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**STATE OF NORTH CAROLINA**  
**DEPARTMENT OF JUSTICE**

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September 10, 2025

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North Carolina General Assembly  
Raleigh, North Carolina 27601-1096

RE: G.S. §114-2.5A; Report on Activities of Medicaid Fraud Control Unit

Dear Members:

G.S. §114-2.5A requires the Attorney General to report on the activities of the Medicaid Fraud Control Unit of the Department of Justice, which is the Medicaid Investigations Division, during the previous fiscal year to the Chairs of the Appropriations Subcommittees on Justice and Public Safety and Health and Human Services of the Senate and House of Representatives and the Fiscal Research Division of the Legislative Services Office. Pursuant to that statute, I have enclosed the Medicaid Investigations Division's Activities Report for July 1, 2024, through June 30, 2025.

September 10, 2025  
Page 2 of 2

Please let our team know if you have any questions. Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric Wilson', written in a cursive style.

Eric Wilson  
Chief of Staff

EW/dr

Enclosure

cc: NCGA Fiscal Research Division

REPORT TO THE  
NORTH CAROLINA GENERAL ASSEMBLY

BY THE  
MEDICAID INVESTIGATIONS DIVISION  
OF THE  
NORTH CAROLINA DEPARTMENT OF JUSTICE

State Fiscal Year July 1, 2024, through June 30, 2025

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## **I. INTRODUCTION**

Pursuant to N.C.G.S. § 114-2.5A “each year the Medicaid Fraud Control Unit of the Department of Justice,” which is the Medicaid Investigations Division (MID), “shall file a written report about its annual activities” with the General Assembly. This report covers the activities of the MID for the State Fiscal Year 2024-2025 (FY 24/25), covering the period of July 1, 2024, through June 30, 2025.<sup>1</sup>

G.S. § 114-2.5A requires the report on the MID’s activities during the previous state fiscal year to include specific information as follows:

- (1) The number of matters reported to the MID.
- (2) The number of cases investigated.
- (3) The number of criminal convictions and civil settlements.
- (4) The total amount of funds recovered in each case.
- (5) The allocation of recovered funds in each case to (i) the federal government; (ii) the State Medical Assistance Program; (iii) the Civil Penalty and Forfeiture Fund; (iv) the N.C. Department of Justice; and (v) other victims.

Because the MID receives 75% of its funds from a Federal source, the MID is required by its Federal funding source to maintain statistics and report its activities based on the Federal fiscal year, which is October 1 through September 30. The General Assembly requires that this report present statistics based on the state fiscal year of July 1 through June 30. Pursuant to G.S. § 1-617, the General Assembly also requires a report on *qui tam* cases for the calendar year of January 1 through December 31. While these three reports overlap, the statistics presented in these three reports will vary because they each cover different time periods.

## **II. OVERVIEW**

The MID has worked hard to combat Medicaid provider fraud, the physical abuse of patients in Medicaid-funded facilities, the misappropriation of patient funds, and fraud in the administration of the Medicaid program during its 46-year history. In that time, 692 providers have been convicted of crimes relating to Medicaid provider fraud, the physical abuse of patients in Medicaid-funded facilities, the misappropriation of patients' personal funds, and fraud in the administration of the Medicaid program, and the MID has recovered over \$1 billion in fines, restitution, interest, penalties, and costs.

The United States Attorney’s Offices for the Eastern, Middle, and Western Districts have appointed a number of MID attorneys as Special Assistant United States Attorneys (SAUSAs) to pursue criminal and civil Medicaid fraud matters. MID attorneys collaborate with attorneys in the

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<sup>1</sup> MID’s cases are reported based upon when we close each matter. For civil cases, this is determined when we receive the first payment. For criminal matters, it is done within 30 days after the defendant is sentenced.

United States Attorney's Offices for the Western, Middle, and Eastern Districts of North Carolina on substantial criminal and civil fraud cases against a variety of Medicaid providers.

The MID continues to maintain strong relationships with the North Carolina Department of Health and Human Services (NC DHHS), the state agency that administers the North Carolina Medicaid Program, and with other law enforcement and prosecutorial agencies. Throughout FY 24/25, the MID continued joint investigations of fraud and patient abuse cases with a number of law enforcement and investigatory agencies, including the United States Department of Health and Human Services Office of Inspector General (HHS-OIG), Office of Investigations District Office in Greensboro, N.C.; the Federal Bureau of Investigation (FBI); the Internal Revenue Service; the United States Department of Justice; N.C. Department of Insurance; N.C. State Bureau of Investigation; and local law enforcement agencies, along with integrity Special Investigations Units (SIUs) within private insurance companies and managed care companies. These relationships serve as a valuable resource for future case referrals.

Medicaid Fraud Control Units from other states seek advice and guidance in the areas of administration, investigation, and prosecution from the MID. The MID strives to maintain and build on this reputation and to assist other units directly and through participation with the National Association of Medicaid Fraud Control Units (NAMFCU). During FY 24/25, MID Director Eddie Kirby served as an instructor at the NAMFCU *Managing a MFCU* training program, as attorney advisor to the NAMFCU Data Mining Working Group, and as a member of the NAMFCU Finance Committee. MID Civil Chief Steve McCallister served on the NAMFCU Global Case Committee, Qui Tam Subcommittee, Training Committee, and several NAMFCU working groups. Special Deputy Attorney General Lareena Phillips served on both the Global Case Committee and the NAMFCU Training Committee, and as a co-chair of the NAMFCU Qui Tam Subcommittee. MID Nurse Investigator Laura Schlabach served as co-chair of the NAMFCU Nurse Subcommittee. MID Investigative Auditor III Jennifer Brock served on the NAMFCU Data Analysts Subcommittee. The MID continues to be actively involved in national global cases being coordinated through NAMFCU with the United States Department of Justice and other federal and state agencies. Civil Chief Steve McCallister, Special Deputy Attorneys General Michael Berger, Lareena Phillips, Matt Petracca, Madeline Lea, Financial Investigations Supervisor Jennifer Brock, and Financial Investigators Lisa Jones and Altavis Pratt served on NAMFCU global teams appointed by NAMFCU's Global Case Committee. MID also is a national leader with respect to data mining and has assisted other MFCUs in developing their data mining capabilities.

