



**Amtrak OIG-supported investigation leads to prison time, \$4.4 million restitution payment for LA pharmacy owner who orchestrated \$14 million health care fraud scheme**

**For Immediate Release**

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LOS ANGELES — A pharmacy owner based in Los Angeles was sentenced to 30 months in federal prison Monday for orchestrating a health care fraud and kickback scheme in which so-called marketers were paid to generate and steer prescriptions to his pharmacy for expensive and potentially unnecessary compounded drugs.

Navid Vahedi, 42, of Brentwood, and his pharmacy, Fusion Rx Compounding Pharmacy, pleaded guilty in February 2021 to one count of conspiracy to commit health care fraud and payment of illegal remunerations. Vahedi and his pharmacy were ordered to jointly pay \$4,400,525 in restitution. Fusion Rx was also sentenced to five years of probation on January 18, 2022. Amtrak's health care plan paid out about \$20,000 to Fusion Rx during the scheme.

Fusion Rx provided tailor-made compound drugs which doctors may prescribe when the FDA-approved alternative does not meet the health needs of a patient. As part of the scheme, Vahedi and two marketers provided physicians with preprinted prescription script pads that offered "check-the-box" options on the form to maximize the amount of insurance reimbursement for the compounded drugs. From May 2014 to at least February 2016, Fusion Rx received approximately \$14 million in reimbursements on its claims for compounded drug prescriptions.

Fusion Rx also failed to regularly collect copayments for prescriptions or would provide gift cards to patients to offset copayment costs. After an audit raised concerns that Fusion Rx's failure to collect copayments would be discovered, Vahedi directed Fusion Rx funds be used to purchase American Express gift cards to make copayments for certain prescriptions without the patients' knowledge. Fusion Rx then submitted claims on these prescriptions to insurance providers, falsely representing that patients had paid their copayments.

The two marketers involved in the scheme – Joshua Pearson, 42, of St. George, Utah, and Joseph Kieffer, 41, of West Los Angeles – previously pleaded guilty in this case. Kieffer was sentenced to six months in federal prison and ordered to pay \$1.25 million in restitution. Pearson was sentenced to three years of probation.

The case was investigated by Amtrak OIG, the Defense Criminal Investigative Service, FBI, Office of Personnel Management OIG, and the Department of Health and Human Services OIG. More information is available in the U.S. Attorney's Office press release: <https://direc.to/hzSD>.

Reports of fraud, waste, or abuse; criminal or unethical acts affecting Amtrak's property or operations; or mismanagement in Amtrak programs or operations can be made 24 hours a day, seven days a week via the Amtrak OIG Hotline at 1-800-468-5469 or online at <https://amtrakoig.gov/report-fraud-waste-abuse>.

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