

Department of Justice
U.S. Attorney's Office
Southern District of Texas

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Diagnostic Company Owner Sentenced for Kickbacks, Health Care Fraud and Money Laundering

HOUSTON – The owner of multiple diagnostic businesses and a durable medical equipment company has been ordered to federal prison in relation to the Team Work Ready (TMR) health care fraud conspiracy, announced U.S. Attorney Ryan K. Patrick. Mark Edward Farias, 48, of Houston pleaded guilty April 17, 2017, admitting to a conspiracy to pay kickbacks, health care fraud as well as money laundering.

Today, U.S. District Judge Gray Miller handed Farias a 68-month sentence to be immediately followed by three years of supervised release. At the hearing, Judge Miller denied Farias' request for probation and considered the duration of his criminal activity, the repetitive nature of the crime and the \$4,122,980 his companies billed. The court also ordered Farias to pay \$2,790,704 in restitution to the Department of Labor Office of Worker's Compensation who administers the Federal Employees Compensation Act (FECA) health insurance program.

Farias was the owner of a durable medical equipment business known as AMR Medical Supply as well as three medical diagnostic businesses - Winlock Medical Surgical LLC, ARC Diagnostics LLC and Tesla Diagnostics LLC - located in Texas and Louisiana. As part of his guilty plea, Farias admitted he paid the owner and CEO of TWR – Jeffrey Eugene Rose, 55, of Houston - at least \$436,213.54 in kickbacks for access to at least 419 patients from TWR clinics in Texas and Louisiana. Farias admitted he attempted to hide and conceal the kickback payments by indicating on the payments that they were for marketing. Farias did not receive any marketing services from TWR, just patients covered by the FECA program. In addition to engaging in kickbacks, Farias admitted he also committed health care fraud by submitting up-coded claims for the kickback patients, including claims for diagnostic testing that were not medically necessary, and for diagnostic reports that were not produced. Farias also admitted to engaging in money laundering with the criminal proceeds he received from FECA.

Rose was convicted of conspiracy, health care fraud, wire fraud and money laundering in October 2016 following a three-week trial. Also convicted were chief financial officer Pamela Annette Rose, 55, of Houston, along with the clinic's vice president of operations Frankie Lee Sanders, 55, also of Houston. Team Work Ready defendants Pamela Rose and Sanders were sentenced in July of last year to 120 and 300 months, respectively. Jeffrey Rose is scheduled for sentencing on June 1, 2018, before U.S. District Judge Ewing Werlein Jr.

Farias was permitted to remain on bond and voluntarily surrender to a U.S. Bureau of Prisons facility to be determined in the near future.

U.S. Postal Service - Office of Inspector General (OIG), Department of Labor – OIG, IRS - Criminal Investigation, Department of Veterans Affairs - OIG and Department of Homeland Security – OIG conducted the joint investigation. Assistant U.S. Attorney Julie Redlinger is prosecuting the case.