The MID has a strong relationship with the North Carolina Department of Health and Human Services, particularly with its Office of Compliance and Program Integrity (OCPI) and the NCDHHS Information Technology Division. The MID also has a strong relationship with the North Carolina Division of Health Service Regulation (NC DHSR), the primary agency designated to receive patient physical abuse complaints from or involving long-term care providers in North Carolina.

During FY 24/25, the MID continued to provide an extensive training program for its staff through NAMFCU courses. Classes range from multi-level fraud investigation techniques to

technical skills training. Also, during FY 24/25, MID continued to provide in-house training for its staff members.

The North Carolina General Assembly enacted the North Carolina False Claims Act, G.S. §§ 1-605 through 1-618, effective January 1, 2010. This act established a state *qui tam* law that has improved the MID's ability to prosecute and investigate Medicaid provider fraud and abuse. Since the North Carolina False Claims Act became effective, the MID has received information from and filings by whistleblowers alleging approximately 983 cases of Medicaid fraud and abuse.

In summary, the MID's activities over the past year in both the criminal and non-criminal areas have proven productive. Our successful investigation and prosecution of a variety of Medicaid providers during FY 24/25 enhanced our reputation as an effective and professional Medicaid Fraud Control Unit that vigorously, but fairly, pursues and prosecutes fraud and abuse.

### **III. INFORMATION REQUIRED ON MID ACTIVITIES**

#### **1. The number of matters referred to the MID.**

There were 513 referrals made to the MID during the State FY 24/25, an increase from FY 23/24. The referrals came from varied sources. Referral sources include private citizens, *qui tam* relators, the Office of Compliance and Program Integrity (OCPI) of the Division of Health Benefits, Managed Care Organizations (MCO) in connection with behavioral health services, the Division of Health Service Regulation, local departments of Social Services, former employees, State Survey and Certification agencies, Licensing Boards, the National Association of Medicaid Fraud Control Units, United States Attorney's Offices, and other law enforcement agencies such as Office of Inspector General. The distribution of MID's referrals in State FY 24/25 were as follows: Adult Protective Services (1), Anonymous (5), HHS-OIG (9), Local Prosecutor (2), Managed Care Organization (1), Medicaid Agency Other (3), Medicaid Agency SURS or Program Integrity Unit (68), Other (14), Other Law Enforcement (2), Private Citizens (305), Provider (2), State Agency Other (14), and State Survey and Certification (87).

Of those 513 new referrals, the MID opened new case files on 85 matters. The remaining 428 were referred to another agency for review, rolled into existing MID investigations, or declined for various reasons. In many instances, it is appropriate to refer a matter to the North Carolina Division of Health Benefits for further review or administrative action. DHB can compare the allegation to its history of the provider and conduct billing analysis and reviews to determine whether further investigation is appropriate. DHB may then refer the matter back to the MID with the additional data and analysis. In that case, the MID can reconsider whether to open an investigation. Alternatively, DHB may decide to apply one of the administrative remedies or sanctions it has at its disposal. It is also possible that the matter could be referred to another appropriate investigatory agency for action.

A number of referrals were declined on the grounds that the referrals did not sufficiently allege Medicaid provider fraud, were not substantiated by a preliminary review, or the potential

for successful criminal prosecution was low. Some of the allegations pertained to Medicaid recipient fraud, but the MID's federal grant does not allow the MID to use the funding to investigate Medicaid recipient fraud. Therefore, the MID refers recipient fraud allegations to the Division of Health Benefits and the county Departments of Social Services. Please note that allegations of Medicaid recipient fraud should be referred to the Recipient Services Section of the Division of Health Benefits, 919-527-7749, or the Fraud Section of the local county Department of Social Services.

Medicaid fraud investigations are complex and labor-intensive. The consequences of a fraud conviction on a provider can be severe. Therefore, the MID takes great care to ensure that allegations are substantiated before proceeding with criminal charges or civil actions.

## **2. The number of cases investigated.**

During FY 24/25, the MID staff investigated 446 cases. Due to the length of time required to properly investigate a case, a number of these cases were referred and/or opened prior to FY 24/25. The subjects of investigations included adult day cares, ambulance transportation providers, anesthesiologists, assisted living facilities, billing services, cardiologists, clinical social workers, dentists, development disability facilities, dialysis, durable medical equipment providers, family practices, home health agencies, hospitals, inpatient psychiatric services, internal medicine, clinical, radiology and physiology labs, Medicaid program administrations, medical device manufacturers, mental health licensed therapists, non-emergency transportation, non-residential mental health facilities, nurse practitioner, nurse's aides, nursing facilities, obstetricians and gynecologists, pediatricians, personal care services agencies, personal care services attendants, pharmaceutical manufacturers, pharmacies, pharmacy technicians, physical medicine and rehabilitation, psychiatrists, psychologist, substance abuse treatment centers, and non-mental health therapists. The MID also investigated caregivers accused of patient physical abuse at Medicaid-funded facilities and the misappropriation of patient personal funds.

