

PRESS RELEASE

West New York Financial Advisor Sentenced to 41 Months in Prison for Role in Multimillion-Dollar Health Care Fraud Conspiracy

Monday, November 18, 2024

For Immediate Release

U.S. Attorney's Office, District of New Jersey

CAMDEN, N.J. – A West New York financial advisor was sentenced today to 41 months in prison for 11 counts of defrauding public health insurance plans out of more than \$4 million and transacting in the criminal proceeds, U.S. Attorney Philip R. Sellinger announced.

Kaival Patel, 55, of West New York, New Jersey, was convicted on Dec. 7, 2023, of one count of conspiracy to commit wire fraud and health care fraud, four counts of health care fraud, one count of conspiracy to commit money laundering by transacting in criminal proceeds, and five counts of money laundering by transacting in criminal proceeds following an 11-day trial before U.S. District Judge Robert B. Kugler. U.S. District Judge Edward S. Kiel imposed the sentence today in Camden federal court.

“This defendant lined his own pockets by taking advantage of health insurance plans for New Jersey state and local government employees, defrauding them of millions of dollars by conspiring to obtain reimbursements for medically unnecessary compound prescription medications. Together with our law enforcement partners, we will continue to investigate and prosecute those who abuse and defraud the health care system.”

U.S. Attorney Philip R. Sellinger

According to documents filed in this case and the evidence at trial:

Compounded medications are specialty medications mixed by a pharmacist to meet the specific medical needs of an individual patient. Compounded medications require a prescription from a physician.

Patel created and operated a company called ABC Healthy Living LLC to market compound prescription medications. Patel and his conspirators learned that certain state and local government employees had insurance that would reimburse up to thousands of dollars for a one-month supply of certain compound medications such as vitamins, scar creams, pain creams, libido creams, and acid reflux medications. Patel and a conspirator approached Patel's family member, a medical doctor who owns and operates a clinic in Newark, New Jersey, and convinced him to authorize prescriptions for the compound medications for patients who had no medical need for the prescriptions. Patel received commissions for the compound medication prescriptions.

Patel and his conspirators paid a group of corrections officers to go to Patel's family member's medical practice for the purpose of receiving fraudulent prescriptions. Patel conspired with a compounding pharmacist to add unnecessary ingredients to the compound medications to further increase their cost and augment his illicit profits. Patel engaged in a series of financial transactions to receive proceeds from the health care fraud and wire fraud conspiracy.

To date, approximately 48 people have been convicted or pleaded guilty in the overarching conspiracy.

In addition to the prison term, Judge Kiel sentenced Patel to three years of supervised release and ordered him to pay restitution of \$4.72 million.

U.S. Attorney Sellinger credited special agents of the FBI's Atlantic City Resident Agency, under the direction of Acting Special Agent in Charge Nelson I. Delgado in Newark; special agents of IRS - Criminal Investigation, under the direction of Special Agent in Charge Jenifer L. Piovesan in Newark; and the U.S. Department of Labor, Office of Inspector General, Northeast Region, under the direction of Special Agent in Charge Jonathan Mellone, with the investigation leading to the sentencing.

The government is represented by Assistant U.S. Attorneys Daniel A. Friedman of the Criminal Division and R. David Walk Jr., Deputy Chief of the Criminal Division.

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Topic**HEALTH CARE FRAUD**

Component

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