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Southern District of Florida

FOR IMMEDIATE RELEASE

Wednesday, December 19, 2018

Palm Beach Sales Representative Sentenced to Prison for Money Laundering Scheme Involving Alcohol and Drug Addiction Treatment Centers and Clinical Laboratories

A top sales representative was sentenced to prison today for his participation in a money laundering conspiracy involving alcohol and drug addiction treatment centers and clinical laboratories.

Ariana Fajardo Orshan, U.S. Attorney for the Southern District of Florida; George L. Piro, Special Agent in Charge, Federal Bureau of Investigation (FBI), Miami Field Office; Michael J. De Palma, Special Agent in Charge, Internal Revenue Service, Criminal Investigation (IRS-CI); Jimmy Patronis, Florida Chief Financial Officer; Michael J. Waters, Special Agent in Charge, Amtrak Office of Inspector General (Amtrak OIG); Isabel Colon, Regional Director, U.S. Department of Labor, Employee Benefits Security Administration (DOL-EBSA); Dennis Russo, Director of Operations, National Insurance Crime Bureau (NICB); and John F. Khin, Special Agent in Charge, Defense Criminal Investigative Service (DCIS) made the announcement.

Lanny Fried, 41, of Miami Beach, previously pled guilty to one count of conspiracy to commit money laundering. U.S. District Judge Robin L. Rosenberg sentenced Fried to 57 months in prison, to be followed by 3 years of supervised release. He was also ordered to pay a \$81,163.17 fine.

According to court documents, Smart Lab LLC of Palm Beach Gardens was established by Chief Executive Officer H. Hamilton Wayne, a/k/a "Hawkeye," and Chief Operating Officer Justin Morgan Wayne, to perform confirmatory urinalysis testing. Smart Lab, H. Wayne and J. Wayne established bank accounts to receive proceeds of insurance claims for medically unnecessary urinalysis testing and to pay kickbacks and bribes to individuals and entities that referred urine samples to Smart Lab for testing.

Fried, a top Smart Lab sales representative, had an agreement with Smart Lab to receive commissions of approximately 50% of the insurance reimbursements for the substance abuse treatment facilities he referred to Smart Lab. These payments were classified as commissions when in reality they were kickbacks for the referral of excessive, medically unnecessary, fraudulent and duplicative confirmatory drug testing. Fried served as the sales representative for Smart Lab's largest account, Reflections Treatment Center in Margate, Florida. Fried used a portion of these commissions to pay Reflections' owner, Kenneth Chatman, illegal cash kickbacks to induce him to continue referring urine samples to Smart Lab. Using Fried as a "middleman" for the payments to Chatman disguised the true ownership and purpose of the funds. From

2005 through 2017, Smart Lab paid Fried over \$600,000. These payments came from proceeds of health care fraud.

Fried also recruited friends and business associates to engage in similar activity. These individuals signed employment agreements with Smart Lab that purported to make them “sales representatives”. These agreements were used to make it appear that monies paid to Fried and others were for services rendered. The employment contracts were created to hide the true purpose and recipient of the payments. Fried and the others involved did not perform any actual services for Smart Lab and they were paid “commissions” from the proceeds of health care fraud. These funds were then disbursed to others, per Fried’s instructions.

H. Hamilton, J. Wayne and Smart Lab previously pled guilty to one count of conspiracy to commit health care fraud. U.S. District Judge Donald M. Middlebrooks sentenced H. Wayne to 63 months in prison, J. Wayne to 46 months in prison, and the corporation to 3 years of probation. The three defendants were jointly and severally ordered to pay \$2,897,389.50 in restitution to the victims of their offenses. H. Wayne was separately ordered to pay \$954,344 to the TRICARE program for his involvement in fraud at RX to You, along with a \$50,000 fine. J. Wayne was separately ordered to pay a \$20,000 fine.

U.S. Attorney Fajardo Orshan commended the investigative efforts of the Greater Palm Beach Health Care Fraud Task Force. Agencies of the task force include the FBI, IRS-CI, Florida Division of Investigative and Forensic Services, Amtrak OIG, DOL-EBSA, NICB and DCIS. These and related cases are being prosecuted by Assistant U.S. Attorneys A. Marie Villafaña and Alexandra Chase.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or on <http://pacer.flsd.uscourts.gov> at www.usdoj.gov/usao/fls.

Component(s):

USAO - Florida, Southern

Updated December 19, 2018