

Massachusetts CEO, CFO of spinal device company charged in bribery and money laundering scheme

Defendants allegedly paid surgeons between \$32,000 and \$978,000 in bribes during the conspiracy.

A spinal device manufacturer based in Malden, Mass. and its Chief Executive Officer (CEO) and Chief Financial Officer (CFO) were arrested today and charged in connection with a kickback scheme to bribe surgeons to use company products in exchange for sham consulting fees.

Kingsley R. Chin, MD, 57, of Fort Lauderdale, Fla., the CEO and founder of SpineFrontier; Aditya Humad, 36, of Cambridge, Mass., the company's CFO; and SpineFrontier, Inc., were indicted on one count of conspiracy to violate the Anti-Kickback Statute, six counts of violations of the Anti-Kickback Statute and one count of conspiracy to commit money laundering.

According to the indictment, SpineFrontier, Chin and Humad paid, and conspired to pay, millions of dollars in bribes to surgeons in the form of sham consulting fees for work they did not perform. The defendants allegedly bribed surgeons to use SpineFrontier's products, and in turn, SpineFrontier received millions of dollars in revenue from surgeries the surgeons performed.

The defendants allegedly entered into contracts with surgeons, agreeing to pay the surgeons between \$250 and \$1,000 per hour for purported consulting for SpineFrontier. In reality, however, the defendants allegedly paid the surgeons for using SpineFrontier's products. Although the surgeon-consulting

program was purportedly directed at gathering technical feedback about SpineFrontier's products, the indictment alleges that Chin and Humad designed and used the program, and the bribes they paid pursuant to that program, to induce surgeons to use SpineFrontier's products in surgeries that were paid for by federal health care programs such as Medicare, Medicaid, TRICARE and VHA. It is further alleged that the surgeons frequently spent only a small fraction of their reported time, if any at all, performing actual consulting. On numerous occasions the bribe amounts were determined following a review of the number of procedures a surgeon performed and the amount of revenue those procedures generated for SpineFrontier. The defendants allegedly paid each surgeon described in the indictment between \$32,625 and \$978,000 in bribes during the conspiracy.

"Kickback arrangements pollute federal health care programs and take advantage of patient needs for financial gains," said Acting United States Attorney Nathaniel R. Mendell. "Medical device manufacturers must play by the rules and we will keep pursuing those who fail to do so, regardless of how their corruption is disguised."

"Kickbacks paid to surgeons as sham medical consultants, as alleged in this case, cheat patients and taxpayers alike," said Phillip M. Coyne, Special Agent in Charge of the U.S. Department of Health and Human Services, Office of Inspector General. "Working with our law enforcement partners, we will continue to investigate kickback schemes that threaten the integrity of our federal health care system, no matter how those schemes are disguised."

"As alleged, Chin, Humad, and their medical device company SpineFrontier conspired to pay out millions of dollars in kickbacks in the form of sham consulting fees to surgeons across the country who sadly, prioritized these payoffs over their patients' best interests. We believe they also cheated taxpayers who ultimately foot the bill for their medical

procedures,” said Joseph R. Bonavolonta, Special Agent in Charge of the FBI Boston Division. “Today’s arrests show that the FBI will not hesitate to go after those who try to undermine the integrity of the medical decision-making process to take advantage of patients for their own personal gain.”

This indictment follows two guilty pleas in related criminal prosecutions. In August 2020, Jason Montone, D.O., 45, of Lawson, Miss., pleaded guilty to conspiracy to violate the Anti-Kickback Statute and obstruction and John Balzer, 43, of Lenexa, Kan., pleaded guilty to conspiracy to violate the Anti-Kickback Statute and one count of witness tampering. Montone and Balzer are scheduled to be sentenced on March 22 and 23, 2022, respectively.

The charge of conspiring to violate the Anti-Kickback Statute provides for a sentence of up to five years in prison, three years of supervised release, a fine of \$250,000 or twice the gross gain or gross loss resulting from the offense, whichever is greater, forfeiture and restitution. The charges of violating the Anti-Kickback Statute provide for a sentence of up to 10 years in prison, three years of supervised release, a fine of up to \$100,000, forfeiture and restitution. The charge of conspiracy to commit money laundering provides for a sentence of up to 20 years in prison, three years of supervised release, a fine of \$500,000 or twice the value of the property involved in the transaction, whichever is greater, forfeiture and restitution. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and other statutory factors.

Acting U.S. Attorney Mendell, HHS-OIG SAC Coyne and FBI SAC Bonavolonta made the announcement today. Valuable assistance was provided by the U.S. Department of Veterans Affairs, Office of Inspector General, Northeast Field Office and the U.S. Postal Service, Office of Inspector General. Assistant U.S. Attorneys Patrick M. Callahan, David J. Derusha, Abraham R. George and David G. Lazarus of Mendell’s Office are

prosecuting the criminal case.

The details contained in the indictment are allegations. The defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.