

For Immediate Release

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**ALLIANCE FAMILY OF COMPANIES AND
ANCOR CAPITAL PARTNERS PAY \$15.3 MILLION
TO SETTLE FALSE CLAIMS SUITS**

PHILADELPHIA, PA – July 22, 2021 – The Department of Justice and the United States Attorney’s Office for the Southern District of Texas, has announced the settlement of six *qui tam* cases filed in Houston, Dallas, and Philadelphia. The first of the six whistleblower cases was filed in the Southern District of Texas by Dr. Bhuvana Mandalapu and Dr. Ramakrishna Chava, two Texas-based physicians, against Defendants Alliance Family of Companies and Ancor Holdings LP (d/b/a Ancor Capital Partners).¹

Alliance Family of Companies (“Alliance”), based in Irving, Texas, was one of the largest providers of in-home neurological diagnostic electroencephalogram (“EEG”) services in the United States.² Ancor Capital Partners, based in Southlake, Texas, is a private equity firm that invested in Alliance in 2017.

Drs. Mandalapu and Chava alleged in their *Qui Tam* lawsuit that, since 2013:

- (1) Alliance paid independent-contractor neurologists to interpret EEG tests and provided these test-interpretation reports for free to non-neurologist referring physicians to enable them to bill the professional component for the test interpretations, in return for these non-neurologist physicians ordering the EEG tests from Alliance, in violation of the Anti-Kickback Statute (“AKS”), 42 U.S.C. § 1320a-7b(b);
- (2) Alliance chose the neurologists that it paid to provide interpretations of tests ordered by other physicians in return for those neurologists ordering EEG tests for their own patients from Alliance, in violation of the AKS;

¹ A copy of the Settlement Agreement is available on the United States Department of Justice website at <https://www.justice.gov/opa/pr/eeeg-testing-and-private-investment-companies-pay-153-million-resolve-kickback-and-false>.

² As of late 2020, Alliance has been doing business under the name Stratus.

- (3) Alliance falsely billed Current Procedural Terminology (“CPT”) code 95957 for every video ambulatory EEG test performed when it did not perform the work required for the billing of the code; and
- (4) Alliance falsely billed CPT code 95951 when its procedures met the requirements only for the lower-reimbursed CPT code 95953.

Drs. Mandalapu and Chava also alleged in their *Qui Tam* lawsuit that Ancor Capital Partners, through its due diligence during the sale of Alliance, learned about Alliance’s payment of kickbacks and other false claims and, after the sale, it allowed that conduct to continue.

In recognition of their efforts in bringing this action, the Relators shall receive 19.5% of the proceeds of the settlement in addition to a resolution of their attorneys’ fees claim. The United States did not file its own complaint but intervened in the Relators’ two complaints for purposes of settlement.

Under the terms of the settlement, Alliance will pay the United States and various State Medicaid Programs \$13.5 million, plus interest, and Anor Capital Partners will pay over \$1.8 million plus interest. Alliance is also obligated to pay additional amounts if certain financial contingencies occur within the next five years and forego any claim to over \$390,000 in suspended payments that it would otherwise be owed by Medicare.

Relators were represented by partner Michael A. Morse, Esquire and associate Alexander M. Owens, Esquire of the law firm of Pietragallo Gordon Alfano Bosick & Raspanti, LLP in Philadelphia.

Lead Counsel Michael Morse said:

“Our clients bravely stepped forward to end a nationwide kickback and fraudulent billing scheme by one of the largest providers of ambulatory EEG services in the United States, and its private equity investors. This case exposed opportunistic providers and financiers who sought to maximize their revenue without concern for their patients or the limited resources of publicly-funded healthcare programs.

Our legal team devoted thousands of hours over the past four years working closely with the United States Department of Justice to uncover compelling evidence of Defendants’ fraud and to assist in the return of more than \$15 Million dollars to the Medicare and Medicaid Programs.”

Pietragallo Gordon Alfano Bosick & Raspanti, LLP, is one of the largest and most successful whistleblower law firms in the United States. Members of Pietragallo’s nationwide whistleblower team have served for more than 30 years as lead counsel in *qui tam* cases that have recovered over \$2 billion for federal and state taxpayers.

The lawsuit is captioned *United States of America ex rel. Bhuvana Mandalapu, M.D., and Ramakrishna Chava, M.D., et al. v. Alliance Family of Companies, Inc., et al.*, No. 4:17-cv-00740 (S.D. Tex.).

About Pietragallo

[Pietragallo Gordon Alfano Bosick & Raspanti, LLP](#) is a multi-disciplined business and commercial litigation firm headquartered in Pittsburgh with five offices throughout Pennsylvania, Ohio, and West Virginia from which we serve our clients in all 50 states and the District of Columbia.

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