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Three Conspirators Sentenced in \$16.6m Fraudulent Medical Device Scheme

Trio Marketed Laser Devices to Elderly Consumers as Cure-All

Three defendants who marketed and sold light-emitting medical devices as a cure-all to consumers, primarily targeting the elderly, were sentenced on April 20, 2018 by a federal judge in Rapid City, South Dakota, the Department of Justice announced.

Robert “Larry” Lytle, 83, of Rapid City, who was the leader and organizer of the scheme, was sentenced to 12 years in prison, followed by 2 years of supervised release. Ronald D. Weir Jr., 39, of Sioux Falls was sentenced to 24 months in prison, followed by 3 years of supervised release. Irina Kossovskaja, 63, a Canadian resident, was sentenced to 15 months in prison, followed by 2 years of supervised release. U.S. District Judge Roberto A. Lange will issue a final restitution order within 90 days.

Lytle pleaded guilty on January 26, 2018, in the District of South Dakota to one count of conspiracy to introduce misbranded medical devices into interstate commerce with the intent to defraud and mislead, and one count of criminal contempt. As part of his plea agreement, Lytle admitted that beginning in 2005 he entered into an agreement with others to sell medical devices with false and misleading labeling in order to defraud consumers, and that he continued to do so in violation of a federal court order. He also acknowledged that he obtained at least \$16,669,015 over the course of the scheme. Lytle made an initial restitution payment of \$637,000 and has turned over several thousand dollars’ worth of gold and silver coins to be applied to restitution. Irina Kossovskaja and Ronald D. Weir Jr. previously pleaded guilty for their roles in the fraud. The government agreed to dismiss criminal contempt charges against a fourth individual, Fredretta Eason.

Lytle and his co-conspirators including Kossovskaja and Weir (who operated QLaser distributorships) marketed and distributed QLaser devices to (mostly elderly) consumers across the United States by falsely claiming that the devices could safely and effectively treat a panoply of medical conditions at home, including cancer, emphysema, diabetes, autism, HIV, and heart disease. Lytle created false and misleading product labeling that was designed to create the false impression that these claims had been scientifically proven. In truth, no published clinical or scientific studies supported the use of QLaser devices to treat those and other serious conditions, and the U.S. Food and Drug Administration (FDA) never approved the devices for such uses. To lend credibility and authority to his claims, the potential QLaser purchasers were told “Dr. Lytle” was a “retired” dentist and medical laser expert while omitting the fact that his license to practice dentistry had been permanently revoked for engaging in fraud and material deception.

Lytle and his co-conspirators forged ahead with the fraud even after a federal court ordered them to stop selling and refund all QLaser purchasers in a series of injunctions issued in 2015. In violation of the injunctions, Lytle made false statements to the court and FDA investigators, sent collection letters to QLaser purchasers rather than pay them court-ordered restitution, smuggled hundreds devices out of South Dakota to upstate New York to prevent their seizure, and received a steady stream of income from continued QLaser sales made by Kossovskaja, Weir, and others.

“These defendants exploited elderly victims suffering from chronic, serious medical conditions,” said Assistant Attorney General Chad A. Readler of the Justice Department’s Civil Division. “Protecting Americans from this abhorrent behavior will remain one of the Justice Department’s highest priorities.”

“These defendants were motivated by greed, and they targeted vulnerable people by giving them false hope while fleecing them,” said U.S. Attorney Ron Parsons of the District of South Dakota. “The sentences today should serve as a deterrent to anyone contemplating similar schemes.”

"Unconscionable schemes involving ineffective and worthless medical devices take advantage of the despair and desperation of people who are impaired by chronic debilitating pain and disease. We place the highest priority in ensuring that these types of schemes are investigated and prosecuted aggressively", said U.S. Postal Inspector in Charge Craig Goldberg of the Denver Division, which covers multiple states including South Dakota. "The sentencing of these three perpetrators sends a clear message to those that profit from the misfortunes of others that we will not allow the US Mail to be used to harm our citizens."

The U.S. Postal Inspection Service investigated this case. The case was prosecuted by Trial Attorney Ross S. Goldstein of the Justice Department’s Consumer Protection Branch and Assistant U.S. Attorney Kevin Koliner and retired former Assistant U.S. Attorney Ted McBride of the U.S. Attorney’s Office for the District of South Dakota.

Additional information about the Consumer Protection Branch and its enforcement efforts may be found at <http://www.justice.gov/civil/consumer-protection-branch>. For more information about the U.S. Attorney’s Office for the District of South Dakota, visit its website at <https://www.justice.gov/usao-sd>.

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