud Unit of the Criminal Division's Fraud Section, in partnership with the U.S. Attorney's Offices for the District of South Carolina, District of New Jersey, and the Middle District of Florida.

Assistant Deputy Chief Adrienne Frazier and Trial Attorneys Brynn Schiess and Catherine Wagner of the Criminal Division's Fraud Section are prosecuting the case.

The Fraud Section leads the Health Care Fraud Strike Force. Since its inception in March 2007, the Health Care Fraud Strike Force, which maintains 15 strike forces operating in 24 districts, has charged more than 4,200 defendants who have collectively billed the Medicare program for nearly \$19 billion. In addition, the Centers for Medicare & Medicaid Services, working in conjunction with the HHS-OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

Topic(s):

Health Care Fraud

Component(s):

Criminal Division

Criminal - Criminal Fraud Section

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