

Department of Justice

U.S. Attorney's Office

Western District of Arkansas

FOR IMMEDIATE RELEASE

Wednesday, October 6, 2021

Former Rogers Company Executive Pleads Guilty To Role In Workers' Comp Billing Fraud/Kickback Conspiracy

FAYETTEVILLE, Ark.—A former executive with a Rogers medical supply and billing company pleaded guilty today to one count of conspiracy to commit mail fraud, wire fraud, health care fraud, fraud to obtain federal employees' compensation, and illegal remunerations (paying kickbacks), in connection with a scheme to defraud the U.S. government and private insurance companies by over-billing for unnecessary medications provided to workers' compensation patients.

U.S. District Judge Timothy L. Brooks presided over the plea hearing, in which **Amanda Dawn Rains, 39**, waived indictment by a grand jury and pleaded guilty to a criminal information charging her with conspiracy to violate five different federal statutes. According to court documents, **Rains**, who in 2013 was hired as the Billing Director of an unidentified Rogers corporation, joined in a fraud scheme that ran from 2011 until 2017 and defrauded both federal and private workers' compensation insurers.

Court documents allege that the basic premise of the scheme was that individuals associated with the Rogers corporation recruited physicians to dispense pain creams and patches to their workers' compensation patients by offering them a split of the profits collected from successfully billing insurers, typically 50 percent. One such physician was **Robert Dale Bernauer, Sr.**, who ran a clinic in Lake Charles, La. **Bernauer** pleaded guilty to his role in the same conspiracy on July 30, 2021.

After signing contracts with physicians, the company supplied them with pain creams and patches, and acted as the billing agent for the physicians, handling all of the paperwork and submitting the allegedly fraudulent claims to both the U.S. Department of Labor, Office of Workers' Compensation Programs, which covers all federal employees, and to private insurers as well. The company billed insurers at markups of anywhere from 15 to 20 times what the medications actually cost, and then paid the physicians kickbacks on amounts collected.

According to court documents, **Rains'** role in the conspiracy included: managing the billing system for the Rogers corporation and electronically submitting allegedly fraudulent claims to the Department of Labor and private insurers; maintaining a "do not dispense" list of insurers that refused to pay the company's claims; advising doctors and clinics how to respond to insurance companies that questioned the charges; shipping the company's medications to doctors and clinics; preparing presentations used by the company's sales representatives to recruit doctors that falsely stated the business arrangement did not violate anti-kickback laws; and continuing to ship medications to **Bernauer** and bill insurers for his prescriptions despite knowing he did not have the required Louisiana license to dispense medications.

In her plea agreement, **Rains** promises to pay restitution to the Department of Labor and to other insurers victimized by the conspiracy, in amounts to be determined. The charging document for her case alleges that the total losses include more than **\$3.9 million** paid by the Department of Labor,

and amounts paid by private insurers that are still to be calculated but include almost **\$2 million** in payments related to medication dispensed by **Bernauer** alone. According to court documents in the related case, **Bernauer** has already paid **\$664,176.30** in restitution to the Department of Labor, and **\$361,096.70** to the court clerk's office, to go to other victims of the fraud, for a total of **\$1,025,273** restitution paid to date.

As a result of her guilty plea to the single conspiracy count, **Rains** may be sentenced to a maximum of five years in prison. The court will determine her sentence at a later date, after reviewing a pre-sentence investigation report prepared by the U.S. Probation Office and considering the U.S. Sentencing Guidelines and other statutory factors.

Acting U.S. Attorney David Clay Fowlkes of the Western District of Arkansas made the announcement.

The case was investigated by the Department of Defense, Defense Criminal Investigative Service, the Department of Labor Office of Inspector General, the Department of Veterans Affairs Office of Inspector General, the U.S. Postal Service Office of Inspector General, with the assistance of the Internal Revenue Service-Criminal Investigation, the Louisiana Department of Justice, the Louisiana State Board of Medical Examiners, and the Louisiana Board of Pharmacy.

Assistant U.S. Attorneys Steven Mohlhenrich and Hunter Bridges prosecuted the case for the United States.

Topic(s):
Financial Fraud

Component(s):
USAO - Arkansas, Western

Updated October 6, 2021