## **3. The number of Criminal Convictions and Civil Settlements.**

### **a. Criminal Convictions**

During FY 24/25, the MID successfully convicted 8 providers. These criminal convictions resulted in more than 86 months of incarceration and in the recovery of \$7,741,514.73 in restitution, fines, and fees. Details of these convictions are set forth in Section IV of this report.

The MID's prosecutors may prosecute in State court when they are invited to serve as special prosecutors by the elected district attorney. As the MID prosecutors and investigators have specialized training and experience investigating and prosecuting health care fraud, they are often able to provide valuable assistance to local authorities. The MID is grateful for its productive working relationships with District Attorneys' offices and law enforcement agencies across the State.

Of significance was a criminal conviction of Aljihad Shabazz. MID Special Deputy Attorney General Kristina Fleisch is cross-designated as a Special Assistant United States Attorney (SAUSA) with the United States Attorney's Office in the Western District of North Carolina. Fleisch regularly works from the United States Attorney's Office in Charlotte. By having a presence in Charlotte in addition to Raleigh, the MID is able to more effectively fight Medicaid fraud across the State.

On September 26, 2024, Aljihad Shabazz, 45, of Kernersville, N.C., was sentenced in federal court in the Western District of North Carolina to 52 months in prison followed by two years of supervised release for his role in a scheme that defrauded the North Carolina Medicaid Program (Medicaid) of more than \$4.7 million. In addition to the prison term imposed, U.S. District Judge Frank D. Whitney also ordered Shabazz to pay \$4,711,159.88 in restitution.

The FBI, IRS-CI, and NCDOJ's Medicaid Investigations Division investigated the case. Assistant United States Attorney Michael E. Savage and SAUSA Fleisch prosecuted the case.

According to court records and the sentencing hearing, Shabazz was the owner and operator of Reign & Inspirations, LLC (R&I), a clinic that provided outpatient behavioral services in Greensboro and surrounding areas. Between 2017 and 2020, Shabazz conspired with other individuals to carry out an extensive health care fraud scheme involving the fraudulent submissions of fake reimbursement claims to Medicaid, for services that were never provided to Medicaid beneficiaries. Court records show that Shabazz obtained the personal identifying information (PII) of Medicaid beneficiaries through community outreach programs, including football and mentoring programs, and misused the beneficiaries' PII to create and submit hundreds of fraudulent reimbursement claims and to receive payment for services that were never in fact provided by R&I. Over the course of the scheme, Shabazz used the beneficiaries' PII to submit more than 1,500 fraudulent reimbursement claims to Medicaid, some of which claimed that R&I provided services that exceeded 24 hours in a single day.

Court records show that the reimbursement payments made by Medicaid were deposited in bank accounts under Shabazz's control. Shabazz used a portion of the fraudulent proceeds to pay kickbacks to his co-conspirators and to cover personal expenses, including to pay for personal travel, luxury items, and timeshares, and to make cash withdrawals.

The MID looks forward to continuing to work with its partners across the State to investigate and prosecute Medicaid provider fraud, patient abuse, and misappropriation of patient funds.

## **b. Civil Settlements**

During FY 24/25, the MID successfully obtained 15 civil settlements/judgments and recovered \$16,344,433.69 in damages, interest, civil penalties, and costs.

Of significance was a \$2,505,000 civil settlement with Southeastern Behavioral Healthcare Services, LLC ("Southeastern"), a behavioral health business in Lumberton and Maxton and its

owners, Bertha Hutchinson and Virgil Hutchinson, to resolve allegations that Southeastern submitted false claims to the North Carolina Medicaid program. The State alleged that between March 2016 and July 2020, Southeastern and the Hutchinsons submitted improper claims to the North Carolina Medicaid program for services they didn't provide, that weren't necessary, or were for patients who were incarcerated or deceased, where there was a pervasive lack of medical records supporting those claimed services. The settlement was reached in partnership with the U.S. Attorney's Office for the Eastern District of North Carolina.

**4. The total amount of funds recovered in each case; Allocations.**

Together, these 8 criminal convictions and 15 civil recoveries represent a total of \$24,085,948.42 recovered for the State of North Carolina. Consistent with federal reporting instructions, recoveries are amounts individual and organizational defendants are ordered to pay in criminal cases and must pay in civil judgments and settlements, and may not reflect actual collections. A case-by-case breakdown of the amounts recovered in each case and allocation of recovered funds is shown below in Table A.

