



Department of Justice

United States Attorney David E. Nahmias
Northern District of Georgia

FOR IMMEDIATE RELEASE

01/10/06

<http://www.usdoj.gov/usao/gan/>

CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

MEDICAL SUPPLY EXECUTIVES CHARGED WITH MEDICARE FRAUD

\$500,000 Fraud Scheme Alleged In Orthopedic Supplies Case

Atlanta, GA - The former Chief Executive Officer (CEO) and Chief Operating Officer (COO) of Orthoscript, Inc., a medical supply company in Alpharetta, Georgia, have been charged in a 37-count federal indictment alleging Medicare fraud. The COO, ANGELA D. ISLEY, 42, of Atlanta, Georgia, who pleaded not guilty today in an initial appearance before a federal magistrate, is charged as the leader in a scheme to bilk Medicare of at least \$500,000 over a 4-year period. The alleged fraud scheme consisted of billing Medicare for more expensive orthopedic supplies – such as shoulder braces, wrist splints, and leg braces – than what Orthoscript actually supplied to Medicare patients. The indictment alleges that ISLEY was aided and abetted in the scheme by JAMES ARCH NELSON, 44, of Atlanta, Georgia, who was Orthoscript's CEO at the time. On Friday, January 6, 2006, NELSON was arraigned and entered a not guilty plea. ISLEY was arraigned today and entered a not guilty plea.

"Those who cheat Medicare are cheating the American taxpayers who ultimately bear the financial loss," said United States Attorney David E. Nahmias. The federal indictment further alleges that, as part of the fraud scheme, the defendants overcharged Medicare patients for their co-payments. "We vigorously prosecute Medicare fraud – both to vindicate taxpayers and to protect seniors from fraud," said Nahmias.

Similar to the Medicare allegations, the defendants are also alleged in the same indictment to have defrauded the Federal Employee Health Benefits Program, which insures federal employees, retirees, and their families. The indictment, handed down by a federal grand jury on December 29, 2005, alleges that from 1999 to 2003 the defendants deliberately "upcoded" their products in claims submitted to Medicare. For example, in one instance, the defendants supplied a patient with a "walking boot" costing \$30, but billed Medicare \$400.

The maximum sentence upon conviction is 10 years in federal prison and a fine of \$250,000 for each count.

Members of the public are reminded that the charges contain only allegations. A defendant is presumed innocent of the charges, and the government bears the burden at trial of proving a defendant's guilt beyond a reasonable doubt.

The Department of Health and Human Services-Office of Inspector General, the Federal Bureau of Investigation, and the Office of Personnel Management-Office of Inspector General, are investigating the case.

Assistant United States Attorney Lynn Adam is prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or F. Gentry Shelnett, Chief, Criminal Division, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is <http://www.usdoj.gov/usao/gan/>.