



Written by [Bob Adelman](#) on April 15, 2015

Senator Menendez' Co-conspirator Charged With Medicare Fraud

Less than two weeks after being indicted on bribery charges along with his friend, New Jersey Senator Bob Menendez, North Palm Beach ophthalmologist Salomon Melgen (shown on right) [was charged on Tuesday](#) with 46 counts of healthcare fraud, 19 counts of filing false claims to Medicare, and 11 counts of making false statements to investigators.



A conviction would seriously impact his practice, which, until now, put him at the very top of all doctors in the country receiving reimbursements from Medicare. Each of the healthcare fraud charges could bring 10 years in prison, while each of the false claims and false statements charges could bring five years.

At age 61, Melgen may not see the light of day until he was 821 years old, shy of Methuselah's record 969. Add to that whatever courts levy in his earlier indictment, and Melgen might set a record.

When Melgen's offices were raided by officers from the FBI and the Department of Health and Human Services in January 2013, the doctor had no idea he was under investigation. At least that's what one of Melgen's many attorneys said:

Until the government executed a search warrant last week [January 2013], Dr. Melgen had no knowledge of any government investigation. Dr. Melgen is cooperating fully with the government and has yet to receive any notice from the government as to what it is investigating.

Now he knows. Between January 2008 and December 2013, Melgen billed Medicare more than \$190 million and was reimbursed more than \$105 million. He billed Medicare for false diagnoses of age-related macular degeneration and retinal disorders. He overprescribed Lucentis, making "exorbitant and improper profits" from the drug, according to the statement charging Melgen. It added:

The defendant would purchase the drug from the manufacturer, Genentech, arrange to have the "single-use" vials split into multiple doses and administered to multiple patients, many of whom were falsely diagnosed ... and then [he would] separately bill Medicare and other health providers at the reimbursement rate for each full dosage.

In addition, HHS charged that Melgen falsified patient files, including in them fictitious drawings and diagrams that misrepresented the condition of the patients' eyes. Following that, he then prepared fictitious reports when Medicare got suspicious.

Melgen apparently invested his excess profits wisely, making himself wealthy outside of his medical practice by co-founding Seisint, a data company that he sold to LexisNexis in 2004 for \$775 million. He



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also invested in a high-risk high-tech company that did “extremely well,” according to another of his attorneys.

In addition he held a significant interest in ICSSI, a company that had a contract with the Dominican Republic to provide port security worth an estimated \$500 million. When the government threatened to put that contract out for bid, Melgen’s good friend, Bob Menendez, made some calls to make sure that Melgen was protected. He called both State Department and Commerce Department contacts personally to press the Dominican government to keep ICSSI’s contract.

Melgen doesn’t bat 1,000 percent on his investments, however, having lost some \$68 million over the years in deals that went bad. Using his attorneys like Wild Bill Hickok used his six-shooter, Melgen went after CitiGroup, complaining that its public disclosures were misleading. He sued members of a Ponzi scheme that cost him \$20 million, and the friend who introduced him to the scheme for another \$15 million.

He lost \$10 million investing in Bank of America stock in 2008 and sued the bank for giving out “false and misleading reports and statements.” In 2012, Melgen and his wife sued Open Sports Network, an online fantasy sports company, which also made “material misrepresentations and omissions of material facts” that cost them another \$6 million.

The irony scarcely needs explaining. The good doctor for years reportedly used misleading statements and false reports to obtain “excessive profits” from Medicare all the while he was employing attorneys to defend his honor in investment schemes employing the same strategies.

With the new charges piled on top of those filed against him last week, Melgen and his attorneys will have their hands full, leaving him hardly any time to tend to business.

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics.



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