**Table A Funds Recovered  
07/01/2024 - 06/30/2025**

Name	Federal Government	NC Medicaid	Civil Penalty & Forfeiture Fund	NC DOJ Costs	Other	Total
US v. Aljihad Shabazz	3,239,275.75	1,471,884.13			200.00	4,711,359.88
US v. Wendell Randall, MD	912,768.58	383,532.19			753,646.70	2,049,947.47
US v. Lokia Washington	599,892.79	260,464.60			100.00	860,457.39
NC v. Valerie Sinclair, LPC	49,200.57	21,845.47				71,046.04
NC v. Tanasha Evans	14,780.80	5,312.73			228.00	20,321.53
NC v. Barbara Harris	14,228.90	5,114.36			228.00	19,571.26
NC v. Catrina Campbell	5,809.52	2,088.14			375.50	8,273.16
NC v. Tara Williamson					538.00	538.00
<b>Total Criminal Recoveries</b>	<b>\$ 4,835,956.91</b>	<b>\$ 2,150,241.62</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 755,316.20</b>	<b>\$ 7,741,514.73</b>
James Bell (Lowery v. All Medicines, Inc.)	1,350,659.83	714,727.17			1,950,627.74	4,016,014.74
Melisha West (Lowery v. All Medicines, Inc.)	1,144,412.50	605,587.50			1,750,000.00	3,500,000.00
Southeastern Behavioral Healthcare Services, LLC	1,453,651.50	985,849.49		65,499.01		2,505,000.00
Castillo v. Vista Clinical Diagnostics, LLC, et al	17,435.95	8,959.72		595.28	2,423,009.05	2,450,000.00
Carter Clinic, PA	547,203.66	175,370.02	156,800.63	12,563.19		891,937.50
Eric Troyer, MD/Troyer Medical, Inc.	430,790.78	75,367.99	78,450.24	6,285.60	36,342.60	627,237.21
Turck v. Walgreens Boots Alliance	349,114.02	180,041.86	37,315.90	626.04	47,801.34	614,899.16
Sharon Halliday	501,356.92	58,865.64		3,443.40		563,665.96
Valsure, LLC v. GlaxoSmithKline, PLC, et al (Ranitidine)	262,076.46	90,944.28	47,685.98	6,842.28	56,152.60	463,701.60
LabXperior/Tina Ball	133,738.50	60,608.24	36,022.16	4,631.10		235,000.00
Frattasio v. Biohaven Pharmaceuticals	133,992.58	30,818.82	31,376.57	2,513.96	12,837.83	211,539.76
Nostrum Laboratories, Inc.	89,201.84	61,859.95		4,109.92		155,171.71
Prospect Homecare Services, LLC	40,070.17	28,520.60		1,732.45		70,323.22
Precision Diagnostics	20,705.42	16,692.47		985.60		38,383.49
THD America, Inc.	878.05	487.82	158.40	35.07		1,559.34
<b>Total Civil Recoveries</b>	<b>\$ 1,961,924.74</b>	<b>\$ 604,207.67</b>	<b>\$ 231,009.25</b>	<b>\$ 31,205.42</b>	<b>\$ 153,134.37</b>	<b>\$ 16,344,433.69</b>
<b>Total Recoveries</b>	<b>\$ 6,797,881.65</b>	<b>\$ 2,754,449.29</b>	<b>\$ 231,009.25</b>	<b>\$ 31,205.42</b>	<b>\$ 908,450.57</b>	<b>\$ 24,085,948.42</b>

\* Criminal cases identified as joint and several during this reporting period.

#### **IV. CRIMINAL CONVICTIONS**

The MID reports all criminal convictions to the United States Department of Health and Human Services Exclusion Program, which, in turn, will take administrative action to exclude these providers from future participation as providers in Medicaid and any other federally funded health care program for a period of years.

##### **US v. Aljihad Shabazz**

Aljihad Shabazz was the owner and operator of Reign & Inspirations, LLC, a clinic that provided outpatient behavioral services in Greensboro, NC and surrounding areas. This case was predicated upon a referral from the Medicaid Investigations Division's Data Mining team in 2019. The data analysis identified that Reign & Inspiration was billing excessively compared to their peers.

The investigation revealed that between 2017 and 2020, Shabazz conspired with other individuals to carry out an extensive healthcare fraud scheme involving the fraudulent submissions of fake reimbursement claims to Medicaid, for services that were never provided to Medicaid beneficiaries. Shabazz obtained the personal identifying Information (PII) of Medicaid beneficiaries through community outreach programs, including football and mentoring programs, and misused the beneficiaries' PII to create and submit hundreds of fraudulent reimbursement claims and to receive payment for services that were never in fact provided by Reign and Inspirations, LLC. Over the course of the scheme, Shabazz used the beneficiaries' PII to submit more than 1,500 fraudulent reimbursement claims to Medicaid, some of which claimed that Reign and Inspirations, LLC provided services that exceeded 24 hours in a single day.

On September 26, 2024, Shabazz pled guilty to one count of Conspiracy to Commit Health Care Fraud and 5 counts of Money Laundering Conspiracy. Shabazz was sentenced to 52 months in prison followed by two years of supervised release. Shabazz was ordered to pay \$4,711,159.88 in restitution to the North Carolina Fund for Medical Assistance and to pay a \$200.00 special assessment.

##### **US v. Wendell Randall**

Dr. Wendell Lewis Randall was a physician and owner of National Institute of Toxicology, PLLC (NIT), a Medicaid provider for pain management services located in Mt. Airy, NC. This case originated from a referral from the United States Attorney's Office – Middle District.

The investigation revealed that between 2018 and 2021 Randall prescribed opioids or other controlled substances to his patients without regard to whether such prescriptions were medically indicated. Randall then required his patients to submit to definitive urine drug tests (UDT) on every office visit without regard to the medical necessity of such tests. NIT had an in-house laboratory to run the UDT. Randall, through NIT, billed Medicare and North Carolina Medicaid for the UDT that reimbursed at the highest pay for nearly all of his patients on Medicare and Medicaid. Randall obtained \$753,446.70 from Medicare and \$1,296,300.77 from Medicaid for these fraudulently

billed UDT. He then used the fraudulently obtained proceeds to make several large purchases, including a building on property near his home in 2019 for a total of \$97,000.

On December 3, 2024, Randall pled guilty to one count of Health Care Fraud and one count of Money Laundering. On March 14, 2025, Randall was sentenced to 30 months in prison followed by 2 years of supervised release. The sentence is ordered to run consecutively to the 18-month sentence Randall is currently serving for a conviction in the Western District of Virginia. Randall was ordered to pay a total restitution in the amount of \$2,049,747.47. Of that restitution, \$753,446.70 is to be paid to CMS, and restitution in the amount of \$1,296,300.77 is to be paid to the North Carolina Fund for Medical Assistance.

### **US v. Lakia Washington**

Lakia Washington was a licensed mental health counselor who owned and operated L.S. Therapeutics & Consulting, LLC. This case was predicated upon a referral from the Medicaid Investigations Division's Data Mining team in 2019.

