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NJ Doc Admits Taking Bribes In Lab Referral Scheme

By Michael Lipkin

Law360, Los Angeles (December 19, 2013, 7:32 PM ET) -- A New Jersey doctor pled guilty on Wednesday to charges that he accepted tens of thousands of dollars in bribes to refer patients to Biodiagnostic Laboratory Services LLC, part of a yearslong scam run by the lab and its president, according to prosecutors.

██████████ pled guilty to one count of criminal bribery before U.S. District Judge Stanley R. Chesler. ██████████ admitted that from August 2010 to December 2011, BLS paid him \$5,000 a month for his promise to refer patient blood specimens to the lab. The \$85,000 in bribes generated about \$380,000 for BLS from private patients and Medicare, according to prosecutors.

“██████████ is extremely remorseful for his conduct in accepting illegal referral fees in exchange for sending blood tests to the lab,” ██████████ attorney, Michael J. Beatrice, told Law360, “His service to the community as a physician, as chamber of commerce president, as police physician and in other charitable endeavors has otherwise been exemplary.”

██████████ is the 21st participant who has pled guilty in BLS' scheme bribing doctors for millions of dollars to send business to BLS, which took in more than \$100 million from Medicare and private insurance companies, according to prosecutors. Including ██████████, 11 employees or associates of BLS and 10 physicians have pled guilty.

The investigation has recovered more than \$6.75 million to date through forfeiture, prosecutors said.

Prosecutors claimed in their criminal information that ██████████ was aware that BLS regularly added blood tests that ██████████ had not ordered for his patients, allowing the lab to charge for work that was not medically required. Beatrice said his client had not admitted to that allegation.

██████████ could face up to five years in prison and a \$250,000 fine for the bribery charge when he is sentenced on April 1, 2014. As part of the plea agreement, ██████████ will forfeit the bribes he received from BLS.

Federal agents in April also arrested BLS owner [REDACTED], his brother [REDACTED], who was a senior BLS employee, and [REDACTED], a BLS employee and the CEO of Advantech Sales LLC, an entity used by BLS to make illegal payments, in connection with the bribery scheme. They **pled guilty in June** to one count of conspiracy to violate the Anti-Kickback Statute and the Federal Travel Act and one count of money laundering, according to authorities.

The Nicolls admitted to using shell entities to bribe doctors with cash or lease, service or consulting agreements. The goal was to drum up blood sample referrals for BLS and convince doctors to order unnecessary tests on those specimens, according to authorities. To sweeten the deal, some doctors received a fee per test to entice them to send more business to BLS, the defendants acknowledged.

David and Scott Nicoll respectively agreed to forfeit \$50 million and \$25 million.

[REDACTED] is represented by Michael J. Beatrice of The Law Offices of Michael J. Beatrice.

The case is U.S. v. [REDACTED], case number [REDACTED], in the U.S. District Court for the District of New Jersey.

--Additional reporting by Linda Chiem. Editing by Stephen Berg.

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