

The Office of Inspector General (OIG), Department of Defense (DoD) announced today that on May 18, 2001, in U.S. District Court, New Haven, CT, Richard Markoll, Ernestine Binder Markoll and Magnetic Therapy Scovill Street, Incorporated (Magnetic Therapy), Waterbury and Danbury, CT, pled guilty to conspiracy and mail fraud charges.

Specifically, Richard Markoll and Ernestine Binder Markoll pled guilty to conspiring to violate the Federal Food, Drug and Cosmetic Act and Magnetic Therapy pled guilty to a one count criminal information charging mail fraud. Richard Markoll, principal shareholder of Magnetic Therapy entered the guilty plea on behalf of the corporation. In addition, Richard Markoll, Ernestine Markoll and Magnetic Therapy signed a civil consent judgment in which they agreed to pay \$4 million to the Government.

The plea is the result of a four year investigation into Magnetic Therapy's activities which disclosed a scheme to knowingly submit experimental electromagnetic therapy treatments for payment to Medicare, Tricare, private insurance carriers and their patients. The treatments were performed with an electromagnetic device, conducted under a clinical trial and investigational basis, not yet approved by the U.S. Food and Drug Administration (FDA). Magnetic Therapy Center used fraudulent billing codes (ultrasound and physical therapeutic medicine) as the procedure actually performed, which is not a reimbursable service, according to Federal healthcare program regulations. The treatments allegedly relieve arthritis and were provided to patients during the period 1990 through 1994.

Richard Markoll faces a maximum sentence of 5 years imprisonment and a fine of \$250,000. Ernestine Binder Markoll faces a maximum sentence of 1 year imprisonment and a fine of \$100,000. Magnetic Therapy faces a maximum sentence of 5 years probation and a fine of \$500,000. Sentencing is scheduled for August 11, 2001.