The investigation revealed that between 2018 and 2022, through her business, Washington received names, dates of birth and/or Medicaid beneficiary numbers of Medicaid beneficiaries for which she paid a small finder's fee. Washington would then use that beneficiary data to fraudulently submit claims to Medicaid for psychotherapy services never rendered.

On March 22, 2023, Washington pled guilty in the United States District Court – Eastern District to one count of Health Care Fraud. ON September 4, 2024, Washington was sentenced to 5 years of probation and home confinement for 12 months. Washington was ordered to pay \$860,357.39 in restitution to the North Carolina Fund for Medical Assistance and a \$100.00 assessment.

### **NC v. Valerie Sinclair**

Valerie Sinclair was a licensed mental health counselor in Fayetteville, North Carolina who provided mental health services to Medicaid recipients. This case originated as a referral from the Sandhills Center via the North Carolina DHHS Department of Health Benefits.

The investigation revealed that between 2017 and 2021, Sinclair repeatedly submitted fraudulent claims to the Sandhills Center, a Local Management Entity/Managed Care Organization (LME/MCO) that managed the care of Medicaid recipients. Her claims were for behavioral health services to 21 Medicaid recipients, including many children, that she had not actually provided services. As a result of these fraudulent claims, the Sandhills Center paid Sinclair \$71,046.04, and in some cases, the false claims caused other providers' legitimate claims to be denied.

On August 14, 2024, Sinclair pled guilty to 21 counts of Obtaining Property by False Pretense in Moore County Superior Court. Sinclair was ordered to surrender her clinical mental health counselor supervisor license and take down any social media websites, or her information from

such website, listing her professional services until she is removed from the Department of Health & Human Services exclusion list. Sinclair was sentenced to 90 days of imprisonment followed by 60 months of supervised probation. Sinclair was ordered to pay \$71,046.06 in restitution to the North Carolina Fund for Medical Assistance.

### **NC v. Tanasha Evans**

Tanasha Evans was a certified nursing assistant who was employed at Comfort of Home Care Agency in Henderson, North Carolina. This case originated from a referral from District Attorney Mike Waters.

The investigation revealed that between 2020 and 2022, Evans while being an employee of Comfort of Home Care Agency, Inc., conspired with others, including co-defendant Barbara Harris, to falsify employee timesheets purporting services were provided to a Medicaid recipient, knowing they were not. These timesheets were then used as the basis of submitting fraudulent billing claims to Medicaid. Relying on these fraudulent claims, Medicaid paid Comfort of Home Care \$39,436.79.

On October 24, 2024, Evans pled guilty to one count of Medical Assistance Provider Faud. Evans was sentenced to a suspended sentence of 5-15 months in prison and 6 months of unsupervised probation. Harris was ordered to pay \$20,093.53 in restitution to the North Carolina Fund for Medical Assistance and \$228.00 in court costs.

### **NC v. Barbara Harris**

Barbara Harris was a certified nursing assistant who was employed at Comfort of Home Care Agency, Inc. In Henderson, North Carolina. This case originated from a referral from District Attorney Mike Waters.

The investigation revealed that between 2020 and 2021, Harris while being an employee of Comfort of Home are Agency, Inc., conspired with others, including co-defendant Tanasha Evans, to falsify employee timesheets purporting services were provided to a Medicaid recipient, knowing they were not. These timesheets were then used as the basis of submitting fraudulent billing claims to Medicaid. Relying on these fraudulent claims, Medicaid paid Comfort of Home Care \$39,436.79.

On October 24, 2024, Harris pled guilty to one count of Medical Assistance Provider Fraud. Harris was sentenced to a suspended sentence of 5-15 months in prison and 6 months of unsupervised probation. Harris was ordered to pay \$19,343.26 in restitution to the North Carolina Fund for Medical Assistance and \$228.00 in court costs.

### **NC v. Catrina Campbell**

Catrina Campbell was a certified nursing assistant who was employed at Comfort of Home Care Agency, Inc. In Henderson, North Carolina. This case originated from a referral from District Attorney Mike Waters.

The investigation revealed that between 2020 and 2021, Campbell, while being an employee at Comfort of Home Care Agency, falsified employee timesheets purporting services that were provided to a Medicaid recipient, when in fact, they were not. These timesheets were then used as the basis of submitting fraudulent billing claims to Medicaid. Relying on these fraudulent claims, Medicaid paid Comfort of Home Care \$7,897.66.

On January 30, 2025, Campbell pled guilty to one count of Attempted Medical Assistance Provider Fraud. Campbell was sentenced to 45 days imprisonment which was suspended for 18 months of supervised probation. Campbell was ordered to pay \$7,989.66 in restitution to the North Carolina Fund for Medical Assistance and \$375.00 in court costs.

### **NC v. Tara Williamson**

Tara Williamson was a Healthcare Technician employed at Caswell Developmental Center, located in Kinston, North Carolina. This case originated from a referral from the North Carolina Department of Health and Human Services Police Department.

The investigation revealed that Tara Williamson forcibly struck a Medicaid recipient residing at the Caswell Developmental Center multiple times, forcing his head down on a wooden dining table, stabbing him in the head several times with a fork, and biting him on his back, causing multiple injuries to the resident.

On June 5, 2025, Williamson pled guilty to one count of Assault on an Individual with a Disability. Williamson was sentenced to a split sentence that included a 75-day active sentence, suspended for 18 months of supervised probation. As a condition of Williamson's special probation, she is required to serve 18 days in jail. Williamson was ordered to complete 72 hours of community service within 6 months and pay \$203 in Court Costs, \$260.00 in Attorney's Fees, and a \$75.00 Appointment Fee.

