United States
Attorney's Office
District of Massachusetts

PRESS RELEASE

Veloxis Pharmaceuticals Agrees to Pay $46 Million to Resolve Criminal and Civil Liability for Kickback Scheme

Monday, August 10, 2026

For Immediate Release

U.S. Attorney's Office, District of Massachusetts

Company paid for lavish meals, alcohol and luxury resort stays to induce health care professionals to recommend or prescribe kidney transplant immunosuppression drug

BOSTON – Veloxis Pharmaceuticals, Inc. (Veloxis), a drug manufacturer based in Cary, N.C., has agreed to pay over $46 million to resolve criminal and civil allegations that it paid kickbacks to induce prescriptions and purchases of Envarsus XR (Envarsus), the company's kidney transplant immunosuppression drug.

As part of the government's resolution with Veloxis, the company entered into a three-year deferred prosecution agreement (DPA) in connection with a criminal information filed today in the District of Massachusetts charging Veloxis with conspiracy to commit violations of the federal Anti-Kickback Statute by paying for, among other things, lavish meals, alcohol and luxury resort stays, to induce health care professionals to recommend or prescribe Envarsus. As part of the DPA, Veloxis has agreed to pay a criminal penalty of $10.04 million. Today's resolution also includes a civil settlement to resolve allegations that Veloxis caused the submission of false claims to federal health care programs by paying kickbacks to hospital personnel and specialty pharmacies, in violation of the False Claims Act. Veloxis has agreed to pay $34.45 million to the United States and certain States as part of the civil settlement. In addition, Veloxis has agreed to pay a $1.55 million civil penalty to theCenters for Medicare & Medicaid Services (CMS) to resolve allegations that Veloxis knowingly failed to report to CMS certain payments to physicians under the Open Payments Program (a/k/a the “Sunshine Act”). This is the largest Sunshine Act recovery since the law was passed in 2010.

> ***“Attempting to improperly influence medical decision-making for financial gain is dangerous, yet it is exactly what Veloxis was doing. Instead of prioritizing patient safety, they were prioritizing profits,” said United States Attorney Leah B. Foley. “Treatment decisions need to be based on what’s best for the patient, not what’s best for the drug manufacturer’s bottom line, or what lavish meal or resort stay they can offer. We remain committed to protecting the integrity of taxpayer-funded health care programs. Drug manufacturers should know that the federal government will use all available enforcement mechanisms to stop the payment of illegal health care kickbacks.”***

“Today’s resolution should serve as a warning to any healthcare company that tries to improperly influence the decisions of healthcare providers,” said Assistant Attorney General Brett A. Shumate of the Justice Department’s Civil Division. “Kickbacks can erode medical decision making, result in unnecessary prescriptions of branded drugs, and waste federal healthcare funds.”

“Today’s settlement resolves allegations that Veloxis operated with a principal focus on sales, providing kickbacks in the form of luxury resort stays, lavish meals, and payments to induce health care professionals to recommend and prescribe its kidney transplant immunosuppression drug,” said Ted E. Docks, Special Agent in Charge of the Federal Bureau of Investigation, Boston Division. “It’s harmful when pharmaceutical companies prioritize profits over patients. Just know that the FBI and our partners are committed to fighting health care offenses, one case at a time, and seeing perpetrators held accountable.”

“Kickbacks that distort medical decision making put patients at risk and undermine trust in our health care system,” said Acting Deputy Inspector General for Investigations Miranda L. Bennett of the U.S. Department of Health and Human Services Office of Inspector General (HHS OIG). “Veloxis used lavish perks and concealed payments to push its drug, and today’s resolution makes clear that this conduct will not be tolerated. HHS OIG will continue working with our law enforcement partners to protect patients, uphold the integrity of federal health care programs, and hold companies accountable when they violate the law."

Veloxis's Criminal Liability for Conspiring to Pay Kickbacks

According to court documents filed in the District of Massachusetts, from approximately October 2016 to June 2023, Veloxis and its employees engaged in a scheme to pay kickbacks to transplant health care professionals (HCPs) to induce them to prescribe, order, or recommend prescribing or ordering Envarsus for kidney transplant recipients. These kickbacks took several forms. Veloxis provided improper remuneration to transplant HCPs in the form of lavish meals, expensive resort stays and personal gifts and also made large payments to HCPs under the guise of consulting agreements, often for purported consulting work that was not actually performed. In many of these instances, Veloxis employees submitted falsified company expense reports to conceal their illegal conduct (and to avoid Sunshine Act reporting requirements). Veloxis admitted that it intended the improper remuneration it provided to HCPs to induce prescriptions/orders of Envarsus and thereby increase the company's net profits.

