

Doctor turned informant in cocaine case gets no prison time

By [Bruce Vielmetti](#) of the Journal Sentinel
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Steven Armus did well as a dermatologist, but truly excelled as a government informant after he was charged in his own federal cocaine trafficking conspiracy, even helping bust his own patients.

More than four years after pleading guilty to a crime that usually gets someone a decade in prison, Armus was sentenced Friday to the time he has been free on supervision — time served. His only time in jail was a few hours after his initial arrest in 2009.

Federal prosecutors had agreed to that sentence, and at a hearing that took less than 10 minutes, U.S. District Judge Lynn Adelman approved it, noting Armus' cooperation and the "collateral consequences" he has suffered, like having to sell his business and lose his medical license for two years.

Neither Armus, 55, of Franksville, nor his attorney made a statement to the court, but court records reveal some of his work as an informant did not go unchallenged, especially persuading his own patients to sell him cocaine as a way to work off his federal charges.

In 2010, federal prosecutors charged Armus and six others in an eight-count indictment with running a cocaine ring in Racine and Kenosha counties from 2006 to 2009. Some of the distribution also occurred at a Franklin strip club Armus frequented with the others.

Armus pleaded guilty in September 2011 to conspiracy to distribute more than 10 pounds of crack cocaine, as well as possession of cocaine with intent to distribute. The penalty for the conspiracy charge is usually 10 years to life.

Soon after, Armus began his cooperation with the Racine County Metro Drug Unit. A commander there asked Adelman in a letter if there was a way he could convict Armus of just a misdemeanor.

According to court records, Armus helped authorities investigate not only drug trafficking but health care fraud and public corruption that led to felony charges against eight defendants, all at "great financial costs and considerable personal risk" to Armus.

After Friday's hearing, his attorney, Patrick Knight, said he couldn't cite other cases Armus helped to make because some are still being investigated.

Three men charged in state court with selling cocaine to Armus while he was an informant were his own patients. One argued that being set up by his doctor violated physician-patient confidentiality and amounted to "outrageous government conduct."

Before a judge ever ruled on that motion, prosecutors cut a deal that netted the patient probation on a misdemeanor conviction, not the original felonies. A second patient, though he lost that same argument, got a similar deal. A third, who had cognitive disabilities and didn't know Armus before seeing him for an eczema problem, was convicted of a single felony but received a suspended sentence.

The three men filed ethics complaints against Armus with the state Medical Examining Board, and submitted a letter to Adelman in May explaining how they felt Armus abused his relationship and access to information in their medical files to get them to sell him cocaine.

In a written response, Knight characterized the letter as part of "very public, well-financed campaign" to smear Armus and said the men's discussions with Armus were never part of privileged medical discussions.

According to state records, Armus' license to practice medicine was already suspended in 2010, though the order was stayed, allowing him to practice with certain restrictions while he got drug treatment and monitoring. In August 2014, it was restored to full, unrestricted status.

But in January of this year, partly in response to the three patients' 2013 complaints, the Medical Examining Board revoked Armus' license, effective next week, as part of a stipulated agreement. He can petition for reinstatement in two years.

Armus had been the majority owner of Great Lakes Dermatology, with nine clinics around southeastern Wisconsin that treated many Medicare and Medicaid patients. Because of his conviction, Armus could no longer participate in those programs and ultimately sold the business.

While awaiting sentencing, Armus has traveled extensively around the country to Arizona, Colorado, Pennsylvania, New York City and New Jersey, according to court records.

Sentences for Armus' co-defendants ranged from a year or two of probation for four of them, including another physician, Michael Ganz, to more than five years in prison for the main source of cocaine, Darin Engquist. All their cases were resolved by the end of 2011 or early 2012.

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