## **V. CIVIL RECOVERIES**

### **JAMES BELL (ALL MEDICINES, INC.)**

James Bell was a pharmacist and owner at All Medicines, Inc. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from January 1, 2014, July 31, 2017, All Medicines/Bell submitted false claims to the Medicaid program by (a) billing for prescription drugs that had not been ordered from their distributor and were not in inventory, including specifically (b) billing more expensive extended release drugs that were not dispensed rather than cheaper generic immediate release drugs that had been dispensed, (c) billing for prescription drugs based on fake prescriptions for medication not provided, and (d) billing for name brand prescription drugs that were not dispensed rather than the generic drugs actually dispensed.

On January 30, 2024, in conjunction with a settlement, a settlement agreement was executed between James Bell and the State of North Carolina in settlement of these allegations. Bell shall pay to the Government the same amount that the United States District Court for the Eastern District of North Carolina imposed as restitution in the criminal case (\$4,016,014.74), jointly and severally liable with co-defendant, Melisha West. Any and all monies paid by Bell to the Government to satisfy the criminal restitution shall be credited to and offset against the Civil Settlement Amount. Relator will be entitled to payment of a 15% share of the restitution paid to the Government for the Relator's share in this matter. \$1,950,627.74 of the \$3,500,000 will be paid back to the Medicare program.

### **MELISHA WEST (ALL MEDICINES, INC)**

Melisha West was a manager and pharmacy technician at All Medicines, Inc. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from January 1, 2014, July 31, 2017, All Medicines/West submitted false claims to the Medicaid program by (a) billing for prescription drugs that had not been ordered from their distributor and were not in inventory, including specifically (b) billing more expensive extended release drugs that were not dispensed rather than cheaper generic immediate release drugs that had been dispensed, (c) billing for prescription drugs based on fake prescriptions for medication not provided, and (d) billing for name brand prescription drugs that were not dispensed rather than the generic drugs actually dispensed.

On January 10, 2024, in conjunction with a settlement, a settlement agreement was executed between Melisha West and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, West shall pay to the Government the same amount that the United States District Court for the Eastern District of North Carolina imposed as restitution in the criminal case (\$3,500,000), jointly and severally liable with codefendant James Bell. Any and all monies paid by West to the Government to satisfy the criminal restitution shall be credited to and offset against the Civil Settlement Amount. Relator will be entitled to payment of a 15% share of the restitution paid to the Government for the Relator's share in this matter. \$1,750,000 of the \$3,500,000 will be paid back to the Medicare program.

### **SOUTHEASTERN BEHAVIORAL HEALTHCARE SERVICES, LLC**

Southeastern Behavioral Healthcare Services, LLC is a behavioral health provider with its principal place of business in Lumberton, North Carolina. This matter was referred to the MID by the Division of Health Benefits, Office of Compliance and Program Integrity.

It was alleged that from March 1, 2016, through July 14, 2020, Southeastern Behavioral submitted false claims to the Medicaid program by billing for services not rendered, services that were not medically necessary, and for claims that were unsupported by documentation.

On December 2, 2024, a settlement agreement was executed between Southeastern Behavioral and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$2,505,000.00. Of that amount, the federal government received \$1,453,651.50 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$1,051,348.50. Of this amount, \$985,849.49 was paid to the North Carolina Medicaid Program as restitution and \$65,499.01 was paid to the North Carolina Department of Justice for costs of investigations.

### **VISTA CLINICAL DIAGNOSTICS, LLC**

Vista Clinical Diagnostics, LLC is a Florida Limited Liability company that is headquartered in Clermont, Florida. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from January 1, 2017, through December 31, 2021, Vista manipulated diagnosis codes by using a macro to generate new diagnosis codes and inserted those diagnosis codes into Medicare or Medicaid beneficiaries' reimbursement submissions; with diagnosis codes that were not provided by the beneficiaries' physicians. It was alleged that the addition of these diagnosis codes resulted in Vista knowingly submitting, or causing to be submitted, false or fraudulent claims to Medicare and Medicaid.

On July 1, 2024, in conjunction with a settlement, a settlement agreement was executed between Vista Clinical Diagnostics and the State of North Carolina, Virginia, Florida and the federal government in settlement of these allegations. All collectively recovered \$2,450,000.00. Of that amount, the federal government received \$17,435.95 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$11,654.20. Of this amount, \$8,959.72 was paid to the North Carolina Medicaid Program as restitution, \$2,099.20 was paid to the *qui tam* plaintiff, and \$595.28 was paid to the North Carolina Department of Justice for costs of investigation.

### **CARTER CLINIC, P.A.**

Carter Clinic, P.A. is a North Carolina company headquartered in Raleigh, North Carolina. Carter Clinic operates a clinical laboratory and offers clinical laboratory services and peer support services for Medicaid beneficiaries. This matter was referred to the MID by Division of Health Benefits, Office of Compliance and Program Integrity.

It was alleged that from January 1, 2020, through May 27, 2024, Carter Clinic submitted false claims to the Medicaid program billing for medically unnecessary urine drug testing and peer support services.

On October 28, 2024, a settlement agreement was executed between Carter Clinic and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$891,937.50. Of that amount, the federal

government received \$547,203.66 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$344,733.84. Of this amount, \$175,370.02 was paid to the North Carolina Medicaid Program as restitution and interest, \$156,800.63 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$12,563.19 was paid to the North Carolina Department of Justice for costs of collection and investigation.

#### **DR. ERIC TROYER/TROYER MEDICAL, INC.**

Dr. Eric Troyer owns and operates Troyer Medical, Inc., a family medicine practice in Landis, North Carolina. This matter was referred to the MID by the Office of Inspector General.

