



## U.S. Department of Justice

### *United States Attorney Eastern District of Arkansas*

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#### **PINE BLUFF DOCTOR CONVICTED OF MISBRANDING and HEALTH CARE FRAUD**

**LITTLE ROCK** – Jane W. Duke, United States Attorney for the Eastern District of Arkansas; Dustin McDaniel, Arkansas Attorney General; and Patrick J. Holland, Special Agent in Charge of the Food and Drug Administration’s Office of Criminal Investigations for the Kansas City Field Office, announced that Kelly Dean Shrum, age 42, a Doctor of Osteopathic Medicine who practiced as an obstetrician-gynecologist in Pine Bluff, Arkansas in 2008 and 2009 was found guilty of one count of misdemeanor Misbranding in violation of the Food, Drug, & Cosmetic Act and one count of Health Care Fraud. He was ordered to forfeit \$75,000 of proceeds from the health care fraud. Dr. Shrum was acquitted of three counts of money laundering.

“We hope that this case sets the precedent across the country for similar investigations,” Duke stated. “It exemplifies the benefit gained by the tax paying citizens of our communities when State and Federal law enforcement work together. This verdict sends a message to all health care providers in our State that we have a zero-tolerance policy for physicians who take advantage of their patients through health care fraud and FDA violations.”

This investigation began in April of 2009 with an anonymous tip to the Medicaid Fraud Control Unit of the Arkansas Attorney General’s Office hotline regarding Shrum’s use of an intrauterine device (IUD) that had not been approved by the Food & Drug Administration for 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-FDA-approved IUDs, which were labeled in Scandinavian and Turkish languages. From January of 2008 through June of 2009, Shrum billed the Arkansas Medicaid Program as if he was providing Medicaid beneficiaries with the FDA-approved, Bayer manufactured IUD, Mirena®, when in fact, he was providing the beneficiaries with a non-FDA approved IUD. In that time period, Arkansas Medicaid paid Shrum over \$162,000 on fraudulent claims for Mirena. Arkansas Medicaid deposited reimbursements into Shrum’s Arkansas Center for Women account electronically, and the money laundering charges were based on Shrum engaging in several financial transactions in excess of \$10,000 involving money withdrawn from that account.

“FDA’s regulatory standards are designed to ensure the safety and quality of the medical devices and drugs distributed to American consumers,” said Special Agent-in-Charge Patrick Holland, FDA’s Office of Criminal Investigations. “We will continue to work with our law enforcement partners to investigate all persons, including medical professionals, who disregard regulatory requirements and jeopardize the public health by participating in the distribution of unapproved and misbranded products .”

The maximum statutory penalty for misdemeanor misbranding is a maximum one year of imprisonment and a \$100,000 fine. The maximum statutory penalty for health care fraud 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 investigators from the Arkansas Medicaid Fraud Control Unit. The case was prosecuted by Assistant United States Attorneys Laura G. Hoey and Shannon S. Smith and Special Assistant United States Attorney, Jay Shue.

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