



U.S. Department of Justice

United States Attorney Eastern District of Arkansas

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PINE BLUFF DOCTOR INDICTED ON MISBRANDING, HEALTH CARE FRAUD, & MONEY LAUNDERING CHARGES

LITTLE ROCK – Jane W. Duke, United States Attorney for the Eastern District of Arkansas and Steve Holt, Special Agent in Charge, U.S. Food and Drug Administration, Kansas City Field Office announced that Kelly Dean Shrum, age 41, a Doctor of Osteopathic Medicine who practiced in Pine Bluff, Arkansas, was indicted today by a federal grand jury. The indictment charges one count of Misbranding in violation of the Food, Drug, & Cosmetic Act, one count of Health Care Fraud, and three counts of Money Laundering, along with several forfeiture allegations.

The charges stem from Shrum's use of a version of an intrauterine device (IUD) that has not been approved by the Food & Drug Administration for use and distribution in the United States. During the execution of a search warrant at Shrum's former office at the Arkansas Center for Women, LTD in Pine Bluff, Arkansas, federal agents located several non-approved versions of the Bayer manufactured IUD, Mirena ®. The indictment further alleges, as the basis for the health care fraud charge, that Shrum billed the Arkansas Medicaid program for the more expensive, FDA-approved version of Mirena when he was, in fact, providing Medicaid beneficiaries with a significantly cheaper, non-FDA approved version of the drug. Medicaid deposited reimbursements into Shrum's account electronically. The money laundering charges allege that Shrum engaged in several financial transactions in excess of \$10,000 involving money withdrawn from the account into which Medicaid deposited its reimbursements to Shrum.

"In our on-going effort to combat fraud, waste and abuse in federal health care programs, we must put an end to schemes such as Dr. Shrum's, which serve no other purpose than to line the pocket of a physician at the expense of the very program designed to meet the health care needs of the indigent in our State," stated Duke.

"The regulatory process involved in approving new drugs exists for the sole purpose of protecting the public," added Holt. "The agency will continue to investigate and prosecute

individuals who attempt to put profits before the public health by causing the distribution of drugs that do not comply with FDA's laws and regulations."

The maximum statutory penalty for misbranding is 3 years imprisonment and a \$10,000 fine. The maximum statutory penalty for health care fraud and for each count of money laundering is 10 years imprisonment and a \$250,000 fine.

This investigation was conducted by agents from the Kansas City Field Office of the FDA Office of Criminal Investigations, in close cooperation with the Arkansas Medicaid Fraud Control Unit. The case is being prosecuted by Assistant United States Attorney Laura G. Hoey.

An indictment contains only allegations. The defendant is presumed innocent unless and until proven guilty.

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