It was alleged that from August 1, 2015, through November 30, 2021, Dr. Eric Troyer/Troyer Medical submitted false claims to the Medicaid program by soliciting and/or receiving thousands of dollars in remuneration in the form of purported analyzer, office space rental, and phlebotomy payments.

On September 25, 2024, in conjunction with settlement, a settlement agreement was executed between Dr. Eric Troyer/Troyer Medical and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$627,237.21. Of that amount, the federal government received \$430,790.78 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$196,446.43. Of this amount, \$75,367.99 was paid to the North Carolina Medicaid Program as restitution and interest, \$78,450.24 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, \$36,342.60 was paid to the *qui tam* plaintiff, and \$6,285.60 was paid to the North Carolina Department of Justice for costs of investigation and collections.

#### **WALGREENS BOOTS ALLIANCE**

Walgreens Co. is an Illinois with its principal place of business in Deerfield, Illinois, and is a wholly owned subsidiary of Walgreens Boots Alliance. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from June 25, 2013, through May 5, 2020, Walgreens submitted false claims to the Medicaid program for "Unaccounted-For Status" prescriptions that were processed but never picked up by or delivered to customers.

On February 4, 2025, in conjunction with a national settlement, a settlement agreement was executed between Walgreens and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$614,899.16. Of that amount, the federal government received \$349,114.02 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$265,785.14. Of this amount,

\$180,041.86 was paid to the North Carolina Medicaid Program as restitution, \$37,315.90 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, \$47,801.34 was paid to the *qui tam* plaintiff, and \$626.04 was paid to the North Carolina Department of Justice for costs of collections.

### **SHARON HALLIDAY/RAPHA HEALTHCARE SERVICES, LLC**

Rapha Healthcare Services, LLC is a substance abuse treatment medical practice with its principal place of business in Durham, North Carolina. Sharon Halliday is one of Rapha's owners. This matter was referred to the MID by the U.S. Attorney's Office in the Middle District of North Carolina

It was alleged that from May 15, 2015, through August 29, 2018, Sharon Halliday wrote prescriptions for controlled substances when she lacked authorization under the Medical School Faculty License to write such prescriptions.

On May 14, 2024, a settlement agreement was executed between Sharon Halliday/Rapha Healthcare Services and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$563,665.96. Of that amount, the federal government received \$501,356.92 to satisfy North Carolina's obligation to return the federal portion of Medicaid and Medicare recoveries to the federal government. The North Carolina State share of the settlement was \$62,309.04. Of this amount, \$58,865.64 was paid to the North Carolina Medicaid Program as restitution and interest and \$3,443.40 was paid to the North Carolina Department of Justice for costs of investigations.

### **GLAXOSMITHKLINE PLC**

GlaxoSmithKline plc is a public limited company incorporated under English law with headquarters in Brentford, England. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from September 1, 2009, through September 30, 2019, GlaxoSmithKline submitted false claims to the Medicaid program by lying to the FDA, the government, the medical and scientific communities, and consumers about the stability of the drug ranitidine (brand name Zantac).

The State of North Carolina recovered \$463,701.60. Of that amount, the federal government received \$262,076.46 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$201,625. Of this amount, \$90,944.28 was paid to the North Carolina Medicaid Program as restitution, \$47,685.98 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, \$56,152.60 was paid to the *qui tam* plaintiff, and \$6,842.28 was paid to the North Carolina Department of Justice for costs of investigation and collections.

## **LABEXPERIOR/TINA BALL**

LabXperior is a Medicaid provider of urine drug testing laboratory services in the Western District of North Carolina. At all relevant times, Tina Ball was the managing member, an owner, and Chief Executive Officer of LabXperior. This matter was referred to the MID by the United States Attorney General's Office in the Western District of North Carolina.

It was alleged that from September 28, 2016, through December 20, 2017, LabXperior/Tina Ball submitted false claims to the Medicaid program for medically unnecessary urine drug tests and providing kickbacks to induce referrals for urine drug tests.

On August 19, 2024, a settlement agreement was executed between LabXperior/Tina Ball and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$235,000.00. Of that amount, the federal government received \$133,738.50 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$101,261.50. Of this amount, \$60,608.24 was paid to the North Carolina Medicaid Program as restitution, \$36,022.16 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$4,631.10 was paid to the North Carolina Department of Justice for costs of collection and investigation.

## **BIOHAVEN PHARMACEUTICALS, INC.**

Biohaven Pharmaceuticals, Inc. is a corporation that is headquartered in New Haven, Connecticut. This matter was referred to the MID by a *qui tam* plaintiff.

It was alleged that from March 1, 2020, through September 30, 2022, Biohaven submitted false claims to the Medicaid program by paying kickbacks to healthcare providers to induce them to prescribe Nurtec ODT.

On January 16, 2025, in conjunction with a national settlement, a settlement agreement was executed between Biohaven Pharmaceuticals and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$211,539.76. Of that amount, the federal government received \$133,992.58 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$77,547.18. Of this amount, \$30,818.82 was paid to the North Carolina Medicaid Program as restitution and interest, \$31,376.57 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, \$12,837.83 was paid to the *qui tam* plaintiff, and \$2,513.96 was paid to the North Carolina Department of Justice for costs of investigation and collections.

### **NOSTRUM LABORATORIES, INC.**

Nostrum Laboratories, Inc. is a New Jersey corporation with its principal place of business in Missouri and New Jersey. This matter was referred to the MID by the National Association of Medicaid Fraud Control Units.

It was alleged that from October 1, 2018, through March 31, 2020, Nostrum Laboratories failed to pay the required rebate amounts owed for Nitro OS.

