



Department of Justice

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HALEYVILLE DEFENDANTS AGREE TO PAY \$3.14 MILLION TO RESOLVE MEDICARE FRAUD CASE

BIRMINGHAM, AL - Gerald M. ("Max") Burleson, his wife Frances R. Burleson, and their businesses (Haleyville Medical Supplies, Inc., City Pharmacy of Haleyville, Inc., Care Medical of Jasper, Inc., Care Pharmacy, Inc., and Winfield Medical Supply, Inc.) have agreed to pay the United States \$3.14 million to settle civil healthcare fraud claims. The settlement agreement is announced today by Alice H. Martin, United States Attorney, Northern District of Alabama.

The healthcare fraud investigation arose out of a qui tam lawsuit. In the qui tam suit, the whistleblower alleged that the Burlesons paid kickbacks to individuals who improperly referred patients to the Burlesons for durable medical equipment and respiratory medications. Although the Burlesons attempted to camouflage the kickbacks as payments to "employees" for services rendered, the "employees" provided minimal to no services. The whistleblower also alleged that Max Burleson defrauded Medicare by dispensing a "compounded" medication rather than the medication actually prescribed by the patient's physician.

"We have pursued Burleson both in civil and criminal court for healthcare fraud. It is critical not only to send offenders to prison but to recover money illegally obtained. This settlement equals twice what these defendants received from submitting false claims to Medicare," said Alice H. Martin, United States Attorney. "Through seized funds and Defendants' selling certain property, the United States has collected approximately \$2.3 million. The balance will be paid in 60 days."

In a related criminal action, Max Burleson plead guilty to criminal healthcare fraud and drug misbranding charges arising out of the allegations in the qui tam suit and was sentenced last week to serve 18 months in prison.

This case was investigated by the U.S. Food and Drug Administration Office of Criminal Investigations, Department of Health and Human Services Office of Inspector General, the Federal Bureau of Investigation and the Defense Criminal Investigative Service. Assistant United States Attorney Lloyd C. Peebles was the lead attorney in the civil investigation.

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