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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

United States of America,
Plaintiff,

v.

1. Alexandra Gehrke, a/k/a “Lexie”
Gehrke, and
2. Jeffrey King,

Defendants.

CR-24-01040-PHX-ROS

**UNITED STATES’ MOTION FOR
DETENTION**

The United States respectfully seeks the pretrial detention of defendants Alexandra Gehrke, a/k/a “Lexie” Gehrke (“GEHRKE”) and Jeffrey King (“KING”) as they pose a significant risk of flight based on the nature of the charges, the strength of the evidence,

1 their access to substantial financial resources and a private airplane, the severity of the
2 penalties faced, evidence demonstrating their preparation and intent to flee, and their
3 lies, omissions, and misrepresentations to Pretrial Services.

4 **PROCEDURAL HISTORY**

5 On June 17, 2024, a criminal complaint was filed charging GEHRKE and KING
6 with one count of conspiracy to commit health care fraud and wire fraud (18 U.S.C. §
7 1349). That evening, law enforcement arrested GEHRKE and KING at the Phoenix Sky
8 Harbor International Airport as they boarded a flight to London, England.

9 On June 18, 2024, GEHRKE and KING were indicted for conspiracy to commit
10 health care fraud and wire fraud (18 U.S.C. § 1349), health care fraud (18 U.S.C. §§
11 1347 and 2), conspiracy to defraud the United States and to pay and receive kickbacks
12 (18 U.S.C. § 371), solicitation and receipt of kickbacks (42 U.S.C. §§ 1320a-7b(b) and
13 18 U.S.C. § 2), and transactional money laundering (18 U.S.C. §§ 1957 and 2). [ECF
14 No. 6.] The Indictment also seeks forfeiture of assets belonging to GEHRKE and
15 KING, including two residences; four luxury vehicles; over \$500,000 of gold bars,
16 gold coins, and jewelry; over \$52 million held in 11 bank accounts; and two
17 \$8,000,000 life insurance policies. *Id.* at 18–20.

18 The indictment alleges that GEHRKE and KING orchestrated a massive scheme
19 to defraud Medicare by targeting elderly patients, many of whom were terminally ill
20 in hospice case, and causing medically unnecessary and highly expensive amniotic
21 wound dressings (“allografts”) to be applied to these vulnerable patients. *Id.* at 2. From
22 November 2022 through May 2024, GEHRKE, KING, and their co-conspirators,
23 individually and through companies they owned and controlled, caused more than
24 \$900 million in false and fraudulent claims to Medicare for these medically
25 unnecessary allografts applied to less than 500 patients. *Id.* at 2–3. Medicare and other
26 health care benefits programs paid over \$600 million based on these false and
27 fraudulent claims. *Id.* at 3. GEHRKE and KING received over \$330 million in
28 unlawful kickbacks as a result of their fraud scheme. *Id.*

LEGAL STANDARD

The Bail Reform Act (“BRA”) provides that a defendant should be detained pending trial if “no condition or combination of conditions will reasonably assure the appearance of the person as required” 18 U.S.C. § 3142(e)(1). This analysis involves a “two-step inquiry.” *United States v. Gentry*, 455 F. Supp. 2d 1018, 1019–20 (D. Ariz. 2006). *Id.* First, the Court must make a finding as to whether the defendant presents a “serious risk that such person will flee” if not detained. *Id.* at 1020 (quoting 18 U.S.C. § 3142(f)(2)). The government bears the burden of proving such risk of flight by a preponderance of the evidence. *Id.* Second, if the defendant is likely to flee, the Court next must determine whether any condition or combination of conditions for the defendant’s release will reasonably assure the appearance of the defendant. 18 U.S.C. § 3142(f).

The BRA provides the following four factors for courts to consider when determining whether to detain a defendant: (1) the nature and circumstances of the offense charged; (2) the weight of the evidence against the person; (3) the history and characteristics of the person, which includes, among other things, the defendant’s financial resources, past conduct, and history related to drug abuse; and (4) the nature and seriousness of the danger to any person or community that would be posed by the person’s release. 18 U.S.C. § 3142(g).

ARGUMENT

GEHRKE and KING present serious risks of flight, and there is no condition or combination of conditions of release that can reasonably assure their appearance as required.