On May 27, 2024, in conjunction with a national settlement, a settlement agreement was executed between Nostrum Laboratories and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$155,171.71. Of that amount, the federal government received \$89,201.84 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$65,969.87. Of this amount, \$61,859.95 was paid to the North Carolina Medicaid Program as restitution and \$4,109.92 was paid to the North Carolina Department of Justice for costs of investigation.

### **PROSPECT HOMECARE SERVICES, LLC**

Prospect Homecare Services, LLC is a Personal Care Services ("PCS"), Private Duty Nursing ("PDN"), and Community Alternatives Program for Children (CAP/C") provider with its principal place of business in Kannapolis, North Carolina. This matter was referred to the MID by the Division of Health Benefits, Office of Compliance and Program Integrity.

It was alleged that from January 1, 2016, through October 2, 2019, Prospect Homecare Services submitted false claims to the Medicaid program for PCS, PDN and CAP/C without adequate and sufficient documentation supporting those services. Prospect also billed for PCS services that were not rendered.

On October 15, 2024, a settlement agreement was executed between Prospect Homecare Services and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$70,323.22. Of that amount, the federal government received \$40,070.17 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$30,253.05. Of this amount, \$28,520.60 was paid to the North Carolina Medicaid Program as restitution and interest and \$1,732.45 was paid to the North Carolina Department of Justice for costs of investigations.

### **PRECISION DIAGNOSTICS**

Precision Diagnostics is a California limited liability corporation with its principal place of business in San Diego, California. This matter was referred to the MID by the National Association of Medicaid Fraud Control Units.

It was alleged that from January 1, 2013, through December 31, 2022, Precision Diagnostics submitted false claims to the Medicaid program for urine drug tests that were medically unnecessary.

On September 25, 2024, in conjunction with a national settlement, a settlement agreement was executed between Precision Diagnostics and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$38,383.49. Of that amount, the federal government received \$20,705.42 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$17,678.07. Of this amount, \$16,692.47 was paid to the North Carolina Medicaid Program as restitution and interest and \$985.60 was paid to the North Carolina Department of Justice for costs of investigation.

### **THD AMERICA, INC.**

THD America, Inc. is corporation with its principal place of business in Ankeny, Iowa. This matter was referred to the MID by the National Association of Medicaid Fraud Control Units. It was alleged that from January 1, 2014, through December 31, 2017, THD America knowingly caused physicians to submit false claims for payment for the THD One Slide Kit to the State Medicaid Programs. Specifically, THD sales representatives, provided information to certain colorectal and general surgeons regarding the following: (1) billing what was then a Category III CPT code – a temporary code or “T-code” assigned for new and emerging services – along with other CPT codes, when the T-code was considered a fully bundled code, meaning that the appropriate code to bill for all components of the procedure was the T-code solely (“upcoding”); and (2) billing for CPT codes OTHER than the T-code when performing the transanal hemorrhoidal dearterialization procedure (“unbundling”).

On August 9, 2024, in conjunction with a national settlement, a settlement agreement was executed between THD America and the State of North Carolina in settlement of these allegations. Under the terms of North Carolina's settlement, the State of North Carolina recovered \$1,559.34. Of that amount, the federal government received \$875.05 to satisfy North Carolina's obligation to return the federal portion of Medicaid recoveries to the federal government. The North Carolina State share of the settlement was \$684.29. Of this amount, \$487.82 was paid to the North Carolina Medicaid Program as restitution, \$158.40 was paid to the Civil Penalty Forfeiture Fund for the support of public schools, and \$35.07 was paid to the North Carolina Department of Justice for costs of investigation and collections.

## **VI. PROSPECTUS**

MID works to achieve a high standard of excellence in our efforts to effectively and efficiently combat fraud and abuse within the Medicaid Program. We continue to be optimistic about the overall progress of our efforts to combat fraud and abuse in the Medicaid Program. Our optimism is based on a number of factors.

- ✓ MID investigators continue to uncover and obtain evidence of complex fraud schemes. MID criminal enforcement attorneys continue to make a significant impact by prosecuting felony cases resulting in active time. MID civil enforcement attorneys continue to be actively involved in numerous state cases and national global/multi-state civil cases which have potential for successful conclusions and the recovery of funds for the state in future fiscal years.
- ✓ MID continues to have a reliable exchange with the North Carolina Medicaid Agency, as well as with other state, local and federal investigative, licensing, law enforcement and prosecutorial agencies. These relationships have played an important role in MID's success and will continue to contribute to our accomplishments in future fiscal years.
- ✓ HHS-OIG has granted MID permission to engage in data mining. MID coordinates with OCPI and others in our data mining efforts. In FY 2024-25 MID and OCPI met regularly to coordinate on data mining. MID will continue to coordinate with OCPI and to engage in data mining. We have had success in a number of healthcare fraud investigations based upon our data mining efforts. MID's data mining efforts are productive.
- ✓ MID has continued to meet regularly with OCPI to discuss referrals, initiatives and other matters of significance to both of our organizations.
- ✓ MID also has worked closely with NCDHHS with respect to Medicaid utilization access for our investigators. We are grateful for the NCDHHS' assistance and cooperation.
- ✓ In FY 2023-24 the General Assembly approved funding for 15 additional positions for MID. We are grateful for this, and we are continuing to work to fill these positions, train the new staff members, and deploy them to fight fraud and patient abuse in North Carolina.

MID's criminal and civil operations continue to recover funds resulting in a positive return on investment for every state dollar invested in MID. Our operations also continue to save state funds by deterring potentially fraudulent activity.

In conclusion, we continue to be committed to fighting fraud and abuse in the Medicaid Program as efficiently and effectively as possible, and we pledge our best efforts toward the accomplishment of that goal.