Veloxis's Civil Liability for False Claims to Federal Health Care Programs

In addition, the resolution announced today resolves allegations that Veloxis violated the False Claims Act by knowingly causing the submission of claims to Medicare, Medicaid and TRICARE for Envarsus prescriptions written by HCPs or filled by pharmacies to which Veloxis had knowingly and willfully paid kickbacks. In connection with the civil settlement agreement, Veloxis admitted that, in addition to providing improper remuneration to HCPs and concealing the kickbacks by falsifying company expense reports, Veloxis failed to properly report the remuneration under CMS's Open Payments Program. Veloxis admitted that because its reports to CMS were based on falsified company expense reports, Veloxis underreported, or failed to report, the true amounts of its payments or transfers of value to physicians.

Veloxis also admitted that from 2017 to 2023, it paid kickbacks to specialty pharmacies in the form of per-patient and per-month payments to induce the pharmacies to begin or continue purchasing Envarsus instead of competitor drugs, including a cheaper generic drug. Veloxis admitted that it disguised the unlawful purpose of these payments by falsely describing them in written contracts as being for "enhanced services" such as data collection or adherence services. In fact, Veloxis admitted that it paid the pharmacies regardless of whether they provided any data and without confirming whether any adherence services were actually provided.

Under the civil settlement agreement, Veloxis will pay $21,211,251 to the United States to resolve the False Claims Act allegations and an additional $13,238,749 to certain States for claims settled by those States' Medicaid programs. Veloxis also agreed to pay a civil penalty of $1,550,000 to resolve allegations that it knowingly failed to report the amounts of its payments to physicians under CMS's Open Payments Program. In connection with the civil settlement, Veloxis entered into a five-year Corporate Integrity Agreement (CIA) with HHS-OIG. The CIA requires, among other things, that Veloxis implement a compliance program to identify and address Anti-Kickback Statute-related risks and retain an independent compliance expert to review the effectiveness of its compliance program.

Veloxis cooperated with the government's investigation.

The claims resolved in today's settlement include certain claims that were brought under the *qui tam* or whistleblower provisions of the False Claims Act. Under the Act, a private party can file an action on behalf of the United States and receive a portion of any recovery. The *qui tam* case is captioned *United States ex rel. Toulsor1, Inc. v. Veloxis Pharmaceuticals A/S, et al.*, No. 1:20-cv-11575 (D. Mass.).

U.S. Attorney Foley; AAG Shumate; FBI SAC Docks; HHS-OIG Acting Deputy IG Bennett; Christopher Silvestro, Special Agent in Charge of the Defense Criminal Investigative Service, Northeast Field Office; Special Agent in Charge Christopher Algieri, Veterans Affairs Office of Inspector General; Derek M. Holt, Special Agent in Charge of the Office of Personnel Management, Office of Inspector General; and Jason Buckley, Acting Inspector in Charge of the U.S. Postal Inspection Service's Boston Division made the announcement today. The case was handled by Assistant U.S. Attorneys Steven T. Sharobem and Lindsey E. Weinstein of the Affirmative Civil Enforcement Division and Assistant U.S. Attorneys Christopher R. Looney and Leslie A. Wright of the Criminal Division, along with Assistant Director Christopher Terranova in the Department of Justice's Civil Division's Commercial Litigation Branch, Fraud Section.

Updated August 10, 2026

Attachments

[USA v. Veloxis - Information] [PDF, 400 KB]

[USA v. Veloxis - Deferred Prosecution Agreement] [PDF, 1 MB]

[USA v. Veloxis - Settlement Agreement] [PDF, 1 MB]

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August 10, 2026

PRESS RELEASE

Massachusetts Ophthalmology Practice to Pay Nearly $4 Million to Resolve False Claims Act Allegations

BOSTON – Ophthalmic Consultants of Boston, Inc. (OCB) has agreed to pay $3,902,588.28 to resolve allegations that it falsely billed federal healthcare programs.

July 31, 2026

PRESS RELEASE

Pharmacist Charged With Drug Diversion From National Pharmacy Chain

BOSTON – A Pittsfield pharmacist has been charged in federal court in Boston with allegedly diverting Adderall and Dextroamp-amphetamin (generic Adderall) from a national pharmacy chain.

July 29, 2026

District of Massachusetts

Boston Office: