



Amtrak OIG-supported investigation leads to guilty pleas in \$14 million health care fraud, kickback scheme

For Immediate Release

February 11, 2021

LOS ANGELES — A pharmacy and its owner pleaded guilty on February 5, 2021, to charges related to a health care fraud and kickback scheme in which so-called marketers were paid to generate and steer prescriptions to the pharmacy for expensive and potentially unnecessary compounded drugs.

Navid Vahedi, 41, of Brentwood, pleaded guilty to one count of conspiracy to commit health care fraud and payment of illegal remunerations. Vahedi also entered a guilty plea to the felony offense on behalf of his business, Fusion Rx Compounding Pharmacy. Amtrak's health care plan paid out about \$20,000 to Fusion Rx during the scheme.

Fusion Rx provided tailor-made compound drugs which doctors may prescribe when the FDA-approved alternative does not meet the health needs of a patient. In their plea agreements, Vahedi and Fusion Rx admitted routing millions of dollars in kickback payments through the businesses of two marketers to steer prescriptions for compounded drugs to Fusion Rx. From May 2014 to at least February 2016, Fusion Rx received approximately \$14 million in reimbursements on its claims for compounded drug prescriptions.

Fusion Rx also failed to regularly collect copayments for prescriptions or would provide gift cards to patients to offset copayment costs. After an audit raised concerns that Fusion Rx's failure to collect copayments would be discovered, Vahedi directed Fusion Rx funds be used to purchase American Express gift cards to make copayments for certain prescriptions without the patients' knowledge. Fusion Rx then submitted claims on these prescriptions to insurance providers, falsely representing that patients had paid their copayments.

Both defendants have agreed to pay restitution related to the copayment reimbursement part of the scheme, which is estimated to be \$4,405,926. In addition to his obligation under the plea agreement to pay restitution, Vahedi also agreed to forfeit \$1,338,511. Fusion Rx has also agreed to pay a fine sufficient to divest itself of its remaining assets, Vahedi has agreed to have his pharmacist license revoked, and both Vahedi and Fusion Rx will be excluded from federal health care programs such as Medicare and Medicaid going forward.

The two marketers involved in the scheme – Joshua Pearson, 41, of St. George, Utah, and Joseph Kieffer, 40, of West Los Angeles – previously pleaded guilty in this case and are scheduled to be sentenced in May and June 2021 respectively.

The case was investigated by Amtrak OIG, the Defense Criminal Investigative Service, FBI, Office of Personnel Management OIG, and the Department of Health and Human Services OIG. More information is available in the press release from the U.S. Attorney's Office: <https://direc.to/f45U>.

-###-