I. The Nature and Circumstances of the Charged Offenses Favor Detention.

The severity of the offenses charged, the possible punishment if convicted, and the nature of the Defendants’ complex fraud conspiracy favor detention.

GEHRKE faces eight charges, and KING faces seven charges, in the ten-count Indictment. Count 1 charges both Defendants with an offense that has a maximum penalty of 20 years. GEHRKE faces a combined statutory maximum penalty of 85

1 years, and KING faces a combined statutory maximum penalty of 75 years. With a
2 loss of over \$900 million in billed claims to the defrauded health care benefit programs
3 and several likely additional enhancements, including sophisticated means and role
4 adjustments, the Advisory Guidelines range under the U.S. Sentencing Guidelines is a
5 life sentence for both Defendants.

6 The offenses charged are extremely serious, involving the application of highly
7 expensive allografts to vulnerable and dying patients for the purpose of stealing money
8 entrusted for the elderly and disabled. Health care fraud is a serious crime that
9 Congress has long condemned as contrary to the public interest and a threat to the
10 viability of Medicare.¹ The Ninth Circuit has also recognized that the seriousness of
11 charges and severity of penalties give a defendant an incentive to flee. *See United*
12 *States v. Townsend*, 897 F.2d 989, 995 (9th Cir. 1990) (“Facing the much graver
13 penalties possible under the present indictment, the defendants have an even greater
14 incentive to consider flight.”).

15 Furthermore, the Defendants are charged with crimes involving a complex web
16 of lies and deceit. Over the course of nearly two years, the Defendants defrauded health
17 care benefit programs by causing the submission of over \$900 million in false and
18 fraudulent claims to Medicare, CHAMPVA, TRICARE, and commercial insurance
19 companies. [ECF 6 at 12.] In addition to these numerous false claims submitted month
20 after month, GEHRKE made false certifications to Medicare as her company’s
21 authorized official. *Id.* at 9. The Defendants also concealed and disguised the illegal
22 kickbacks they received by, among other ways, causing sham invoices to be issued. *Id.*
23 at 12. The deceitful nature of the offenses charged favor detention because it makes it
24

25
26 ¹ H.R. 95-393, pt. II, at 44 (1977) (“In whatever form it is found, . . . fraud in these health
27 care financing programs adversely affects all Americans. It cheats taxpayers who must
28 ultimately bear the financial burden of misuse of funds in any government-sponsored
program. It diverts from those most in need, the nation’s elderly and poor, scarce program
dollars that were intended to provide vitally needed quality health services.”).

1 less likely that the Defendants will abide by any conditions of release ordered by the
2 Court.

3 Thus, because the Defendants face a *de facto* life sentence if convicted of the
4 serious offenses charged, they have a compelling incentive to flee if released, and the
5 nature of the offenses against them make it less likely that they can be trusted to abide
6 by any conditions of release. For these reasons, the Defendants should be detained.

7 **II. The Weight of the Evidence Favors Detention.**

8 The Government's case against GEHRKE and KING is very strong.

9 The evidence against the Defendants includes statements from multiple
10 cooperating witnesses, audio and video recordings, internal company documents, text
11 messages, emails, bank and financial records that show health insurance
12 reimbursements flowing to a web of bank accounts controlled by the Defendants,
13 Medicare records, other health insurance company records, medical records and
14 patient files, statements from patients' health care providers and caretakers, and other
15 documents and witness statements. The Government collected this evidence over the
16 course of a thorough investigation that lasted several months and involved the
17 execution of multiple search warrants.

18 Some of this evidence is highlighted in the Indictment itself. As described in
19 paragraph 29(j), GEHRKE directed sales representatives to order 4x6cm allografts for
20 wounds the "size of [her] little fingernail." This is because the larger the allograft, the
21 more Medicare paid, and the more money the Defendants received. This alone is
22 compelling evidence establishing GEHRKE's criminal intent. Similarly, as noted in
23 paragraph 29(h) of the Indictment, KING sanctioned the application of extremely
24 expensive allografts to any wound of any severity regardless of medical necessity by
25 instructing the sales representatives to refer Medicare patients for grafting who had
26 wounds "of any stage" that would "benefit from healing faster."

27 The strength of the evidence against GEHRKE and KING is underscored by the
28 fact that two nurse practitioners who contracted with companies owned and controlled

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