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Chief Compliance Officer Convicted in Fraud Scheme; Lawyer: Sometimes You Have to Say No

By Nina Youngstrom

The conviction of a chief compliance officer in a \$50 million Medicare scam is a cautionary tale about the potential for compliance professionals to be held responsible for corporate fraud like any senior executive. It's a variation on the accountability theme that hit home when the Department of Justice (DOJ) started requiring compliance officers to certify their organization's compliance program is functioning effectively as part of the resolution of certain criminal cases, experts say.^[1]

Steven King of Miramar, Florida, chief compliance officer of A1C Holdings LLC, a Florida pharmacy holding company, was found guilty by a jury of conspiracy to commit health care fraud and wire fraud, DOJ said June 8.^[2] The verdict came down about 10 months after James Letko, the CEO of A1C, pleaded guilty in the scheme, which included billing Medicare for refills of prescription drugs and diabetic testing supplies for dead beneficiaries.

King faces a maximum of 20 years in prison when he's sentenced Sept. 14. Letko's plea calls for up to 10 years and he will forfeit \$21.7 million. Three other co-defendants have pleaded guilty.

"This disposition illustrates the compliance officer was every bit as culpable and attractive to the government as the CEO," said former federal prosecutor Robert Trusiak, an attorney in Buffalo, New York. "With empowerment from the Department of Justice that comes with the compliance officer certification comes" the same treatment in civil and criminal cases as the CEO or CFO.

The case also is a reminder for compliance officers that if "their company's risk profile is more aggressive than you're comfortable with, it may be a good idea to find another place to work," said attorney Anthony Burba, with Barnes & Thornburg LLP in Chicago. "They're not likely to take your compliance advice as seriously as they need to."

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